TEXPROCIL NEWS CLIPPINGS

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INTERNATIONAL NEWS

Brexit talks go into another week as EU, UK push to salvage trade deal

EU and British Brexit negotiators will continue talks in Brussels on Monday and until around mid-week, sources on both sides said on Sunday, in a sign both sides are still pushing to avoid a damaging breakdown in trade in less than nine weeks.

Intensive and secretive, the talks are a final bid to seal a new partnership agreement for when Britain's transition out of the European Union runs its course at the end of this year.

If the sides overcome their differences, the new deal would govern everything from trade and energy to transport and fisheries. If they fail, an estimated $900 billion of annual bilateral trade in goods and services would be damaged from Jan.1 by tariffs and quotas.

An EU diplomatic source and a UK official said negotiations would continue face-to-face in Brussels on Monday following a full weekend of talks. An update on their progress and the chances of a deal was expected on Wednesday or Thursday, they added.

EU Brexit negotiator Michel Barnier said on Friday that "much remains to be done" to seal a deal.

Another EU diplomat following Brexit in Brussels told Reuters over the weekend that talks were still difficult on the most sensitive issues, including those of economic fair play, fishing rights and how to settle disputes in future.

Both sides have, however, previously signalled their readiness to compromise on fisheries - a politically sensitive issue for both Britain and France, as well as several other EU states - and Reuters reported on Oct.23 that Paris was already laying the groundwork to net a deal.

With time running out, financial markets and businesses are increasingly jittery as Britain and the EU face three main scenarios: a deal this year that salvages free trade, a tumultuous economic split, or a fudged arrangement that would settle future ties in a handful of areas but leave the rest up in the air.

Source: business-standard.com– Nov 02, 2020

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More US fashion companies to use USMCA for apparel sourcing in 2020: Survey

According to a 2020 USFIA Fashion Industry Benchmarking study, more US fashion companies have agreed use the US-Mexico-Canada Trade Agreement (USMCA) for apparel sourcing purposes in 2020 than a year ago. For companies that were already using NAFTA for sourcing, 77.8 percent say they are ready to achieve any USMCA benefits immediately, up more than 31 percent from 2019.

Even for respondents who were not using NAFTA or sourcing from the region, about half of them this year say they may consider North American sourcing in the future and explore the USMCA benefits.

Nevertheless, when asked about the potential impact of USMCA on companies' apparel sourcing practices, some respondents expressed concerns about the rules of origin changes. These worries seem to concentrate on denim products in particular.

It also remains to be seen whether USMCA will boost 'Made in the USA' fibers, yarns, and fabrics by limiting the use of non-USMCA textile inputs. For example, while the new agreement expands the Tariff Preference Level (TPL) for U.S. cotton/man-made fiber apparel exports to Canada (typically with a 100 percent utilization rate), these apparel products are NOT required to use U.S.-made yarns and fabrics.

Source: fashionatingworld.com– Oct 31, 2020

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Indonesian textile exports fall as Turkey imposes import duties

Indonesia is seeing a steep decline in textile exports to Turkey—a major market for textile products—blamed on additional duties and the coronavirus pandemic's effect on global trade.

In the January–August period, Indonesian textile exports to Turkey were down nearly 50 percent year-on-year (yoy) at US$168.9 million, said Marthin Kalit, secretary of the foreign trade director general at the Indonesian Trade Ministry, quoting data from Statistics Indonesia (BPS).

"This should be a concern for us, since Turkey is our sixth-biggest export destination [for textile products], after the United States, Japan, China, South Korea and Germany," Marthin said in a virtual discussion on Tuesday.

Indonesia's overall textile exports reached only $7.03 billion over the same period, marking an annual decline of 19.92 percent.

The decline in Indonesia's textile exports to Turkey come at a time when both countries are dealing with the COVID-19 pandemic. The World Trade Organization expects global trade to decline by between 13 and 32 percent this year as a result of the pandemic.

To keep its domestic industries afloat amid the economic downturn, Turkey introduced in April additional duties of 4 to 50 percent on textile products imported from countries with which it has no trade agreements. The duties are to remain in place until the end of the year.

Since Indonesia has no trade agreement with Turkey, the duties are imposed on Indonesian textile products.

Indonesia is still negotiating a comprehensive economic partnership agreement with Turkey, called the IT-CEPA. The two countries had been scheduled to sit down for a fifth round of negotiations in April.

The Indonesian government hopes the trade deal can remove additional tariffs imposed by Turkey on Indonesian products so it can boost its exports, Marthin said.

“Turkey’s market is quite challenging for Indonesian textile exporters. However, it actually has quite a big potential for our textile industry,” said Marthin, referring in part to the country’s status as a hub to connect with Middle Eastern, European and North African markets.

For textile manufacturer PT Sri Rejeki Isman (Sritex), Turkey still offers a promising market, given that Indonesian exports of artificial fibers and yarn still grew by 3.55 percent in the past five years regardless of trade barriers, said the company’s director Abhay Agarwal.

“This is because there are [other] factors, such as Indonesian fiber producers and spinners being trusted suppliers for consistent fiber quality, and because Turkey’s domestic producers cannot fully meet the demand from the countries own industries,” said Abhay.

Indonesia’s overall trade with Turkey started seeing a downward trend between 2018 and 2019, when it fell by nearly 17 percent to $1.49 billion, according to data from Eric Nababan, the Indonesian trade attaché in Turkey.

“In 2020, the value of Indonesia-Turkish trade is estimated to fall further, especially with the introduction of the Turkish government’s policy to restrict imports,” said Eric.

Turkey had imposed tariffs on almost all textile products registered under chapters 50 to 60 in the harmonized system of tariff nomenclature, called HS code, he added.

