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INTERNATIONAL NEWS

US real GDP increases 33.1% in July-Sept quarter

The US real gross domestic product (GDP) increased at an annual rate of 33.1 per cent in the third quarter of 2020, according to the advance estimate released by the Bureau of Economic Analysis (BEA). The increase in real GDP reflected increases in personal consumption expenditures (PCE), private inventory investment, exports, and fixed investment.

The increases were partly offset by decreases in federal government spending (reflecting fewer fees paid to administer the Paycheck Protection Program loans) and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased.

In the preceding April-June quarter, real GDP had decreased 31.4 per cent.

The latest GDP estimate is based on source data that are incomplete or subject to further revision by the source agency, BEA said. The "second" estimate for the third quarter, based on more complete data, will be released on November 25, 2020.

The increase in PCE reflected increases in services (led by health care as well as food services and accommodations) and goods (led by motor vehicles and parts as well as clothing and footwear). The increase in private inventory investment primarily reflected an increase in retail trade (led by motor vehicle dealers).

The increase in exports primarily reflected an increase in goods (led by automotive vehicles, engines, and parts as well as capital goods). The increase in non-residential fixed investment primarily reflected an increase in equipment (led by transportation equipment).

The increase in residential fixed investment primarily reflected an increase in brokers' commissions and other ownership transfer costs.

Current-dollar GDP increased 38.0 per cent, or $1.64 trillion, in the third quarter to a level of $21.16 trillion. In the second quarter, GDP decreased 32.8 per cent, or $2.04 trillion.

The price index for gross domestic purchases increased 3.4 per cent in the third quarter, in contrast to a decrease of 1.4 per cent in the second quarter. The PCE price index increased 3.7 per cent, in contrast to a decrease of 1.6 per cent. Excluding food and energy prices, the PCE price index increased 3.5 per cent, in contrast to a decrease of 0.8 per cent.

Source: fibre2fashion.com– Nov 02, 2020

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China's apparel imports surge by 27 per cent

As per General Administration of Customs of China (GACC) stats, the country's apparel imports surged 27 per cent from January to September '20 period to reach $6.45 billion compared to the same period of 2019. China's apparel imports increased 13.26 per cent in September '20 to $1.01 billion.

Due to piled up inventories till August, the country reduced its textile imports which resulted in shipments declining by 3.20 per cent in January-September'20 period to $10.31 billion.

In overall textile imports, the country imported textile yarns worth $4.34 billion, while its imports of fabrics and other textile products amounted to $5.66 billion – in the first 9-month period of 2020.

In September '20, China's import of textile yarns surged by 9.55 per cent to $535.34 million. This indicates that Chinese textile importers have started stocking up its inventories from September onwards.

Source: fashionatingworld.com– Nov 02, 2020

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UK-Germany fund to protect Ethiopian textile industry jobs

A new fund set up by the United Kingdom and Germany in collaboration with Ethiopia could save thousands of jobs in the east African country's textile and garment industry, while helping support its economic recovery from COVID-19. With $6.5 million invested at its recent launch, the partnership aims at helping safeguard an important industry.

Textile factories in the country's industrial parks can apply for wage subsidies and incentives to reward businesses that are able to adapt in response to the pandemic.

The partnership may further expand its reach through additional support in the coming months, according to a UK media report.

Ethiopia's textile and garment industry is a leading provider of jobs in the country's manufacturing sector. However, the collapse of demand both in the country and globally is expected to hit the sector hard. Ethiopia's Jobs Creation Commission estimates that between 1.4 and 2.5 million jobs could vanish over the next three months.

At the start of the pandemic, textile and garment factories in Ethiopia's industrial parks employed 95,000 people, with women accounting for 70 per cent of these jobs.

The wage subsidy will cover a portion of total employment costs for textile factory workers in Ethiopia's industrial parks. The fund will protect jobs, enable textile factories to keep running and support factories to build back better.

The innovation incentive will reward factories that have been able to demonstrate their ability to make their businesses more resilient in the face of COVID-19, including through the development of new production lines and partnerships.

To be eligible for the support, businesses will need to show they have experienced an economic shock and that they have a business recovery plan. Businesses will also need to commit to certain principles like adhering to International Labour Organization core labour standards.

The Commercial Bank of Ethiopia will be responsible for assessing applications and disbursing the funding to factories. Continuing the international collaboration at the heart of the fund, UK Aid-funded FSD Africa will implement the project in partnership with First Consult, a leading Ethiopian consulting firm.

Already, 13 textile firms have stopped operating due to low demand and with many firms under financial stress, the landmark fund will provide them with liquidity to maintain operations while protecting jobs.

