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INTERNATIONAL NEWS

UK, EU leaders to discuss Brexit, free trade talks

British Prime Minister Boris Johnson and European Commission President Ursula von der Leyen on Saturday will "take stock" of negotiations on a post-Brexit free trade deal and to "discuss next steps," officials said.

The announcement by both sides came as they were winding up another weeklong session of detailed negotiations on a rudimentary free trade agreement that should come in force once a Brexit transition period ends Dec. 31.

Little progress has been made on such a deal since the U.K. left the bloc at the end of January.

Both sides have acknowledged that time is running out if they are to achieve an agreement before the current Brexit transition period comes to an end at the end of the year.

Johnson has said he is prepared to walk away from the negotiations if there is no agreement by the time of the next EU summit on Oct. 15. The EU sees a deadline at the end of the month, allowing for two months to get any deal through legislative approval.

Complicating the trade talks further are Britain's plans to breach an international agreement it signed with the EU to regulate trade on the island of Ireland, where both sides have their only land border separating the U.K.'s Northern Ireland from EU member Ireland.

U.K. Communities Secretary Robert Jenrick said there were still some "very significant issues" which needed to be resolved if they were to get an agreement.

"There isn't very much time now so we are urging the EU to show flexibility and pragmatism in these final stages of the talks," he told the BBC.

"We hope that we can move swiftly now to reach the kind of sensible trading that we would like to see," Jenrick said.

“Of course, as we have always said, that if that isn’t possible then we are perfectly content to see the transition period end and us to continue to trade on the same sort of arrangements” as many other nations that trade on rules set out by the World Trade Organization.

Source: financialexpress.com– Oct 02, 2020

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Why World Cotton Day Gets Global Recognition

Because man can’t live by stress alone, happy diversions are welcome. In this case, the diversion also provides an opportunity to become more knowledgeable about the world’s most popular natural fiber. World Cotton Day (WCD) will be held Oct. 7, and it serves as an opportunity to celebrate the international cotton industry, illustrate its contribution to worldwide communities and the global economy, and recognize its significance to brands.

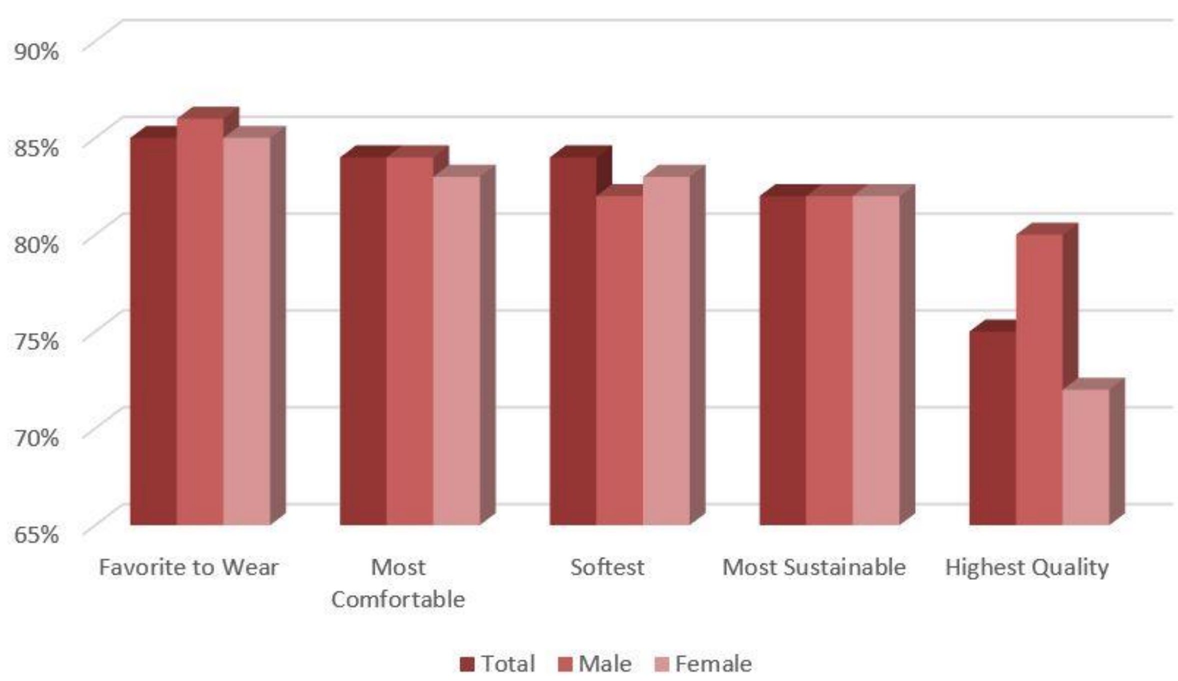
This marks the second WCD, the first being hosted last year in Geneva by the World Trade Organization. It was initiated to reflect the importance of cotton as a global commodity. The United Nations Conference on Trade and Development (UNCTAD) also collaborated on the event.

“Cotton is a cash crop with enormous potential to contribute to poverty reduction and economic development,” said Mukhisa Kituyi, UNCTAD Secretary-General, before the kickoff event. “Small farmers value cotton as a drought-resistant crop with a ready market, providing reliable cash income to pay for school fees, medical services and other important expenditures. Advances in cotton producing technologies offer opportunities to reduce waste and increase value. At the end of the chain, consumers around the world continue to demand cotton products, creating lucrative trading opportunities.”

The Discover Natural Fibres Initiative says about 150 million people in about 80 countries worldwide make a living from cotton. The International Cotton Advisory Committee puts it more simply, estimating that every bale harvested around the world represents one job on the cotton global supply chain. The natural fiber is an important source of income in developing countries in particular, as primarily small farmers in Africa, China and India cultivate cotton. A drought-resistant crop, UNCTAD states cotton occupies just 2.1 percent of the world's arable land, yet meets 27 percent of the world's textile needs.

In the U.S., more than 8 in 10 (85 percent) of consumers say cotton is their favorite fiber to wear, according to the Cotton Incorporated Lifestyle MonitorTM Survey. Brands should know that when consumers compare it to manmade fiber apparel, 84 percent say cotton is the most comfortable, softest (84 percent), most sustainable (82 percent), highest quality (75 percent) and lasts the longest (65 percent).

Top 5 Attributes Consumers Say Describe Cotton Clothing



Again, when compared to synthetic fiber apparel, the overwhelming majority of consumers say cotton is best for T-shirts (89 percent), children's wear (83 percent), underwear and intimates (81 percent) and casual clothing (76 percent), according to MonitorTM research. More than half (52 percent) say cotton is best for activewear, too.

Retailers and brands should keep in mind that, despite the pandemic, 46 percent of consumers expect to buy casual shirts, according to Cotton Incorporated 2020 Coronavirus Response Consumer Survey. Another 44 percent plan to purchase activewear, as well as sweatpants or sweatshirts (44 percent) and denim jeans (43 percent). And they're looking for garments made of cotton.

Among those surveyed, more than 2 in 5 say they are bothered by brands and retailers that would substitute synthetic fibers for cotton in their underwear (48 percent), T-shirts (45 percent), denim jeans (42 percent) and casual clothing (42 percent).

Gap Inc., the largest specialty retailer in the U.S. and one of the world's leading apparel brands, states cotton is essential to its business, and it uses a significant amount of the global cotton supply. As such, it's looking to use more sustainable cotton across all of its brands: Gap, Banana Republic and Old Navy. Gap has teamed with Textile Exchange to release Gap Inc.'s Preferred Fiber Toolkit (PFT).

This resource will be available for use by sourcing and designs teams to inform companies on meeting their sustainability goals. Gap Inc.'s Diana Rosenberg, product sustainability manager, says a "rigorous and data-driven approach allows for greater confidence in our sustainable material sourcing decisions while creating an incentive to select more planet-friendly raw materials."

Fully 92 percent of consumers in the U.S. say better quality garments are made from natural fibers like cotton, according to the MonitorTM research. And 62 percent say they would be willing to pay more for such natural fibers.

