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

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INTERNATIONAL NEWS

Global apparel manufacturing drops by 3%

The year, there has been a 3 per cent drop in global apparel manufacturing with cancelled events forcing fashion retail stores to cancel orders from their manufacturers.

Over 40 billion dollars' worth of goods have been dumped into the landfills, says Ayesha Barenblat, founder of Remake, a nonprofit organization advocating for the rights of fashion manufacturing workers.

This is impacting individuals who have already spent hours making these garments as they are being left unpaid. s most of these workers live in developing nations, there aren't many avenues of work available. While it is these large-scale companies that are making the error by relying on fast cheap fashion, it is the garment worker that pays the price.

Not only this, but human rights are not upheld by the working conditions in many of these factories, says Clare Press, ethical fashion activist and owner of the Wardrobe Crisis podcast.

Women of color have been hit hardest by this issue. But the resounding issue of this financial crisis has finally reached the ears of these large-scale corporations. In March this year, over 200 000 signatures were collected by a Remake lead petition for fashion companies to pay their workers.

From this, 18 global brands have joined the movement, such as Zara and H&M. There is now a push to reuptake local production, as Australian regulation ensures a fair wage and treatment of workers. Perhaps now that these companies are taking action, this frontier may be a possibility.

Source: fashionatingworld.com– Aug 31, 2020

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China manufacturing logs feeble growth in August, says survey

China's manufacturing activity held steady in August as domestic demand helped to offset weaker orders from exports markets that are struggling with the coronavirus pandemic, a survey showed Monday. The monthly purchasing managers' index released by the Chinese statistics agency and an industry group declined to 51 from July's 51.1 on a 100-point scale on which numbers above 50 indicate activity increasing.

A sub-measure for production declined to 53.5 from the previous month's 54. Export orders shrank but at a slower rate. That measure improved to 49.1 from 48.4. China, where the pandemic began in December, was the first economy to shut down to fight the virus and the first to try to revive business after the ruling Communist Party declared victory over the disease in March.

Chinese consumer demand is recovering but not as quickly as Beijing wants. The export outlook is uncertain due to rising coronavirus case numbes in the United States and some other important markets. "The growth engine is now clear. Overseas demand will only pick up slowly," said Iris Pang of ING in a report. "Until then China will rely more on its own for economic growth."

China's economy grew by an unexpectedly strong 3.2 per cent over a year earlier in the three months ending in June, rebounding from a 6.8 per cent contraction the previous quarter.

Manufacturing is close to normal, but retailing, restaurants and other service industries are struggling. Forecasters warn exports are likely to dip again later in the year once demand for masks, surgical gloves and other medical supplies eases. That will increase the importance of Chinese consumers and government stimulus spending in keeping a recovery on track.

Source: financialexpress.com– Aug 31, 2020

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Bangladesh seeks extension of GSP facility till 2030 from the UK

Saida Muna Tasneem, Bangadesh High Commissioner to the UK has sought post-COVID-19 extension of UK's Generalized System of Preferences (GSP) facility to Bangladeshi products until 2030 to boost trade and greater support to low-carbon climate-resilient development strategies for a faster post-pandemic SDGs recovery.

Tasneem applauded Bangladesh for its brilliant deliverance on its pre-COVID SDGs performances as witnessed last month during its 2nd Voluntary National Review at the UNHLPF on SDGs in New York, exceeding many SDG targets ahead of the slotted 2020 and 2025 deadlines.

These include SDG 1 and 10 on reducing poverty and inequality and enhancing economic growth, SDG 2 on achieving food security, SDG 3 on good health and well-being, SDG 4 on quality education, SDG 5 on gender parity, SDG 6 on clean drinking water and sanitation, SDG 13 building climate resilience and many more.

The high commissioner also apprised the APPG about Prime Minister Sheikh Hasina's focus on climate financing for delivering on Bangladesh's NDCs, reducing extreme climate disaster vulnerabilities and building back a climate-resilient post-COVID future for Bangladesh and other CVF members, including implementation of the Bangladesh Delta Plan (BDP) 2100 and working closely with the UK Presidency of the COP26.

Highlighting Bangladesh's post-COVID SDGs and economic recovery challenges, Tasneem said, in post-COVID, Bangladesh's apparel sector export earnings suffered unprecedented cancellations and non-payments by the UK and other global retailers and need early recovery along with recovery of crops and infrastructural losses of more than $6 billion caused by extreme climatic disasters like the recent cyclone Amphan and monsoon flooding making millions homeless and slide back to poverty.

Source: fashionatingworld.com– Aug 31, 2020

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Ban US cotton imports from Xinjiang, say human rights campaigners

Human rights campaigners are calling on US authorities to ban all imports of cotton from the Chinese province of Xinjiang after allegations of widespread forced labour.

Two identical petitions, delivered today to US Custom and Border Protection, cite “substantial evidence” that the Uighur community and other minority groups are being press-ganged into working in the region’s cotton fields.

The petitions note the “integral role of forced labour” in China’s penal and economic system, which campaigners state has given rise to a “cotton gulag” in Xinjiang.

China is the largest cotton producer in the world, with 84% of its cotton coming from Xinjiang, located in the north-west of the country. According to Chinese government data cited in the petitions, apparel exports from this disputed region were valued at $4.2bn (£3.1bn) in 2018. Footwear and textiles represent an additional $3.06bn.

Rahima Mahmut, a spokeswoman for the World Uighur Congress, one of the campaign groups spearheading the petitions, is hopeful that the economic impacts of a ban could cause Beijing to rethink its prison labour policy.

“This is a very small measure compared to the terrible abuse that is happening to the Uighur people in East Turkistan [now known as Xinjiang] ... but hopefully it will hurt China economically and encourage them to stop,” she says.

Since 2017, more than a million Uighur Muslims have been moved to high-security “de-extremification” camps, where they are forced to produce industrial and agricultural goods for export, campaign groups maintain.

“So many international brands rely on cotton from this region that it would be a massive problem for China were the US to enforce a ban,” says Dearbhla Minogue, legal officer for the Global Legal Action Network (Glan), co-sponsor of one of the petitions.

In April, Glan submitted a 57-page petition to HM Revenue & Customs in the UK requesting a similar ban. The request, submitted under a 1897 law banning the import of goods made in foreign prisons, remains “under consideration”, according to Minogue.

In a separate attempt to put pressure on the UK government, the World Uighur Congress is preparing to launch a nationwide campaign later this month. Stop Uighur Genocide has support from MPs across all parties as well as leading faith groups, says Mahmut.

The campaign will call for a public boycott of any products produced by Uighur forced labour or by companies facilitating Uighur suppression. It will also call on companies importing cotton and other goods from Xinjiang to investigate their supply chains.

In July, a coalition of more than 180 campaign groups issued a similar “call to action” to leading high-street brands, demanding that they guarantee their supply chains are not directly or indirectly linked to abuses of Uighurs or other persecuted minorities in China.

“With virtually the entire fashion industry affected, no brand can defend being complacent on this grave human rights crisis,” says Chloe Cranston, business and human rights manager at human rights group and coalition member, Anti-Slavery International.

The Better Cotton Initiative, which runs a sustainable certification system for cotton producers, reported earlier in the year that it was concerned about reports of forced labour in China and has commissioned a third-party investigation into the claims.

In a statement at the time, the cross-sector initiative said withdrawing from Xinjiang could “cause more harm than good” as a critical mass of farmers were dependent on cotton production.