The negotiation of the IT-CEPA was also facing a hurdle, as Turkey was more focused on securing a trade deal with the United Kingdom, Eric said. Moreover, Indonesia did not make it to Turkey’s major trading partners.

“If possible, one strategy we can pursue to raise the bargaining position of Indonesian products is to impose barriers especially on Turkey’s main exports,” added Eric.

Source: thejakartapost.com– Oct 30, 2020

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Pakistan: Weekly Cotton Review: Rates show declining trend

The new wave of COVID 19 has negative impact on the rate of cotton and the rate of cotton decreased by Rs. 300 per maund. There is a need to take steps on war footings to increase the production of cotton. It's a situation like 'Now or Never'. The cotton grower is dishearten and taking interest in growing other crops. It was very difficult rather impossible to convince them that they will again start growing cotton.

In the local cotton market trading volume remained low during the last week due to the cautious buying by the textile and spinning mills. The ginners were avoiding selling cotton due to high rates and were not ready to do business on loss. On the other hand another reason of cautious buying by the textile mills is a new wave of COVID 19 is in some countries and as a result of which if the lock down was again imposed by United States and Europe then it will have a negative impact on business especially the exports of textile products will be effected.

On the other hand delivery of cotton imported from foreign countries will be affected. The big groups were abstaining from signing agreements of importing cotton from abroad due to uncertainty.

The rate of dollar is continuously decreasing as compared to Pakistani Rupee and the rate of dollar after decreasing by Rs 6 reached at Rs 160. It is expected that rate of dollar after depreciation will reach at Rs 155. The depreciation of dollar will have positive impact on import of cotton while it has negative impact on exports of textile products. However, trading volume will remain low due to the threats of COVID 19. Bearish trend was witnessed in international commodities markets due to circulation of news of increasing threats of COVID 19. It is feared that there is uncertainty in near future.

The rate of cotton in Sindh is in between Rs 8600 to Rs 10,000 per maund. The rate of Phutti is in between Rs 4700 to Rs 5100 per 40 Kg. The rate of cotton in Punjab is in between Rs 9800 to Rs 10,200 per maund. The rate of Phutti is in between RS 4700 to Rs 5300 per 40 Kg. The rate of cotton in Balochistan is in between Rs 9600 Rs 9800 while the rate of Phutti of good quality is in between Rs 5000 to Rs 5400 per 40 Kg.

The Spot Rate Committee of the Karachi Cotton Association has decreased the spot rate by Rs 100 per maund and closed it at Rs 10,000 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that mixed trend was witnessed in international cotton market. Firstly, the Rate of Promise (Waday Ka Bhao) of New York Cotton reached at the highest level of 72 American cents for December. But on Friday due to fear of lock down after the increase in COVID 19 especially in Europe bearish trend was seen in commodities market world wide. The Rate of Promise (Waday Ka Bhao) for December of New York Cotton reached 69 American cents after decreasing.

The effects of the storm have disappeared. Even the weekly USDA export report was encouraging an increase of 27 % was witnessed as compared to last week. Pakistan was the biggest importer this week also. It is feared that wave of COVID 19 will increase in coming days as result of which rate of cotton will come down. The American elections are going to be held this week. The elections will have an impact on the rate of cotton. Moreover, the rate of cotton can be decreased in India, Brazil, Argentina and Pakistan due to the second wave of COVID 19. Large textile groups buy cotton from abroad due to sharp decline in cotton production in Pakistan. More import deals are being made. Importers of cotton told that so far deals for the import of about 27 lac bales have been signed.

Considering the need for textile mills, about 50 lac bales of cotton will have to be imported. Up till now the dollar is decreasing as compared to Pakistani Rupee due to which cotton imports will be relatively cheap but will have a negative impact on textile exports.

According to the information other than cotton, cotton yarn, grey cloth and comber is importing from abroad. However, our textile mills are exporting cotton yarn of small count to China. Moreover, there is a good business of yarn is going on in the market and export orders are coming from abroad in good numbers but the threat of coronavirus is increasing due to which exporters are worried due to uncertainty.

The country’s cotton production continues to decline at an alarming rate. it is said that if immediate action is not taken on a war footing, the cotton crop will decline further in the coming days. But the nation should not be disappointed. There is an urgent need to encourage cotton growers. The government should take steps on war footings. At this time there is an urgent need for arranging good quality seeds and pure pesticides. If it is possible seeds should be imported from abroad at least technology should be imported from abroad. The researchers and scientists from abroad should be hired to train and guide local scientists and researchers. If irresponsibility is still shown, there is a risk of further decline in cotton production in the coming years.

Prime Minister Imran Khan had constituted a Cotton Task Force headed by central leader of All Pakistan Textile Mills Association Gohar Ejaz. Gohar said that he has included five major textile groups in the CTF. They will play their role in increasing the production of cotton.

Before that three big textile groups had made a company Sanifa Agricultural Services five to six years ago for producing good quality seeds. Keeping in mind performance of this company we can say that how much private sector can be successful in increasing the production of cotton in the country. Sanifa is private venture of three big textile companies. It is possible that they are part of CTF. Guidance can be taken from them but so far their performance has not been revealed. They are not producing cotton seeds at the national level. They are working privately.

The newly formed task force will take this issue seriously and formulate a strategy so that the results can be seen. We should have good hopes.

Moreover, in its tweet Advisor to Prime Minister on Commerce Abdul Razak Dawood said “Apparel is the engine of growth in the textile sector and availability of yarn at competitive prices is the pillar of strength. All sectors have to play their respective roles to maximise overall exports,”

In another tweet Razak said “MOC held meeting of stake holders of spinners and apparel manufacturers to discuss availability of yarns and their prices. In light of rising prices MOC is considering reducing duties on various yarns and preparing a summary for the ECC”.

