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US 71.20| EUR 77.69 | GBP 91.93| JPY 0.65

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
18852	39400	**70.49**

Domestic Futures Price (Ex. Warehouse Rajkot), February

Rs./Bale	Rs./Candy	USD Cent/lb
19520	40797	**72.99**

International Futures Price

NY ICE USD Cents/lb (March 2020)	68.19
ZCE Cotton: Yuan/MT (May 2020)	13,065
ZCE Cotton: USD Cents/lb	84.85
Cotlook A Index – Physical	**76.75**

Cotton Guide- Cotton ended with gains of almost half a cent. The two factors which have strengthened the bulls can be broadly classified as intrinsic and extrinsic. The Intrinsic factors are the lower supply figures that the market participants are expecting to see in World Agriculture Supply and Demand Report commonly known as the WASDE report which is a monthly release.

The market participants were expecting a big supply drop in January's report, however, to everyone's surprise the drop was not as drastic as expected. Hence, the cotton community is speculating those figures to emanate in the next release. This has strengthened the bulls especially the speculators to some extent.

The extrinsic factors which have strengthened the Cotton bulls are gains seen in the U.S. stock markets. They rose to new highs Monday as investors focused on signs of strength in the U.S. economy. Long lines at pharmacies and soaring demand for respiratory masks and plastic gloves show how the coronavirus outbreak has benefited some medical companies.

The ICE March contract settled at 68.19 cents per pound with a change of +44 points. The ICE May contract settled at 68.74 cents per pound with a change of +60 point while The ICE July contract settled at 69.54 cents per pound with a change of +52 points. The total volumes were seen at 64,334 contracts. While mentioning about the domestic futures the MCX contracts as expected remained consolidated. The most active contract the MCX February contract with volumes of 1043 lots settled at 19,020 Rs per Bale with a change of -10 Rs whereas the MCX March contract settled at 19,290 Rs per Bale with a change of -20 Rs.

The Cotlook Index A on the other hand has been adjusted downward at 76.75 cents per pound with a change of -25 points. The average prices of Shankar 6 are constant at 39,400 Rs per Candy. The Northern crop the Punjab J-34 crop is available at 4,040 Rs per Maund. Arrivals of cotton in India are better this year as compared to the previous year where the figures could not cross the 2 Lakh Bale figures. Currently the average daily arrival figure is at 215,000 Lint equivalent bales which comprises Maharashtra and Gujarat at 52,000 Bales each and Telangana at 40,000 Bales.

While speaking about USDINR the Indian Rupee is seen to appreciate as the prices of Crude have plummeted in the previous fortnight. WTI Crude is currently trading at 50.20 USD per Barrel as opposed to 62.85 USD per Barrel seen at the start of this year. This will thus hurt the sentiments of the Indian Exporters who have not hedged the currency while contracting cotton. On the fundamental front, for ICE contracts, expect prices to show slight gains followed by consolidation as demand concerns from China still linger [due to the prevailing epidemic]. For MCX contracts we would again give a sideways call with a bearish bias.

On the technical front, In daily chart, ICE Cotton March broke down from an upward sloping channel along with the support of 61.8% Fibonacci retracement level of the recent up move, however price would look to complete a pullback towards the lower end of channel before it resumes it bearish bias. Meanwhile price is below the 5 & 9 day EMA at 68.57, 68.80 with a negative crossover which would act as an immediate resistance for the price, along with RSI at 45 suggesting for the sideways bias in the market. However, the next support for the price would be 66.75 recent low & 76.4% Fibonacci retracement level & the immediate resistance is around 68.90, which is 38.2% Fibonacci retracement level. Thus for the day we expect price to hold the range of 67.75-68.80 with a sideways bias. In MCX Feb Cotton, we expect the price to trade within the range of 18900-19350 with a sideways bias.

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com or can contact: allwyn.stewart@kotakcommodities.com, Source: Reuters, MCX, Market source

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INTERNATIONAL NEWS

Neither US nor China winner in trade war: QIMA

Neither the United States nor China is the winner of the trade war, QIMA's data on production inspection and supplier audit demand in 2019 confirms. While many US buyers moved sourcing away from China, they were not in a hurry to bring manufacturing back home, instead dividing the diverted business between near-shoring regions and China's Asian neighbours.

As 2020 opens with an array of geopolitical risks ranging from the tensions with Iran, the looming EU trade war, to the protracted Brexit process, 2019's global trade uncertainty looks unlikely to be eased any time soon, QIMA said.