In late March, however, the organisation suspended its certification activities in the region after concluding that “credible assurance” of labour practices was not possible.

“We are in the process of evaluating our presence [and] will announce our approach in the region moving forward in a way that prioritises the safety and wellbeing of farming communities,” a spokesperson for the initiative said.

Source: theguardian.com– Aug 31, 2020

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USA: Penney's Options Drying Up, What's Next?

Unable to get a deal done with three potential bidders for the operating company of bankrupt J.C. Penney Co. Inc., lenders are looking at a credit bid for the retailer.

"We are going to do everything humanly possible to ensure [J.C. Penney] will be around for the foreseeable future," Joshua Sussberg, the retailers' attorney at Kirland & Ellis, told U.S. Bankruptcy Judge David Jones on Monday.

He said the plan contemplates an "Opco-Propco structure," in which 160 company-owned properties would be contributed to a real estate investment trust, with a second REIT created to hold the distribution centers, along with the set up of a third entity called Opco to hold the operating business.

While three groups have been in talks to buy the operating entity, Sussberg noted negotiating egos and posturing have been an issue. He also emphasized to Judge Jones that the company is aware that "thousands of jobs and the very essence of the company's infrastructure are at risk," as well as the company's vendors who are on standby and holding inventory waiting to find out what will happen in the case.

"Notwithstanding the stalemate, the DIP and first-lien lenders are dedicated to supporting [J.C. Penney]," Sussberg said. "Our lenders are not going to be held hostage in negotiations with third parties [and will] credit bid" to own the company. It's a move that the attorney said will save 70,000 jobs at the company and help its vendor base.

Sussberg also said the company will file bidding procedures and an asset purchase agreement, and will do so over the next 10 days. In essence, those documents will put in place a stand-alone plan for the retailer, and allow a sale to go through within 30 days. "The need for speed cannot be overstated. There is a tremendous amount of work over the next 10 days," Sussberg said.

While Sussberg noted how time is running out for the mass merchant, he also emphasized that the company and its lenders are working to keep the company operating as a going concern.

“This company is willing to do whatever it takes to get this deal over the goal line. Time is not our friend—it is far from it,” the lawyer said.

He also said some locations were removed from the store closings list while negotiations were ongoing with landlords, and said those doors will be closed promptly.

With an asset purchase agreement in place along with bidding procedures, there is a chance that the potential bidders might come back with a bid at auction. If that happens and an offer is accepted, the winning bidder for the operating company would then take the place of the lenders in Opco component of the reorganization structure.

Whether other bids will be forthcoming is up for debate. An attorney for the lenders said, “We are exploring all our alternatives. The bidders have been a disappointment.”

That aligns with what Sussberg said about negotiating egos and posturing.

The three reported bidders are private equity firm Sycamore Partners, Hudson’s Bay Co. CEO Richard Baker and a joint venture between landlords Simon Property Group and Brookfield Property Partners. It was the joint venture between the landlords that was said in recent weeks to have had the inside track.

Negotiations also were said to have dragged on while Penney’s and the landlords were in talks over a restructuring of some lease terms. Sources said Penney’s has not paid rent, and that could be why it has been able to accumulate $1.48 billion in cash and cash equivalents, as of its July monthly sales report.

But there could be another issue in play as well. When the talks with the landlords were in earnest, Penney’s had forged a tentative agreement with first-lien lenders on a workable business plan, and the company had posted an unexpected surprise—$47 million in net income for the month ended July 4. That profit instead of a loss gave hope that the retailer might be turning the corner with positive sales trends.

But four weeks later, the tide turned and for the month of July Penney's ended back in the red. The net loss was $266 million. That suggested that the June sales report was boosted by federal stimulus payments, not that consumers were ready to head back to Penney's to buy on a regular basis. And if July sales were tumbling, it could easily give bidders a reason for pause.

With concerns about job losses, Sussberg emphasized to Judge Jones: "I want to assure the court and everyone in this case that we will confirm a plan [of reorganization]."

Penney's filed its Chapter 11 petition on May 15.

Source: sourcingjournal.com – Aug 31, 2020

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Indonesia's potential for non-apparel textile items vast

Indonesia's textile industry is yet to be fully prepared to produce personal protective equipment (PPE) for medical workers treating COVID-19 patients, according to Indonesian Chambers of Commerce and Industry's deputy chairman for trade Benny Soetrisno, who recently said the domestic textile industry's focus remains increasingly unwavering on apparel products, while the potential for non-apparel textile products is immense.

"For non-apparel textile products, it is still wide open. Up until now, amid the spread of COVID-19, we are still not prepared to respond to the (demand) of PPEs, as we do not have the main materials," he said during a virtual discussion in Jakarta.

The lack of materials to produce PPE results in the need to import, for which Soetrisno sought the involvement of all relevant parties to boost the industry, as it can lead to job creation and contribute to the country's foreign exchange, an Indonesian news agency reported.

To boost the sector, Soetrisno called to optimise the three pillars of funding, power and manpower, deemed crucial to boost global competitiveness of the industry's products.

The cost of power in the Indonesian industry is still considerably high from that of other South East Asian countries, thereby making the retail price more expensive and hence reducing the products' competitiveness in the global market.

Source: fibre2fashion.com– Aug 31, 2020

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South Korea's exports fall for sixth month but demand seen picking up

Outbound shipments tumbled 9.9% in August from a year earlier, government data showed, faster than July's 7.1% fall but slower than an 11.5% decline tipped in a Reuters survey.

Excluding the calendar effect, per-day exports slid 3.8%, the smallest decline in seven months.

South Korea is the first major exporting economy to report monthly trade data, providing an early guide to the health of global shipments.

"Exports will continue to recover during the second half and turn positive next year," said Chun Kyu-yeon, economist at Hana Financial Investment.

"Global demand are clearly showing recovery along with economic resumptions," she added.

Per-day exports to China, South Korea's biggest trading partner, rose 3.6% year-on-year, while those to the United States and the European Union also jumped 6.4% and 4.1%, respectively.

Exports to China, South Korea's biggest trading partner, fell 3.0% from a year earlier, but rose 3.6% on a per working day basis. Per-day exports to the United States and the European Union also jumped 6.4% and 4.1%, respectively.

Overseas sales of semiconductors, the nation's top exporting item, climbed 2.8%, while those of computers and home appliances surged 106.6% and 14.9%, respectively.

Imports dropped 16.3%, sharper than the previous month's 11.6% and the forecast 15.2% fall, resulting in a $4.12 billion trade surplus.

Tuesday's data comes as the country faces a second wave of coronavirus infections, recording a 19th straight day of triple-digit infections despite tighter social-distancing rules.

Many corporations, including tech giants Samsung Electronics (005930.KS), LG Electronics (066570.KS) and SK Hynix (000660.KS), have expanded or reinstated work-from-home policies.

That may dampen the recovery momentum in the economy that already slipped into recession in the second quarter, despite some 277 trillion won ($233.40 billion) of stimulus.

The central bank last week sharply downgraded its economic projection, expecting gross domestic product to shrink 1.3% this year - the biggest fall in more than two decades.

"If the social distancing rules are raised to the (toughest) phase 3, leading to factory suspension or disruption in output, that could probably affect exports," Chun said.