Source: brecorder.com– Nov 02, 2020

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Bangladesh: Circular economy is here to stay, so embrace it!

In the past 12 months, we have seen overwhelming commitments made by the global apparel industry towards circular economy and making fashion circular. We all know that we cannot continue along the present "make-consume-dispose" business model and circularity appears to offer us a way out of that. There has been a major growth in the number of initiatives in this area and, in this space more than any other, investment appears to be flowing.

The discussion around recycling has not really involved Bangladesh very much—until now. That changed recently with the launch of a new partnership by Global Fashion Agenda with the BGMEA and funded by P4G Partnerships. This is a collaboration project and call to action to initiate and scale up the recycling of textile waste in Bangladesh.

The first signatories of this new initiative include Bestseller and OVS. In all, the partnership aims to invite 10 brands in the programme who would all, as one of their first commitments, introduce three first suppliers in Bangladesh to start segregation of waste at source and tracing it to recycling.

I will not go into the more specifics of that programme, other than to say it looks very promising. Instead, here is what I believe Bangladesh needs to do as a garment sourcing hub to lead the world in the textile recycling revolution.

One: Education. If we want to shift the linear economy to the circular, we have to start right from the beginning—and that means sensitise and educate our youngsters about these issues. The basics of recycling—the recycling hierarchy for instance—should be drilled into the minds of young people from a young age.

As children get older, why not teach them more about circularity, about how new processes are being developed to recycle old fibres into new ones. Perhaps this could even be introduced into the science syllabus—in chemistry and physics. Further, it is time our universities and colleges embraced recycling issues in terms of their learning and training. We should aim to be leading the world in research textile separation techniques. And, of course, links should be built between recycling learning in universities and industry.

Two: Collecting waste. If we want our industry to go circular, we have to get the logistics right. What is the current state of our textile and clothing collection services and how could it be improved? Do we know and understand the difference between different grades of fibre? Many other countries are lightyears ahead of us on this, and that is obviously a concern. But why not bring in some outside consultants to look at what we are doing wrong in this area and where we can improve? This includes textile waste from the public but also textile waste from our RMG industry, huge quantities of which is discarded each year—what is happening to this? We need far more traceability on this issue.

Three: Waste sorting. This is a challenging area which goes hand in hand—or works alongside—textile waste collection services. Sorting textiles into different waste streams has traditionally been done by hand, although new, infra-red sorting technologies are being introduced in this area. My guess is that the cost of such technologies would be prohibitive and that, given Bangladesh's low wage rates, manual sorting will be the best bet for now. Again, we may need to consider outside expertise to support us here.

Four: Getting owner buy-in. At present, I would say there is a lack of understanding about circularity and recycling issues among the RMG sector in Bangladesh—and that needs to change. This space has moved on at a huge pace in the past 18 months. Every time I travel or pop in a Zoom call, circularity is one of the issues being discussed. If Bangladesh is going to be at the head of the queue on these issues, our industry leaders need to be embracing it now.

They need to be getting an understanding of the technologies involved, exploring ways in which they could partner with some of the leading technology providers in this industry, and seeing if there are opportunities to put out one-off pilot lines to test the waters in this area. They also need to understand how the technology works. There is already talk of recycling technologies being licensed to fabric makers—but how would that work and what are the economics of it? My message to my fellow factory owners is that circularity is here to stay—embrace it, for if you do not, others will.

Five: Marketing and promotion. This is arguably the most important area of all. I look around at our competitors in terms of apparel production—Vietnam, China, India and so on—and I do not see them as having made very much progress in terms of recycling. Let us be realistic—so far, this has been a discussion which has mainly taken place among brands and their technology partners.

The time is right for manufacturers to come on board and the opportunity is there for Bangladesh's RMG manufacturers to lead the way. But to do that, we need coordination and teamwork. We need to get the message out within our industry that circularity, in all likelihood, is here to stay. This is where the investment is taking place, this is where the money is flowing, and this is where the opportunities lie.

So what are we waiting for?

Source: thedailystar.net– Nov 02, 2020

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World's top apparel brands Target, Hugo Boss shifting orders to Pakistan

As a silver lining among all the economic volatility amid the coronavirus pandemic, a number of the world's renowned apparel brands are shifting their orders to Pakistan.

The development was shared by Advisor to Prime Minister on Trade and Investment Abdul Razak Dawood, who said that more and more brands are shifting to Pakistan. "We just heard that Hanes, Guess, Hugo Boss & Target have shifted orders from China to Pakistan," said Dawood in a tweet post.

"This is a good trend and I am very hopeful that this will continue. I hope that the exporters will capitalize on this opportunity," he added.

Back in July, the luxury brand Hugo Boss considered a fashion giant placed its first sportswear order to Sialkot based leading firm. The achievement was due to the effort of the Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) which hold the 35th IAF Fashion Convention in November last year.

On the other hand, addressing the concerns of apparel manufacturers, the Ministry of Commerce held a meeting of stakeholders of spinners and apparel manufacturers to discuss the availability of yarns and their prices. In light of rising prices, MOC is considering reducing duties on various yarns and preparing a summary for the ECC.

"Apparel is the engine of growth in the textile sector and the availability of yarn at competitive prices is the pillar of strength. All sectors have to play their respective roles to maximize overall exports," said Dawood.

Source: brecorder.com– Oct 31, 2020

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Rise and rise of Bangladesh

The country has emerged as a South Asian economic powerhouse

When the Covid-19 pandemic broke out it exposed the fragility of global supply chains and their vulnerability in relying on China. As a result governments world over started giving incentives to businesses to move their manufacturing units out of China.

India made an earnest pitch to attract investments and position itself as an alternative to China. Some State governments took the lead and Chief Minister of Tamil Nadu E Palaniswami even took the trouble of writing to the heads of several multinational companies showcasing Tamil Nadu's congenial business atmosphere.