Hong Kong-headquartered QIMA is a leading provider of supply chain compliance solutions that partners with brands, retailers and importers to secure, manage and optimize their global supply network.

In 2019, demand for inspections and audits from US brands expanded by 9.7 per cent year on year (YoY) in Southeast Asia (with Vietnam, Taiwan and Myanmar among the top destinations) and by 37 per cent YoY in South Asia, with Bangladesh enjoying renewed popularity.

Meanwhile, China as a manufacturing hub saw overall inspections and audits volumes decrease (minus 3.4 per cent YoY), with the growing demand from other emerging regions not fully compensating for the escape of North American, Australian and, to a lesser extent, European customers, QIMA said in a press release.

While massive re-shoring of manufacturing remains unlikely, both tariffs and non-tariff factors (increasing output costs, the search for adequate manufacturing capacities, and the ever-growing need for supply chain flexibility, to name a few) drove US and European Union (EU) buyers to move significant portions of their sourcing closer to home during 2019.

For American businesses, the near-shoring trend translated to rapid expansion in Latin and South America: inspection and audit demand from US buyers in the region more than doubled in 2019 versus 2018, with Mexico, Peru, Guatemala and Haiti the most popular sourcing destinations.

Meanwhile, EU brands favoured North Africa and the Middle East, with inspection and audit volumes tripling in 2019 YoY compared to 2018. In addition to familiar sourcing grounds like Turkey, Morocco or Tunisia, Egypt also saw double-digit growth in inspection demand.

On-site audits by QIMA show that throughout 2019, ethical and environmental progress in global supply has stagnated as businesses consistently prioritized operational concerns over sustainability. Over 18 per cent of factories audited in 2019 had critical ethical violations, of which almost 40 per cent were related to working hours and wage non-compliances. Violations related to child labour were recorded in 3 per cent of factories, a slight improvement on the 2018 figure.

Ethical performance of specific regions in 2019 mirrored the shifting sourcing geographies: social compliance was more likely to suffer in regions that experienced an influx of buyers. For instance, in Southeast Asia.

Ethical compliance in Chinese factories improved in 2019, with scores recorded by QIMA auditors rising by 5 per cent compared to 2018 averages. The shifting of price-sensitive sourcing to other countries may well be a factor in this: historical QIMA data shows that low-cost and manual-heavy sectors like textiles and apparel are much more prone to ethical violations, compared to industries with higher cost of outputs, better training and more automation.

China continued its long-term trend for incremental improvement in manufacturing quality: 24 per cent of products inspected in Chinese factories were found outside specifications in 2019, compared to 27 per cent in 2018.

Manufacturers in South Asia, despite the region's reputation for being a quality hotspot, also succeeded at keeping the percentage of defective products under 25 per cent (compared to over 27 per cent in 2018), QIMA added.

Source: fibre2fashion.com- Feb 11, 2020

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Vietnam's garment-textile expects boom in 2020

Vietnam's garment-textile sector is expected to make breakthroughs in 2020 thanks to the Fourth Industrial Revolution.

Vietnam's garment-textile sector is expected to make breakthroughs in 2020 thanks to the Fourth Industrial Revolution. Other factors including free trade agreements (FTA) that will take effect in 2020 and the penetration of international brands like Zara, H&M and Mango will also favour the industry's growth.

The sector has made significant progress, especially in yarn and dyeing, through IT applications, as reflected in improved productivity, accelerated production and reduced labour force.

According to Truong Van Cam, Vice President of the Vietnam Textile and Apparel Association, more than 2.5 million tonnes of yarn were churned out in 2019, of which over 1.5 million tonnes valued at about 4 billion USD were exported.

Fabric output also increased six times and export value clocked up 2.1 billion USD, he added. The Fourth Industrial Revolution's impacts on production mindset and methods are tangible. An example is Duc Quan Investment and Development JSC in the northern province of Thai Binh, which has doubled its yarn output to 17,000 tonnes per year through the application of Big Data in production and management.

Garment 10 Corporation JSC has also used online business management software DIP BMS.NET to better monitor transactions of distribution chains. Members of the Vietnam National Textile and Garment Group (Vinatex) such as Hoa Tho Textile-Garment Joint Stock Corporation, Viettien General Garment JSC and Nha Be Joint Stock Corporation have joined the trend.

Vinatex General Director Le Tien Truong said technological applications offer workers stable jobs with higher incomes while helping the group double its profits. Optimising the achievements of the Fourth Industrial Revolution has become an inevitable trend. However, this has met with a range of difficulties, especially a severe shortage of labourers who can use the new equipment.