For this year's World Cotton Day, the International Cotton Advisory Committee (ICAC) says stakeholders from the cotton community will come together both virtually and through local events to "educate audiences on the many advantages of cotton, from its qualities as a natural fiber to the benefits people obtain from its production, transformation, trade and consumption around the world."

Events for this year's celebration include:

— The Cotton Australia World Cotton Day Photo Competition, which began July 24 and ran through Sept. 23rd. The best photos will be shared on social media and collated into the printed 2021 CottonInfo calendar.

— Members of the "Women in Cotton" group on LinkedIn are also holding a photo challenge. Participants purchase an item of apparel made from 100 percent cotton and then photograph the purchase, either by wearing it or displaying it in a fun/thought-provoking way. The prize is a free ticket to the ICA dinner in Singapore.

–The ICAC will release a series of #TruthAboutCotton videos. Included will be videos that show the Aral Sea was destroyed by inefficient Soviet-era irrigation practices, not cotton cultivation. The video will also show cotton requires 320 gallons of water to produce 2 pounds of fiber, not the commonly cited figure of 5,283 gallons.

— The ICAC Secretariat members have issued a cooking challenge, wherein several members will participate to see whose cottonseed oil recipe is the best. Since there's no official taste test (due to the pandemic), the organizers say everyone who cooks gets to sample the entries.

Besides being a natural fiber preferred by consumers, UNCTAD points out cotton is a valuable commodity with multiple processing steps that lead to investment, jobs and industrial upgrading.

Says Kituyi, "Cotton's many industrial applications make it an ideal foundation for upgrading and diversification strategies that allow producing countries to benefit more from trade."

Source: sourcingjournal.com– Oct 01, 2020

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Euratex calls for a modern and competitive Textiles and Clothing industry

EURATEX announced today, that latest data suggest a situation worse than 2009 as turnover fell by nearly 25% in the textiles industry, and by 35% in the clothing sector. On the other hand, imported textile products from China increased sharply. EURATEX asks the European Union to quickly implement what has been promised and develop a resilient industry.

"The 2nd quarter of 2020 has shown a decline of our industry as we have never seen before, not even during the 2009 financial crisis: turnover fell by nearly 25% in the textiles industry, and even by 35% in the clothing sector.

Retail sales plunged by 43%, in some countries even more than 60%", commented President Alberto Paccanelli on the latest economic update for the European textiles and clothing sector.

On the other hand, during this same period (April-June 2020), we witnessed a remarkable increase in imported textile products from China. Specifically, imports of face masks grew from ca. €0.5 bln in 2019 to €13.5 bln in 2020, an increase of 2,700%. At the same time, EU exports of T&C products fell by 35% during that same quarter.

Such figures are a wakeup call for the European Union to act quickly. Alberto Paccanelli commented: "President von der Leyen announced an update of the EU's Industry Strategy during her State of the Union; I would ask her to first implement what has been promised, before announcing new strategies: ensure a level playing field for our companies, develop a resilient industry, support innovation, etc. We have put proposals on the table but fail to see progress on their implementation".

In its Recovery Strategy submitted to the European Commission in June, EURATEX has proposed to establish a strategic textile alliance, to support innovation and digitalisation of the industry, to turn sustainability into a source of competitiveness, to ensure free and fair trade.

In reality, we see an escalating trade war with the US, we see no progress on negotiations with the UK (our most important export market), we see segments of our industry being excluded from the ETS compensation system, we see a reduction in research funding, we see pressure to introduce costly due diligence models, we see critical products being supplied through doubtful procurement processes.

European T&C companies have shown great responsibility during this crisis, by maintaining their labour force as much as possible (employment fell by less than 5%) and reorganising their production to support the health crisis. Many companies invest to improve sustainability and circularity, but they are nonetheless criticised for environmental damages which are caused by others.

Source: news.bgfashion.net– Oct 02, 2020

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Mercosur - potential market for Vietnamese exports

Mercosur countries, comprising Argentina, Brazil, Paraguay, Uruguay and Venezuela, could be a potential market for a wide range of Vietnamese products such as clothing, footwear, handicraft, and processed food in the context that the COVID-19 pandemic has killed off various traditional supply chains, heard a conference.

At the online Vietnam-Mercosur trade conference on October 1, Deputy Minister of Industry and Trade Do Thang Hai highlighted Vietnam has enjoyed unceasing trade development with Mercosur, the world's 5th largest economy with more than 275 million consumers and 4.58 trillion USD in GDP.

Trade between the two sides increased 2.5 times in recent ten years, from 2.45 billion USD in 2011 to 8.68 billion USD in 2019, he said, adding Vietnam exported 2.7 billion USD worth of products, and splashed out nearly 6 billion USD purchasing goods from the bloc.

According to Hai, Vietnam has set up an array of dialogue mechanisms with most of the Mercosur member states, which have proved efficiency in promoting economy, trade and investment. They are working towards negotiations of a bilateral trade pact in a bid to create an equal and transparent playground for their businesses.

The COVID-19 pandemic has clobbered global socio-economic situation, making trade between the two sides fall 1.66 percent to 5.53 billion USD during January-August.

"Vietnam has put the outbreak under control while the Ministry of Industry and Trade is making efforts to enhance online trade promotion activities, give market information to local firms and foreign partners to remove bottlenecks in international trade. Those are favourable conditions for Vietnam to step up trade with Mercosur as well as balance trade with the bloc", he highlighted.

According to Vietnamese Ambassador to Argentina Duong Quoc Thanh, economic cooperation has been a highlight in the sound Vietnam - Argentina friendship. With trade value of approximate 3 billion USD, Vietnam has been the largest trade partner of Argentina in the ASEAN bloc in recent five years, and the bilateral trade is forecast at 4 billion USD in 2020.

However, Vietnamese exports to Argentina were only valued at 500 million USD, accounting for 1.4 percent of the local import demand, he said, stressing there is huge room for Vietnamese garment and textile, footwear, furniture, handicraft, coffee, pepper and cashew.

Meanwhile, Vietnamese Ambassador to Brazil Pham Thi Kim Hoa said although Vietnamese seafood, footwear, processed food, beverage and toys have won the taste of Brazilian consumers, their market share remains small, making up of 1.5 percent of the country’s import need.

Analysis from the Vietnamese trade office in Argentina, Uruguay and Paraguay showed the two economies are complementary rather than competing, with Mercosur holding strengths in agricultural production, footstuff, industrial materials and miniral, and Vietnam’s key exports of electronics and communications products, garment and textiles and footwear.

Particularly, Mercosur has seen Vietnam as an important trade partner in the Asian region.

As Mercosur countries are re-shaping the post- coronavirus outbreak supply chain and diversify import products, Vietnamese firms have ample opportunity to boost trade to improve market share and export value in the time ahead.

Source: en.vietnamplus.vn– Oct 02, 2020

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FTAs spur Taiwanese investments in garments and textiles

Taiwanese enterprises have been increasingly investing in Vietnam's garment-textile and footwear industries in recent years to take advantage of the opportunities offered by free trade agreements (FTAs) that the latter has signed. Typically, they have been investing in the country's Southern Key Economic Region comprising Ho Chi Minh City and the provinces of Binh Duong and Dong Nai key due to market-related advantages and supporting industries.

Wang Wen-yuan, chairman of Taiwan's Chinese National Federation of Industries, said Vietnam is an investment destination Taiwan targets in its development strategy and it wants to invest in garment-textile, footwear and supporting industries.

The Hung Nghiep Formosa Dong Nai Textile, which was incorporated in 2001 and has investment worth $1.6 billion, says Vietnam offers affordable, skilled labour and benefits from its FTAs, according to a Vietnamese media report.

Polytex Far Eastern Viet Nam has a plant to manufacture feedstock like cotton and polyester yarn in Binh Duong's Bau Bang Industrial Zone. Over $274 million has been invested in its first phase, and the total registered investment is $760 million.

