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# INTERNATIONAL NEWS

## WTO Reports World Textiles and Apparel Trade in 2019

According to the World Trade Statistical Review 2020 newly released by the World Trade Organization (WTO):

**First, the volume of world textiles and apparel trade reduced in 2019 due to weakened demand and the negative impacts of trade tensions.** According to the WTO, the value of the world textiles (SITC 65) and apparel (SITC 84) exports totaled $305bn and $492bn in 2019, respectively, decreased by 2.4% and 0.4% from a year ago. The world merchandise trade also fell by nearly 3% measured by value and 0.1% measured by volume 2018-2019, in contrast with a positive 2.8% growth 2017-2018. **Put these numbers in context, the year 2019 was the first time that world merchandise trade fell since the 2008 global financial crisis, and the decline happened even before the pandemic.** As noted by the WTO, the economic slowdown and the escalating trade tensions, particularly the tariff war between the United States and China, were among the major contributing factors for the contraction of trade flows.

**Second, the pattern of world textile exports overall stays stable in 2019; Meanwhile, China and Vietnam continue to gain momentum**. China, European Union (EU28), and India remained the world's top three exporters of textiles in 2019. Altogether, these top three accounted for 66.9% of the value of world textile exports in 2019, almost no change from two years ago. Notably, despite the headwinds, China and Vietnam stilled enjoy the positive growth of their textile exports in 2019, up 0.9%, and 8.3%, respectively. **In particular, Vietnam exceeded Taiwan and ranked the world's seventh-largest textile exporter in 2019 ($8.8bn of exports, up 8.3% from a year earlier), the first time in history.** The change also reflects Vietnam's efforts to continuously upgrade its textile and apparel industry and strengthen the local textile production capacity are paying off.

**Third, the pattern of world apparel exports reflects fashion companies' shifting strategies to reduce sourcing from China.** China, the European Union (EU28), Bangladesh, and Vietnam unshakably remained the world's top four exporters of apparel in 2019. Altogether, these top four accounted for as much as 71.4% of world market shares in

2019, which, however, was lower than 74% from 2016 to 2018—primarily due to China's reduced market shares.

**China is exporting less apparel and more textiles to the world.** Notably, China's market shares in world apparel exports fell from its peak of 38.8% in 2014 to a record low of 30.8% in 2019 (was 31.3% in 2018). **Meanwhile, China accounted for 39.2% of world textile exports in 2019, which was a new record high.** It is important to recognize that China is playing an increasingly critical role as a textile supplier for many apparel-exporting countries in Asia.

On the other hand, even though apparel exports from Vietnam (up 7.7%) and Bangladesh (up 2.1%) enjoyed fast growth in absolute terms in 2019, their gains in market shares were quite limited (i.e., no change for Vietnam and marginally up 0.3 percentage point from 6.8% to 6.5% for Bangladesh). **This result indicates that due to capacity limits, no single country has yet emerged to become the "Next China." Instead, China's lost market shares in apparel exports were fulfilled by a group of Asian countries altogether.**

**Fourth, associated with the shifting pattern of world apparel production, the world textile import is increasingly driven by apparel-exporting countries in the developing world.** Notably, 2019 marks the first time that Vietnam emerged to become one of the world's top three largest importers of textiles, primarily due to its expanded apparel production and heavy dependence on imported textile raw materials. In comparison, although the US and the EU remain the world's top two largest textile importers, their total market shares had declined from nearly 40% in 2010 to only 31.2% in 2019, the lowest in the past ten years.

Furthermore, both the US and the EU have been importing more finished textile products (such as home furnishings and carpets) as well as highly specialized technical textiles, rather than conventional yarns and fabrics for apparel production purposes.

**The weakening import demand for intermediary textile raw materials also suggests that reshoring (i.e., making apparel locally rather than sourcing from overseas) has NOT become a mainstream industry practice in the developed economies like the US and the EU.**

**Fifth, the world apparel import market is becoming ever more diversified as import demand is increasingly coming from emerging economies with a booming middle class.** Affected by consumers' purchasing power (often measured by GDP per capita) and size of the population, the European Union (EU28), US, and Japan remained the world's top three importers of apparel in 2019. This pattern has lasted for decades.

Altogether, these top three absorbed 58.1% of world apparel in 2019, which, however, was a new historic low (was 84% back in 2005). Behind the numbers, it is not the case that consumers in the EU, US, and Japan are necessarily purchasing less clothing. Instead, **several emerging economies are becoming fast-growing apparel consumption markets and starting to import more.** For example, China's apparel imports totaled $8.9bn in 2019, up 8.1% from a year earlier. From 2010 to 2019, China's apparel imports enjoyed a nearly 15% annual growth, compared with only 1.9% of the traditional top three.

Source: shenglufashion.com – Aug 03, 2020

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## Covid-19 will strip US$95.4bn from Apac apparel market

The coronavirus pandemic is likely to cost the apparel and footwear industries across the Asia-Pacific region US$95.4 billion in lost sales this year.

The impact on the broader global industry will be a massive US$395.6 billion in lost sales, according to analytics firm GlobalData, which represents a 19.5-per-cent decline on last year's figures. The sector will account for 29.1 percent of the total $1.3617 trillion impacts of lost revenues by the retail industry during the period.

The figures are the result of an industry examination undertaken by GlobalData, which found that the apparel sector is still the worst affected by the outbreak, continuing to be hit by store closures and poor consumer demand. Rising unemployment and a possible recession is likely to worsen the situation for players in the industry.

According to research conducted by the firm, 60 percent of consumers surveyed said that trustworthiness, risk-free and familiarity are factors currently influencing their choices of products/services.

“Brands need to continuously engage with consumers through social media channels and personalized messages to stay in contact and engage with their customers,” said GlobalData Retail analyst Vijay Bhupathiraju.

“They should continue to build trust by delivering messages addressing Covid-19 and social responsibility and advertise the safety and hygiene measures taken during the manufacturing process and in-stores to drive more consumers to the stores.”

Source: retailnews.asia– Aug 04, 2020

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## Vietnam-EU FTA to benefit S. Korean fashion firms: KITA

South Korean fashion firms based in Vietnam are expected to benefit from the free trade agreement (FTA) between the Southeast Asian country and the European Union, which went into effect this month, a report showed Tuesday.

"Under the agreement, clothes producers based in Vietnam can enjoy the benefit of the latest FTA for goods made with South Korean materials," the Korea International Trade Association (KITA) said in its report.

Clothes produced with Chinese materials, on the other hand, cannot enjoy the benefits of the Vietnam-EU trade deal, as the world's No. 2 economy does not have a pact with the union.

South Korea implemented its own FTA with the EU in 2015.

Vietnam's imports of South Korean materials to produce clothes reached $1.7 billion in 2019, accounting for 11.5 percent of the total. Those of Chinese goods reached $6.7 billion, or 58.9 percent. KITA said exports of South Korean materials to the Southeast Asian nation may also increase down the road on the back of the Vietnam-EU FTA.

The association said the latest deal with Vietnam is expected to increase demand for Vietnamese clothes in Europe as well. Currently, the EU depends on China for 30 percent of its clothes imports, but it slaps tariffs of up to 12 percent.