Humans, particular technicians, play a key role in the process, said Vinatex Managing Director Cao Huu Chien, adding that the group has mobilised different resources for personnel training.

The Prime Minister has also agreed to upgrade the Hanoi Industrial College for Textile, Garment and Fashion to the Hanoi Industrial Textile Garment University, creating a major personnel training channel for the sector, he said.

Source: Vietnam Plus,- Feb 10, 2020

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Bangladesh's Coronavirus impact: Disruption in supply chain worries garment exporters

Bangladesh's clothing industry is likely to be seriously affected by the impact of coronavirus as the country imports almost half its raw materials requirement for the sector, exporters say.

They said the sector is facing uncertainties as the death toll from the novel virus exceeded 900 on Monday.

The country imported textiles and other raw materials from China worth $5.02 billion during fiscal year 2018-19, according to the lobby group Bangladesh Garment Manufacturers and Exporters Association, or BGMEA.

Besides, about 40 per cent of the capital machinery and spare parts for the textile and garment industry comes from China, whose Wuhan city was the epicenter for viral infection.

Garment export contributed 84.21 per cent to Bangladesh's total exports income of $40.53 billion in the last fiscal.

Total garment exports amounted to $34.13 billion posting an 11.49 per cent growth during the period, the state-run Export Promotion Bureau (EPB) data shows.

In contrast, Bangladesh's total raw materials and other imports from China totalled $13.65 billion last fiscal.

Former BGMEA president Siddiqur Rahman told the FE that exporters are worried about the garment shipments as China is the country's biggest raw material supplier.

"If the coronavirus epidemic lingers on in China, Bangladesh's apparel production will definitely be affected," he added.

The opening of letters of credit (L/Cs) for raw materials import from China has been affected, Mr Rahman said.

He said, "Buyers from the US and the EU are not travelling to Asian countries, including Bangladesh. We are also not visiting Hong Kong and China. So, the business is almost going to be stagnant."

BGMEA president Dr Rubana Huq told the FE that the coronavirus crisis has become a concern for the textile and RMG industry in Bangladesh since "we source a significant amount of our raw materials from China."

"While we are deeply sympathetic to the people of China..., it seems the deepening crisis and continued shutdown of facilities in China would have some disruption in our supply chain."

Dr Huq expressed the fear that the impact would be severe for sweater and woven sub-sectors.

"The Chinese holidays have been extended for seven days... if the crisis persists, it will lead us to an irrevocable disaster of the supply chain."

The waiting time of vessels berthing has come down to zero from 4-5 days during mid-January, she said, sensing a slowdown in imports has already started.

"If the crisis prolongs, the impact would be severe and perhaps unmanageable," the BGMEA chief said.

Former lead economist at the World Bank Dr Zahid Hussain said the impact on the Bangladesh's garment sector could become severe in case of a lingering coronavirus crisis.

He said the country's woven garment is the most vulnerable to the impact as China is the main raw material supplier.

"Bangladesh's apparel export is already in the negative trajectory. When we need to overcome the sluggish export trend, the Chinese impact is going to make us vulnerable," he added.

Local apparel manufacturers should look for alternative raw materials suppliers like India and Pakistan for offsetting the China effects, Dr Hussain argued.

Source: thefinancialexpress.com.bd- Feb 11, 2020

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Australia, Indonesia move to implement trade deal

Australia and Indonesia announced a 100-day plan on Monday to implement a long-awaited trade deal, as the two countries hailed a "new beginning" for their sometimes troubled relationship.

The two G20 economies hope to deepen trade currently worth a modest US$12 billion a year, in a region increasingly dominated by China''s economic and military might.

Addressing Australia''s parliament on a landmark state visit, President Joko Widodo cast the two nations as would-be "Avengers" -- "forces of good" uniting to defeat a "common enemy" and shared challenges like protectionism, intolerance and climate change. Widodo said his visit to Australia marked "a new beginning of a new relationship" between the two nations.

The 58-year-old former furniture manufacturer was sworn in for a second term late last year, promising to reduce widespread poverty as Indonesia becomes one of the world''s largest economies.

Negotiations over the Australia-Indonesia trade deal began in 2010 and it was ratified by Indonesia''s parliament last week, ahead of Widodo''s visit.

The agreement will eventually see the elimination of all Australian trade tariffs, while 94 percent of Indonesian duties will be gradually eliminated. Greater access to the Australian market is expected to spur Indonesia''s automotive and textile industries, and boost exports of timber, electronics and medicinal goods.