Another Taiwanese giant, Tainan Spinning Company., has increased its investment in its Long Thai Tu Spinning Factory at the Long Khanh Industrial Zone in Dong Nai to $100 million.

Source: fashionatingworld.com– Oct 02, 2020

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Is Vietnam Trump's Next Target for a Possible Trade War?

The Trump administration has set its sights on Vietnam's currency, and it could mean the start of yet another trade war.

The U.S. Treasury Department in January placed the Southeast Asian country, and one of the nation's largest trading partners, on a watch list of 10 possible currency manipulators that also included Malaysia and Singapore. Fast forward to August when both the Commerce and Treasury Departments concluded that Vietnam depressed its currency, the dong, relating to tires for passenger vehicles and light trucks last year. But the finding could have broader implications, particularly because it stands to reason that goods from other sectors got a break.

Word surfaced Thursday that the Trump administration is planning to announce an investigation into Vietnam's currency practices, according to a Bloomberg report citing three people familiar with the matter.

Vietnam could find itself on the receiving end of sanctions in the form of new tariffs, called countervailing duties, on imports. That's due to a new federal rule allowing the Commerce Department to take into consideration currency manipulation as one of a number of factors in deciding on whether to raise duties on a trading partner.

What isn't clear is how long it would take for any new duties to go effect, or whether they would be broad-based or limited to certain products.

According to the Commerce Department, the U.S. goods-trade deficit with Vietnam reached $34.8 billion this year for the period from January to July. The biggest shortfall was with China, at $163.3 billion, followed by Mexico at $55.7 billion and Switzerland at $40.4 billion.

The trade deficit with Vietnam has been steadily growing as companies scale back their reliance on China and shift production to nearby sourcing nations.

The Trump administration certainly hasn't been shy about going after countries that export more goods to the U.S. than they import from American manufacturers. America's egregiously large trade deficit with China eventually sparked the U.S.-China trade war. That started under what was referred to as a 301 investigation, the same section of the 1974 Trade

Act that is expected to form the basis of the imminent U.S. investigation into Vietnam's currency practices.

And because the Trump administration has been particularly aggressive in fighting trade battles—a trade dispute saw India lose its preferential access to American markets in June 2019—a trade fight with Vietnam could serve notice to Malaysia and Singapore that they could be next on the president's hit list should he get re-elected on Nov. 3.

Source: sourcingjournal.com– Oct 02, 2020

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H&M plans to shut 250 stores globally in 2021

Sweden's H&M Group's net sales amounted to SEK 134,482 million in the first nine months of the financial year. Sales development was significantly affected by the COVID-19 situation, particularly in the second quarter when nearly four-fifths of the group's stores were closed in most markets. The group plans to close around 250 stores in 2021.

Its net sales amounted to SEK 50,870 million in the third quarter. In local currencies, net sales decreased by 16 per cent. At the beginning of the third quarter, nearly 900 of the group's more than 5,000 stores were temporarily closed. At the end of the quarter, just over 200 stores were temporarily closed.

The group's liquidity remains good. As of 31 August, cash and cash equivalents amounted to SEK 12,138 million. Cash and cash equivalents plus undrawn credit facilities totalled SEK 41,413 million, the company reported.

Sales in September 2020 decreased by 5 per cent in local currencies compared with the same period last year. Currently, 166 stores, representing 3 per cent of the total number of stores, are closed. A large number of stores still have local restrictions and limited opening hours.

"As a result of much-appreciated collections together with rapid and decisive actions, our recovery is going better than expected. We have strong, profitable online growth, and more and more stores have been able to open again.

With more full-price sales than expected and strict cost control, we returned to profit already in the third quarter…. Although the challenges are far from over, our assessment is that the worst is behind us and we are well placed to come out of the crisis stronger," chief executive officer Helena Helmersson said in a statement.

Source: fibre2fashion.com– Oct 01, 2020

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Turnover to be down only -16 per cent with COVID: ITMF

The turnover of textile companies is expected to reduce by only -16 per cent by the middle of September 2020, according to the 5th ITMF (International Textile Manufacturers Federation) Corona-Survey. The survey was conducted among ITMF members and affiliated companies and associations about the impact of COVID-19 on the global textile value chain. In total, 216 companies from around the world participated in the survey.

When asked about the expected turnover in 2020 compared to 2019 since the beginning of the Corona-pandemic, the companies' expectations have significantly improved since 4th survey. While in the beginning of June companies were expecting a drop in turnover of around -32 per cent, the expected reduction fell to -16 per cent by the middle of September, according to the ITMF report.

In the 5th ITMF Corona-Survey, ITMF has asked for the first time about the turnover expectations for the period beyond 2020 until the year 2024. On a global average, the expectations are that in 2020 turnover will be down by -16 per cent compared to 2019. For 2021, the global textile industry is expecting stagnation (-1 per cent).

In the following years, companies are expecting to see higher turnovers compared to 2019. In 2022 they are expecting a turnover level of +9 per cent, in 2023 of +14 per cent, and in 2024 of +18 per cent compared to the base year 2019. With other words, expectations are that it will take on average until 2024 to fully recover the losses suffered in 2020.

Source: fibre2fashion.com– Oct 01, 2020

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Vietnam's textile and garment exports to exceed EAEU quota

As per an Intel Asia report, Vietnam's Ministry of Industry and Trade has announced the country's textile and garment exports to the Eurasian Economic Union (EAEU) are about to exceed the trigger level, or the total amount subject to preferential tariffs allowed into the EAEU markets for this year.

Vietnam's dresses, skirts and other female clothing exports to the EAEU from January to July this year reached 79.4 percent of the quota, or the trigger level set for 2020.

As per the agreement's Article 2.10 safeguard measures for 12 Vietnamese product lines for export, textiles and garments will be subject to safeguard measures while being shipped to the EAEU.

Depending on the export volume that exceeds the trigger level, local textile-garment products will not be entitled to preferential taxes and will be imposed Most Favoured Nation import duties for a period from six to nine months.

The trade agreement came into force on October 5, 2016, enabling local enterprises and the EAEU, consisting of Russia, Belarus, Kazakhstan, Armenia and Kyrgysstan, to take advantage of trade and investment incentives and accelerate cooperation over the economy, trade and investment.

According to data from the general Department of Vietnam Customs, Vietnamese products enjoying preferential tariffs under the pact chiefly comprise textile-garments, footwear, seafood, agro items, phones and accessories.

Source: fashionatingworld.com– Oct 01, 2020

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Bangladesh: FBCCI keen to aid CII to develop synergies in apparel sector

The Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) is keen to aid Confederation of Indian Industry (CII) in developing synergies in the textile and apparel sector of Bangladesh and India.

FBCCI in a joint collaboration with the CII hosted a virtual conference titled 'India-Bangladesh Virtual Conference on Textiles and Apparel Sector'.

Highlighting the long bond of friendship between the two nations, Textiles and Jute Minister Golam Dastagir Gazi said Bangladesh has been the biggest ally of India and with improvement in policies and infrastructure under the current government it is possible to leverage on trade facilities.

"Additionally, spinning, weaving, dyeing are sub-sectors where we can collaborate to develop and grow according to the evolving needs of the consumer," he said.

Smriti Zubin Irani, Minister of Textile, Government of India, said, "To facilitate reduced lead time between the trade of two nations, we'll be engaging with our counterparts in Bangladesh involving the Ministry of Infrastructure and other relevant stakeholders.

"Additionally, any existing issues that have been highlighted by our counterparts through this platform will be identified and discussed in our future engagements."

Smriti also highlighted the Indian government's distinct provision for technical textiles and the diversification of jute products requesting her Bangladesh counterpart's expert aid.

Rubana Huq, President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said it is time for collaborative competition, not just competition. "If Bangladesh and India collaborate, we can achieve great things," she said.

Md Siddiqur Rahman, the vice-president of FBCCI, said textiles and garments industry has been a part of our century old communal heritage. Bangladesh and India each have developed core competencies that can be channeled towards joint synergies tapping into the global value chain of the US$1trillion apparel market.