"Vietnam has been making aggressive moves to open up its markets. It currently holds FTAs with 52 countries and has emerged as the trade hub of Southeast Asia," the KITA report said. "South Korean firms based in Vietnam should utilize the FTA networks and set up long-term strategies," it added.

Vietnam was the third-largest export destination for Asia's No. 4 economy in 2019, with China and the United States standing as the top two.

South Korea's combined exports to Vietnam in 2019 reached $48 billion, down 0.9 percent from a year earlier. Over the cited period, the country's exports dipped 10.4 percent amid the growing protectionism around the globe and falling prices of memory chips.
Source: koreaherald.com– Aug 04, 2020

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## Turkey: Textile industry seeks government aid to remain competitive

Turkey's textile and garment industry urged the government to provide financial support, including tax exemptions and debt delays, to help the sector remain competitive during the coronavirus pandemic.

Mustafa Gültepe, the chairman of the Istanbul Textile and Apparel Exporters Association (ITKIB), said Tuesday that the industry experienced a 16.5% contraction in exports during the January-July period compared to the previous year following the global demand plunge induced by the pandemic.

Gültepe noted that the sector initially set a target of a 10% increase in exports for 2020 but had to revise these projections after orders drastically declined in March following the global spread of the virus.

“There was a 27.4% contraction in March and 61.6% in April. In May, exports declined by 48.2%, meaning exports decreased by 26.1% in the first five months compared to last year,” Gültepe said.

He noted that the monthslong closure of clothing shops and businesses in the country during the peak of the pandemic contracted the domestic market, putting additional pressure on the sector.

The sector recorded an upward trend in July, however, posting a 25% increase in exports thanks to the gradual reopening of world economies and the rapid recovery in the European Union markets, Gültepe said.

Gültepe said the industry is seeking the lifting of customs duties that were recently introduced for imports of intermediate products used in textile factories such as zippers, buttons and fasteners.

“Customs duties were increased for fabric and yarn products. We expect the government to revise the additional taxes that negatively affect our competitiveness,” he said, adding that the sector is expecting the value-added tax (VAT), premium payments and loan repayments to be postponed for one year.

Gültepe also thanked the government for paying a portion of the salaries for three months of those at firms forced to pause business due to the pandemic.

New opportunities for Turkish exporters in post-pandemic textile sector

Gültepe noted that Turkey could benefit from new configurations made in supply chains after the pandemic due to its strategic location.

“Global brands plan to move their supply chains closer to home following the pandemic, which puts Turkey in an advantageous position in the European Union and U.K. markets,” he said.

He also mentioned that the ongoing trade war between China and the U.S. could push American apparel companies to consider Turkey as an alternative production base.

“We think we could secure $5 billion of exports from the U.S. market in the medium- to long-term.”

Source: dailysabah.com– Aug 04, 2020

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## EVFTA fabric origin rule a challenge for Vietnamese firms

Despite the European Union (EU)-Vietnam Free Trade Agreement (EVFTA), which came into force on August 1, being considered as a great opportunity for the Vietnamese textile and apparel industry, there are concerns that the origin criteria 'from fabric onwards' will make it difficult for domestic products to enjoy the benefits of the trade deal.

According to the commitments outlined in the EVFTA, among the key export items of the nation to the trading bloc, the EU will eliminate tariffs on 77.3 per cent of all textile and apparel exports from the country, while removing the remaining 22.7 per cent over the following seven years.

In addition to enjoying advantageous tax rates, the EVFTA also promises to offer domestic textile enterprises the chance to import high-quality machinery, whilst simultaneously having access to EU standard raw materials.

Many domestic businesses have invested methodically into workshops, machinery and technology to meet the technical standards set by importers.

Despite this, with an export scale of approximately $5 billion per year to the bloc, the issue of how to make the textile and apparel industry meet the origin criteria to qualify for tax reductions remains a challenging issue, according to Vietnamese media reports.

The textile industry has failed to be proactive in sourcing fabrics that qualify for exports to the EU.

Additionally, the purchase of domestic fabrics is subject to 10 per cent VAT, meaning that it is more expensive than imported fabrics, ultimately making the benefits of tariff reductions insufficient to offset the selling prices and to compete with items from other nations.

Nguyen Van Cam, vice chairman of Vietnam Textile and Apparel Association (VITAS), said that the rules of origin remain the most difficult issue for the textile and apparel industry when it comes to capitalising on the EVFTA.

Source: fibre2fashion.com– Aug 04, 2020

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## Vietnam: New wave of Covid-19 to threaten still-struggling garment industry

With the second wave of Covid-19, Vietnam's textile and footwear industries, still reeling from the impact of the first, are likely to see things worsen.

TNG Investment and Trading JSC., which manufactures clothing and footwear for various domestic and international brands, reported first half revenues and net profit were down 10 percent and 29 percent at VND1.84 trillion ($79.3 million) and VND66 billion ($2.84 million).

The Vietnam National Textile and Garment Group (Vinatex) reported a 15 percent decrease in revenues and 25 percent decrease in profits despite partially switching to manufacturing face masks and protective clothing and retaining all its workers.

The situation was "better than predicted," according to Vinatex's deputy general director, Cao Huu Hieu, who said the company had anticipated declines of 30 percent and 50 percent.

Song Hong Garment JSC. reported its profit had fallen by 44 percent to just VND122 billion ($5.26 million).

RTW Retailwinds Inc., one of its major partners in the U.S., has filed for bankruptcy but still owes it around VND166 billion ($7.16 million).

According to a report by the Ministry of Industry and Trade, Vietnam's apparel production in July increased by 13.2 percent from June but was nearly 5 percent down year-on-year in the year to date.

Exports of textiles and footwear are down 21 percent and 8 percent in the first seven months of the year.

While the switch to making face masks and protective clothing was considered a lifesaver for many garment firms in the first half of the year, a global oversupply of these products have caused prices to plummet. Firms such as TNG have even stopped manufacturing masks and started focusing on high-value products.

With many countries, including Vietnam, being hit by a new wave of Covid-19, getting orders has also become a difficult task for the majority of garment firms. Many did not receive a single order for high-value products in the second half of the year, according to the ministry.

Another challenge facing the garment industry is the fact that consumer behaviors have changed dramatically due to the pandemic.

Recent surveys by the global professional services company Deloitte of the international market and Vietnamese garment producer Vinatex of the domestic market show that the top priorities for consumers now are medicines, food and savings. While clothing did come fourth in the list, the budget for clothes was very limited.

"The trend of consuming less, using basic products more and low purchasing power will dominate the fashion market in future," Le Tien Truong, CEO of Vinatex, said.

Vinatex forecast the country’s garment exports to decrease by 14-18 percent year-on-year in the second half, and full-year exports to drop by 16 percent to around $32.75 billion.

The International Textile Manufacturers Federation said if the Covid-19 pandemic lasts until the end of the year, the global textile and garment trade would decrease by 15-20 percent this year to $600-640 billion, but even if it is controlled well, it would still take at least until the third quarter of next year for demand to return to normal.