Anecdotal evidence so far points to Vietnam and Bangladesh being the preferred destinations for businesses wanting to relocate from China. That Bangladesh was preferred over India has led to a lot of hand wringing in India. But this wouldn't come as a surprise to analysts who have been observing Bangladesh's quiet strides — first in social and human development — then in economic growth.

The IMF, in its recent report, said that India's GDP growth is likely to contract by 10.3-10.6 per cent this fiscal while Bangladesh is likely to post a growth of 4 per cent. According to IMF's assessment, Bangladesh's per capita GDP at $1,888 is expected to surpass India's $1,877.

Though some economists, most notably former Chief Economic Advisor Arvind Subramanian, have advised against reading too much into these numbers, but the trend is still revealing and depressing from the Indian point of view.

In fact, today, Bangladesh has become an export power house and a major player in the global textiles and garment sector. In terms of most social indices — health, education and nutrition — Bangladesh scores better than India. Even from the gender point of view Bangladesh seems to be outscoring India as women there enjoy better health, mortality and education status. In the recently released Global Hunger Index, India has been ranked at 107, while Bangladesh is much ahead at 75.

Bangladesh has for long been derided as a country for exporting poor immigrants into India. Its recent ascent should lead to a moment of quiet reflection in India.

Source: thehindubusinessline.com– Nov 01, 2020

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Bangladesh: RMG exporters want to repay in 5yrs, not 2yrs

The readymade apparel exporters have demanded that they should be given five years' time in place of two years to pay back the loan extended to them by the government to pay workers' wages during the COVID-19 outbreak.

Around Tk 8,000 crore was borrowed by readymade garment exporters from stimulus packages announced in April to overcome the economic fallout of the virus outbreak.

Bangladesh Bank, the supervising authority in the loan packages worth over Tk 1 lakh crore, stipulates 18 instalments in two years' time to pay back the loan by RMG exporters with only 2 per cent service charge.

Commerce minister Tipu Munshi said his ministry, responding to the demand of the export-oriented apparel factory owners, has requested the BB and the ministry of finance to allow the RMG exporters to pay back the loan in 60 instalments over a period of five years.

Talking to New Age on Thursday, he noted that many exporters might not be able to pay back the loan within the timeframe amid the lingering pandemic-induced uncertainties.

Besides, the readymade garment exporters also demanded extension of the grace period to one year from six months, the minister said, adding that they were expecting a positive response from the BB soon.

A senior official at the finance ministry said Thursday that the latest demands for extending the repayment as well as the grace period for the RMG exporters remained pending.

Former Bangladesh Bank governor Salehuddin Ahmed expected that the BB and the finance ministry would be judicious to review the demand placed by the wealthy businessmen amid the positive RMG export growth.

Thanks to the RMG's good performance in the European market, the country's export earnings in the July-September period of the current financial year 2020-21 grew by 2.58 per cent to $9.89 billion from $9.64 billion during the same period of the last fiscal year.

The knitwear exports recorded 7.04 per cent increase to $4.46 billion in July-September of FY21 from $4.17 billion during the same period of the last fiscal year, but the earnings from woven garments fell by 5.78 per cent to $3.66 billion from $3.88 billion.

Salehuddin Ahmed said that problems of other sectors including the overseas employment should be addressed since the sector's net contribution to the economy is higher than the RMG sector.

The inflow of remittance hit record $18.21 billion in the 2019-20 fiscal compared to $27.83 billion during the same period of the last fiscal.

In its April-June quarterly review released in September, the BB also described the overseas employment as a key to recovery of the country's falling economy.

The country's overall economic growth slowed down to 5.2 per cent from the projected 8.2 per cent in the last fiscal as the presence of COVID-19 since March affected the economic activities and job generation badly.

According to the Bangladesh Association of International Recruiting Agencies officials, around one lakh overseas jobs were created in March, but since then the rate of job creation has plunged to zero as the pandemic halted the movement of the passengers aircraft worldwide.

The finance division officials said that they calculated that the RMG exporters availed of around Tk 8,000 crore from the stimulus packages, although Tk 5,000 crore was announced for them initially.

An additional Tk 3,000 crore was added from another package — Tk 30,000 crore for the affected industries and service sector organisations as working capital — when the BGMEA claimed that Tk 5,000 crore was insufficient.

In August, the ministry of finance turned down a plea seeking more financial assistance by BGMEA president Rubana Huq to pay workers' wage.

Bangladesh Garment Manufacturers and Exporters Association vice-president MA Rahim said that their latest demands were logical since the lingering COVID-19 health situation casts a negative outlook on the global apparel trades.

The RMG sector which employs a huge workforce needed more assistance from the government to stay alive, he said.

On October 22, the ministry of commerce sent letters to the BB and finance ministry highlighting the demands which were tabled in an inter-ministerial meeting at the ministry of commerce on October 5 following urges by the leaders of the BGMEA and Bangladesh Knitwear Manufacturers and Exporters Association.

Source: newagebd.net– Oct 31, 2020

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Pakistan: The start of the end of cotton production

The current year's statistics further bear testament to this theory. According to the Pakistan Cotton Ginning Association (PCGA), the arrival of cotton by October 18 has fallen by a whopping 39.24 per cent (2.6 million bales against 4.4m last year). The official expectation for this year is 8.5m billion bales against a target of 10.89m.

On its part, the PCGA believes that last year's production was 8.5m bales and not 9.1m bales as claimed by the Pakistan Economic Survey. The ginners think that the country may end up producing 6.5m to 7m bales — far less than half of the requirement of the industry.