Source: fibre2fashion.com– Nov 02, 2020

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More companies, organisations now accept SLCP audit

Amsterdam-based Social & Labour Convergence Programme (SLCP) recently revealed a growing list of leading brands, retailers and organisations that now accept SLCP-verified assessments instead of conducting their own social audits on suppliers, demonstrating progress towards SLCP's goal of reducing the audit burden on manufacturers and freeing up resources.

SLCP is a multi-stakeholder initiative made up of over 200 signatories, which include some of the world's leading manufacturers, brands, retailers, industry groups, international and governmental organisations, service providers and civil society groups.

SLCP signatories collectively developed the Converged Assessment Framework (CAF) to replace the multitude of repetitive and duplicative social & labor audits with a single, high-quality tool.

SLCP officially launched the Converged Assessment Framework in June 2019 and has gradually expanded operations to include key production countries globally over the last year.

SLCP is scaling rapidly: it is now active in over 30 countries and, so far, over 1,000 facilities have completed an SLCP verified assessment, the organization said in a press release.

Having successfully integrated SLCP into their internal processes, 34 brands, retailers and organisations are now publicly stating that they will accept SLCP verified data instead of conducting their own proprietary audits, the organization said.

Other SLCP signatory brands and standard holders are in the process of adapting their systems with a view to accepting SLCP verified data in the near future.

In addition to 33 individual brands and retailers, the Sustainable Apparel Coalition (SAC), which includes more than 250 members, is also included on the list of organisations that accept SLCP, having fully integrated the Converged Assessment Framework as the backbone of their Facility Social & Labor Tool (Higg FSLM).

"The increasing list of brands adopting SLCP in place of traditional audits empowers suppliers to reduce audit fatigue, streamline compliance processes, and use resources towards worker well-being. We strongly support brands and suppliers adopting SLCP to drive convergence within the industry globally," the press release quoted Srinivasa Rao Venkatesh, chief compliance officer of Indian company Shahi Exports, as saying.

Source: fibre2fashion.com - Nov 03, 2020

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Pakistan: Readymade garments take charge

The first quarter (1QFY21) post Corona-quarter (4QFY20) was an encouraging one in terms of exports. Anyone looking for the pre-Covid levels to return immediately should think twice. Pakistan may well have fought the pandemic rather well, but the world is still battling with the one wave or the other. Global economy is nowhere near any semblance of normalcy. In that context, the export rebound is rather encouraging.

Textile exports during 1QFY21 at $3.47 billion are very much at par with the past six quarters before the pandemic (minus 4QFY20). This is rather encouraging despite the ongoing pandemic that continues to engulf Pakistan's key textile export destinations in Europe and the USA. The variables in the textile export equation have switched roles, as the quantity growth story has now been replaced with growth in unit prices.

The most telling tale within the textile group is that of the readymade garment exports, which have apparently moved a ladder or two ahead, in terms of price segments. Bulk of Pakistan's readymade garment exports has historically been in the "men's or boys' suits, jackets, trousers…." under HS Code 6203. The particular HS code has historically constituted for more than 80-85 percent of the readymade garment exports of Pakistan in the last five years.

Detailed HS code export data comes with a considerable lag, but looking at the 1QFY21 data, one can say that Pakistan may have moved towards the higher pricing end of 6203 HS code. Pakistan ranked 5th in 6203 exports in 2019 as per International Trade Centre data. The likes of China, Bangladesh, Vietnam, and Pakistan have had comparable unit prices within a 10 percent range. Others in the top 10 are the likes of Germany, Netherlands, Italy, where average unit price is at least double the Asian bloc, and quadruple in other cases.

Now, the export quantity has dwindled during the pandemic without an iota of doubt. That initially sounded like a dampener to Pakistan's hope of textile exports, as Pakistan was heavily relying on the volume growth, in a highly price competitive market. But the last quarter (1QFY21) saw the average unit price in the readymade garment category rise 90 percent year-on-year, and higher by 50 percent over last eight quarters' averages. This alone has kept the value in green despite a 45 percent year-on-year drop in the segment volume.

Pakistan's average HS code 6203-unit price has hovered around $4.5 in the last two years – in line with major regional players. It has now jumped to nearly $7 per piece. It is hard to fathom Pakistan made a swift change from one HS code to another during the pandemic.

Also, the producers in the higher end segment of the particular HS code are the ones most deeply impacted by the coronavirus, and industrial production has not returned to full throttle, unlike Pakistan's. With Christmas approaching, Pakistan's readymade exporters could get lucky, even as the pandemic shows no signs of going away, especially in the developed world.