Source: e.vnexpress.net– Aug 04, 2020

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# After months of Covid-led downfall, Pakistan's exports grow 5.8pc in July

Adviser to Prime Minister on Commerce and Investment Abdul Razak Dawood on Tuesday chaired an internal strategy meeting at the commerce ministry to review the recent trade statistics and to devise plans for the enhancement of exports.

As per the data shared by the commerce ministry, the country exported goods and services worth $1.998 billion in the first month of FY21, as compared to $1.889 billion in July FY20, depicting a growth of 5.8pc YoY. In rupee terms, the export proceeds posted 11.3pc growth in July 2020 compared to the same month of last year.

The data showed that since May 2020, a visible improvement has been observed in export orders from international buyers, mainly in the textile and clothing sectors.

It may be noted that the Covid-led decline in Pakistan's exports started in March 2020, when the country witnessed an 8pc drop. This declined widened in April 2020, dropping by 54pc, but improved to -35pc in May, and further to only -6pc in June 2020. In FY20, Pakistan's exports had fallen 6.83pc ($1.57 billion) to $21.4 billion compared to $22.97 billion in FY19.

But despite negative growth in exports during the last four months, the ministry stated that continuous fall in imports was providing some breathing space to the government to manage external accounts. In July 2020, the import bill posted a negative growth of 4.2pc, as import value was recorded at $3.54 billion during the period under review as against $3.696 billion in the corresponding month of last year.

In the fiscal year 2019-20, the import bill had declined significantly by $10.29 billion (18.78pc) to $44.509 billion compared to $54.799 billion last year. Based on the import-export data, the country's trade deficit came down by 14.7pc in July 2020 from a year ago. The decline was mainly due to a fall in imports and paltry growth in exports from the country. However, imports are expected to bounce back in the coming months following the abolishment of regulatory duty on raw materials and semi-finished products.

In absolute terms, the trade gap narrowed to $1.542bn in July 2020 as against $1.808bn in the corresponding month of last year. The trade deficit had narrowed to $23.099bn in FY20 from $31.820bn in FY19.

According to the data, the export of worn clothing and clothing accessories surged by 2,078pc during the month under review, followed by food preparation 344pc, made-up clothing accessories ( knitted or crocheted) 313pc, tarpaulins, awnings and sunblinds 154pc, tracksuits 135pc, gloves, mittens and mitts 83pc.

Likewise, the export of fish and fish products grew by 50pc, jerseys, pullovers, cardigans, waistcoats and similar articles 44pc, women's garments 34pc, leather apparel 28pc, made-up articles of textile materials 27pc, home textiles 24pc, copper and articles thereof 19pc and men's garments 10pc.

On the other hand, the export of some important products posted a decline during the month under review. These included wheat, wheat flour, cotton, synthetic filament yarn, raw leather, ethyl alcohol, cotton yarn, plastic products, tanning, dyeing extracts, rice and cement.

The top 10 importing products included soya beans (+616pc), petroleum coke 192pc, palm oil 190pc, rubber 36pc, fruits and vegetables 24pc, pharmaceuticals products 17pc, inorganic chemicals 14pc, iron and steel 12pc, tea 11pc, plastic products 8pc, electrical and electronic equipment 5pc.

The products that saw a decline in imports included rape seeds, cotton yarn, motor cars, footwear, parts and accessories for tractors, petroleum gas, petroleum oils, coal, machinery, fertilizers, organic chemicals, petroleum oils excluding crude and paper and paperboard.

As per the official statement issued by the ministry, PM's Commerce Adviser Razak Dawood appreciated the exporters as well as the government departments for coordinating their efforts amid the pandemic outbreak.

"This achievement is particularly noteworthy because of the fact that a decline was being observed until last month and a turnaround of around 12pc has been achieved in just one month," the adviser tweeted. "In spite of the fact that we still have COVID related smart lockdowns, our export-led 'Make in Pakistan' is moving forward," he maintained.

Source: profit.pakistantoday.com.pk– Aug 04, 2020

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# NATIONAL NEWS

## Exports revival? July exports at almost the same level as the last year's, says Piyush Goyal

Exports may be on a path of recovery with the merchandise sent to foreign nations in July reaching almost the same levels as a year ago, Commerce and Industry Minister Piyush Goyal said on Tuesday.

"Our exports have almost reached last year's July level, with nearly 90 per cent of our export of July 2019 having come back," he said, adding that if oil related exports are removed, in which India is largely a small value adder, almost more than 95 per cent on the revival of our exports has been achieved. Several other indicators are also indicating an economic recovery.

Reiterating Prime Minister Narendra Modi's dream of Atma Nirbhar Bharat, Piyush Goyal said that the country "today is in a mood" to not just revive economic activities but also to become self-reliant. He also hammered on improving the quality and competitive pricing of the products. The commerce ministry is to release the official export numbers for the month of July and is expected to announce them during mid-August.

June was the fourth month in a row where India reported a fall in exports. Exports were down in key categories including petroleum and textiles, however, India's trade turned surplus for the first time in 18 years as imports nosedived by a massive 47.59 per cent.

Exports in value terms were down by 12.41 per cent to $21.91 billion in June on the back of weak global demand amid the coronavirus pandemic. The rate of contraction of the country's total merchandise shipments slowed down to 36.7 per cent in May and 12.41 per cent in June after witnessing a record fall of 60.28 per cent in April, the month when India followed one of the strictest lockdowns in the world.

Meanwhile, exporters are losing over two-thirds of duty remission benefits after government capped MEIS outlay. The government has set an upper limit of Rs 9,000 crore on Merchandise Exports from India Scheme (MEIS) for the April-December period.

Source: financialexpress.com– Aug 04, 2020

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## ‘India-US FTA not possible as India can’t give what US wants’

An India-US Free Trade Agreement (FTA) is not likely to see the light of day in the present form going by the demands made in crucial areas of agriculture, medical equipment, intellectual property and e-commerce, Aswhani Mahajan, National Co-Convenor of the Swadeshi Jagran Manch, has said.

“What the US wants from India, the country is not in a position to give…How can we allow the US to have free access to the Indian agriculture market? How can we give in to their demand on lifting cap (on pricing) on medical equipment?” he said speaking at a seminar on ‘Trade Deal between India and the US’ organised by Third World Network and IT for Change on Tuesday.

What face can the Indian government show to its people if it gives in to the US demands of free flow of data when already the country has taken a firm position on data localisation, Mahajan added.

On the US demand of abolition of Section 3 d of the Indian Patents Act which is a tool against attempts made by pharmaceutical companies to evergreen their patents through cosmetic changes, Mahajan said that it could not be allowed.

“There is so much talk of an India US FTA…I am very hopeful that this government will not go ahead with the kind of templates that the US follows. SJM is not against international trade agreements. But it should be in the best interest of the country,” he said.

### ‘Who wants a quick deal?’

Recently, Commerce & Industry Minister Piyush Goyal said that while India-US worked on an FTA which may take years, the two could also look at an early harvest Preferential Trade Agreement covering 50-100 products. He said that such a quick trade deal could be concluded after just a few phone calls.