The pact also includes improved access for Australia''s agriculture industry to Indonesia''s vast market of 260 million people. Australian universities, health providers and miners will also benefit from easier entry to Southeast Asia''s biggest economy.

In a joint public appearance with Widodo in Canberra, Australian Prime Minister Scott Morrison outlined a 100-day "action plan" for implementation. He called the long-delayed deal a "mutually beneficial arrangement, one that sees the cooperation of our economies for the strong growth that we will see over the next decade and beyond".

The leaders also eyed talks aimed at making it easier for Indonesians to enter Australia and a review of Australian travel advice for tourist destinations in Indonesia, Morrison said. Ties between Canberra and Jakarta have often been strained, including over Australia''s hardline approach to asylum seekers.

The trade deal was meant to be signed in 2018, but stalled when Morrison proposed the relocation of Australia''s embassy in Israel to Jerusalem -- a move that angered Indonesia, the world''s most populous Muslim country.

Both countries have also struggled to manage their relationship with a more assertive Beijing. Last month, Indonesia sent jets and warships to patrol islands near the disputed South China Sea, accusing Chinese vessels of "trespassing".

Source: outlookindia.com- Feb 10, 2020

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What Can Just-In-Time Production Players Learn From the Coronavirus?

The just-in-time manufacturing model is gaining ground as companies aim to address fashion's overproduction problem and wasted inventory by more closely aligning production with demand.

But as companies chase a more financially sustainable sourcing strategy, the recent coronavirus outbreak calls into question whether they are potentially putting themselves at risk of sacrificed sales and lost productivity in the face of a crisis.

Originally developed by Toyota after World War II, just-in-time has more recently been co-opted by the fashion business, particularly among younger labels and fast-fashion retailers such as Zara. While the traditional fashion cycle involves companies producing plentiful stock based on untested designs and assumed demand, just-in-time enables firms to produce on a shorter timeline and shift manufacturing as needed.

When running smoothly, just-in-time offers a respite from markdowns and other wastefulness that cut into margins. However, companies that typically wait to produce until there is definite demand could be left with understock issues if they encounter a hiccup in their supply chain due to a crisis, delaying manufacturing or deliveries.

"The just-in-time model is good and lean for the supply chain, and it's definitely proven itself to be an excellent financial sustainable model," said Sharon Lim, CEO of Browzwear. "Nevertheless, it's also not known to be able to cope very well in crisis to keep production going."

The current coronavirus outbreak has shut down some of China's production hubs as factories have closed amid quarantines and the Lunar New Year. The health crisis has also reduced air travel to and from the nation, cutting off a number of cargo routes.

Beyond the coronavirus, events including geopolitical disputes and natural disasters have brought attention to the potential challenges of getting goods or raw materials from international suppliers in a timely fashion.

In a crisis situation, both manufacturers using traditional production methods and just-in-time strategies face a slowdown in sales and shipments. However, just-in-time adoptees are apt to experience hurdles in a shorter amount of time than others, since they do not have as much excess inventory or raw materials.

“A lot of people use buffer inventory at choke points in their supply chains to buffer out variability in supply and demand,” said Gregory Schlegel, executive in residence, supply chain risk management at Lehigh University. “The minute you take those away, your supply chain is at risk for any type of disruption.”

While Lim noted just-in-time is generally good for the bottom line, she said the pain point for these companies amid a crisis will be production rather than finished goods. There tends to be inventory stacked up in the various channels from factory to retail, whereas in a just-in-time model, raw materials are not kept on hand in mass, leading to shortages that disrupt production.

Schlegel explained that factories leveraging a just-in-time model typically source materials from suppliers that can reach them within a day, and the factories rely on having near constant shipments. For automotive assemblers, for instance, if a single delivery truck turns over, production will be halted after just two shifts.

“In lean, just in time, you don’t make extra inventory just for the sake of making it to keep people busy,” he said. “So you send people home, and now the costs start adding up.”

Just-in-time companies might be more at risk during a crisis in some ways, but they also have some advantages over their counterparts. According to Mark Burstein, president of NGC Software, companies that operate using just-in-time have better real-time visibility into their supply chains, from factory capacities to material availability. This enables firms to shift production or material sourcing to unaffected areas in times of crisis.

“If you don’t have that visibility, it is almost impossible to try to handle this manually,” Burstein said. “By the time you figure out what you want to start moving, the coronavirus will be over.”