"In FY 19-20, Bangladesh's garments and textile export to India stood at US$421mn. Considering a global reorientation of the value chain, markets, and consumer trends, we see good prospects for further growth in India's 1.2bn+ consumer market," he added.

Highlighting an earlier discussion on differed LC payment facilities from Indian banks for Bangladeshi purchases, he said if a revised provision on deferred payments is worked out, it will assist in increasing in procurement volumes of our enterprises from India.

"It will also enable bilateral value chain initiatives for greater import of backward linkage products from India and facilitate Bangladeshi exports of apparel and textiles to India and beyond," Siddiqur added.

Additionally, manufacturers, exporters, importers, and business leaders highlighted existing issues on both sides in a session chaired by Abdul Matlub Ahmed, President of India Bangladesh Chamber of Commerce and Industry (IBCCI).

Ravi Capoor, Secretary of Ministry of Textiles, government of India; Chandrajit Banerjee, Director General of Confederation of Indian Industry, Dilip Gaur, Chairman of CII National Committee on Textiles & Apparel and its Co-Chairman Kulin Lalbhai; Munir Hossain, the Directors FBCCI; Mohammad Ali Khokon, Salahuddin Alamgir; Sultan Riaz Chowdhury, President of Bangladesh Cotton Association and Md. Moshiul Azam (Shajal), Vice President of BGMEA also spoke in the virtual conference.

Source: unb.com.bd– Oct 02, 2020

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China imports US$41.836 million worth of cotton yarn from Pakistan in August

China has imported US$ 41.836 million worth of cotton yarn from Pakistan in August, which is 4.36 times the US$ 9.592 million in the same period last year, with a year-on-year increase of 336 percent, as per data from China's General Administration of Customs.

Huang Xifen, sales executive of import and export department at Litai Xingshi (Taicang) Holding Co. Ltd told China Economic Net at the 2020 Autumn Joint Exhibition of China National Textile and Apparel Council in Shanghai said that Pakistan mainly produces low-count sirospun yarns, such as those of 8s or 10s, generally below 21s, which are mostly imported to south China's Guangdong province to be made into denim.

Another importer, Yang Bin, director of Seazon Textile and Apparel Co., Ltd in Foshan, China said, he imported about 1,000 tons of cotton yarns from Pakistan every year.

Our denim fabric is made of thick and low-count yarns, which are basically 10s or 8s, no more than 12s. The fabric woven with higher-count yarns is thinner and softer.

Yang said that he has cooperated with Pakistan's cotton yarn manufacturers for 10 years. "As for Pakistan's cotton yarn, we only imported it from Explorer, a Pakistani manufacturer, with which we have cooperated for more than ten years.

The main reason for the surge in import lies in the fact that Pakistan's yarn export to China enjoys zero tariff, thus having a greater competitive advantage internationally.

That's why we prefer Pakistani cotton yarn even when offered the same price, said Ke Jiangwei, general manager of Xiamen Naseem Trade Co., Ltd, which has been importing Pakistani yarn for many years in China.

"It is not just tariffs, but the price that attracts us," said Yang, adding that "as Pakistani yarn is much cheaper than the Chinese one, the largest gap reached RMB 2,000 to 3,000 per ton in the last two years, with a price gap of about 10%.

Due to the COVID-19 epidemic this year, domestic cotton yarn cannot sell well in China, thus narrowing the price gap to about RMB 1,000."

At present, China's domestic cotton yarn inventory is relatively low, and some traders have a hoarding mindset. Ke analyzed that the inventory of cotton yarn has been reduced very quickly in the past week or two.

"On the one hand, there is a lot of demand. Foreign orders, which had been held back for too long, have been gradually released.

On the other hand, everyone thinks that the price of cotton yarn is very low now. Considering that clothing is a product concerning people's livelihood, everyone wants to stock up when the price is relatively low."

In the field of denim fabrics, will China increase imports and use of Pakistani yarn in the future? In this regard, Yang said that China's domestic denim fabrics are relatively variable according to specific orders, so sticking to one kind of cotton yarn would be risky.

"Most jeans today are made of stretch fabric, which mainly uses Chinese yarns. Pakistan mainly produces flat yarns, which are a kind of warp yarns and cannot be made into elastic denim, while weft yarns and slub yarns used in denim are not available in Pakistan."

On the other hand, Yang introduced that many clothing enterprises are doing fast spinning this year via live streaming. Finished clothing needs to be delivered within 15 days after users place an order, so most garment factories purchase off-the-shelf fabrics.

As a consequence, the time left for fabric processing factories is also limited.

"The fabric should be produced within a week, otherwise garment factories will barely have time in manufacturing. Therefore, we mainly purchase cotton yarns in stock, and it will be too late to order them from Pakistan."

So how can the export potential of Pakistani cotton yarn be improved? Does the Chinese market still need Pakistani cotton yarn? "For example, 8s and 10s cotton yarns from Pakistan are currently in great demand in Lanxi City, east China's Zhejiang Province.

A factory with more than 200 looms can manage 200-300 tons of cotton yarns," He Hao, a salesperson from Shengzhou Shengtai Haobang Textile Co., Ltd. Company, said.

Since China mainly produces high-count yarns, the output of such low-count yarns cannot meet China's domestic demand, He explained. "I don't know if there is an organization abroad dedicated to matching supply with demand." Meanwhile, He suggested that Pakistan could try to produce cotton yarns with mixed cotton through a new technique called rotor spinning.

"Our traditional peak season is coming. The fabrics for autumn and winter are thicker so more yarns are required. We may consume twice the amount of yarns then as compared in the rest of a year.

For example, it used to be only one ton, but now it needs two tons.

Pakistani cotton spinning products are what we need for a long time, so will continue to import them as long as they can be consumed in China's factories and their prices are acceptable," Ke said.

Source: app.com.pk– Oct 02, 2020

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China-Pakistan textile ties: competing or complementary?

Industry officials highlight different material and business dealings

Both as textile powerhouses, are China and Pakistan competitive or complementary to each other? What are the uses of different textile materials in Pakistan?

At the 2020 China Textile Joint Exhibition held by China National Textile and Apparel Council (CNTAC), reporters from China Economic Net interviewed several exhibitors, who have had years of business dealings with Pakistan.

Pakistan-made coarse yarn delivers good value for money as its advantage in cotton fibre overcomes the weakness of coarse yarn production in China's cotton mills, said Ke Jiangwei, General Manager of Xiamen Naseem Trade

Co Ltd, a Pakistani company registered in China, which has imported yarn from Pakistan for many years.

"Pakistan mainly produces sirospun and ringspun yarn among others. Sirospun of 6s yarn, 7s yarn, 8s yarn, 10s yarn, 12s yarn and 16s yarn are very popular in China, as they are suitable for making denim."

However, Pakistan produces fewer 40s, 50s and 60s yarns than China does, said Yang Bin, Chairman of Foshan Seazon Textiles and Garment Co Ltd.

Haian Jinhong Chemical Fibre Co Ltd has been doing business with Pakistan for 15 years, according to Zheng Peipei, the company's General Manager.

"Pakistani buyers mainly purchase yarn, nylon and polyester. Specifically, high-count yarns are used for making fabrics and socks; fishing lines are exported to Karachi for fishing nets; skeins are dyed and made into sewing threads before being sold to local factories for making shoes, bags and suitcases," said Zheng.

"We produce a steady supply of quality goods and export them directly to Pakistan at a price that is at least 10% lower than the market average. That is exactly what the Pakistani market needs."

A one-on-one counselling session was specially initiated by the CNTAC to match Chinese exhibitors with potential buyers. Many Chinese exhibitors had face-to-face communication with Pakistani buyers.

"I just talked to a Pakistani buyer and he said that their socks are imported from China," said Ke, Head of Import and Export Department of Shanghai Eiko Textile Co Ltd.

Is there any competition between China and Pakistan in the sock manufacturing industry? Ke replied that socks made in China and Pakistan are different.

"There are big customers who have been purchasing from both us and Pakistan. Pakistani products are predominantly coarse woven, while Chinese products are largely made of chemical fibre."