“It is very important to see who is actually interested in this quick free trade deal,” said Afsar Jafri from GRAIN, an international NGO that supports small farmers. Jafri said that farmers were a big vote bank for Trump and he may be looking for providing them market access in India just before the US Presidential elections to win their confidence.

Last year, SJM played a key role in convincing the BJP-led government to exit the negotiations for the Regional Comprehensive Economic Partnership agreement between 16 countries including the 10-member ASEAN, India and China.

SJM, together with farmers' and dairy organisations across the country, as well as industry groups, strongly protested against the proposed agreement that would have led to India opening its agricultural and goods markets to all RCEP members, including China. The SJM argued that such a pact would completely disrupt India's agriculture and dairy sectors and kill its micro, small and medium enterprises.

Mahajan pointed out that despite Washington's insistence on an FTA with India for the last many months, New Delhi had held back and not given in to unjustified demands, which reflected the government's strong resolve to withstand pressure.

Source: thehindubusinessline.com– Aug 01, 2020

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## Government looking at non-tariff barriers to curb Chinese imports

*Stricter quality norms, more import licences among options; domestic MSME needs, WTO rules to be kept in mind*

To check the inflow of non-essential imports, primarily from China and Hong Kong, the government will focus on non-tariff barriers (NTBs) that are mainly a mix of stricter quality standards, such as mandatory certification requirement from the Bureau of Indian Standards, and imposition of import licence restrictions, according to officials dealing with the matter.

The Commerce & Industry Ministry is in consultations with a number of other line-Ministries to evaluate the best-suited NTBs for imports that are to be regulated including that of consumer items such as footwear, furniture, plastic goods, toys, leather products and sports items.

"Imposing non-tariff barriers is what will give us quick and targeted results in terms of checking imports from select destinations to the extent required. The government will of course keep raising import tariffs wherever possible but it has to also ensure that domestic shortages are not created," an official familiar with the matter told BusinessLine.

The Centre is trying to increase import curbs on products from China in order to bridge its high trade deficit with the country, valued at $48.66 billion in 2019-20. India also wants to send a strong message to its neighbour, which is creating trouble at the India-China border in the Galwan valley. Imports from Hong Kong and some other South-East Asian countries are also under the radar, as there is a fear that Chinese goods are being routed through these countries.

**Quality control norms**

Draft Quality Control Orders on toys and electrical equipment, requiring mandatory quality certification from BIS for both imports and domestically produced items, have already been notified to the World Trade Organisation (WTO), seeking comments of members, the official said.

"In fact, the government is trying to speed up domestic consultations on quality control norms and BIS certification requirement for most of the 371 items short-listed by the Commerce Ministry earlier this year," the official added.

However, while stricter quality norms can serve to hold up imports as certification would be completely up to the BIS, the government cannot ignore the fallouts of higher quality standards on MSMEs, the official said.

**Trouble at WTO**

The other option, of imposing licence requirements for imports, already implemented last week in the case of televisions, helps to check imports without affecting domestic producers. It slows down imports as licences need to be obtained and the matter is completely in the hands of the government. But, if used rampantly, it could cause trouble at theWTO.

"While imposing licensing requirement is the easiest form of NTB as it places no obligations on the domestic industry, it is not used often by governments as it could fail to pass muster at the WTO, especially on grounds of lack of transparency if a particular country is targeted," a Delhi-based trade expert explained.

Despite the possible trouble at the WTO, the government is looking at imposing licensing requirements for some more consumer items in the months to come as some other countries, too, were putting in place such measures especially to deal with Covid-19 related disruptions, the official added.

Source: thehindubusinessline.com– Aug 01, 2020

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## Export 'incentives' or fixing disabilities?

Given that 22 firms, both Indian and local, have applied to produce under its production-linked-incentive (PLI) scheme—they will produce goods worth Rs 11.5 lakh crore over five years, of which Rs 7 lakh crore will be exported—it is not surprising the government is looking to see if this can be replicated across sectors. Indeed, one such scheme has already been notified to boost domestic production of Active Pharmaceutical Ingredients (API), though this is hardly as generous as the one for mobile phones because, in the case of the latter, a clear-cut—and large—export benefit is visible while, in the case of API, this is not the case.

More worrying, however, is that a cash-strapped government is playing fast and loose with various export incentives and, as a result, exporters are left stranded. Payouts under the Merchandise Exports from India Scheme (MEIS) scheme were, for instance, Rs 43,500 crore in FY20—they were Rs 20,232 crore in FY16—and these have abruptly been reduced to just Rs 9,000 crore for April to December this year; so exporters who quoted prices to foreign buyers on the assumption they would get around last year's level of incentives suddenly find themselves staring at a 75-80% shortfall.

How are they to do business in an environment like this where there is no certainty over how much money they will get to compensate them for various costs? Indeed, last year in September, finance minister Nirmala Sitharaman spoke of a Rs 50,000-crore Remission of Duty or Taxes on Export Products (RoDTEP) scheme that was on the anvil to replace existing export schemes.

A few months later, in the case of mobile phones, the MEIS for phones and chargers was cut from 4% to 2%; it was raised from 2% to 4% in December 2017. And, in April this year, exporters were told the MEIS would be valid till just December 31, 2020, instead of March 31, 2021; last week, they were told the scheme would be curtailed at just Rs 9,000 crore for even this period! But surely if RoDTEP is to start from January 1, the industry should know what are the amounts it will get, and on what products? And, on what basis is this being fixed?

Indeed, there is even more confusion now as there is, at a conceptual level in the government, a lack of clarity on what is an incentive and what is a payout to take care of a 'disability'; nor is it clear how much money is to be allocated to either. In the weeks after the abrupt decision to restrict MEIS, officials were giving off-record briefings on how MEIS had failed to boost exports and even on how the money saved from schemes like MEIS could be used to fund more PLI-type schemes for sectors where—like mobile phones—large imports took place, and this could be more than neutralised by large exports.

The PLI scheme, as it happens, is a payment being made to make up for the problems or the costs associated with doing business in India. The way it has been structured—PLI-incentives are to be given only for phones that cost more than $200 ex-factory—though, makes it an export-incentive scheme for all practical purposes since few phones that cost so much can be sold in the country. But the problem is, it is not possible to design a similar scheme for all products that are exported; how do you design such a scheme for garments?

Meticulous groundwork by the mobile phone manufacturers, for instance, helped work out how much cheaper it was to manufacture in Vietnam, and how much of this was due to higher electricity costs in India, how much due to the R&D subsidy offered there (versus that in China and India), how much due to government subvention to lower costs of working capital, lower costs of productivity-adjusted wages, etc.

But, surely it cannot be the government's case that such 'disabilities' apply to only the mobile phone or electronics' manufacturers? So, on what basis is it planning to restrict incentives to just a few sectors like mobile phones or API? And, what happens to the export potential of sectors that do not get this benefit? If their exports fall, as they will, the trade deficit will rise. So, the government needs to come up with a scheme to see how it is going to counter the disadvantages associated with manufacturing in India. And, while RoDTEP will fix some of the issues, by its very definition, this is about unrebated taxes, not the higher costs of labour in India or those related to poor infrastructure or low ease of doing business.