Source: in.reuters.com – Sep 01, 2020

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What Q2 says about apparel

Clothing sales, already facing headwinds as consumers devote less of their budgets to it, have been decimated by the pandemic, dragging down retail for the last few months. As second quarter earnings reports trickle in, some bright spots are emerging, however.

After avoiding apparel purchases for weeks, consumers are buying again. About 29% to 30% of consumers have bought clothing recently, almost double the mid-teens percentage in April recorded by William Blair analysts for their weekly consumer survey. Consumers ages 18 to 29 and those in the Northeast (where the pandemic is most under control at the moment), were most likely to have bought clothes, at 35% each, according to the report.

With COVID-19 containment efforts keeping many, if not most, students at home, retailers face uncertainty in the back-to-school season, which usually spurs apparel sales and can presage the holidays. A look at several retailers' reports shows that certain variables can be especially favorable: being an off-price retailer; operating away from the mall; selling more than apparel, and selling casual clothing when you do; strong e-commerce and/or BOPIS; good inventory management; and, perhaps above all, not being a department store.

Indeed, department stores for the quarter are expected to be the worst performing segment with a 691% year-over-year decline, producing retail's largest loss in the quarter at $1.2 billion, with half of that coming from Macy's with a projected quarterly loss of $550 million, according to a Thursday note from Retail Metrics.

Retail Dive covered many apparel and department store earnings separately; here's how others did last week.

Abercrombie & Fitch Co.

The teen apparel retailer surprised several analysts who had expected a greater hit to revenue, (which fell 17%), and margins in the quarter. E-commerce rose 56% year over year, executives told analysts Thursday, according to a Seeking Alpha transcript.

The sales decline was "far shallower a dip than overall spending on apparel across the same period," GlobalData Retail Managing Director Neil Saunders said in emailed comments. "The drop is also markedly less steep than that posted by other clothing specialists and by the fashion sections of department stores. In the strange world of the pandemic, all of this means that Abercrombie & Fitch gained market share across the second quarter."

The performance is impressive for a largely mall-based retailer, according to Retail Metrics President Ken Perkins, writing in a Thursday note that the chain's operating income was its strongest of any second quarter in six years, thanks to "strong inventory management, rapid adjustments to changing spending habits, strong ecommerce sales up 56%, and by adding curbside contactless pickup to 80% of stores by quarter’s end."

The retailer is helped not only by its early entry into e-commerce and BOPIS, but also because it sells the casual clothing most in demand right now, Saunders also said.

Burlington

Like its off-price peers TJX Companies and Ross, which last week both reported inventory snafus, Burlington had strong sales as stores reopened. As at those rivals, that early strength was undermined as inventory was depleted (down 26% in the quarter), and exacerbated by distribution center slowdowns due to the pandemic.

Once Burlington was able to get merchandise back into its stores, sales lifted again in July and into August, CFO John Crimmins told analysts Thursday, according to a Seeking Alpha call transcript. The recovery positions the off-price retailer nicely going forward, according to MKM Partners Managing Director Roxanne Meyer.

"[Burlington] likely enters 3Q with cleaner and more in-season inventory than ever before," Meyer said in a Friday note. "Total inventory ended down 26% vs. the 39% decline in sales. In light of [Burlington's] clearance efforts, we believe current inventory is largely in-season and thus reflects reduced exposure to categories that are less in demand (i.e., suiting, dresses, etc)."
Chico's

The women's apparel retailer did better this quarter than last, even though stores were closed due to the pandemic for about the same amount of time, CEO Molly Langenstein told analysts on Wednesday, per a Motley Fool transcript.

But discounts were "exceptionally deep considering [Chico's] removed aged merchandise in 1Q and already recorded write-downs," MKM's Meyer said in a Thursday client note.

Moreover, Chico's may not have much to look forward to in the second half of the year, especially when it comes to gross margin, because neither its store productivity nor its e-commerce growth improved much in the second quarter, Meyer said.

Express

Express CEO Timothy Baxter on Wednesday promised to "soon unveil a bold new e-commerce strategy," according to a Motley Fool transcript of an earnings call with analysts.

That's a little late. While the retailer reported "significant momentum" in digital sales in the quarter, with July marking the second straight month of "positive" online demand (growing from negative 35% in early May to plus 25% in the last two weeks of July, that pales in comparison to rivals.

"While other retailers were tapping store inventory to satisfy online demand in [the first half of the year, Express's] closed stores remained truly dark, which was a competitive disadvantage," MKM's Meyer said in a Thursday note, adding, "Despite incremental investments in e-commerce and clear growth in this channel, the majority of new customers come to [Express] through stores, where traffic is likely to be impaired for at least the medium term; effective marketing that drives new customers online will be one of [its] core challenges and opportunities."

Urban Outfitters

If Abercrombie was a surprise, Urban Outfitters was a standout in the second quarter. All its brands (which include Free People, Anthropologie and Urban Outfitters, among others) were profitable, thanks in part to a quarter with "one of the lowest markdown rates and best full price selling in [the company's] history," CEO Richard Hayne told analysts Tuesday, according to a Motley Fool transcript. "Overall results were driven by the strength of our digital channel, exemplary expense and inventory control, and our ability to create and offer compelling products."

It helps that the brands sell more than apparel, including one of the best performing categories at the moment — home. The category "produced very strong regular price comps throughout" the quarter, Hayne said.

The company "defied the odds," according to MKM Partners.

"Unique to [Urban Outfitters] was a decline in inventory that outpaced the sales decline, and positions [it] well for what is likely to be a choppy [second half]," MKM's Meyer said in a Wednesday note. "Unlike most others, [Urban Outfitters] is experiencing improved trends in August, benefiting from its home assortment and evolving apparel exposure (which increasingly is skewing more casual), which, coupled with lean inventory and ongoing cost-cuts provides an initially favorable 3Q set up."

One area where the pandemic might yet disrupt the apparel conglomerate's relative success is in its new rental brand, Nuuly, which in the second quarter delivered just 0.6% in revenue but drove a $4.6 million operating loss, per a Tuesday note from BMO Capital Markets. "It seems too early to determine how COVID-19 may have changed this business [long term]," BMO Managing Director Simeon Siegel said of those results.

Source: retaildive.com – Aug 31, 2020

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Why Vietnam Has Become a Promising Alternative for US Businesses in Asia

- Vietnam and the United States celebrated 25 years of diplomatic relations in July this year – a testament to improving bilateral and economic ties since the Vietnam War.
- Vietnam has emerged as an ideal alternative manufacturing destination to China for US businesses, in part due to the US-China trade war and disrupted supply chains due to the coronavirus pandemic.
- Vietnam Briefing discusses trends in the Vietnam-US relationship, growing economic ties, and how US businesses can leverage and benefit from moving their production to Vietnam.

Following four decades since the end of the Vietnam War, Vietnam's relationship with the US has changed significantly.

After the Vietnam War in 1975, the US and Vietnam announced normal diplomatic relations on July 11, 1995. This year in July, the US and Vietnam commemorated 25 years of diplomatic relations – with the US congratulating Vietnam on its ASEAN chairmanship and reaffirming its support for Vietnam including peaceful resolution of disputes, rule of law, freedom of navigation, and unimpeded commerce among others.

Since formalizing diplomatic relations, the US and Vietnam have strengthened their relationship with bilateral trade increasing from US$450 million in 1994 to US$77 billion in 2019. The US had become Vietnam's largest export market with Vietnam becoming the US' quickest growing export market.