Source: brecorder.com– Nov 03, 2020

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Govt's early action strengthened Pakistan exports despite COVID: Report

The decision of the Pakistani government to loosen the node on coronavirus pandemic restrictions early on has helped the country's exports, which performed better than its regional counterparts.

According to a report published in Bloomberg, Pakistan's outbound shipments have grown at a faster rate than fellow South Asian countries including Bangladesh and India as textiles, which account for half of the total export, led the recovery.

"Pakistan has seen orders shifting from multiple nations including China, India, and Bangladesh," said Shahid Sattar, secretary-general at the All Pakistan Textile Mills Association. "Garment manufacturers are operating near maximum capacity and many can't take any orders for the next six months."

The economic volatility amid the coronavirus pandemic has proved a boon for the country's textile sector as a number of the world's renowned apparel brands are shifting their orders to Pakistan.

Advisor to Prime Minister on Trade and Investment Abdul Razak Dawood, 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. 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 said.

Meanwhile, the country saw total shipments grow 7 percent in September, compared with New Delhi's 6pc and Dhaka's 3.5pc

According to the report, Prime Minister Imran Khan's administration was the first in the region to ease pandemic restrictions, allowing export units to reopen in April, a month after locking them down to stem the spread of Covid-19.

Furthermore, the escalating tensions between global heavyweights US and China also aided Pakistan in grabbing some orders from companies looking to diversify their supply chains amid the trade war.

“This war between two giants has given us new opportunities in polyester-cotton products,” said Khalid Mehmood, head of garment and home textile operations at Nishat Mills Ltd. “So there is a six-month slot for Pakistan now to capture maximum number of customer that were China based,” he added.

Source: brecorder.com– Nov 02, 2020

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Pakistan: Economic potential and priorities

Prime Minister Imran Khan was quite right in saying “nations develop after spending money on education, not selling cotton and cloth” while launching the “Knowledge City” last week.

Now what? Is there a plan to spend more on education and reap economic benefits out of it, even if so, it certainly needs time – a generation at least.

Why not to benefit from something that is readily available, ie the current knowledge assets of Pakistan, and achieve economic growth more than what we could by selling cotton and cloth.

The recent history of global economic and export development could be tracked in four phases - starting with agriculture, moving on to industrialisation and then services towards the end of previous century, but now the world is in the knowledge-economy phase.

This could be witnessed through changes in top companies and exporting countries in recent years. Which phase are we in Pakistan?

At best in the industrialisation. Is it enough to compete at the global level and achieve economic and human development for 220 million people? Above all, does it correspond to Pakistan’s resource endowments? Not at all, in my view.

Where is the missing link then? In my view, the link between economic potential and policy priorities is missing altogether.

More than 50% of Pakistan’s gross domestic product (GDP) is composed of services but with a significantly less policy focus in the form of government support programmes and subsidies.

One finds it hard to find a link between continued protection, in the form of tariffs and subsidies, and efficiency/ output of certain industrial sectors. In order to create a logical linkage, why not to link such an incentive structure with efficiency, output, contribution to employment generation and exports.

Another missing link is that exports are not even 10% of GDP but probably 90% of fiscal and policy incentives are geared towards the exporting sectors.

A potential mitigation for the two aforementioned missing links would be to recognise the economic output potential and put policy focus towards sectors under the knowledge economy.

It does not take much to find evidence of better efficiency for the input deployed in knowledge economy sectors, including in Pakistan. More than the efficiency, it is the growth potential for this sector in the form of contribution to national economic development and exports for global marketplace.

Due to the changing nature of global supply chains, traditional exports of Pakistan would not be sustainable in the medium to long term, let alone meet the anticipated growth targets.

Global markets and consumer trends are changing very rapidly, therefore banking on growth of textile exports may not qualify for a forward-looking and sustainable approach. It takes heavy investment and longer timeframes to mobilise different industrial sectors, including textile.

Knowledge economy could be a perfect alternative. Not only due to low resource requirements, but more so due to efficiency, agility, ease of delivery (mostly online), ever expanding global marketplace and availability of raw material (human resources).

What is knowledge economy? Essentially, it is the innovation and commercialisation of ideas. Google, Apple, Netflix and Alibaba are just a few products of knowledge economy.

A point to be noted is that information technology (IT) is part of the knowledge economy, but it should be used as a platform and not as the final product. In other words, the potential value lies in ideas that are materialised by essentially using IT platforms.

In Pakistan, the IT sector is somehow thriving, with or without government support. It provides a fertile ground for using this platform to nurture ideas and come up with world-class knowledge products. Why did it not happen thus far if the ground is fertile? Here comes the missing link, which needs to be provided through government policy support.