Ideally, as was done by the mobile phone manufacturers, the industry needs to do very detailed calculations to prove its cost disadvantage—per unit of their production—and the government then has to come up with various schemes to address each one of them, whether by way of RoDTEP, reduction in corporate tax rates, reduction in the cost of electricity and real estate, etc.

Failing a comprehensive exercise—and solution—the government keeps coming up with patchwork solutions like raising import duties on select products; since the underlying problem like high electricity or labour costs is never addressed, all this results in is India becoming a high-cost economy.

So, even as the government comes up with temporary solutions like MEIS or PLI or RoDTEP—and it needs to ensure it has enough money for all, unlike what is happening now—it needs to come up with a more permanent solution. India does not have the money, in either the short- or the long-term, to keep paying PLI-type incentives to make up for the disadvantages caused by poor policy decisions.

Source: financialexpress.com– Aug 04, 2020

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## India widens scope of credit guarantee scheme for MSMEs

India last week widened the scope of the ₹3-lakh crore credit guarantee scheme for micro, small and medium enterprises (MSMEs) by doubling the upper ceiling of loans outstanding to ₹50 crore and including certain individual loans given to professionals like doctors, lawyers and chartered accountants for business purposes under its ambit.

The amendment to the Emergency Credit Line Guarantee Scheme (ECLGS) was done based on feedback from trade organisations and in line with new MSME definition approved by the cabinet in June.

Finance minister Nirmala Sitharaman said the scheme will now include individual loans given for business purposes within the ambit of the ECLGS, subject to the eligibility criteria of the scheme.

"We have also decided to cover individual loans given to doctors, chartered accountants for business purposes under the scheme," financial services secretary Debasish Panda said. Similar procedure as with regard to companies would be adopted to sanction loans to these professionals running their business, he was quoted as saying by Indian media reports.

To include more companies to take benefit of the scheme, he said, it has been decided to increase the upper ceiling of loans outstanding as on February 29 for being eligible under the scheme from ₹25 crore to ₹50 crore.

The maximum amount of guaranteed emergency credit line (GECL) funding under the scheme would also correspondingly increase from ₹5 crore at present to ₹10 crore, he said.

Announced as part of the Rs 20.97 lakh crore government economic package to tackle the impact of COVID-19, the scheme will now be applicable for companies with an annual turnover of ₹250 crore as against the earlier ₹100 crore.

The overall ceiling for the scheme remains at ₹3 lakh crore and the validity of the scheme is till October, he added.

The finance minister said that the intended changes are likely to expand the ambit of ECLGS to make an additional amount of more than ₹1 lakh crore eligible under the scheme.

“We welcome the decision of the government to increase the outstanding loan limit from ₹25 crore to ₹50 crore and for raising the turnover criteria from ₹100 crore to ₹250 crore for availing ECLGS,” chairman of Apparel Export Promotion Council A Sakthivel said.

“While more than half of the targeted additional funding is yet to be sanctioned, there are many medium scale industrialists who are bereft of the special financial assistance. The need of the hour is to expand the outstanding loan limit to ₹100 crore and there should be no turnover criteria for exporters,” he added.

Source: fibre2fashion.com– Aug 04, 2020

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# Economy bouncing back with exports, power consumption recovering, says Goyal

*"Our exports have almost reached last year's July level with 90 per cent of our exports of July 2019 having come back"*

The Indian economy is showing signs of a bounce-back from the Covid-19 related disruptions with goods exports in July 2020 reaching about 90 per cent of that in July last year, Commerce & Industry Minister Piyush Goyal has said.

Power consumption too, is back to near normal, with the latest figures only a marginal 2-3 per cent lower than the comparable period in the previous year, the Minister said at the launch of the United Nations Industrial Development Report 2020 on Tuesday.

"Our exports have almost reached last year's July level with 90 per cent of our exports of July 2019 having come back. If we were to remove oil related exports, where we are largely only a small value adder, importing crude oil, processing and exporting we are 95 per cent-plus on the revival of our exports," he added.

India's exports contracted for the fourth straight month in July 2019, with shipments falling by 12.41 per cent to $ 21.91 billion due to fall in top export items such as petroleum, textiles, engineering goods, and gems and jewellery items.

The Minister's comment indicates that export figures for July 2020, which will be officially announced mid-August, will also post a fall vis-a-vis last year, but the decline will be lower than that experienced in the previous months.

Goyal said that the country today was in a mood to not only bring back economic activity but also become self reliant, improve quality of its products, bring about competitive pricing of the products, building economies of scale and compete with rest of the world on equal and fair terms. "... that will make Indian products not only a fair proposition but preferred proposition," he said.

Source: financialexpress.com– Aug 04, 2020

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# ASEAN-India FTA review can double trade between the two, says Puri

*Cambodia, Philippines seek bilateral FTAs with India*

A review of the ASEAN-India Free Trade Agreement (FTA), once completed, will have the potential to double trade between India and the 10-member grouping, Hardeep Singh Puri, Minister of State for Commerce and Industry, said.

Digital technologies such as e-commerce, fintech, Artificial Intelligence and blockchain hold the maximum promise for collaboration between India and the countries in the Indo-ASEAN-Oceanic (IAOR) region, the Minister said speaking at the Indo ASEAN Oceanic Business Summit & Expo, organised by CII on Tuesday, according to an official release.

The Minister's expectations on the future of the ASEAN-India FTA could put to rest speculations about India looking at the possibility of exiting the trade pact because of the rising imbalance in favour of the ASEAN.

The 10-member ASEAN includes Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Laos, Myanmar, Cambodia and Vietnam. The IAOR has 19 members which include Australia, Bangladesh, India, Indonesia, Iran, Kenya, Malaysia, Madagascar, Mauritius, Mozambique, Oman, Seychelles, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, UAE and Yemen.

Prime Minister Narendra Modi, too, had welcomed the idea of a review of the India-ASEAN FTA at the India-ASEAN meet in Bangkok in November 2019 and had expressed hopes that it will help balance bilateral trade more. The trade deficit with ASEAN from 2010-11 until 2018-19 increased more than four times from $5 billion to $21.8 billion.

In the aviation sector, the government was moving ahead with the privatisation of airports and this presents a huge opportunity for countries from the IAOR region, sid Puri, who is also MoS for Civil Aviation (independent charge). Opening of the MRO (Maintenance, Repair and Overhaul) sector also presents a major opportunity for collaboration, the release added.

Cambodian Secretary of State for Commerce Seang Thay said India and Cambodia had a long history of cooperation and his government was now seeking to enter into a bilateral FTA with India.

Ceferino S. Rodolfo from Philippines Department of Trade and Industry said India and Philippines could work together in areas such as transport infrastructure, heavy industry, pharmaceuticals, online education among others. He suggested that a bilateral FTA between India and the Philippines could also be explored.

Source: financialexpress.com– Aug 04, 2020

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## Cargo volumes at State-owned major ports decline 18 per cent in April-July

Cargo volumes handled at India's dozen state-owned major ports fell 18.06 per cent during April-July period to 193.38 million tonnes (mt) from 236.01 mt a year ago as the coronavirus-induced demand contraction continue to roil global trade.