Vietnam launched major economic reforms known as 'Doi Moi' in 1986, prioritizing building a market economy and creating opportunities for private-sector competition. With a growing population, this presented a sizeable investment for international businesses. The US and Vietnam worked for several years negotiating a bilateral trade agreement, which came into force in 2001.

The deal helped lift several non-tariff barriers while lowering tariffs on a variety of goods on an average between three and 40 percent including on agricultural, animal products, and electronics. Vietnam was also granted the most favored nation (MFN) status, which was important to become a part of the World Trade Organization (WTO).

Former US President Barack Obama pushed for the Trans-Pacific Partnership (TPP) – a free trade agreement (FTA) involving ASEAN countries as well as the US and Australia. Vietnam was seen to be one of the biggest beneficiaries of this FTA, gaining access to the US market. However, all this came to a halt in 2017, when current US President Trump, disbanded the deal, claiming it would undermine US businesses and jobs.

Nevertheless, Vietnam and 10 other countries went ahead without the US and signed the Comprehensive Agreement for Trans-Pacific Partnership (CPTPP) in March 2018. Despite the setback, bilateral trade between the US and Vietnam has grown and analysts expect the trade relationship between the two countries to continue thriving.

Positive relationship but not without its setbacks

Nevertheless, there are challenges. In 2019, Trump in an interview said that Vietnam was “almost the single worse abuser of everybody,” prompting concerns from investors that Vietnam’s favorable relationship with the US was over. Trump has also complained about the US trade imbalance with Vietnam. Vietnam’s trade surplus with the US had grown to US$600 million, according to a Bank of America Merrill Lynch study.

The US in May 2018 imposed duties on Vietnamese steel products that originated in China. Earlier in December 2017, the US imposed duties on steel products specifically on Vietnam that originated from China as they evaded anti-dumping rules. Most recently, on August 25 this year, the US Treasury Department determined that Vietnam manipulated its currency in 2019, possibly opening the door to tariffs.

Apart from this, the US has pointed to other barriers to trade including inadequate intellectual property protections and food safety regulations, restrictions on the internet and digital economy, and other governance issues.

Security relationship adds stability to improving bilateral ties

In 2018, the USS Carl Vinson – a US Navy aircraft carrier – made a historic port of call in Vietnam. That same year, Vietnam also participated for the first time in the Rim of the Pacific (RIMPAC) – a maritime military exercise hosted biennially by the US. The US lifted a ban on legal arms sales to Vietnam in 2016; both countries have been forging closer military ties and high-level military exchanges.

For Vietnam, this has been to oppose China's assertive stance in the region, particularly in the South China Sea. Building upon this relationship, Hanoi was also picked for the of the US-North Korea summit in February 2019, further cementing Vietnam's stature on the world stage.

Alexander Vuving, an expert on Asia security at the US Defense Department Institute said that "Vietnam holds a key to the regional balance of power". If this view is shared by the US, it will continue to have a positive and budding relationship with Vietnam, particularly if Vietnam is seen as a counter to China.

It's 'advantage Vietnam' while US-China trade dispute lingers

The trade dispute between the US and China has had a cascading effect on Vietnam. Vietnam's exporters have seen an increasing demand for their products, especially garments and textiles. Vietnam has emerged as an alternative to China for investors benefitting from the China plus one strategy that involves investors shifting or expanding to other countries to increase market access.

It is important to note that this was already happening, but the trade war accelerated the process. Driven by rising labor costs, the need for diversification and the government's focus shifting from labor-intensive sectors to high-tech industries, US firms operating in China have slowly shifted their manufacturing activities to Southeast Asia, especially Vietnam.

Click here for more details

Source: vietnam-briefing.com– Aug 31, 2020

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Cambodia, RoK hold second round of FTA talks

Cambodia and the Republic of Korea (RoK) launched the second round of negotiations for a bilateral free trade agreement (FTA) on August 31 as the RoK works to expand its export portfolio to cushion the economic fallout from the COVID-19 pandemic.

According to the Ministry of Trade, Industry and Energy of the RoK, the four-day virtual meeting aims to set more details on the envisioned FTA.

The two sides will also exchange opinions on setting the scope of products, as well as other measures to enhance their bilateral economic ties.

Source: english.cambodiadaily.com– Sep 01, 2020

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Bangladesh remains top sourcing destination after China: Survey

A survey 'Evolution of Sourcing in 2020 conducted by Hong Kong- based QIMA says, Bangladesh remains one of the top sourcing destinations after China for international clothing retailers and brands even during the pandemic because of competitive prices. The survey results were drawn from inputs by over 200 businesses around the world across a variety of consumer product segments and built on previous QIMA research.

The report analyses the evolution of global sourcing in response to the ongoing COVID-19 pandemic, US-China trade tensions and other disruptions to global supply chains.

The report states, China still dominates as the global sourcing destination though its dominance is noticeably less dramatic compared to previous years, especially in industries such as textile and apparel, where supplier portfolio diversification has been a priority for a while now.

Consistently ranking among China's regional competitors, Vietnam continues to reap the most benefits of continued mass exodus of Western buyers from China, with 40 per cent of EU respondents and almost as many US brands included Vietnam among their top sourcing regions. The US and the EU brands are exploring sourcing options closer to home but are more likely to near-shore rather than re-shore.

For US-based companies, sourcing destinations closer to home continue to grow steadily, with the popularity of Latin and South America almost doubling compared with last year. Meanwhile, EU brands are increasingly turning to Turkey as a nearshoring destination as the latter was named among the top three sourcing regions by 30 per cent of EU respondents.

Source: fashionatingworld.com– Aug 31, 2020

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Vietnam: Trade surplus rises to new high

Vietnam achieved a record trade surplus of $11.9 billion in the first eight months as imports declined due to the fallout of the coronavirus pandemic.

Imports fell by 2.2 percent to $162.2 billion year-on-year while exports rose by 1.6 percent to $174.1 billion, according to the General Statistics Office (GSO).

Exports of five items exceeded $10 billion each: smartphones, electronics-computers, textile-garments, machinery-equipment, and footwear.

The U.S. was the largest market, buying $46.7 billion worth of exports, up 19 percent, followed by China and the E.U.

Imports to serve manufacturing fell by 1.7 percent to $152 billion, while those of consumer goods were down 9.2 percent to $10 billion.

China was the largest exporter to Vietnam ($49.3 billion), followed by South Korea, ASEAN and Japan.

"The Covid-19 pandemic continues to have negative impacts on Vietnam’s trade activities," the GSO said in a statement.

Last year the trade surplus had risen 21 percent to $3.4 billion.

Source: e.vnexpress.net– Aug 31, 2020

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Bangladesh: RMG export posts 45pc growth

Earnings stand at $3.24b in August

The country's readymade garment export growth turned positive in August this year with a robust 44.63 per cent year-on-year growth after seven months of negative trend.

Exporters termed the trend encouraging and said that the revival of export orders which were put on hold and cancelled due to the coronavirus pandemic resulted in the rebound in the export earnings.

In the month of August (August 1-30) this year, export earnings from RMG stood at $3.24 billion from $2.24 billion in the same period of August in 2019, according to National Board of Revenue data compiled by the Bangladesh Garment Manufacturers and Exporters Association.

Asked about the robust export earnings growth in August, BGMEA president Rubana Huq told New Age that while cotton trousers had maintained the biggest share in terms of increase, man-made fibre-based product categories in tops had also started witnessing a growth.