Barring a few small initiatives, that too mainly private sector led, there is no major efforts towards establishing a framework and support mechanisms, such as venture capital funds and public-private partnerships, to commercialise ideas. Almost an absence of any reward mechanism and support infrastructure pushes the brilliant brains of Pakistan towards finding opportunities for themselves in the form of jobs in overseas markets, thus resulting in export of factories (brains) rather than products that would yield much higher returns over a longer period of time.

My proposal, that the government of Pakistan may consider, is to establish Pakistan Innovation Fund (PIF) to provide a supporting platform for knowledge economy growth in the country. This fund will serve not only as a financing mechanism to reward innovation but also as a supporting framework to commercialise in national and international markets and an aggregated platform.

It does not require huge seed funding, which could be allocated from deep pockets of the Export Development Fund of Pakistan. In due course, the fund will become self-sustaining as a result of a cost and profit-sharing structure with innovators.

Another supporting effort, in this regard, would be to change the mindset of commercial diplomats of Pakistan and draw their focus towards gathering, analysing and transferring global trends towards knowledge economy producers/ innovators in Pakistan. Institutional support mechanisms will certainly help the micro, small and medium enterprises engaged in knowledge economy.

Pakistan may not be a well-developed country for economic efficiency and industrial output, but it certainly has reasonable headcount with productive brains. Would it not be better to use this advantage and export products (of brain/ knowledge) rather than the factories (brain drain)?

Source: tribune.com.pk– Nov 02, 2020

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NATIONAL NEWS

ECLGS scheme: Centre extends the validity by one month

The Centre has extended the Emergency Credit Line Guarantee Scheme (ECLGS) by one month till November 30, 2020, or till such time that an amount of ₹3 lakh crore is sanctioned under the scheme, whichever is earlier.

This has been done in view of the opening up of various sectors in the economy and the expected increase in demand during the ongoing festival season. This extension will provide a further opportunity to such borrowers who have not availed of the scheme so far, to obtain credit under the scheme, an official release said.

The ECLGS was announced as part of the Aatma Nirbhar Bharat Package (ANBP) to provide fully guaranteed and collateral-free additional credit to MSMEs, business enterprises, individual loans for business purposes and MUDRA borrowers, to the extent of 20 per cent of their credit outstanding as on February 29.

Borrowers with credit outstanding up to ₹50 crore as on February 29 this year, and with an annual turnover of up to ₹250 crore are eligible under the scheme. Interest rates under the scheme are capped at 9.25 per cent for Banks and FIs, and 14 per cent for NBFCs. The tenor of loans provided under the scheme is four years, including a moratorium of one year on principal repayment.

As per data uploaded by Member Lending Institutions on the ECLGS portal, an amount of ₹2.03 lakh crore has been sanctioned under the scheme to 60.67 lakh borrowers so far, while an amount of ₹1.48 lakh crore has been disbursed, the release added.

The Finance Industry Development Council, a representative body of NBFCs, had written a letter to Finance Minister Nirmala Sitharaman seeking an extension of the scheme by two months till December 31.

Source: thehindubusinessline.com– Nov 02, 2020

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GST compensation shortfall: Centre transfers 2nd tranche of ₹6,000 cr to States/UTs

Amount borrowed by Centre is being onlent to States

The Centre on Monday transferred the second tranche of ₹6,000 crore to 16 States and three Union Territories to meet the GST compensation shortfall under the special borrowing mechanism.

The Centre raised this amount at a weighted average yield of 4.42 per cent, which is being passed on to the States/UTs at the same rate. This interest rate is lower than the 5.19 per cent for the first tranche undertaken last year. Interest and principal pay-out will be made through compensation cess. The GST Council has already decided to extend levying cess beyond June, 2022 to service borrowing.

The first tranche of borrowing of ₹6,000 crore was completed last week and it was decided that, every Monday, ₹6,000 crore will be borrowed and released to States/UTs on back-to-back basis. This arrangement will continue till the shortfall of ₹1.1-lakh crore is met.

Special window

On October 15, the Centre had announced that it would borrow on behalf of the States for meeting the GST Compensation Cess shortfall. This will be done on the lines of the model adopted for funding 'externally-aided projects' through a special window. It has many benefits for the States including better interest rates (avoid differential rates).

Under option-I, States were to be provided a special window of borrowing of ₹1.1-lakh crore, and over and above that, an authorisation for additional open market borrowings of 0.5 per cent of their GSDP.

The authorisation for increased OMBs was issued by the Ministry of Finance on October 13. Additionally, under option-I, the States are also eligible to carry forward their unutilised borrowing to the next financial year. Twenty one States and three UTs agreed for option 1. Since five States do not need compensation, the scheme will cover 16 States and three UTs.