In the last five years, the area under cotton had fallen from 2.9m to 2.5m hectares. It went down further by 4pc this year if official statistics are to be believed. In between, the yearly fluctuation (-14pc in 2016-17, and -12pc in 2018-19) in acreage complicates the picture as well.

As far as production is concerned, the last three years reinforce the assumption. In 2017-18, the country almost touched 12m bales — after many years of abysmal performance — before sliding down to 9.8m next year, 9.1m last year and 8.5m bales this year.

The per-hectare yield during this period fell from 753kg in 2017-18 to 618kg last year; it will surely go down further this year. While all these figures are official, farmers and other stakeholders contend that the actual numbers are far lower.

Against the backdrop of resources committed to cotton crop, the failure becomes even more colossal. Almost half of the scientists' community in Pakistan is dedicated to saving it; Punjab alone has four institutes and another one is being built in Rajanpur. The federal government is running a Rs2.3 billion cotton seed project, a Rs592m Pink Bollworm project and a Rs6bn white fly plan. But the crop is sliding down in every imaginable way.

Why have all these efforts been unable to bolster cotton production? The answer has two prongs: firstly, competing crops — sugarcane, rice and corn — have been exceptionally successful through technological improvement, seed development and better farm practices. All these factors have been missing in the case of cotton that survives on archaic technology, fossilised farm practices, deep confusion in the seed sector with the industry impervious to its plight and the government groping in the dark.

Take the example of sugarcane. In the last ten years, its yield has improved on average from 500 maunds per acre to 750 maunds, and sucrose recovery from seven to over 10pc. Its area in Punjab alone improved from 1.5m acres to the current 1.9m acres.

Similarly, rice has seen a change of fortune when its production jumped from 15 maunds per acre a decade ago to 23 maunds as seed and practices improved. The success of hybrid rice is even bigger. Rice now sits on 6m acres in Punjab against 5m acres — an improvement of 20pc — as farmers started making money.

Corn occupies over 2.3m acres as compared to 0.9m acres a decade ago owing to the increase in price and purchase quantity by the poultry and silage industry. Its per-acre yield jumped to over 100 maunds. The corn crop has almost swept cotton away in the central Punjab region (Vehari, Lodhran and Sahiwal).

The common thread among all three competing crops is industry-led growth that brought improvement in seeds, developed a field force to train farmers and ensured better rates for produce. These crops have not seen government intervention even at a minute level, let alone at the scale of cotton.

Industry-led initiatives are completely missing in the case of cotton. Rather, the industry thinks it can survive on imported lint and hence sees no reason to waste time and resources on cotton fields. The farmers are shifting to more lucrative crops that are easier to grow than cotton.

What makes cotton failure almost certain is the scientists' inability to catch early warning signs of climatic change and prepare accordingly. The cane, corn and rice models can be replicated for cotton as well.

The industry must be incentivised to play its role in saving and improving the crop. The public sector should only facilitate the industry through measures such as meeting long-standing requirements of zoning and better regulation of the seed sector.

Source: dawn.com– Nov 02, 2020

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NATIONAL NEWS

Centre may cap RoDTEP benefits for exporters due to resource constraint

The RoDTEP Committee, however, will give its recommendations based on actuals, say officials

The Centre may limit benefits for exporters under the new Remission of Duties or Taxes on Export Products (RoDTEP) scheme, the rates for which are being finalised on a priority basis for select sectors, owing to a resource constraint.

But the RoDTEP Committee set up by the Finance Ministry to calculate the rate of remission of duties on inputs, including embedded taxes, for exporters in various sectors will give its recommendations based on actuals, an official close to the development told BusinessLine.

“The RoDTEP Committee has been asked to calculate ceiling rates for refunding input taxes for exporters, including embedded taxes, on the basis of actuals. It will do exactly that. If caps have to be fixed because of paucity of resources, then it is the government which will do so,” the official said.

Last year, the Finance Ministry announced the new RoDTEP scheme to replace the popular Merchandise Export from India Scheme (MEIS). The MEIS was ruled by a World Trade Organization panel to be against multilateral trade norms. It is set to expire on December 31, 2020, if not further extended.

Although the RoDTEP scheme, designed to be fully WTO-compliant, is supposed to be in place from January 1, 2021, the RoDTEP Committee has been asked to work out the rates for just three sectors — ready-made garments and made-ups; automobiles and auto-parts; and iron and steel products — to begin with.

“The government has indicated that it may need to cap the RoDTEP rates if it has only ₹10,000 crore at its disposal, as per a calculation made earlier this year.

Textiles itself will require ₹7,500 crore once the benefits under the present RoSCTL scheme are converted to RoDTEP. That will leave only ₹2,500 crore for the iron and steel and the auto and auto components sectors, that too, if the scheme is not expanded at the moment to bring in more products," the official explained. Interestingly, the Finance Ministry had estimated an annual cost of ₹ 50,000 crore for the exchequer when it announced the scheme last year.

A three-member RoDTEP Committee, under former home and commerce secretary GK Pillai, was constituted in July 2020 to work out the modalities for calculation of duties/taxes/levies at the Central, State and local level, borne on the exported product. This will include prior-stage cumulative indirect taxes on goods and services used in the production and distribution of exported product.

The Centre may ask the Committee to fix rates for more products after it submits its first report, likely this month, but it may take a long time before all sectors are covered under the RoDTEP due to both a lack of resources and the complicated procedure of fixing rates, the official added.

Source: thehindubusinessline.com– Nov 01, 2020

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Govt to frame sector-specific model employment contracts for industries

In a first, the central government is planning to frame sector-specific model standing orders to ensure companies do not have to go through the process of certification.

"We are working towards a progressive model that will ensure a significant reduction in compliance burden. The idea is to have industry-wise standing orders immediately or over a period of time," a senior labour and employment ministry official said.