'And, especially women's/ girls' cotton trousers have seen significant growth and their share in our total export is also higher,' she said. The BGMEA president also said that a six-month average would be a better depiction of the export growth situation instead of year-on-year-based monthly figures.

The country's export earnings from readymade garment witnessed a negative growth for seven month in a row from January to July this year.

The export earnings witnessed a 54.79-per cent decline in the March-May period of 2020 over that of the corresponding period of last year as the coronavirus pandemic hit the sales of manufacturing goods and the global buyers cancelled or suspended import orders.

The country's export earnings started increasing from June this year although the RMG export declined by 18.84 per cent to $27.70 billion in the fiscal year 2019-20 from $34.13 billion in the FY 2018-19 due to the adverse impact of the coronavirus outbreak globally.

With the reviving of export orders by the global buyers, Bangladesh's exports in July this year fetched $3.91 billion, the highest-ever earnings in a single month in the country's history. The export earnings from RMG, however, decreased by 1.98 per cent to $3.24 billion in July, the first month of FY21.

Fazlul Hoque, a former president of the Bangladesh Knitwear Manufacturers and Exporters Association, said that it was a good thing that the export earnings growth was back to the positive track.

He said that like July, a good portion of shipments in August was the revived orders that were kept on hold or cancelled due the coronavirus outbreak.

Source: newagebd.net– Aug 31, 2020

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Bangladesh: Making masks with garment scraps to ensure livelihoods

The global economic slowdown that resulted from the pandemic has affected multiple industries and led to mass unemployment at home and abroad. It is encouraging to learn that during such difficult times, rural women are making biodegradable, reusable Ella masks from garment scraps—a product of ELLA (Eco-friendly low-cost liquid absorbent) Pad, an award-winning social enterprise known for reusing high-quality textile scraps from export-oriented garment factories to produce sanitary napkins for RMG workers at affordable prices.

Ella masks are standardised according to World Health Organization (WHO) and Centers for Disease Control and Prevention (CDC) guidelines.

In order to provide financial independence, the enterprise connects rural women with different institutional buyers and UN agencies who purchase their masks.

With the opportunity to earn Tk 400 per day without any additional hassle, hundreds of women from seven districts—Dhaka, Gazipur, Jamalpur, Kushtia, Magura, Narayanganj and Rajbari—got involved with the project. Many are even earning more than they did previously, and are able to make significant contributions to their household incomes.

At a time when unemployment poses a grave threat, it is promising to see how the organisation is trying to ensure the health and well-being of marginalised women to alleviate their sufferings.

Overtime, when the demand for masks ease, ELLA Pad aspires to diversify into home textile items so that the women can continue making a living. We hope such initiatives get all the support they need in carrying out their activities so that they can be replicated across the nation and empower women in impoverished communities.

Source: thedailystar.net– Aug 29, 2020

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NATIONAL NEWS

At -23.9% in Q1, worst-ever GDP contraction as lockdown bites

Industry, services hit badly, but agriculture bucks the trend; Govt sees V-shaped recovery

The economy suffered its steepest contraction at 23.9 per cent in the first quarter (April-June) of 2020-21 when the country was in a lockdown due to the Covid pandemic. This is perhaps the first contraction in a quarter since GDP data started to be collected in the 1950s. If the trend continues and the economy contracts on a full-year basis, too, that will be a first since 1979-80.

The latest data show that the industry and services sectors shrank 38.1 per cent and 20.6 per cent, respectively. The silver lining was provided by the farm sector, which grew 3.4 per cent during first three months. But agriculture's share in GDP (Gross Domestic Product) is just 17 per cent, while services and industry account for 54 per cent and 29 per cent, respectively.

According to the data, manufacturing and construction are in deep recession, which means job creation will be affected further.

Chief Economic Advisor Krishnamurthy V Subramanian said the poor April-June quarter economic performance is primarily due to the exogenous shock that has been felt globally. Economies world over, including India, went into a lockdown in the April-June period.

"Just to give a comparison, the UK, where the lockdown was less stringent than in India... the contraction there was 22 per cent. So, given the higher intensity of the lockdown (in India), this is actually along expected lines," he said.

'Better performance'

However, according to Subramanian, what is important is that India is experiencing a V-shaped recovery after the economy started unlocking. For instance, the core sector has been picking up, steadily improving from (-)38 per cent in May to (-)13 per cent in June and to (-)9.6 per cent in July.

Similarly, Railway freight traffic has reached 95 per cent of the level that it was at the same time last year. "It is in fact 6 per cent higher in the first 26 days of August compared to the same time last year," he said, adding that power consumption is only 1.9 per cent lower than last year and e-way bill generation in August almost at the same level.

"India is definitely experiencing a V-shaped recovery, so we should expect better performance in the subsequent quarters," Subramanian concluded.

Recovery in second half

CII Director-General Chandrajit Banerjee said that even as the first half of the current fiscal is expected to remain weak, "We can expect a recovery in the second half led by supportive fiscal and monetary policies.

We have already started to see a discernible improvement in the many high-frequency indicators, which are expected to pick up further, going forward. In this context, the localised lockdowns being imposed by State and district administrations may be avoided so that the economic recovery can be kept on track."

Chief Economist & Head Research at Knight Frank India Rajani Sinha felt that with the economy unlocking in the last few months, most parameters have improved to 70-90 per cent levels of the corresponding period of the previous year. However, "a sustainable recovery would depend on the time taken to contain the spread of the Covid virus.

It is very important for consumer sentiments and consumer spending to improve for the economy to bounce back. Increased infrastructure investment by the government and demand-boosting measures are very much required at this point for the economy to recover," she said.

Source: thehindubusinessline.com– Aug 31, 2020

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11 notified labs to test PPE coverall samples; more coming up

With DGFT allowing free exports, total production and testing is expected to rise

To ensure faster and smoother clearance of samples of Personal Protective Equipment (PPE) coveralls manufactured in the country, a total of 11 testing laboratories have been notified by the government so far and more such laboratories are coming up, a government official said.

"There are a total of 11 notified testing laboratories equipped to conduct testing and certification of synthetic blood penetration resistance test required for body-coveralls for Covid-19. Another one in Ludhiana is coming up and hopefully the number will grow in the future," the official told BusinessLine.

The Bureau of Indian Standards (BIS) has now started issuing licences for 'body-coveralls for Covid-19', so no laboratory is now required to issue Unique Certification Code to any PPE coverall manufacturer, said a recent note prepared by the Ministry of Textiles.

"Not only are faster tests happening because of the increased number of laboratories, there is also a lot more vigilance and control on the manufacturers who qualify for production as the BIS has started issuing licences for manufacturers," the official said.

The 11 notified testing laboratories include one lab each at SITRA-Coimbatore and DRDO, Delhi, two at the Textile Committee, Mumbai, one at the Northern India Textile Research Association, Ghaziabad and six labs of Ordnance Factories distributed all over the country.

"All the above testing laboratories may conduct synthetic blood penetration resistance test of samples of body-coveralls for Covid-19 received from HLL Life care Ltd, BIS or any Government organisation and issue test results," the Textile Ministry note said.

From near zero in the beginning of the year when the Covid-19 health crisis started, India has ramped up production to over 5 lakh PPE kits a day and there is enough domestic capacity now to increase production further, according to the industry.