Per a Finance Ministry statement issued on Monday, Andhra Pradesh, Assam, Bihar, Goa, Gujarat, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, UTs of Delhi, Jammu and Kashmir and Puducherry have received the borrowed amount.

Source: thehindubusinessline.com– Nov 02, 2020

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Growing divergence between China and 'Developing Asia'

China's quick economic recovery from the pandemic vis-a-vis other countries indicates both reduced regional integration and setbacks in some of its Asian neighbours

The past year has brought into sharp relief the significant differences between China and the rest of the world. The experience of the pandemic is probably the most extreme and definitive expression of that: the ability of China to contain the spread of the virus and prevent a renewed outbreak of any substantive nature is unmatched by almost all other countries, with the exception of a few outliers.

The reasons for this certainly deserve separate study, but what is also worth noting is how this has also been associated with a relatively rapid recovery of the Chinese economy from the decline of the first quarter of 2020 to relatively rapid growth once again. This is contrary to almost every other major economy.

The differences are particularly marked with the rest of developing Asia, which until recently reflected similar tendencies as China, often precisely because the rest of the region was benefiting from the increasingly close and dense trade and investment links with that economy.

Signs of 'separation'

But ever since the trade war with the US, which forced China to shift to greater reliance on domestic demand, and certainly since the Covid-19 pandemic struck, there has been growing divergence between China and the rest of developing Asia, particularly those economies (often clubbed as 'Emerging Asia') that are more integrated with global capital markets.

While there are significant differences amongst these countries, it may be that the differences between China and this group outweigh the differences within the group (with the exception of Vietnam, which appears to be following a trajectory closer to that of China).

This divergence has actually been evident for some time now in terms of the global impact of the region. The latest World Economic Outlook of the IMF, released a few weeks ago, provides evidence of this.

Figure 1 presents the current account balances of China and the rest of the region, as shares of global GDP. For the past 15 years, as China has been running very significant current account surpluses, the rest of developing Asia has been mostly in deficit, even though these have been relatively small deficits in the aggregate. (All figures are based on data from the IMF's World Economic Outlook October 2020 database.)

Effectively, China has been sucking in global demand, while the rest of the region has been adding to demand in the net.

However, their smaller aggregate deficit has not been sufficient to outweigh that impact. The recent emergence of the rest of the region into current account surplus is essentially a reflection of the collapse in imports because of declining domestic demand as a consequence of the pandemic and lockdowns, mirrored in falling world trade.

A similar point can be made about international investment positions, shown in Figure 2. Throughout the period, and especially after the Global Financial Crisis, China's net international investment position has remained strongly positive, growing to nearly 3 per cent of world GDP, while the rest of developing or "emerging" Asia together continues to have a negative net position. China, which was seen as a beneficiary of export-oriented foreign investment in the past, is now an important driver of investment and growth in the rest of the world.

The rest of Asia as a group, on the other hand, still remains reliant on foreign investment, real and financial. If geopolitical factors limit China's access to investment targets in some foreign locations, this can make a difference to the geographical distribution of global growth.

The pandemic has accelerated these tendencies, not least because of China's ability to cope with the virus and the apparent resilience and recovery of its economy. In addition, it has disrupted regional supply chains, thereby cutting some of the links between China and her Asian neighbours, even as border tensions have increased.

Stock markets are never the best indicators of the health of an economy, but they do provide some idea of how investors view the current state and possible future trajectory. Further, governments everywhere are obsessed with stock market performance, seeing it (falsely) as a sign of economic success and a referendum on their economic policies. Therefore, governments typically do whatever they can to bolster it.

Soaring stock market

Figure 3 shows that since the beginning of 2020, China's stock market index first fell and then recovered to scale heights well beyond those since the start of 2019. By contrast, the average stock market performance of the rest of the region showed a much greater slump during the Covid-19 spread, and despite some recent increase, were still around 10 percentage points below the value at the start of the year.

Now that the pandemic is refusing to recede in some large countries like India and showing signs of resurgence of infections in other countries, this is likely to affect stock market behaviour as well, so that this differential performance across China and other developing Asian countries is likely to widen.

Real exchange rates can partially neutralise what seem to be a loss of competitiveness. But they too show differential trends across Asian countries.

In China, as expected, the recent appreciation reflects the renewed increase in current account surpluses after a period of decline, which counterbalanced the recent net capital outflows. But this does not help India as much as it may benefit some other Asian countries.

In India both current and capital account deficits were sought to be counterbalanced by open market operations of the central bank to prevent disorderly depreciation, but the nominal exchange rate nevertheless depreciated.

The real exchange rate, however, appreciated in the recent period essentially because inflation rates were higher than in India's trading partners. As compared to this, in Indonesia and Thailand there have been fairly significant real devaluations.