Viscose staple fibre

"We mainly produce viscose staple fibre with annual production capacity of 200,000 tons, of which about 1,000 tons are exported to Pakistan per month. We spin yarns into materials and most of them are exported to Europe and America. Our products are used to make denim, knitted underwear and also robes for local people," Xu Leilei, a member of the sales department in CHTC Helon (Weifang) New Materials Co Ltd, said in an interview with China Economic Net.

Are there any Pakistani producers alike? "Till now, there is no viscose plant in Pakistan. China is producing 80-90% of the world's total, with Thailand, Malaysia, etc taking up a minor share," said Xu.

When it comes to cooperation with Pakistan, Zhou Feiyan, Manager of the Marketing Department in LDZ New Aoshen Spandex Co Ltd, said, "We complement each other in the market. Pakistan's textile market is dominated by denim, a machine-woven fabric based on the core-spun yarn, which is made of covered spandex, so spandex becomes a necessity. As there is no domestic manufacturer, Pakistan imports spandex mainly from China, and also from Vietnam and Turkey.

"Our products are welcome in Pakistan because they are characterised by high cost effectiveness, elasticity and resilience, which are prerequisites for the manufacturing of denim. We export approximately 20 tons of spandex to Pakistan every month."

From the perspective of Zhou, the Pakistani market is rather promising.

Source: tribune.com.pk– Oct 02, 2020

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Pakistan's orders rebound for China raw material

Pakistan's orders rebound for China raw material

China's export of yarn, fabrics, manufactured goods shows 51.3% growth

The export volume of Pakistan's textile industry was $1.07 billion in August, registering a decline of 15% year-on-year and 21% month-on-month, figures from the Pakistan Bureau of Statistics (PBS) showed.

In the same period, China's export of yarn, fabrics and manufactured goods showed a year-on-year growth of 51.3%, according to data from the General Administration of Customs, China.

Textile is one of the pillar industries of Pakistan and a major contributor to the country's export. After a long period of downturn, many are wondering when it will revive? China is a major supplier of textile raw material for Pakistan, so what is the current status of textile cooperation between Chinese and Pakistani enterprises?

Bearing these questions in mind, a reporter from China Economic Net attended the 2020 Autumn Joint Exhibition of China National Textile and Apparel Council to look for answers.

Polyester fibre

"We are competing to export [to Pakistan] as the supply is falling short of demand," said Shi Qiwen, salesman from Chinese textile company Fujian Jinxing Group.

"Export orders declined dramatically in the first half of this year and they bounced in the recent two months with more orders placed than in the same period of last year. It may be the result of a long-time shutdown of business [due to Covid-19]," Shi explained to CEN reporter.

Sea transport is mainly adopted for exporting goods to Pakistan, and when the sea route is overburdened by the "back-bouncing orders", shipping freight can rise sharply.

Shi said, “The number of containers sailed out is more than that of returned is another reason for the higher fare. And the approaching national holiday in China only catalyses such phenomenon.”

Cotton yarn

Huang Xifeng, sales manager of Litai Xingshi Holding Company, told CEN reporter that things got better after July.

“Pakistan has been getting many orders from Turkey and other European countries, and home textile and grey cloth are their favourite. In this condition, there is a huge demand for cotton yarn, especially 40s and 60s yarn.”

As for the quantity of cotton yarn exported to Pakistan, Huang added, “Each month our company exports 10 to 20 containers of cotton yarn to Pakistan, with each carrying 20 tons of 40s yarn. While the finer 60s yarn takes longer time to manufacture and, of such kind, we could only produce 500 or 600 tons per month, an output smaller than other types. And of all the production, half is exported to Pakistan.”

Salesman of China Resources Textiles (Holdings) Co Ltd also mentioned that Pakistan is the leading import partner of their company in terms of cotton yarn of high counts.

“Orders began to increase from July, and August and September have seen container shipment set out to Pakistan,” they noted, adding that one to two containers are exported per day, and each container carries 20 tons of cargo.

Source: tribune.com.pk– Oct 02, 2020

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NATIONAL NEWS

Exports rise 5.27% in September, trade deficit narrows to $2.91 billion

After contracting for six months in a row, the country's exports grew by 5.27 per cent year-on-year to USD 27.4 billion in September, and the trade deficit narrowed to a three-month low of USD 2.91 billion, according to the commerce ministry data released on Friday.

Imports declined by 19.6 per cent to USD 30.31 billion in September.

The trade deficit in September 2019 stood at USD 11.67 billion. In June, the country had recorded a trade surplus of USD 0.79 billion.

Outbound shipments in September last year were USD 26.02 billion.

Exports during April-September this fiscal dipped by 21.43 per cent to USD 125.06 billion, the preliminary data showed. Imports during the period stood at USD 148.69 billion, recording a negative growth of 40.06 per cent.

Commodities that registered positive growth in exports in September include iron ore (109.52 per cent), rice (92.44 per cent), oil meals (43.9 per cent), carpet (42.89 per cent), pharmaceuticals (24.36 per cent), Meat, dairy and poultry products (19.96 per cent), Cotton yarn/fabrics/madeups, handloom products (14.82 per cent), Tobacco (11.09 per cent), Spices (10.07 per cent), petroleum products (4.17 per cent), Engineering goods (3.73 per cent), chemicals (2.87 per cent), and coffee (0.79 per cent).

The ministry said that in September 2020, oil imports fell 35.92 per cent to USD USD 5.82 billion. During April-September 2020-21, it contracted 51.14 per cent to USD 31.85 billion.

Non-oil imports in September too fell 14.41 per cent to USD 24.48 billion. The imports during the first half of the current fiscal declined 36.12 per cent to USD 116.83 billion, the preliminary data showed.

Gold imports dipped by 52.85 per cent during September this year.

Since March, the exports were recording negative growth due to COVID-19 pandemic and sluggish global demand.

Commenting on the numbers, Federation of Indian Export Organisations (FIEO) President Sharad Kumar Saraf said that the monthly exports have grown for the first time during 2020-21, showing signs of revival as a gradual lifting of lockdown have further improved the business sentiments.

“Anti-China sentiments across the globe has also been one of the reasons for the improved performance in exports. As business activities and economic sentiments are inching towards normalcy globally, exporters have started receiving a lot of enquiries and orders from across the globe helping many sectors,” he said in a statement.

Going by the current trend, India’s exports are likely to be in the range of USD 290-300 billion by the end of the current fiscal, he added.

Source: financialexpress.com– Oct 02, 2020

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Goods exports rise 5.27% in September 2020 after six months of fall

Trade deficit shrinks to $2.91 billion as imports decline 19.6 per cent

After six months of continuous fall, India’s goods exports have posted a 5.27 per cent growth in September 2020 (year-on-year) to $27.4 billion with some crucial sectors such as readymade garments, engineering goods, petroleum products, pharmaceuticals and carpets on an upswing, according to preliminary data released by the Commerce & Industry Ministry on Friday.

India’s imports in September 2020, on the other hand, declined 19.6 per cent to $30.31 billion, shrinking the trade deficit to $2.91 billion, compared to $11.67 billion in September 2019.

“Make in India, Make for the World: Indian merchandise exports grow 5.27 per cent in Sep 2020 as compared to last year. Another indicator of the rapid recovery of Indian economy as it surpasses pre-COVID levels across parameters,” Commerce & Industry Minister Piyush Goyal had tweeted late on Thursday, disclosing the export figures.

Other sectors that posted an increase in exports in September 2020 compared to the same month last year are iron ore, rice, other cereals, ceramic products and glassware, oilseeds, meat, dairy & poultry, handloom, tobacco and spices, as per the data.

Labour-intensive sectors hurt

What is of concern, however, is that exports from some major labour-intensive sectors such as gems & jewellery, marine products and leather & leather products continued to decline.

Major commodities that posted a decline in imports in September 2020 over the corresponding month of 2019 are gold, silver, transport equipment, newsprint, leather and leather products and sulphur and unroasted iron parts.