With the exception of Mormugao Port Trust, the remaining 11 major ports reported volume declines in the April-July period compared to the same period last year, with Kamarajar Port Ltd posting the steepest fall of 35.64 per cent, according to the Shipping Ministry.

Kamarajar Port Ltd, India's only state-owned port that is run as a company, handled 7 mt from the 10.87 mt last year. Chennai Port Trust handled 11.08 mt in April-July FY21 from 16.43 mt last year, a drop of 32.53 per cent. The container volumes at Chennai dipped to 323,000 TEUs from 506,000 TEUs, a decline of about 36 per cent.

Cochin Port Trust handled 7.76 mt, 32.78 per cent lower than the 11.55 mt handled during the first four months of FY20. The container volumes at Cochin Port Trust declined about 17 per cent to 167,000 TEUs from 203,000 TEUs during the same period last year.

Jawaharlal Nehru Port Trust (JNPT), India's biggest container port located near Mumbai, reported a 27.69 per cent drop in volumes to 16.94 mt from

23.43 mt. JNPT's container volumes slipped to 1.192 million TEUs from 1.738 million TEUs a year earlier, a drop of about 30 per cent.

Syama Prasad Mookherjee Port Trust (formerly Kolkata Port Trust) reported a volume drop of 26.09 per cent to 16.050 mt from 21.717 mt. Cargo traffic at Mumbai Port Trust fell 19.79 per cent to 15.858 mt from 19.771 mt.

Deendayal Port Trust, India's biggest state-owed port by volumes handled, reported a 16.78 per cent decline in volumes to 34.11 mt from 40.99 mt. Visakhapatnam Port Trust reported a 11.26 per cent decline in volumes to 21.034 mt from 23.704 mt.

Cargo volumes handled by V O Chidambaranar Port Trust dropped 9.74 per cent to 10.57 mt from 11.71 mt. Paradip Port Trust handled 34.64 mt, a drop of 9.07 per cent over the 38.09 mt handled last year.

New Mangalore Port Trust reported a 4.60 per cent decline, handling volume of 11.56 mt from 12.12 mt. Mormugao Port Trust handled 6.76 mt from 5.61 mt, a growth of 20.44 per cent.

All the commodities except iron ore including pellets and raw fertilisers reported a decline in volumes.

Crude oil, petroleum products, LPG and LNG declined 17.75 per cent to 63.66 mt, other liquids by 19.43 per cent to 7.98 mt, thermal and steam coal by 29.95 per cent to 23.19 mt, coking coal and others by 32.26 per cent to 13.51 mt and containers by 28 per cent (in twenty foot equivalent unit or TEU terms) to 2.49 million TEUs from 3.46 million TEUs.

Iron ore including pellets posted a growth of 24.27 per cent to 21.690 mt.

Source: thehindubusinessline.com– Aug 04, 2020

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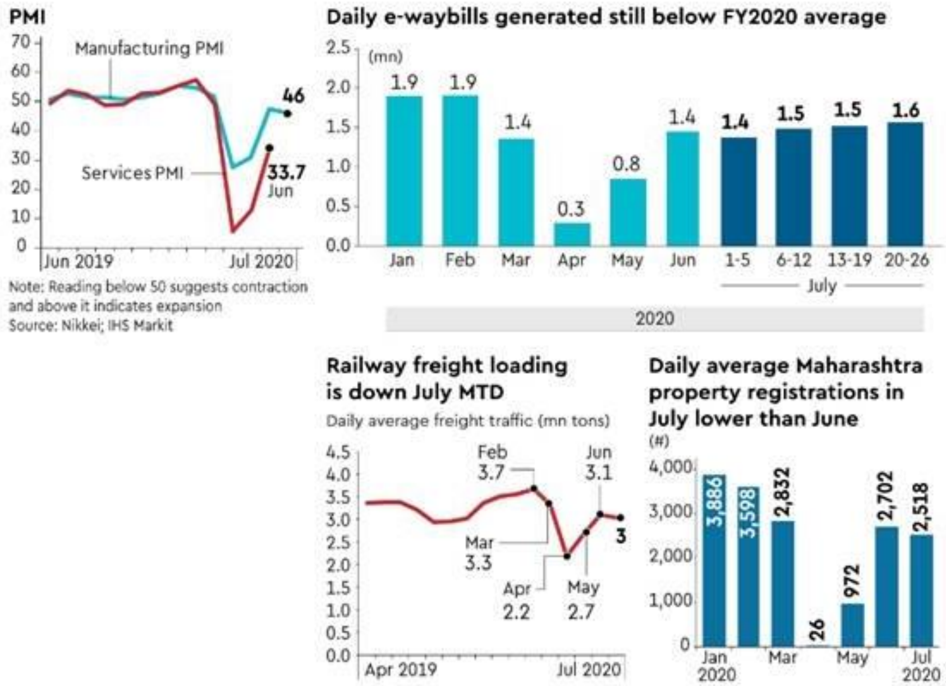
# Economic recovery slowed in July – Manufacturing, rail freight slip after resurgence in May-June

From the deep lows in the complete-lockdown month of April, several high-frequency economic indicators suggested a smart recovery and retrieval of considerable lost ground in May-June, but haven't made much headway since. Worse, some even slipped in July, signalling a roller-coaster recovery ride ahead, rather than a steady and quick one, amid more and longer localised lockdowns.




Source: GST Network, Indian Railways, Kotak Institutional Equities, Department of Registration and Stamps (Maharashtra)

The sharp spike in Covid-19 spread, leading to re-imposition of lockdown curbs in key industrial areas and urban centres, seems to have put the brakes on an incipient revival process in many industries, including the manufacturing sector.

The slowing of the recovery has also to do with the fact that sectors such as hospitality, restaurants, tourism and aviation haven't really come out of the woods ever since the pandemic broke out.

A contraction in manufacturing exacerbated in July, having recovered in each month until June following a record fall in April. The manufacturing Purchasing Manager's Index touched 46 in July, compared with 47.2 in June, 30.8 in May and 27.4 in April, while a sub-50 print suggests contraction.

Diesel sales, a proxy of business and commerce, dropped 13% in July from the previous month and were down 21% year-on-year, forcing oil refiners to slash throughput.

Daily railway freight volume, another close proxy of internal trade, recovered from the April trough of 2.2 million tonne (mt) to 2.7 mt in May, and further to a near-normal 3.1 mt in June, but slipped to 3 mt in July.

The number of goods and services tax e-waybills increased week-on-week since early May, but after jumping from less than 3 lakh/day in April to a level of 14 lakh/day in June, the number hovered around 14-15 lakh/day till July 20.

Merchandise exports were down 12% year on year in July (the same level as in June), while these witnessed a record 60% crash in April, and the contraction narrowed to 37% in May.

Source: financialexpress.com– Aug 04, 2020

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## Sonu Sood may step in to help apparel exporters get back migrant workers

Bollywood actor Sonu Sood may step in to help apparel exporters in the country get back migrant workers who have left for their hometowns following the outbreak of Covid-19.

The Apparel Export Promotion Council (AEPC) is having a dialogue with Sood to bring back migrant workers from the states of Bihar, Uttar Pradesh and West Bengal.