The government has already begun consultations with industry executives from across sectors on framing multiple model standing orders, the official added.

At present, there are different standing orders for the manufacturing and mining sector. A standing order is a legally binding collective employment contract and holds significance as it contains key work-related terms and conditions and is meant to prevent arbitrary dismissal of employees.

“This is a welcome move and we are happy that the central government will give a sense of clarity to make the standing orders operational in a short period of time. There will be no ambiguity once the Centre frames the model for companies and the States to emulate,” MS Unnikrishnan, chairman of the Confederation of Indian Industry’s industrial relations committee said.

Standing orders are compulsory for every firm hiring at least 50-100 workers at present. But when the Industrial Relations Code, 2020 will be notified likely from April then only firms with minimum 300 workers will be required to frame a standing order.

The standing order states the rights and liabilities of employers and workers in case of closure of a unit, conditions for terminating employment or suspending workers for misconduct, apart from informing employees about their work hours, holidays, wage rates, etc. It explicitly mentions the means of redressing unfair treatment by the employer.

“Each sector has its own rights and special issues so we are contemplating standing orders in at least five-six broad categories. Such a move will take care of peculiarity of that particular sector, rather than seeking a modification in the standing order, which will be a time-consuming process,” the official stated.

The government is planning to frame different standing orders for textiles and garments sector, electronic manufacturing, IT and information technology-enabled services, gems and jewellery, agricultural equipments, among others.

“The move will lead to micromanagement by the government, which it has sought to avoid through codification of labour laws. Further, even the judiciary has observed in the past that the standing order should be a standardised document across sectors. The move will lead to a ‘bureaucratic raj’,” XLRI professor and labour economist K.R. Shyam Sundar said.

According to the draft rules, employers can adopt the model standing order framed by the Central government but it will have to intimate the “certifying officer” about the date from which it will be applicable in its unit. If, within

30 days, the certifying officer observes a deviance from the model standing order, it will ask the employer to make the change in the next 30 days. If companies follow the model standing order in toto then it will not require certification from the authorities.

At present, the standing order is framed by the company management and requires consultation with the trade unions or workers' representatives. After the formal consultation process, it is sent to the labour department for certification.

"The government has increased the threshold to frame standing order for companies from 100 to 300 workers. As it is most companies in India will be exempt from the requirement of framing a standing order which works in the interest of workers.

Instead of letting workers and companies frame standing order with a common understanding and thorough consultation, the government is taking the wrong route of framing industry-specific standing orders," Centre of Indian Trade Unions president K Hemalatha said.

A standing order states

* Rights and liabilities of employers and workers in case of closure of a unit

* Conditions for terminating employment or suspending workers for misconduct

* Important work condition such as work hours, holidays, wage rates, etc.

* It explicitly mentions the means of redressing unfair treatment by the employer

* Standing order is compulsory for all firms with 50-100 workers depending upon different states

* It will be a must for firms with at least 300 workers under the new Industrial Relations Code

* Standing order is framed by the company management and requires consultation with the trade unions or workers' representatives and requires certification from labour authorities

* No certification will be required under the new law if companies follow model standing order framed by the government in toto

Source: business-standard– Nov 02, 2020

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Shortage of containers hits apparel exports

Shortage of feeder vessels and containers at Thoothukudi port are affecting garment exports, according to Apparel Export Promotion Council chairman A. Sakthivel.

In a memorandum to the Union Ministry of Shipping, Mr. Sakthivel said that in the recent days, exporters faced difficulty in shipment due to insufficient empty container inventory and capacity of small vessels.

The exporters end up paying higher freight cost to ensure timely delivery to the buyers. “It has been gathered that there will not be any feeder vessel availability for next few weeks. Already, there are considerable shipments piled up and it is expected that the situation will get worse,” he said.

With fall in imports from China, there is an imbalance in container inventory in the country and exporters are unable to get good condition empty containers to export cargo from here.

With increasing exports from India to the United States, there is a demand too for more containers. But with availability of only small vessels, space in the vessels is less and shipping lines are full. Thus, freight costs have gone up.

Apparel exports declined in April, May, June, July and August this year compared to corresponding months last year.

In such a situation, the government should act fast to ensure availability of sufficient containers and feeders vessels at the port. This will help the apparel exporters complete orders and ship to their customers on time, he said.

Source: thehindu.com– Nov 01, 2020

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Extend credit guarantee scheme by two months, FIDC urges Finance Minister

The Finance Industry Development Council (FIDC), a representative body of NBFCs, has urged Finance Minister Nirmala Sitharaman to extend the tenure of the ₹3-lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) by two more months.

The scheme, which was recently expanded to cover individuals too, should be extended by two months to allow guarantee cover on eligible loans sanctioned till December 31, FIDC Director-General Mahesh Thakkar said in a letter to the Finance Minister.

Also, the time to complete the disbursement of such loans must be extended to March 31 next year, the letter said, adding that such extensions are necessary in the interest of small and marginal borrowers.

Any extension of the scheme will help several lakhs of deserving borrowers torestore their businesses to the pre-pandemic levels and in the process help in the recovery of the economy at large, the FIDC said.

The ECLGS scheme officially closed on Saturday in terms of loan sanctions. FIDC submitted that an estimated 4-5 lakh customers are still being contacted by its members and educated on the benefits of the scheme and the process of getting the necessary documentation done may take some more time.

It pointed out that categories of borrowers such as individuals and societies were included in the scheme a few weeks later and hence the time available to cover all eligible borrowers was short.

It maybe recalled that the ₹3-lakh crore ECLGS was rolled out as part of the Aatmanirbhar Bharat Package to provide credit support to small and medium enterprises (SMEs) and help them emerge out of financial difficulties and business disruptions caused by the pandemic.