Exports from India have been falling (year-on-year) since March 2020 when the government announced a national lockdown to check the spread of Covid-19, with similar measures being taken by governments across the world. In March 2020, India's goods exports fell 34.57 per cent compared to the same month last year while in April, the fall was much steeper at 60.28 per cent.

In the subsequent months, the severity of the decline in exports lessened a little as the world tried to get back to work and August 2020 witnessed a lower decline of 12.66 per cent to $ 22.7 billion.

A ray of hope

The decline in exports has been pronounced in most major sectors such as petroleum, gems and jewellery, engineering goods, ready-made garments and leather, according to official figures for August 2020 released last month. But the growth in exports in September could spell hope for the future.

Exporters body FIEO, while commenting on the August export figures a fortnight ago, had said that exporters had started receiving a lot of enquiries and orders from across the globe, helping many sectors show improved export performance. This is likely to get better and better in the next few months, it added.

"The start of business activities across major economies like the US, the EU, Canada, Japan, South Korea, Australia and New Zealand has also helped in bringing back the tempo to the sector," a statement by FIEO had said.

Source: thehindubusinessline.com– Oct 02, 2020

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Gradual recovery: How economy is inching back to normalcy

Forget the perceived fall in India's potential growth rate for now, some credible evidence seems to have emerged lately of a return to what could be called economic normalcy. This is a big positive, and exhibits the resilience of each segment of the economy to overcome a gripping crisis.

In May, as it was becoming clear how prolonged and severe the pandemic-induced shock to the industry would be, several corporate leaders glumly predicted a recovery may take a year or more.

September saw a steeper jump in activities than July or August, leaving far behind the nadir hit in April. Manufacturing activity, as measured by Purchasing Managers Index (PMI), jumped to its highest level in over eight years in September, as flow of new orders saw a strong rebound. Electricity generation, a close proxy of economic activities, rose for the first time in seven months in September, registering a decent 4.6% growth, on year.

Railway freight earnings were up 13.5% on year in the month, bucking the trend of being in deep negative territory during March-July and improving significantly upon the marginal decline seen even in August. Freight tonnage had turned the corner in July itself, but the recovery was partly aided by discounts to bulk consumers.

Petrol sales were up 2% annually in September, the first month in the ongoing fiscal, to post a positive growth in the sale of this key auto fuel. Petrol consumption has been gradually improving due to higher mobility of passenger vehicles on the roads. Local intermittent lockdowns by various states and heavy rainfall, however, continue to dampen diesel consumption by affecting interstate movement. Opening of schools and other commercial institutions will likely take diesel demand to pre-Covid levels soon.

An official source told FE that merchandise exports in September were expected to turn positive for the first time since February, and the rate of expansion could be "close to double-digit level". Exports had witnessed a record 60.3% crash, year on year, in April, although the contraction subsequently narrowed to just 12.7% in August, as lockdown curbs were substantially eased since June.

Furthermore, data released on Thursday showed the goods and services tax collections in September where 4% higher than in the year-ago month, at `95,480 crore. This is the first time the collections in any month this fiscal to have exceeded the year-ago levels. Of course, a late fee/penalty waiver deadline helped the September GST mop-up, but it is nevertheless encouraging and reflects a pick-up in economic transactions in August. The September GST collections (concerning August sales) were a steep 10.4% higher than the August mop-up.

Industrial production data, available for up to August, also show a graded pick-up in industrial activity in the country. Index of industrial production shrank by 10.4% in July, against a deeper 15.8% contraction in the previous month. The contraction in output was a painful 57.3% in April. The eight key infrastructure sectors contracted by 8.5% in August, against an 8% fall in the previous month. Although these sectors shrank for a sixth straight month in August, the pace of decline has narrowed from a record 37.9% in April.

Electricity supplied in the first 14 days of September was only 0.9% higher than the corresponding period last year, signaling that industrial and commercial activities picked up really fast in the second half of the month.

A number of established agencies have projected a steeper GDP slide (some expect it to be as much as 15%) in FY21 than assumed earlier, after the government announced a record 23.9% contraction, the sharpest among the G-20 economies, in the June quarter. While most agencies have predicted a recovery in FY22 (S&P projects a 10% expansion next fiscal), some of them have cautioned that it will be greatly aided by a favourable base and a meaningful rebound will take time to materialise. S&P expects a permanent loss of 13% in output over the next three years.

Source: financialexpress.com– Oct 02, 2020

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Manufacturing PMI at the highest since January 2012

Factories see increased orders and production amid easing of lockdowns, but employment remains a concern

With increased relaxation of the Covid-led shutdowns, the manufacturing sector gained further momentum in September, as seen in the Purchasing Managers' Index (PMI). The PMI for September rose to 56.8, against 52 in August. This reading is the highest since January 2012.

Manufacturing has a share of around 15 per cent in India's GDP. Despite the low share, it is seen to employ the most people, directly and indirectly.

The health of the manufacturing sector showed improvement with accelerated increases in new orders and production, said IHS Markit. Also, expansions in export sales and input stocks as well as an improvement in business confidence boosted the sector.

IHS Markit tabulates PMI on the basis of responses from purchasing managers associated with around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month.

The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

Many positives

Commenting on the latest survey result, Pollyanna DeLima, Economics Associate Director at IHS Markit, said the Indian manufacturing industry continued to move in the right direction, with PMI data for September highlighting many positives. Due to loosened Covid-19 restrictions, factories went full steam ahead for production, supported by a surge in new work.

Exports also bounced back, following six successive months of contraction, while inputs were purchased at a sharper rate and business confidence strengthened. One area that lagged behind, however, was employment.

Employment woes

Some companies reported difficulties in hiring workers, while others suggested that staff numbers had been kept to a minimum amid efforts to observe social distancing guidelines.

"When we look at the PMI average for the second quarter of fiscal year 2020-21, the result is in stark contrast to that seen in the first quarter: a rise from 35.1 to 51.6. While uncertainty about the pandemic remains, producers can at least for now enjoy the recovery," said DeLima.

Amid reports of restriction relaxations and higher demand, Indian manufacturers lifted output for the second straight month in September. The increase was sharp and the third-quickest in the history of the survey. Similarly, there were back-to-back increases in new business inflows. The rate of expansion picked up to the fastest since early-2012.

The upturn in total sales was supported by a renewed expansion in new export orders, the first since the escalation of the Covid-19 outbreak. Despite strong growth of order book volumes, Indian goods producers signalled another reduction in payroll numbers.

In many cases, this was attributed to efforts to observe social distancing guidelines. Employment has now decreased for six consecutive months.

Source: thehindubusinessline.com– Oct 01, 2020

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Textiles Secretary urges industry to focus on value-added manmade fibre

Global opportunity is vast amid China scaling down textile manufacturing activities, says Ravi Capoor

Union Textiles Secretary Ravi Capoor has urged the stakeholders of the Indian textile industry to focus on the value-added manmade fibre (MMF) and the technical textiles segment, scale up operations and go for indigenous textile machinery manufacturing facilities to emerge globally competitive in the post Covid-19 phase.

Delivering the keynote address at the 62nd AGM of the Confederation of Indian Textile Industry (CITI), Capoor said: “Studies reveal that in 10 years, the share of MMF-based textile and clothing products will account for 80 per cent of the total, while that of cotton-based products will shrink to 20 per cent.

The industry here should gear up to meet the growing global demand. The market is huge, more so due to geopolitical issues and scaling down of textiles and manufacturing activities by China.”

The Textiles Secretary felt that the Least Developed Countries (LDCs) would not have the wherewithal, which in turn could be advantageous for the industry here.

He advised the industry to utilise the MSME segment to cater to the low value added markets in the domestic sector, invest in forward and backward integration and greenfield projects to emerge competitive at the global level — be it in pricing, volume, quality or delivery schedule.

The industry should also look to utilise schemes such as Mega Textile Park and National Textile Fund, reduce dependency on extra-long staple cotton imports by entering into long term contract farming and focus on speciality cotton, he added.