Covid-19 is drawing a sharp wedge not only between China and the rest of the world, but also between China and its hinterland. It is yet to be seen how this will play out both geopolitically and in economic terms.

Source: thehindubusinessline.com– Nov 02, 2020

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Hiking import duties will not promote manufacturing or improve exports: Report

Amid the government hiking import duties on a slew of products to help boost local manufacturing, a report on Monday pitched for lowering such levies, saying higher duties will not promote competitive manufacturing but may lead to inefficiency.

Since the beginning of 2000, successive governments have been eyeing a quarter of the GDP to come from manufacturing by 2025 but not much has moved in that direction.

Between 2004 and 2017, the incremental gain in the country's manufacturing global share is a low 1.5 percentage points to 3 per cent, while China has gained a whopping 18 per cent share, SBI Research said in a report on Monday.

The report also noted that even with such a negligible gain, the country is the sixth-largest manufacturing economy globally, controlling 3 per cent of global output.

"If we were to build self-reliance, increasing tariffs is not the way to go. Rather, the focus should be on building the right infrastructure that can help make our manufacturing more efficient, which can make our exports more competitive. Also, the government should focus more on easing the processes for businesses to function easily," the report said.

To accelerate the progress towards local manufacturing, the report said, "We need to reduce import tariffs as we have one of the highest weighted average tariffs in the world on manufacturing. Higher duties do not improve productivity but are tantamount to taking the easy route and ignoring efficiency and quality".

A mere 1 per cent hike in import duties leads to a USD 2 billion worth decline in imports on average, the report said.

In the export basket, the highest share is of consumer goods, followed by intermediate goods and these two attract the highest tariffs in the import basket, thus making a case against the fact that higher import tariffs have not protected these industries, according to the report.

On the contrary, the report said, other countries with much lower tariff structures than ours have built strong manufacturing bases, which have helped them in exports. High tariffs are impacting the country's position in global value chains, wherein both backward and forward integration is needed.

Though our higher import duties are primarily due to poor forward supply chain linkages, it can actually boomerang on us creating a self-sustaining manufacturing base. This is because only by enhancing manufacturing competitiveness, we can increase our exports and not by raising tariffs, it noted.

Further, the report said successive data-prints show manufacturing production growth has been dismal in the late 1990s through the early 2000s.

Barring three years from 2005-08, "we have never experienced double-digit manufacturing growth as a result the share of manufacturing in overall GDP has also stayed in the 15-18 per cent range over the past several years," it said.

Source: financialexpress.com– Nov 02, 2020

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October delight: eWay bill numbers at all-time high of 641 lakh

E-invoicing generation at 495 lakh in first month of implementation, says NIC

The Centre on Monday said October saw an all-time high in eWay bill generation, at 641 lakh. Also, e-invoice generation reached 495 lakh in the first month of implementation.

eWay bill, like a challan, shows goods were moved from one place to another after the requisite tax payment. It is mandatory for the movement of goods worth ₹50,000 or more, and its numbers are seen as a high-frequency economic indicator.

E-invoicing is the electronic reporting of details of specified GST documents on a government-notified portal and obtaining a reference number. It doesn't mean generation of invoice by a government portal.

The 641 lakh eWay bills generated last month were the highest in a month over the 'two-and-a-half-year journey of the eWay bill system', said the National Informatics Centre (NIC) in a statement. Over 495 lakh e-invoices were generated on the NIC portal by 27,400 tax payers last month, it added. Every company with a turnover of ₹500 crore or more is required to generate e-invoices since October 1.

"The data captured by the Invoice Registration Portal will flow seamlessly to the GSTR1 return of the taxpayer on the GST common portal (gst.gov.in), thus reducing the compliance burden," NIC said. On day one, 8.4 lakh e e-invoices were generated, which rose to 35 lakh on October 31.

Hassle-free generation

The feedback from taxpayers has been good, and the generation of Invoice Reference Numbers (IRNs) is reportedly hassle-free. NIC said its helpdesk has been assisting taxpayers in fine-tuning their systems to reduce errors.

Currently, there are three modes of IRN generation. The first is the direct linking of the API (application programming interface) of the ERP (enterprise resource planning) system of the taxpayer with the NIC system. The second is the linking of the API interface of the ERP system of the taxpayer through GSP with the NIC system. The third is using an offline tool for bulk uploading of invoices and generating IRNs.

Around 15 per cent of the taxpayers are using the offline tool and 85 per cent are opting for the API route, said NIC.

Lower threshold from Jan 1

The Centre has said the turnover limit for e-invoicing will come down to ₹100 crore from January 1. From April 1 next year, every assessee will be covered.