AEPC chairman A Sakthivel told ET that the council has requested Sood to arrange 100,000 workers immediately as export orders have started picking up.

“The order position has improved in July compared to June,” Sakthivel said. “In August, too, the trend is positive and global players are placing fresh orders. From September onwards, the orders will increase because the foreign buyers start placing orders for the summer season.”

"However, to execute that order we need workers. Our immediate requirement is 1 lakh workers. But in all, we will require 3 lakh workers. Unless the migrant workers return, it will not be possible for us to execute big orders. That is why we have approached Sood to arrange migrant workers for the apparel exporting units," the AEPC chairman said.

Sood, who had helped migrant workers return to their hometowns after a nationwide lockdown was first declared on March 25, has recently launched Pravasi Rojgar job portal to provide jobs to 300,000 workers.

"We feel that the migrant workers will listen to him as he had helped them during lockdown," said Sakthivel.

Exports of readymade garments from India have taken a hit in the first quarter of FY21 due to the pandemic and lockdowns across the globe. Exports have fallen 62.23% to Rs 10,955.42 crore in Q1 of FY21 from Rs 29,008.41 crore in the year-ago quarter.

While AEPC is approaching Sood to bring back migrant workers, exporters of Noida Apparel Export Cluster (NAEC) in Uttar Pradesh have sent feelers to the state government that they are willing to take on rent the 3,000 shelter homes that have been set up by the government for migrant workers who will work at the cluster.

The Uttar Pradesh government has set up over 3,000 shelter homes, along with medical screening facilities, across the state, as part of a slew of measures taken to accommodate the migrant workers keeping Covid-19 pandemic in view.

"The exporters will share the maximum portion of the rent while the workers will have to bear the minimum portion," said Lalit Thukral, president at NAEC. "We need workers immediately as the export orders are increasing. We are also in touch with some workers.

But they are afraid to come back because of Covid-19. Also, workers from Bihar are unwilling to come as they want to cast their votes in the upcoming state assembly elections."

Source: economictimes.com– Aug 04, 2020

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# Covid-19, high diesel prices hit fragile lorry ownership, says industry body

*Truckers across India are planning to go on strike to press the government to act on their woes*

The Federation of Karnataka Lorry Owner's Association has said the Covid-19 pandemic and high diesel prices have severely affected the lorry business and threatened lorry ownership in the country.

"This twin problem has affected the fragile lorry ownership and their survival. Out of the 93 lakh trucks, nearly 90 per cent are by single truck owners; others own up to five trucks," said B Channa Reddy, president of the federation.

The trucking industry provides employment to crores of people in the country. "This (Covid-19 and high diesel prices) is curtailing our capacity to provide employment to these people," he added.

Due to Covid-19, the entire country is suffering on the economic front. Most businesses are closed due to the pandemic. "In these circumstances, the Central government's decision to levy abnormal taxes on diesel and petrol only added to our misery, especially to the lakhs of truck owners of the country," said Reddy.

According to Reddy, "At present, the running cost of trucks is ₹26 per kilometer towards diesel. All the trucks are owned by individuals, who buy trucks on hire purchase. They have to compulsorily pay the monthly instalments, or else the vehicle is seized by the financiers."

Reddy said road transport plays an important role in the nation's economic growth. Other modes of transport such as railways, airways and waterways, depend to a great extent on roadways.

He pointed out that clearance of goods at rail heads, airports and shipyards is done by road, through trucks.

The federation has joined other truck owner associations in the country to jointly discuss issues concerning rise in diesel prices and join the common protest platform.

Reddy said, “Truckers across India are planning to go on strike till their demands are resolved by the central government. We urge the central government to reconsider the request to reduce diesel prices and (sort out) other issues within a month.”

Source: thehindubusinessline.com– Aug 04, 2020

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## New e-invoicing system

*Adopting it from October 1 will be tough for firms*

For almost all tax laws in India, taxpayers can be bunched into three categories — those who follow the law diligently without complaints, those who don’t like the law very much but still follow it to the extent possible, and those that exist only to hoodwink the lawmakers. Ever since the GST was rolled out, there have been quite a few who are in the third category.

Their typical process involves taking credit on fake invoices, not subjecting all their sales to tax, and claiming a GST refund and vanishing. The bosses at CBIC (Central Board of Indirect Taxes and Customs) have had the thankless task of keeping up with a law that changes almost every week and keeping an eye out for those who thought of the GST as a source to generate cash flow than to expend it. One of the ways in which the CBIC thought of minimising loss of revenue was to introduce a system of e-invoicing.

Through Notification Nos 60 and 61 of 2020, the CBIC has introduced the system of e-invoicing that will come into effect from October 1, 2020. The threshold limit for those who have to mandatorily issue e-invoices has been generously increased from ₹100 crore to ₹500 crore.

SEZ units, banking and insurance companies, goods transport agencies, passenger transport services and admissions to exhibition of cinematographic films have been exempted from e-invoicing.

Notification No 60 has also made changes to the existing format of the e-invoice for GST INV-1.

**GST INV -1**

One look at Form GST INV-1 is sufficient to prompt companies to tweak their ERP systems to enable them generate e-invoices. The schema of the e-invoice has technical field names for basic details, document period, preceding document, receipt, supplier information, recipient, payee and delivery information and invoice item details, etc. There are totally 18 field names which have been further broken up into 130 sub-fields.

The scheme also uses terms which only software geeks can understand. Here's a sample: Cardinality means whether reporting of the item(s) is mandatory or optional as explained below: 0..1: It means that reporting of item is optional and when reported, the same cannot be repeated. 1..1: It means that reporting of item is mandatory but cannot be repeated. 1..n: It means that reporting of item is mandatory and can be repeated more than once. 0..n: It means that reporting of item is optional but can be repeated more than once if reported.

For example, previous invoice reference is optional but if required one can mention many previous invoice references.

To get the new system up and running before October 1 is going to be a hard task even for companies that have the resources to implement and budgets to spend. Due to the shortage of time, the ERP vendors will probably come up with a "jugaad" solution — the ERP system will dish out only what is mandatory as per the cardinality rule. The rest will be done in due course of time. The CBIC should give an option to these taxpayers to attempt a parallel system at least for three months and then move on the GST INV-1.

The e-invoicing system will not have much impact on the third category of taxpayers since their turnover would invariably be less than ₹500 crore.

However, the learning from this system can be useful for the CBIC when it decides to roll this out to all GST taxpayers later. It is only then that the menace of tax evasion and attempting to rip off the CBIC will reduce.

Source: thehindubusinessline.com– Aug 04, 2020

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# Stalwarts to boost confidence of trade, industry

With moral of Surat's trade and industry already down due to poor demand, the Southern Gujarat Chamber of Commerce and Industry (SGCCI) has taken up a task to boost the confidence of the entrepreneurs in Surat and south Gujarat region across all sectors.

Known as the knowledge series, the SGCCI is posting 'Letters of Confidence' written by the trade and industry leaders to its 9,000-odd members to revitalize their confidence to fight the battle against Covid-19.