The Government, he said, is contemplating extending the special export package for the top 40 MMF HS lines and 10 technical textiles HS lines. “The global market is estimated at over $250 billion, and India’s share is a minuscule, less than 1 per cent in these HS lines,” he added.

CITI Chairman T Rajkumar in his inaugural address appealed for a special package to boost cotton consumption.

New office bearers of CITI

T Rajkumar, Chairman, Sri Mahasakthi Mills, Palakkad, Kerala was re-elected CITI Chairman, while SK Kandelia, President & CEO, Sutlej Textiles and Industries, was named Deputy Chairman and RL Nolkha, Chairman, Nithin Spinners, Bhilwara as the Vice-Chairman.

Source: thehindubusinessline.com– Oct 02, 2020

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With more takers, khadi products spinning their own success story

Khadi and Village Industries reinvented itself during the pandemic to make masks, sanitisers

Khadi, the homespun fabric popularised by Mahatma Gandhi, that symbolises self-reliance and simple living, and the associated products sourced from local artisans, weavers and farmers, is in great demand these days. Numbers put out by KVIC (the Khadi and Village Industries Commission) show that production as well as sales have been rising in recent years.

With the advent of the pandemic, KVIC also began selling face masks for as low as ₹30/piece. By May, it had received eight lakh orders and had supplied over six lakh masks, as per a tweet put out through the official handle. Early last month, KVIC said that it is ramping up its online inventory.

It started selling its khadi face masks online in July and its online catalogue now has a variety of products that can be purchased including hand wash and sanitisers, grocery, cosmetics, and personal care products.

“Production of khadi cloth and goods continued during the lockdown. Individual weavers continued to work from home and groups have taken shorter shifts,” says a government official associated with khadi products.

"Selling the cloth and masks was not a problem as they were produced against orders. But the sale of non-mask products faced problems due to the lockdown. Most clusters have used up the unused cloth from previous production cycles to make masks along with the freshly produced cloth."

Rural upliftment

Over the past few years, KVIC has been working towards uplifting the rural economy through several schemes including the Modified Market Development Assistance (MMDA) scheme, the Interest Subsidy Eligibility Certificate (ISEC) scheme and the Work-shed Scheme for khadi artisans. These initiatives provide financial assistance and more market opportunities, enhance skills, and upgrade technology facilities, among other things.

The production, sales and earnings numbers of KVIC have been on uptrend for some time now. In fiscal 2018-19 alone, the overall production (khadi, Polyvastra, Solarvastra and village industries) saw a 20.9 per cent jump from the previous year — from ₹48,081.41 crore in 2017-18, production soared to ₹58,130.34 crore in 2018-19.

Likewise, the sales figures have also been strong. In 2018-19, overall sales climbed 25.5 per cent to ₹74,292.09 crore in 2018-19, from ₹59,182.43 crore in 2017-18. The earnings numbers are no different. They rose 21.1 per cent to ₹27,121.20 crore in 2018-19 from ₹22,394.20 crore in 2017-18.

Providing jobs

Providing employment opportunities has been one of the primary objectives of the Khadi and village industries.

While the total number of people provided employment rose to nearly 147 lakh in 2018-19, according to a recent blog post by KVIC, during the Covid lockdown, the flagship Prime Minister Employment Generation Program (PMEGP) implemented by KVIC saw the approval of projects during the first five months of FY21, i.e. from April 1, 2020 to August 18, 2020, soar by a massive 44 per cent.

As many as 1.03 lakh project applications were approved and forwarded by KVIC to financing banks during the said months in 2020, as against 71,556 projects during the same period in 2019.

Source: thehindubusinessline.com– Oct 01, 2020

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Govt to soon unveil new National Textile Policy: Secy

The government will soon announce the much-awaited new National Textile Policy entailing a "futuristic" strategy and action plan for India to unleash its full potential and become globally competitive in the sector, a top official has said. Addressing the annual general meeting of the Confederation of Indian Textile Industry (CITI), Textiles Secretary Ravi Capoor said, "Hopefully, in the next month or so, we should be able to announce the new textiles policy. It is a futuristic looking policy."

The secretary said the government is in the "last stages of finalising the textile policy", which got delayed due to the coronavirus pandemic. It will be unveiled after the final round of consultation between the textiles ministry and the industry players, he added.

At the AGM that took place virtually earlier this week, Capoor also said the government is also working on a Focus Product Scheme, wherein it has analysed the export data of top-40 manmade fibre (MMF) products and found that India has a miniscule share of just 0.7 per cent in the total global market of USD 150 billion.

Similarly, in the top-10 technical textile lines, India just has a share of 0.6 per cent out of the total global market size of USD 100 billion.

He also told the industry players that a study done by the government has revealed that by 2030, the share of MMF-based textile and apparel products will reach 80 per cent. The cotton will get reduced to 20 per cent as the global demand is more for MMF based products, he added.

The formulation of the new policy has been under consideration for some time now. In 2016, then textiles minister Santosh Gangwar had said the new policy will envisage creation of additional 35 million jobs.

Source: economictimes.com– Oct 02, 2020

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ECLGS: Total sanctions exceed ₹1.86 lakh crore, disbursements cross ₹1.32 lakh crore

FM reviews implementation of Atmanirbhar Bharat package

The much talked about 100 per cent Emergency Credit Line Guarantee Scheme (ECLGS) has gathered further momentum with total loans sanctioned by 12 public sector banks, top 24 private sector banks and 31 NBFCs exceeding ₹1.86 lakh crore as of September 29. The aggregate disbursements to both non-individuals and individuals stood at ₹1.32 lakh crore.

This came out at the latest review of the Atmanirbhar Bharat package undertaken on Thursday by Finance Minister Nirmala Sitharaman as regards implementation by the Finance and Corporate Affairs Ministries.

It may be recalled that the ECLGS scheme, a specific response to the unprecedented situation of Covid-19, sought to provide much needed relief to the MSME sector by incentivising Member Lending Institutions (MLIs) to provide additional credit of upto ₹3 lakh crore at low cost, thereby enabling MSMEs to meet their operational liabilities and restart their business.

Under the scheme, loans extended to MSMEs by banks and NBFCs would be 100 per cent guaranteed by the National Credit Guarantee Trustee Company (NCGTC). The loan will be extended in the form of additional working capital term loan facility in case of banks and additional term loan in case of non-banking finance companies to MSMEs and interested Pradhan Mantri Mudra Yojana borrowers.

Credit would be upto 20 per cent of the borrower's total outstanding credit upto ₹50 crore. About 45 lakh MSMEs are expected to benefit from the scheme.

The coverage of this scheme was extended to individual loans for business after guidelines were amended in August 2020. The loan outstanding ceiling was enhanced to ₹50 crore and annual turnover ceiling to ₹250 crore. As much as ₹17,309 crore has been sanctioned for individuals and ₹5,330 crore disbursed, official data showed.

In the case of non-individuals, PSBs have sanctioned ₹80,060 crore and disbursed ₹66,849 crore. On the other hand, private sector banks have sanctioned ₹86,167 crore and disbursed ₹57,985 crore. NBFCs have sanctioned ₹2,932 crore and disbursed ₹2,083 crore, official data showed.

Meanwhile, in the ₹45,000-crore partial Credit Guarantee Scheme 2.0 for NBFCs, HFCs and MFIs to do fresh lending to MSMEs and individuals, banks have approved purchase of portfolio of ₹25,505 crore and are currently in process of approval / negotiations for ₹3,171 crore. As reported by PSBs on September 25, portfolio of ₹16,401 crore has been purchased, an official release said.

As for the ₹30,000-crore Additional Emergency Working Capital Funding for farmers through Nabard, ₹25,000 crore has been disbursed out of the special facility.

Source: thehindubusinessline.com– Oct 01, 2020

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Record 26.19 lakh e-way bills generated on September 30

The first six months of the current fiscal ended on a high with a record 26.19 lakh e-way bills generated on September 30, said Ajay Bhushan Pandey, Finance Secretary. This is the highest ever count for a single day.