To address the needs of small taxpayers, who need to prepare five to 10 B2B invoices in a day, NIC is also developing an offline Excel-based IRN preparation and IRN printing tool. These will allow them to enter the invoice details, prepare the file to upload on the NIC IRN portal, download the IRN with a QR code and print the e-invoice with the QR code.

Source: thehindubusinessline.com– Nov 02, 2020

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GartexTexprocess India to take the hybrid route

GartexTexprocess India will be the first textile sector exhibition to take the hybrid route. Scheduled alongside Messe Frankfurt's Screen Print India fair, both Mumbai and Delhi editions aim to bring the entire textile value chain together through their new co-located and hybrid formats.

A year after textile and printing sectors were hit by unprecedented business challenges, the much-awaited Mumbai edition is set to bring industry players face-to-face with new opportunities from 18 – 20 March at the Bombay Exhibition Centre.

However, with the on-going travel restrictions that are still in place globally, the new-age multimodal exhibition will allow screen printing and textile sector exhibitors and visitors to take full advantage of both physical interactions and virtual networking opportunities.

The hybrid format for both the fairs are being specially curated by the organisers with live product demonstration features to allow exhibitors to showcase their innovations and new product range to buyers who may be unable to attend the physical fair, thus ensuring dual access to trade opportunities.

In order to keep the trade momentum going in the second half of the buying calendar, the organizers have also confirmed that the New Delhi edition of the co-located fairs will now be rescheduled to August 06 –08, 2021 with its new hybrid format.

Both Mumbai and Delhi editions will allow fair goers to explore a wide range of features like targeted business matchmaking, real-time video calling, scheduling meetings in advance, live knowledge sessions through the digital platform alongside the traditional physical event.

Source: fashionatingworld.com– Nov 02, 2020

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Why Gandhi would have loved Modi's new Agriculture Inc.

Perhaps the most exciting thing happening in the Indian economy today is a reimagining of its agriculture. For years I have wondered why, at a time when there is so much conversation about enterprise and start-ups, there isn't enough chatter about how some of the most exciting enterprises and brands, in fact, could be born out of Indian agriculture. But that has finally started to happen.

Two pieces of news triggered this essay. First, Minister of Textiles Smriti Irani launched Kasturi, India's first cotton brand, and announced that a certification process for Indian organic produce was on its way, and second, farmers in Lahaul valley of Himachal Pradesh started cultivating asafoetida (colloquially known as hing). This condiment is popular across myriad Indian kitchens and yet is almost entirely imported—around 1,200 tonnes of it—from Afghanistan, Iran and Uzbekistan at a cost of around $100 million.

The story in organic cotton is even more interesting. According to research conducted by the global not-for-profit Textile Exchange that was published in their Organic Cotton Market Report 2020, India fuelled the global growth in organic cotton in 2018/19. The report notes, "India was by far the biggest contributor to global growth this year, adding 37,138 MT [million tonnes] to the global total.” India, the report noted, also had the highest amount of land ‘in-conversion’ to cultivating organic cotton in the world, of 23,251 ha [hectares], or a little less than half of the global total. According to data from the our government, India is the second largest cotton producer and the largest consumer of cotton in the world. India produces about six million tonnes of cotton every year, which is about 23% of the world cotton. It also produces about 51% of the total organic cotton in the world.

So what were the missing links? Two things that are the highlights of the Kasturi and the asafoetida cases—superior branding and certification, highlighting world-beating quality, and connection to scientific innovation. For instance, the asafoetida cultivation started primarily because of untiring efforts from a research institution, the Institute of Himalayan Bioresource Technology at Palampur.

Giving Indian farm produce the confidence of world-class certification and branding, and bringing to it the kind of innovation and scientific research-connected-to-markets that usually only manufacturing and tech products receive, is what our country’s agriculture needs to convert it into a demand-driven high-end sales and exports powerhouse.

There are two aspects to this. First, customers must demand local produce not merely since they are local (which in itself is not a bad reason at all) but because they are unquestionably of a superior quality. The same reason, for instance, that Indian customers (and international customers) would go looking for a handmade pashmina shawl rather than its Scottish counterpart. Not that Scottish woollen products are not exquisite, but just that a pashmina is a pashmina, conversation over.

This demand must first be created at home before it seeps through the world, for which culture has ever won the world before winning (at least some of) the neighbourhood?

There is also the question of ascertaining quality. India is fertile ground, for instance, for being one of the world’s biggest suppliers of organic material (from food to fabric) at a time, during and after the pandemic, when demand for organic goods is soaring in every part of the globe.

But organic produce needs certification, it needs authentication, and the more steadfast the certification, the higher could be its value in the world markets.