According to SGCCI office-bearers, coronavirus pandemic has dealt a major blow to the industrial activities in Surat and south Gujarat region, which is the hub of the textiles, diamonds and gems and jewellery. While the diamond industry is operating at less than 30% of its capacity, the man-made fabric (MMF) sector is the most hard-hit with industrial production down to 15%.

"Industry leaders from various sectors including diamonds, textile, chemicals, engineering etc. have been shortlisted for writing, letters addressed to the entrepreneurs. In the letters, industry leaders would talk about the current situation developing around coronavirus pandemic, plague epidemic in the past, devastating floods and how every time the trade and industry rose like a phoenix," said interim president of SGCCI, Dinesh Navadiya.

"More than the government's support, industries need the emotional support of their leaders in such turbulent times. They need to be told not to lose hope and tide over the Covid-19 pandemic and look towards growing their businesses," he added.

Chairman of Venus Jewels, Sevanti Shah, who is the first in the industry to write 'Letter of Confidence' said, "I am a witness of the devastating floods of 1969, the bubonic plague of 1994, the devastating 2006 floods and the global economic downturn in 2008. During all these calamities, I have seen the industries rise like phoenix despite all the odds. Same is going to happen after the coronavirus pandemic, I am confident of that."

Source: timesofindia.com– Aug 05, 2020

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# Export order books improving, but labour shortage still an issue: Exporters

The country's merchandise exports will further revive in the coming months as order books are showing signs of improvement, even as the industry is still facing labour shortage, according to exporters.

Ajay Sahai, director general of Federation of Indian Export Organisations (FIEO), said there is no problem of orders in the shorter run, but exporters are still not getting long-term orders.

"We are expecting that the situation will improve further as the order book situation is improving. Orders are mainly coming from the US and European countries," Sahai said.

On labour shortage, he said that factories are still not running at full capacity,but the situation will improve in the next few months.

Council for Leather Exports Chairman P R Aqeel Ahmed said the sector is doing well as "our order books are improving".

Sharing similar views, Apparel Export Promotion Council (AEPC) Chairman A Sakthivel said there is a positive sentiment for Indian goods and this is helping in pushing the outbound shipments.

"Orders are coming. This year we are hoping that we will be able to significantly increase our exports. Factories are running at about 60 per cent capacity. By November, we will be able to reach the pre-Covid level," Sakthivel said.

Ludhiana-based Hand Tools Association President S C Ralhan too said that orderbooks are good with engineering exporters.

"But we are facing problems because of labour shortage. Still only 50 per cent of the workers are coming to factories and due to this, we are not able to ramp up our production," he said.

Ralhan hoped that after the flood water recedes in states like Bihar, labour movement would start.

Export Promotion Council for Handicrafts (EPCH) Executive Director Rakesh Kumar said that orders are coming, but due to shortage of workers, there is a problem in boosting production.

"Labours are not coming in full shifts," he said.

Kumar also urged the government to address issues related to merchandise export from India scheme (MEIS) as exporters are not able to fix the prices on their products.

"MEIS helps in increasing price competitiveness of exporters, but due to the uncertainty over the scheme, exporters are in confusion over fixing the price of new orders," he added.

India's exports fell for the fourth straight month in June as shipments of key segments like petroleum and textiles declined but the country's trade turned surplus for the first time in 18 years as imports dropped by a steeper 47.59 per cent.

Export sectors which recorded negative growth in June include gems and jewellery (-50 per cent), leather (-40.5 per cent), petroleum products (-31.65 per cent), engineering goods (-7.5 per cent), ready-made garments (RMG) of all textiles (-34.84 per cent), and cashew (-27 per cent).

Import segments which recorded negative growth include gold, silver, transport equipment, coal, fertiliser, machinery and machine tools. However, exports of oil seeds, coffee, rice, tobacco, spices, pharma, and chemicals reported positive growth in June.

Indian Oilseeds and Produce Export Promotion Council (IOPEPC) Chairman Khushwant Jain said that oil seed exports are recording growth on account of healthy output and steps taken by the government to promote shipments.

During April-June 2020, exports fell by 36.71 per cent to USD 51.32 billion while imports shrank by 52.43 per cent to USD 60.44 billion. The trade deficit stood at USD 9.12 billion during April-June.

Source: business-standard.com– Aug 03, 2020

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# Early signs of PBW infestation in Maharashtra's cotton fields worry farmers, Agriculture Department

Early signs of pink bollworm (PBW) infestation in Maharashtra's cotton fields has raised an alarm for farmers and the Agriculture Department. The infestation, which was reported in 51 villages, has been mainly in fields which saw sowing before the first week of June.

Cotton growers count PBW as one of the most dreaded pests for their crops. The worm completes its lifecycle in the crop and eats through the square (bud) flower and the lint of cotton. If not controlled early, PBW can wreak havoc in the cotton crop. In 2017-18, cotton growers in the state had reported losses due to repeated attacks by the worm in their fields.

The first sign of infestation was reported from villages in Telhara taluka of Akola district in Vidarbha region. D B Undirwade, a professor at Akola-based Punjabrao Deshmukj Krishi Vidyapeeth, said he noticed the infestation in multiple fields. "The crop in question was almost 45-50 days old, and was thus planted before the first week of June," he said. Signs of infestation were seen in moths caught in pheromone traps (special contraptions with the female sex hormone to trap male moths). Deformed flowers, which are a clear mark of infestation, were also seen in the fields. Other than Akola, PBW infestation was reported from districts of Ahmednagar, Jalna and Amaravati.

Undirwade said dormant larvae of insects live in unopened bolls and other stalks of the old crop, and once the new crop is sown, the insect completes its lifecycle and lays eggs in the growing cotton crop. In case of early sowing, flowering and a square formation (bud) begin to form 45-50 days after sowing, allowing the newly emerged larvae to feed and grow.

N K Bhute, assistant entomologist from the Cotton Improvement Centre (CIC) of Mahatma Phule Krushi Vidyapeeth, said newly emerged larvae feed only on squares (buds) or flowers, and cannot feed on the leaf. In want of both, the larvae dies without causing any major damage to the crop.

However, in case of early cotton sowing, the completion of the lifecycle and emergence of the next generation overlap with the emergence of squares and flowers of the crop. "Thus, they tend to get enough matter to start a new generation," he said.

Bhute said villages in Nevasa and Shrirampur in Ahmednagar district have reported PBW infestation above the economic threshold limit or ETL, which is the measure of pest population per density at which pest control measures are initiated. In case of PBW, eight to ten moths are trapped in pheromone traps for three consecutive nights.

Farmers are advised to delay their sowing to avoid infestation, but in most cases – especially where irrigation is available – they tend to prepone their sowing. At present, chances of the pest spilling over to the crops sown late cannot be ruled out as well. “Farmers have to be extra vigilant to avoid a situation like that in 2017-18,” Undirwade said.

Maharashtra has reported 41.8 lakh hectares of cotton sowing this season, with farmers in Marathwada and Vidarbha mainly going for the fibre crop.

Dheeraj Kumar, Commissioner of Agricultre, said the department has pressed all of its ground staff into action to implement the standard operating protocol (SOP) to control the pest. “We will also ask the progressive farmers to help in controlling the infestation,” he said.

Source: indianexpress.com– Aug 04, 2020

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