Data on the record e-way bill generation came on a day when the Finance Ministry reported that GST collection had turned positive on a yearly basis for the first time in the current fiscal. GST collection in September surged to Rs 95,480 crore, which is 4 per cent higher than the figure for the corresponding month last fiscal and 10 per cent higher than the mobilisation in August.

“This is the third day in this year when a record number of e-way bills have been generated. Earlier, on February 29, 25.19 lakh e-way bills were generated, while on January 31 around 24.74 lakh e-way bills were generated,” the Finance Secretary said here on Thursday. More than 5.74 crore e-way bills were generated in September.

“These are affirmative signs of economic growth as business activities are unlocking gradually and despite the adverse impact of Covid-19, there are indicators of economic recovery,” added Pandey.

An e-way bill is a kind of electronic challan which shows that tax has been fully paid before goods are moved from one place to another, within the State (intra-State) or outside the State (inter-State). It is required to carry any consignment of goods of a value exceeding Rs 50,000. This threshold can be higher for intra-State activities.

It is generated from the GST Common Portal for e-Way bill system by registered persons or transporters, who cause movement of goods, before the commencement of such movement. An e-Way bill has two parts – A & B. While Part A has invoice details, Part B has details about the vehicle, including registration number.

The Finance Secretary said this was an affirmative sign of economic recovery with increased business activities since the lockdown due to the outbreak of the Covid-19 pandemic six months back. The number of e-Way bills generated this month was 9.3 per cent more than that generated in September of the previous year.

He said some major industrial states had shown positive growth in GST collection, which is indicative of the economic recovery being on track. "With the festive season next month, we are confident of better recovery in GST collection," he said.

Source: thehindubusinessline.com– Oct 01, 2020

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At ₹95,480 crore, Sept GST mop-up posts first y-o-y growth this fiscal

Collections in September register 4% y-o-y growth; J&K tops with 30% growth

The Finance Ministry on Thursday said that GST collection in September crossed ₹95,000 crore. This is the first time in the current fiscal, where the monthly collections showed an year-on-year growth.

Collections in 21 States and Union Territories grew during this month with Jammu & Kashmir recording the highest growth of 30 per cent. Higher collection indicates signs of economic activity and consumption picking up.

According to a Finance Ministry statement, the gross GST revenue collected in September, 2020 was ₹95,480 crore comprising CGST of ₹17,741 crore, SGST of ₹23,131 crore, IGST of ₹47,484 crore (including ₹22,442 crore collected on import of goods) and cess of ₹7,124 crore (including ₹788 crore collected on import of goods).

The revenues for September 2020 are 4 per cent higher than that of September 2019. In September 2020, revenues from import of goods were 102 per cent and the revenues from domestic transaction (including import of services) were 105 per cent of the revenues from these sources during the same month last year.

The government has settled ₹21,260 crore to CGST and ₹16,997 crore to SGST from IGST as regular settlement. The total revenue earned by the Centre and State governments after regular settlement in September 2020 is ₹39,001 crore for CGST and ₹40,128 crore for the SGST.

Source: thehindubusinessline.com– Oct 01, 2020

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GoM recommends release of ₹24,000 crore to States/UTs

Makes case for recovery of additional ₹11,000 cr paid to States/UTs over a period

A Group of States' Finance Ministers on Thursday recommended to the Central government to release approximately ₹24,000 crore of IGST (Integrated Goods & Services Tax) Fund for FY2017-18 to eight States/Union Territories. These include Maharashtra, Tamil Nadu, Andhra Pradesh and Telangana, among others.

The Group, headed by Deputy Chief Minister and Finance Minister of Bihar, Sushil Kumar Modi, met virtually and finalised the recommendations. It also suggested that a 'long rope' should be given to the States and Union Territories for recovery of ₹11,000 crore. The group has Ministers from Delhi, Chhattisgarh, Odisha, Punjab, Tamil Nadu and Telangana as members.

"We have asked officials to get the report included in the agenda for the October 5 meeting of the GST Council, so that a final decision could be taken," Modi told BusinessLine. The group, in principle, agreed to make recovery, but considering the pandemic and consequent fiscal situation of States, it has been proposed that recovery be made after some time.

Core issue

The accumulated IGST amounting ₹1,76,688 crore during 2017-18 is the core of the issue. As the settlement mechanism was not clearly prescribed at that time, on March 31, 2018, the IGST money lying in the Consolidated Fund of India was devolved, as per the Finance Commission's formula, to the States. According to the States, there were two problems. First, they got less by way of devolution and second the rest of money was given by way of compensation.

Technically speaking, if distribution was carried out earlier, the entire amount of accumulated IGST would have to be distributed in the ratio of 50:50 and out of the balance 50 per cent amount with the Centre, the States were again entitled for 42 per cent through the devolution route. States also complained that they should have got 71 per cent of IGST amount but got only 42 per cent.

Because of the ad-hoc settlement based on devolution formulae suggested by the 14th Finance Commission, States/UTs such as Bihar, Rajasthan and Uttar Pradesh, besides some others, got more while bigger States/UTs got less. Now the effort is to recover the additional amounts given and pay the States/UTs based on the IGST mechanism.

GoM notified

The matter came up for discussion during the 37th GST Council Meeting held on September 20, 2019 which resulted in the decision to form the GoM. In early December, Finance Ministers of Opposition-ruled States met Union Finance Minister Nirmala Sitharaman and the GoM was formally notified.

Source: thehindubusinessline.com– Oct 01, 2020

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For first time this fiscal, TN GST collections show yoy growth in Sept

Compared to other developed States, Tamil Nadu's collections were much better

Tamil Nadu's economy appears to be returning to normal as GST collections have reported a strong growth in September after a gap of several months. Total GST collections in Tamil Nadu grew 15 per cent at ₹6,454 crore in September 2020 when compared with ₹5,616 crore in the same month last year.

"When I submitted my report, I said that normalcy will come in the next few months. I said it based upon what's happening to the GST collections due to the consumption of electricity and a few other things. I think it looks like this GST collection means economic activity is approaching normal," C Rangarajan, former RBI governor told BusinessLine.

Rangarajan headed a high-level committee to advise the Tamil Nadu government on the medium-term response and measures required to boost the economy post the lockdown period. He submitted his report on September 21. "Of course, one has to analyse the GST data more closely to see whether it reflects the activity in that particular month or if there is some past accumulation or compensation of previous months. Otherwise it only indicates that we are approaching the normal," he said.

'But ground lost'

However, he pointed out that it is not making up for what has been lost in the first few months of this fiscal and that is a different issue. To make it up during the year really requires a much faster rate of growth over previous year, Rangarajan said.

Compared to other developed States such as Maharashtra, Karnataka, Gujarat and Uttar Pradesh, Tamil Nadu's September GST collections were much better. "This is first month in this fiscal which has positive y-o-y growth. The state-wise production and consumption structure is responsible for varying degree of GST growth," says Devendra Pant, Chief Economist and Head Public Finance, India Ratings said.

Maharashtra, which continues to see increasing Covid-19 infections, and Uttar Pradesh reported flat GST collections at ₹13,546 crore and ₹5,075 crore respectively in September 2020. While Gujarat reported a six per cent increase in GST revenue at ₹6,090 crore, Karnataka, which announced a complete lift of lockdown earlier than other States, reported a five per cent dip in collections at ₹6,050 crore.

Growth in 2019-20

In 2019-20, Tamil Nadu's GST collections stood at ₹74,430 crore, up 5 per cent over the previous year. Maharashtra recorded ₹ 1.85 lakh crore (9 per cent); Gujarat ₹78,923 crore (7 per cent) and Karnataka ₹83,408 crore (6 per cent).

Uttar Pradesh's total collections stood at ₹65,281 crore, up 6 per cent. Even as the state continues to control the Covid-19 infection levels, Tamil Nadu adopted a gradual lifting of restrictions. From September 1 onwards, the State removed restrictions on people movement between districts along with other relaxations to support the revival of economic activity.

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