The government had also hiked the upper ceiling of outstanding loans under the scheme from ₹25 crore to ₹50 crore and hiked the turnover ceiling to ₹250 crore from ₹100 crore.

As of September 21, the total amount sanctioned under the 100 per cent ECLGS by public sector banks and private banks stood at ₹1.77 lakh crore, of which ₹1.25 lakh crore has already been disbursed.

Source: thehindubusinessline.com– Nov 01, 2020

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Growth back as GST mop-up tops ₹1-lakh cr

October collections up 10% both YoY and over September; eWay bills, e-invoice generation also robust

Indicating a sustained recovery in the economy, GST collections in October crossed ₹1.05-lakh crore, up nearly 10 per cent both year-on-year (YoY) and over September. This is the second successive month of growth after five months of contraction. For the first time in FY21, collections have gone past the ₹1-lakh crore mark.

Among States and Union Territories (UTs), barring Delhi, Sikkim and a few others, all have shown a positive change in GST collections, with growth ranging from 3 to 138 per cent.

In an interview with BusinessLine, Finance Secretary Ajay Bhushan Pandey said data related to GST collection, eWay bill and e-invoice clearly indicate not just a recovery but also a definite move towards a sustained positive zone.

E-invoices take off

eWay bills, which are electronic documents showing the GST paid on goods moved from one place to another, have registered over 21 per cent growth last month. E-invoices — electronic documents showing buy and sell transactions along with tax payment — too have been generated in impressive number in October, the very first month of launch.

A Finance Ministry statement said that during October, the revenue from import of goods was 9 per cent higher and that from domestic transactions (including import of services) was 11 per cent higher YoY. The growth in GST revenues over July, August and September clearly shows the trajectory of recovery of the economy and, correspondingly, of tax revenues, it said.

Consumption boost

Commenting on the data, MS Mani, Senior Director at Deloitte, said that the ₹1.05-lakh-crore collectionindicate the definitive revival of consumption and festival spends across the economy.

"Continuance of this trend will help in narrowing the fiscal deficit for FY21 and will go a long way in reviving business confidence across sectors as the impact of the unlockdown process across States gets translated into GST collection figures," he said.

Abhishek Jain, Tax Partner at EY, said the uptick in collections on a month-on-month and YoY basis is quite a welcome one for the government and the economy.

Three key reasons

"Some potential reasons for this surge could be the rise in demand on account of the festivals, and input tax credit and other similar reconciliations which were due for businesses in September," he added.

Kapil Rana, founder and Chairman, HostBooks Ltd, said the October collection can be looked at as a result of three major factors — resonance of the economy, indirect and direct spending push by the government and people during the festival season, and the overall/pending trade recovery from the slump period.

"Further, the number of GSTR-3B returns filed has also increased significantly. All these scenarios suggestb a strong recovery of the economy, strong fundamentals and excellent governance," he said.

Source: thehindubusinessline.com– Nov 01, 2020

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Textile sales sluggish as shoppers are still reluctant to venture out

Textile shops which usually do bulk of their business during the festive season have seen a dip in sales, even after relaxation of lockdown as people have not yet fully ventured out or taken to shopping in a big way. Textile merchants say that the sales this year would be 30% lesser than what it was last year.

Tamil Nadu Textile Merchants Association secretary, Ashraf Tayub, said that even though sales had improved post the lockdown relaxations, it was less compared to the previous years. He said that it was the children's clothes that were moving fast, while the sale of saris, which usually peaks during this season was not up to the mark.

"One reason for the low sari sales is the availability of saris in the online market, where there are thousands of designs are on display. We often do not have that many designs," said K Thirupathi, a salesman at a major textile showroom.

Job losses and salary cuts are also impacting the festive shopping this year, say the traders. Saravanan, owner of Patanjali Silks, a leading textile store, said that pure silk which they got weaved for their shop used to sell like hotcakes ahead of Deepavali, but this year the demand for silks was low. So they had asked their weavers to make minimum number of products to ensure that they did not go unsold.

He said that it is more of the salaried class and people from villages who have been coming to the shops in Madurai. The higher income group who usually go for clothes priced in the high range category have not actually started shopping, he said.

S Shanthi, a housewife in KK Nagar, said that this year her family members had purchased their saris from well-known online brands much in advance, so that they could get them replaced or exchange it if they did not like it.

Source: timesofindia.com– Nov 02, 2020

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Hennes & Mauritz overtakes rival Zara to become India's largest clothing brand

Swedish fashion retailer Hennes & Mauritz (H&M) has overtaken its main rival Zara to become India's largest clothing brand by revenues in FY19-20, helped by aggressive store expansion and lower pricing.

H&M expanded sales 28% to Rs1582 crore during the year ended March 2020, according to its latest filing sourced from Altinfo, a data insights firm. In comparison, Inditex Trent, a joint venture with Tata that runs Zara stores in India, saw revenue rise 9% to 1,570 crore last fiscal.

While the difference may be small, H&M's revenue is significant considering it entered India in 2015, five years after the Spanish rival Zara opened its first door in 2010.

"The product prices of H&M is far more reachable and its consumers are younger compared to Zara which are priced higher with a mature set of consumer base. H&M is extremely aggressive in terms of store launches and its digital push," said Devangshu Dutta, founder of strategy consulting firm Third Eyesight.

This reflects in their net profits too - H&M's profit was Rs8 crore, a decline of 82% while Zara's net profit rose 45% to Rs104 crore during last fiscal. Janne Einola, the country manager for India at the Swedish fast fashion retailer stepped down from the role last month after being at the helm for the past five years.