The Directorate-General of Foreign Trade (DGFT), thus, removed the 50 lakh units monthly cap on exports on PPE coveralls on August 25 and made exports free.

In July, India exported 23 lakh PPEs to five countries:the US, the UK, the UAE, Senegal and Slovenia, according to the Health Ministry.

“With faster testing and freedom to accept export orders, PPE manufacturers will now be encouraged to expand production. Testing demand is likely to increase,” the official said.

The Ministry of Textiles is working with Ministry of Health and Family Welfare for supply of PPE coveralls and N-95 masks required for use of health professionals in government hospitals, the note said. As on July 31, a total of 1.29 crore PPE kits have been dispatched to HLL Lifecare (the government procurement agency for coveralls), the Textile Ministry note added.

The test standards conform with the WHO guidelines for Covid-19, and PPEs are tested in accordance with ISO 16603 Class 3 and above and are designed to be resistant to passage of any fluid or aerosol particle for complete protection of its user, according to the Textile Ministry.

Source: thehindubusinessline.com– Aug 31, 2020

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RBI announces steps to ease pressure on liquidity

The Reserve Bank on Monday announced a host of steps, including term repo operations totalling Rs 1 lakh crore in mid-September to ease pressure on the liquidity and maintain congenial financial conditions with a view to ensuring sustainable recovery of economic growth.

"The RBI stands ready to conduct market operations as required through a variety of instruments so as to ensure orderly market functioning," the central bank said in a statement adding that recently market sentiment has been impacted by concerns relating to the inflation outlook and the fiscal situation amidst global developments that have firmed up yields abroad.

As part of the measures to 'foster orderly market conditions', the RBI will conduct term repo operations for an aggregate amount of Rs 1,00,000 crore at floating rates (at the prevailing repo rate) in the middle of September to assuage pressures on the market on account of advance tax outflows.

The RBI said that in order to reduce the cost of funds, banks that had availed of funds under long-term repo operations (LTROs) may exercise an option of reversing these transactions before maturity. "Thus, the banks may reduce their interest liability by returning funds taken at the repo rate prevailing at that time (5.15 per cent) and availing funds at the current repo rate of 4 per cent. Details are being notified separately," it said. The last date for paying the second instalment of advance tax is September 15.

Further, the RBI will conduct additional special open market operation involving the simultaneous purchase and sale of government securities for an aggregate amount of Rs 20,000 crore in two tranches of Rs 10,000 crore each. The auctions would be conducted on September 10, 2020, and September 17, 2020. The RBI remains committed to conducting further such operations as warranted by market conditions, the central bank said.

As part of the measures, the RBI has also decided to allow banks to hold fresh acquisitions of statutory liquidity ratio (SLR) securities acquired from September 1, 2020, under Held-To-Maturity (HTM) up to an overall limit of 22 per cent of net demand and time liabilities (NDTL) up to March 31, 2021 which shall be reviewed thereafter, it said.

Currently, banks are required to maintain 18 per cent of their reserves in SLR securities. The extant limit for investments that can be held in HTM category is 25 per cent of total investment.

Banks are allowed to exceed this limit provided the excess is invested in SLR securities within an overall limit of 19.5 per cent of NDTL. SLR securities held in HTM category by major banks amount to around 17.3 per cent of NDTL at present.

The RBI further said it remains committed to using all instruments at its command to revive the economy by maintaining congenial financial conditions, mitigate the impact of COVID-19 and restore the economy to a path of sustainable growth while preserving macroeconomic and financial stability.

Source: financialexpress.com– Aug 31, 2020

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Govt extends FY20 GST return filing date for composition dealers till October 31

The government on Monday extended by two months the due date for filing of annual GST returns for 2019-20 by composition dealers to October 31.

This is the second extension in as many months given by the government. The original deadline for filing the return was July 15, which was earlier extended till August 31.

The Central Board of Indirect Taxes and Customs (CBIC) in a tweet said, “Last date GSTR 4 for FY 2019-20 extended to 31st October 2020“.

Goods and Services Tax (GST) composition scheme can be opted by any taxpayer whose turnover is up to Rs 1.5 crore.

Under the scheme, manufacturers and traders are required to pay GST at the rate of 1 per cent, while restaurants (which do not serve alcohol) have to pay GST at 5 per cent rate.

Source: thehindubusinessline.com– Aug 31, 2020

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GST compensation: Asking States to borrow isn't the right solution

If GST is truly a tax that represents the spirit of federalism, the Centre should come out with a proper plan to compensate State governments

Three years ago, if State governments had the premonition that embracing GST would lead them to a situation wherein they would have to borrow to make good revenue shortfalls, they would have opted out of one-tax regime. Asking States to borrow is precisely what has been recommended by the GST Council in its latest meeting.

Some State governments have protested against this proposal and are also bracing themselves to take this all the way to the Supreme Court.

Revenue shortfall

The GST Council split the revenue shortfall into two categories — due to reduced GST revenues and due to Covid-19. The Council also gave State Governments two options — a special window, in consultation with the RBI, to borrow the projected GST shortfall of ₹97,000 crore, and an amount that can be repaid after five years of GST, ending June 2022, from the compensation cess fund aided by a 0.5 per cent relaxation in the borrowing limit under the Fiscal Responsibility and Budget Management (FRBM) Act.

The second option is to borrow the entire projected shortfall of ₹2.35-lakh-crore — both on account of faltering GST collections and the expected shortfall due to the pandemic — facilitated by the RBI. While the entire world is increasingly being convinced that the pandemic is due to an act of indiscretion on the part of China, the Finance Minister termed it an 'act of God'.

The reason for asking State governments to resort to borrowing is because of a legal opinion given by the Attorney General of India that the period of payment of compensation can be extended beyond June 2022 but the Consolidated Fund of India cannot be used to bridge the gap. It's almost a year since the GST Council knew that there would be persistent shortfalls in the compensation payable to State governments — but no concrete action was taken as everyone thought that things would self-correct over a period of time. But, then, Covid struck.

The economy is down, collections are not improving and evasion is rampant. Yet, the GST Council cannot run away from the problem and leave State governments holding the baby.

If GST is truly a tax that represents the spirit of federalism, the Centre should come out with a proper plan to compensate State governments. In times like this, the question is not who should borrow but who has a better credit rating to borrow coupled with multiple options. Undoubtedly, the Central Government has a better credit rating and options to borrow, including international agencies and financial institutions.

The Centre also has the luxury of having a central bank with a strong balance sheet. The kerfuffle over GST compensation has ensured that there are a couple of certainties in the near future. Liquor for human consumption, fuel and stamp duty will not come under the purview of GST for some more years — individual States would ensure that, citing the bad experience thus far. As a result, what we would have will not be an ideal GST but a "jugaad GST" — which seems an apt solution for a diverse country like India.

The second certainty is that GST battles of the future are going to be fought not on economic/taxation grounds but on political grounds. This could derail some of the GST provisions since States would tend to resist them due to political differences.

The GST Council should quickly think of a workable solution to compensate States.

Source: thehindubusinessline.com– Aug 31, 2020

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Fiscal deficit touches 103% of Budget Estimate in April-July

Fiscal deficit has exceeded Budget Estimate (BE) in the first four months — April-July of FY21 — due to lower tax collection, data released by the Controller General of Accounts (CGA) on Monday revealed.