Deeper connectivity of agriculture research centres and laboratories to farms would help in reinvigorating the kind of innovative practice that the asafoetida case demonstrates. It would engender a new wave of collaboration that stretches from the laboratory to the field and finally to the plate of the customer.

The marrying of branding, certification and research to agriculture in a more intrinsic way is fragrant with Gandhian idealism. It is the bedrock of Mahatma Gandhi's dream that villages are not merely social clusters but self-sustaining economic engines that hub with the rhythm of a natural, poetic sustainability that places man and man's needs within—and not in opposition to—the cycle of life.

Gandhi would have cheered greater innovation in agriculture, which can only mean more prosperity in farming communities and the bridging of the futile urban-rural divide. The appreciation of what Indian farms have to offer to the world must begin at home, but it must also swiftly spread around the globe.

There can be no greater tribute to Gandhi than the celebration of India's farm produce, engaged as he was through his lifetime, both in the active rejoicing of handmade fabric and the pleasures of unadulterated farm food. Prime Minister Narendra Modi's agricultural thrust would please him.

Source: newindianexpress.com – Nov 03 ,2020

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Maharashtra signs MoUs worth ₹34,850 crore with 15 companies

The Maharashtra Government on Monday signed MoUs worth Rs 34,850 crore with 15 companies under the Magnetic Maharashtra initiative. Out of the 15, seven are in the data centre business.

A brief note shared by the Maharashtra Industrial Development Corporation said that among the companies, Net Magic IT Services is planning another data centre with Rs 10,555 crore investment. Adani Enterprises is also planning a data centre with Rs 5,000 crore investment. The UK-based Colt company through Data Center Holdings India LLP would also be setting up a data centre with Rs 4,400 crore investment, Spain-based Mantra Data Centre is looking at setting up of the facility with Rs 1,125 crore investment, STT Global Data Centres India Pvt Ltd is investing Rs 825 crore, while Singapore-based Princeton Digital Group will invest Rs 1,500 crore and Nxtra India Rs 2,500 crore in the data centre facility, the note said.

In the electronics space, Mitsubishi Electric India of Japan will invest Rs 490 crore, Bright Sino Holdings Pvt Ltd will invest Rs 1800 crore in the oil and gas sector.

The investments by the 15 companies are expected to generate employment for 23,182 persons in Maharashtra.

Source: thehindubusinessline.com – Nov 02 ,2020

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Demand from online sellers seen reviving handicrafts exports

Export promotion council pins hopeson virtual fair to sustain momentum

Export of handicrafts, which was battered in the first quarter of the fiscal due to the disruption caused by Covid-19, may see a revival now with a sudden spurt in orders from online sellers over the past three months, say exporters. And, this could last well beyond the festive season, they add.

“Due to the pandemic, online sellers have now started doing a lot of business. This is favouring handicraft exporters from India. Most of the online sellers have exhausted their stocks and are looking for new products.

Therefore, there is a spurt in demand from such buyers since August this year and we are hopeful that this will continue in the months to come,” said Raj Kumar Malhotra, a Gurgaon-based exporter and Vice Chairman of the Export Promotion Council for Handicrafts (EPCH), at a media interaction on Monday.

In the first quarter, export of handicrafts declined by a sharp 66 per cent compared with the first quarter last fiscal but the fall was less severe in the second quarter. Although the overall decline in exports in the April-September 2020-21 period was about 35 per cent, in September 2020, the exports actually turned positive by about 7 per cent, as per EPCH calculations.

Exporters are now hopeful that over the next six months, they will be able to do increased business and catch up with last year's exports of ₹25,470 crore. "Exports during Halloween were very encouraging and there is a good demand for Thanksgiving as well as Christmas," said Rakesh Kumar, Executive Director, EPCH, adding that many buyers who used to source from China were also looking at new suppliers and it was a golden opportunity for Indian exporters.

Kumar, however, added that the government should actively resolve the shortage of shipping containers being faced by exporters as it had started affecting business.

Betting on 'gifts fair'

EPCH believes that its handicrafts and gifts fair – IHGF-Delhi Virtual fair Autumn '2020 – scheduled on November 4-9, will play an important role in attracting more buyers. Over 1,400 exhibitors from across categories will showcase their collections in home, lifestyle, fashion, textiles and furniture to buyers from about 100 countries.

"We are hopeful that in this virtual fair, we will receive business far greater than in our previous ones. The response that we have got from our buyers so far is very positive," said Malhotra.

Indian handicrafts are exported across the world to destinations such as the US, the UK, the UAE, Germany, France, Latin American countries, Italy, the Netherlands, Canada and Australia.

Source: thehindubusinessline.com – Nov 02, 2020

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