Both brands have been runaway successes in India since their arrival but Zara's performance has been tapering off due to slow outlet expansion. For instance, Stockholm-based H&M has opened a store a month in India on average so far since its entry in India in October 2015, taking the total count to 48. In comparison, Zara has opened 22 outlets so far, although its per store revenue is nearly double than its rival.

H&M stocks fast fashion items created in-house and teams up with designers for one-time collections. It keeps a large inventory of basic, everyday items sourced from places including India and Bangladesh that carry lower price tags than those of most of its rivals. Zara, on the other hand, imitates the latest fashion, making affordable versions and stocking them for just a few days. With most of its fast fashion peers offering products at competitive prices, Zara had cut prices to sustain competition over the past few years.

Consumers' appetite for fashion on demand is at an all-time high, putting at a disadvantage apparel vendors not refreshing their collections regularly. Analysts feel the popularity of fast fashion over the previous decade has taken traditional retailers by surprise and changing customer preferences clearly reflect in the strong outperformance of fast fashion retailers.

"H&M and Zara have caught the fancy of India's consumers and have outpaced growth of other traditional brands. While brands have been impacted by aggressive online discounting over the past three years, H&M and Zara have managed to report strong growth," said a report by Edelweiss Securities.

Source: m.economictimes.com– Nov 01, 2020

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Indian VSF exports rise nearly 40 per cent in Q2

Led by a rise in global sourcing, exports of Viscose Staple Fibre (VSF) rose 40 per cent to 23 KT during the second quarter of the financial year from 16.5 KT recorded during the fourth quarter of previous fiscal.

The fourth quarter of the previous fiscal was when lockdowns were implemented, while the second quarter of this financial year saw easing across many global markets.

The rise in exports mirrors an increase in production, a recent shift in the sourcing of textiles away from China and increased adoption of VSF-based garments globally due to awareness of the environment-friendly fibre. Global retailers such as Ikea, Tesco, Walmart, Zara, Marks & Spencer and H&M have also expanded their sourcing from India, riding on the growing demand for VSF-based garments across the world.

India, which is now emerging as a major hub for cellulosic fibre, had exported 16.5 KT of VSF in the first quarter of this fiscal. VSF-based garment exports have grown over 11 per cent per annum during the five years between FY14 and FY19, according to senior officials of the Association of Man-made Fibre Industry of India (AMFII).

"VSF is the fastest-growing fibre in the Indian textiles basket and is one of the major contributors to Indian textile exports. The growth in VSF consumption over the last 5 years has led to the doubling of spindles deployed on VSF, thus generating additional employment of nearly 50,000 in the downstream value chain, M.P. Joseph, Secretary-General, AMFII said.

VSF consumption in India has more than doubled over the last five years to 594 KPTA in FY20, recording 14 per cent an annual growth rate, while that across the world remained at 5 per cent.

"We have grown around 900 per cent in our production capabilities. Liva (the fashion ingredient brand from Birla Cellulose) has been a great success in branding of quality products," said K. Thirunavukkarasu, Managing Director Sri Choleeswarar Spinning Mill Group.

"The growth of the VSF industry has energised the entire value chain and the downstream ecosystem over the last few years. This has not only paved the way for increased investments but also created employment opportunities," said S.P. Chandrasekaran, Executive Director of JPP Mills. The Indian VSF industry had earlier earmarked investments of Rs 7,000 crore to strengthen value chain and boost employment generation. Above all, it will also give a fillip to the Government's Atmanirbhar Bharat initiative.

Source: thehindubusinessline.com – Nov 01,2020

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On fast track: Railways' freight earnings, loading rise in October

Railways freight earnings as well as loading saw a significant rise in October 2020, reflecting a trend of economic revival on the back of five rounds of unlocking of the economy.

While Railways freight loading was up 15 per cent at 108.16 million tonnes (93.75 million tonnes), its freight earnings for October grew 9 per cent to ₹10,405.12 crore (₹9,536.22 crore), an official release said.

In September, the Railways earned ₹9,896.86 crore in freight earnings and loading was at 102.12 million tonnes (mt).

This latest Railways freight earnings and the strong show in GST collections for October is a clear pointer that economy has normalised to a large extent, say economy watchers.

In October, the public sector behemoth's loading was 108.16 mt which includes 46.97 mt coal, 14.68 mt iron ore, 5.03 mt foodgrain, 5.93 mt fertilisers and 6.62 mt cement (excluding clinker).

It is worth noting that a number of concessions/discounts are also being given in Indian Railways to make Railways Freight movement very attractive.

The Ministry of Railways had held meetings with top leadership of iron & steel, cement, power, coal, automobiles and logistics service providers.

Also, Business Development units at Zonal & Divisional levels and near doubling of freight speed is contributing to sustainable growth momentum inspite of blocked freight services in Punjab.

Source: thehindubusinessline.com – Nov 01,2020

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MSME sector created 11 crore jobs in India: Nitin Gadkari

Union Minister Nitin Gadkari on Thursday said that the Micro Small and Medium Enterprises (MSME) sector is the backbone of the Indian economy and has created 11 crore jobs so far.

"Presently, MSME is the most important sector for the country. I say it is the backbone of Indian economy," Gadkari said at the 'Namaste Bharat Exhibition'.

"It contributes 30 per cent to GDP. As far as export is concerned, it is 48 per cent. Up till now, 11 crore jobs have been created by the MSME sector," he added.

Source: economictimes.com – Oct 30,2020

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Textile industry to be set up in Jangaon soon

On the requisition of Panchayat Raj minister Errabelli Dayakar Rao, chief minister K Chandrasekhar Rao announced that textile related industry will be established in Jangaon soon.

The CM stated that the government will make sure to set up handloom related project in Jangaon, where there are many handloom workers. Kakatiya Mega textile park is going to be set up in Parkal for development of handloom community in the state.

Source: timesofindia.com – Nov 01, 2020

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