The Budget pegged the fiscal deficit at ₹7.96 lakh crore which is 3.5 per cent of GDP (Gross Domestic Product). The Centre has already announced additional borrowing of ₹4 lakh crore which will take the deficit up to 6 per cent. This additional borrowing is yet to be approved by Parliament which will then officially raise the deficit bar for the current fiscal.

According to data, expenditure improved a tad to 34.7 per cent from 34 per cent during April-July period. However, tax collection was down by nearly 30 per cent. This resulted in fiscal deficit touching over ₹8 lakh crore, which is 103 per cent of the Budget Estimate, against 77.8 per cent registered during the first four months of FY20.

During the period under review, barring urea, food, petroleum and nutrient-based fertilizer saw a decline in subsidy pay out. Food subsidy was 49 per cent of BE against 59 per cent during the corresponding period of last fiscal. This is despite higher quantity of subsidised food being distributed on account of Covid. Similarly, petroleum subsidy came down to 40 per cent as against 76 per cent.

Source: thehindubusinessline.com– Aug 31, 2020

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Recovery uncertain: Core infra sectors shrink 9.6% in July

Contraction in eight key infrastructure industries narrowed to 9.6% on year in July from a 12.9% y-o-y fall witnessed in the previous month, but prospects of a sustained recovery still remain uncertain, given the fragile state of demand in the economy.

The contraction eased for a fifth straight month through July, and production gained momentum after lockdown curbs were eased substantially from June. Since these core infrastructure sectors make up for 40% of the index of industrial production, the IIP, too, may see an improvement in July. However, as pointed out by analysts, a sustained industrial recovery warrants a revival in demand, which, at the moment, seems patchy.

The industry ministry data released on Monday showed that barring fertiliser, which recorded a 6.9% rise due to a pick-up in demand during the summer sowing, all other sectors witnessed a fall in July. The output of steel shrank by 16.4% in July, against a 25.4% drop in June but cement saw the contraction widening to 13.5% from 6.8% in the previous month. The fall in the output of electricity stood at 2.3% in July, refinery products 13.9%, natural gas 10.2%, crude oil 4.9% and coal 5.7%.

The International Monetary Fund (IMF) has already predicted a 4.5% contraction for the Indian economy in FY21 and a 4.9% decline in 2020 global GDP, warning that the Covid-19 outbreak has plunged the world economy into its worst recession since the Great Depression in 1930s.

Last month, the IMF said some key indicators were showing signs of plateauing of economic activity in India, as the positive impact from unlock was not as robust as the negative impact of the lockdown.

The government had announced a Rs 21-lakh-crore relief package up to May and followed it up with the plan, with an estimated cost of Rs 90,000 crore more, to extend free grain supply by another five months through November to soften the Covid blows. It also plans to roll out more measures in the coming months to reverse a slide in economic growth.

Source: financialexpress.com– Sep 01, 2020

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Q1 GDP: A reminder of the economic cost of lockdowns

What's happening isn't hard to decipher: the supply shock has dragged demand down with it, through loss of jobs, and that is further pulling down the productive forces in a negative spiral

A steep fall of 23.9 per cent in India's real GDP in the first quarter tells us that a contraction of over 5 per cent of GDP in 2020-21 is definitely on the cards. The disaggregated numbers tell a story of the effects of a prolonged lockdown, even as the nation grapples with ever-rising Covid cases. While agriculture was up by a modest 3.4 per cent (quite in line with the trend), mining, manufacturing, construction and trade, transport and communication contracted by 23.3 per cent, 39.3 per cent, 50.3 per cent and 47 per cent, respectively.

On the expenditure side of the GDP equation, it is clear that private consumption is no longer in a position to hold up the economy, having fallen 26.7 per cent in Q1. What is, in fact, alarming is the halving of gross fixed capital formation (or investment) to ₹6 lakh crore; this is even as the decline in investment appetite precedes Covid, as GFCF fell 6.5 per cent in Q1 of 2019-20 as well. The fall of 5.3 per cent in financial, real estate and professional services, another driver of growth, is attributable to the collapse of the brick and mortar sectors and the demand that ensues from them.

Real estate and professional services have been impacted by the collapse of consumer demand. What's happening isn't hard to decipher: the supply shock has dragged demand down with it, through loss of jobs, and that is further pulling down the productive forces in a negative spiral. Those who do have the wherewithal to spend are in 'precautionary savings' mode. The onus clearly lies with the government to boost demand in order to break out of this spiral. Even as rate cuts since February and liquidity injections with a view to boosting credit to NBFCs are showing some results, these are inadequate in relation to the magnitude of the crisis at hand.

The task before the RBI is to keep yields in check even as the government expands its borrowing programme. Notably, the Chairman of the 15th Finance Commission as also the panel to review the FRBM (Fiscal Responsibility and Budget Management) Act, NK Singh, has said that the law should perhaps be amended to allow for a higher deficit than is permissible under its provisions —which possibly implies an escape clause of more than 0.5 per cent of the GDP.

While India cannot go the way of the advanced economies in opening its purse strings without creating external account imbalances — the rupee cannot be compared with the OECD currencies — a calibrated expansion should not be off the table. The FRBM limits should be a subject of discussion when Parliament reconvenes.

On the data points, there is a grey area. While public administration on the income side shows a contraction of 10.3 per cent in Q1, the government's final consumption expenditure shows a 16.4 per cent increase. It's up to the government to do the heavylifting through infrastructure spending, as advocated by the RBI, crowding in private investment in the process.

Source: thehindubusinessline.com– Aug 31, 2020

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Retailers body says MHA's latest order brings a ray of hope on the issue of weekend lockdowns

The retail industry is banking on the upcoming festival season for recovery of the business

Retailers Association of India (RAI) on Monday said that the recent guidelines issued by the Home Affairs Ministry on the issue of the weekend and local lockdowns would help remove roadblocks at the local level and will bring some relief for the retail industry.

The retailers' industry body had earlier raised concerns about the adverse impact of weekend curfews and partial lockdowns being imposed by various state governments.

The Ministry of Home Affairs (MHA) in its Unlock 4.0 guidelines has said that the 'State/ UT Governments shall not impose any local lockdown (State/ District/ sub-division/City/ village level), outside the containment zones, without prior consultation with the Central Government'.

In a statement, Kumar Rajagopalan, CEO, Retailers Association of India (RAI), said that RAI had shared its concerns about weekend lockdowns and partial lockdowns imposed by state governments with DPIIT and MHA.

"We appreciate the efforts of MHA and DPIIT for taking steps to get the economy going. Livelihood is important, and we believe that any shutdowns should be very carefully calibrated to ensure a balance between lives and livelihood. A central focus as compared to just local decisions is the need of the hour," he added.

The industry body said that nearly 60 per cent -70 per cent of the retail industry's costs are fixed. Of these, rents and salaries to employees make up a large part. "In times like these, when the demand is inelastic, it is crucial to keep stores open on all days and for extended hours. Only this will help retailers crawl back from the financial distress they have been facing and encourage social distancing," RAI added in a statement.

The retail industry is banking on the upcoming festival season for recovery of the business and said that a boost to the retail sector would, in turn, benefit the entire value chain, which involves manufacturing, entertainment, right down to artisans and other micro-enterprises.

"Removing roadblocks at the local level will not only help retailers to plan better for the season, but will also help them make decisions on hiring. It will also benefit taxes collected by the State Governments like GST, among others which is important to help revive the economy.

Most importantly, it will be in the interest of consumers as it will bring convenience to them," RAI added in its statement.

Source: thehindubusinessline.com– Aug 31, 2020

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Mega land allotment could turn Agra into a garment hub

The Taj city's dreams of turning itself into a garment hub hinges on the allotment of approximately 45-acre of unutilized land for an integrated textile and apparel industrial park, say experts dealing with the issue.

The land in question is owned by the Uttar Pradesh State Industrial Development Authority (UPSIDA). It is part of the 1,000-acre land parcel that was originally earmarked for a theme park project visualised by a prominent actor-cum-film-maker.

While the textile park is expected to give employment to at least 25,000 workers, the theme park project is dying a slow death in files, those in the know of things have said.

So far, two private developers have come forward to submit e-tenders of their expression of interest (EOI) to the state textile department for setting up of the integrated textile and apparel industrial park in Agra.

"They submitted their EOIs on 20.08.2020 (August 8, 2020) pursuant to the policy of the department of textile. These EOIs are particularly important for Agra, which is an ecologically sensitive area, being part of the Taj Trapezium Zone (TTZ). In TTZ, no polluting industries are permitted," said KC Jain, chairman of the legal cell of the National Chamber of Industries and Commerce (NCIC), Agra chapter.

These EOIs were invited for seven tentative locations - Meerut, Agra, Jhansi, Gorakhpur, Varanasi, Lucknow and Kanpur.

"Since garment manufacturing is classified as a white category industry by the Central Pollution Control Board (CPCB), there are no environmental hassles in setting them up. Recently, a virtual meeting was also held on 26.08.2020 (August 26, 2020) by Rama Raman, additional chief secretary, textiles, to have a dialogue with these private developers who have been asked to submit their detailed project reports (DPRs) in 45 days," Jain said.

"One of these private developers, headed by Ashok Goyal of Surat, has asked for the allotment of 45 acres of land out of the 1,000 acres reserved for the 'theme park' in Agra. Owned by the UPSIDA, this land is located on Inner Ring Road with connectivity to the Yamuna Expressway and the Lucknow Expressway," Jain added.

Jain further said that the land for the theme park project should be utilised for the apparel park and industrial cluster. "The very purpose of the acquisition of the land for the theme park has become non-existent with the actor having given up on this project. This land for the theme park is lying unutilised since 2014 and the UPSIDA is incurring heavy liability on the payment of interest," he said.

Jain further said NCIC had recently conducted a demand survey of industrial plots in Agra. In the survey, 291 entrepreneurs responded and 206 favoured garment and accessories manufacturing units, reflecting the market demand.

Once the apparel and textile park comes up, these entrepreneurs can begin to set up their units there.

Ashok Goyal has also said the allotment is important as a government scheme envisages a subsidy of 50 percent on the purchase of land from a government agency. Without subsidy, it would not be possible to provide developed plots at an affordable price, he said.

Source: hindustantimes.com– Aug 31, 2020

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Welspun Group pledges investment of ₹2,000 cr in Gujarat

The Vedanta Group, Kiri Industries, the Welspun Group and the UNO Minda Group recently pledged investments worth ₹4500 crore (in the metal sector), ₹3,000 crore (in specialty chemicals), ₹2,000 crore (in textiles) and ₹1,000 crore (in engineering) respectively in Gujarat. The announcement came during a webinar on Gujarat Industrial Policy 2020 last week organised by the state government where industries pledged total investments worth ₹10,500 crore.

State chief minister Vijay Rupani released a booklet containing the new industrial policy during the webinar that he had unveiled on August 7, according to media reports from the state.

The webinar was organised by the industries and mines department in partnership with the Associated Chambers of Commerce and Industry of India (ASSOCHAM), the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI).

BK Goenka, Chairman Welspun Group, Sunil Duggal, CEO Vedanta Group, and Anadi Sinha, President, UNO Minda Group were among the industrialists who participated in the event.

Source: fibre2fashion.com– Aug 31, 2020

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DGFT lays out procedure to seek licence for exports of N95 masks

Online applications filed by exporters only from September 7 to 9 will be considered for getting licence or permission from the Directorate General of Foreign Trade (DGFT) for shipments of N95 masks, according to a notice.

This is a part of the procedure and criteria laid out by the directorate for exporters to file applications to seek licence for shipments of N95/FFP2 masks, the commerce ministry said in a notice on Monday.

Exports of 50 lakh masks per month are permitted.

"Export of only one crore total units of N95/FFP2 masks will be allowed for the month of August and September," it said.

As per the laid down procedure and criteria for submission and approval of applications for the export, manufacturer exporters can apply through DGFT's online system only to seek licence.

"Online applications for export of N95/FFP2 masks filed from Septeber 7 to 9, 2020, will only be considered," it added.

It said the validity of the export licence will be for three months only.
The exporter will have to submit certain documents that include copy of purchase order or invoice and a copy of Import Export Code (IEC).

Source: financialexpress.com– Aug 31, 2020

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Tripura-Bangladesh inland waterways route to be operational on September 5

Mansukh Mandaviya will welcome the barge carrying 50 tonne of cement from Daundkandi in Bangladesh to Sonamura in Tripura's Sepahijala district on September 5 through video conferencing from Delhi.

Union Minister for Shipping, Mansukh Mandaviya will welcome the barge carrying 50 tonne of cement from Daundkandi in Bangladesh to Sonamura in Tripura's Sepahijala district on September 5 through video conferencing from Delhi, officials said.

The Sonamura-Daudkandi inland waterways protocol route connecting Tripura to Bangladesh would be made operational on the day in presence of Chief Minister Biplab Kumar Deb and Chairman of the Land Ports Authority of India (LPAI), Aditya Mishra, Secretary of Tripura's Industry and Commerce Department, Kiran Gitte said.

The 90-km long Sonamura-Daudkandi route, included in the list of Indo-Bangla protocol (IBP) routes in May this year, is expected to boost trade, Gitte, who visited the spot, told reporters on Sunday.

Director of Land Port Authority of India (LPAI) Ajit Kumar Singh, said that a barge carrying goods would arrive at Sonamura on September 5.

“A floating jetty was constructed just near the integrated check post. The place is beautiful, which has also the potential to be developed as a good tourist spot. At present barges carrying goods would come and later tourists from both the countries can come by using the waterways,” he told PTI.

On August 25, Deb had said in a Facebook post, “.... The trial run is scheduled in the first week of September 2020, during which 50 MT cement will be transported in barges from Dhaka to Sonamura. This is for the first time in history that any kind of goods will be reaching Tripura by ship..”

The chief minister said that the Bangladesh Inland Water Transport Authority has given permission for a trial run from Daundkandi in Comilla district of the neighbouring country to Sonamura in Tripura via River Gomati.

Tripura had set up a floating jetty on the river on July 4 as part of the Indo-Bangla international inland waterways connectivity project.

Traders of India and Bangladesh had demanded a trial run of vessels on the Gomati river to operationalise the Indo-Bangla protocol route between Sonamura and Daudkandi, officials said.

A high-level team of officials of the Bangladesh Shipping Ministry had surveyed the riverine protocol route on August 12, Sonamura sub-divisional magistrate Subrata Majumder said.

“Of the 90-km stretch, around 89.5-km is in the neighbouring country,” he said.

Gomati is a seasonal river and the water route can remain operational for only 3-4 months in a year and silts should be lifted on a regular basis from the Gomati to keep the route operational, Singh said.

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