To do just-in-time in a less risky way, companies need to plan ahead. Schlegel noted that some lean leaders or "exemplars" have taken a more proactive approach toward crisis management. These frontrunners have digitized their supply chains, and they run potential scenarios ahead of time to develop risk response plans. These companies also monitor channels such as police alerts and social media in areas where they produce and sell to gauge headwinds, helping them react to potential problems more rapidly.

For instance, some early movers may have been able to purchase extra materials ahead of time as the coronavirus hit. "Everything in supply chain risk is relative," Schlegel said. "If you can identify a risk, assess the risk, mitigate it and manage it faster than your nearest competitor, that's a strategic advantage."

Technology allows for flexibility in other ways as well. "We're seeing a lot more companies housing our design systems in-house to develop the knitting programs themselves," Hayato Nishi, senior business development at 3-D knitting technology company Shima Seiki, said. "So as long as there's a knitter in some area other than China, for example, they can send other factories the same exact knit data, and they can achieve the same product."

Nishi believes that localization, whether domestic or within a nearby nation, is one answer to the potential disruption in on-demand production plans. He has seen brands moving their production stateside to make garments closer to where their consumers live and shop, reducing their carbon footprint and the risks that revolve around international shipping.

"In this case, where you have an outbreak in China and the factories are closed and they're not responsive, if you're utilizing [our] technologies, you can have access to the data and find an alternative knitter that can produce realistic quantities for you that are maybe closer to where you're trying to ship the goods to," Nishi said.

Beyond localization, diversification is another contingency plan for all producers. While sourcing from one supplier might be easier in the short-term, it is not the safest route to a flexible, crisis-capable supply chain. "To take precaution and also to plan a supply chain with agility and with time reduction for the apparel industry has become more of an urgency than ever before," Lim said.

The global nature of the fashion business means that hiccups are far reaching. “We are a global village,” Lim said. “There’s so much interconnectivity that oftentimes right now, any type of a crisis doesn’t just hit one part of the world.”

Source: sourcingjournal.com- Feb 10, 2020

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Cambodia garments, possibly losing EU trade status, now hit by coronavirus

At least four textile factories in Cambodia may suspend operations because of delays to the supply of raw materials from China caused by the coronavirus outbreak, the labour ministry said on Monday.

Ministry spokesman Heng Sour said there had been delays in deliveries of garments, yarn, buttons and shoe soles. The garment industry is Cambodia's largest employer, generating $7 billion for the economy each year.

The European Union will decide on Wednesday whether or not to suspend Cambodia's special trade preferences over human rights concerns.

Cambodia benefits from the EU's "Everything But Arms" trade programme, which allows the world's least-developed countries to export most goods to the European Union free of duties.

"If by the second week of March, factories still don't know when they will be able to get the materials from China, they may suspend for two to three weeks," Sour told Reuters.

Sour said that four factories, which employ around 3,000 workers in total, had expressed their concerns to the government.

Sour declined to provide names of the factories or which brands they supplied.

Global clothing and shoe brands, including Adidas , PUMA and Levi Strauss , have written to Cambodia's longtime leader, Hun Sen, saying the country's record on labour and human rights threatens to bring down sanctions on the garments industry.

Cambodia's only confirmed case of coronavirus, a Chinese national in the coastal city of Sihanoukville, had recovered and left hospital on Monday, the Ministry of Health said in a statement.

Source: kfgo.com- Feb 10, 2020

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Bangladesh: All for natural fabrics

You probably have a favourite cotton T-shirt or a dress that you have worn for years. I certainly do. I have cotton T-shirts that are six or seven years old, which went through more than one hundred washes and still hold up really well. The secret is in their fabric, which is a natural fibre that grows on the cotton plant.

Today, marketplaces overflow with synthetic fabrics — nylon, polyester, acrylic, and rayon. Why? Because they are low-cost, wrinkle-free, and generally, more durable than natural fabrics like cotton, silk, wool, or linen. But all synthetic fabrics are just different forms of plastic. To cater to consumers' demand for cheap apparel, fashion houses and fast fashion retailers around the world produce clothes that are low-priced, but have detrimental effects on our health and environment.

NAY TO SYNTHETIC FABRICS

The production of synthetic fabrics results in serious environmental damages — from water and air pollution during the long and toxic production process, to microplastics being released to waterways and sewers with every wash.

A discarded garment eventually ends up in a landfill, where it will take the garment some 300 years to break down, if it is made from a synthetic material like polyester, which is, a by-product of petroleum.

It may sound hard to believe, but unlike natural fibres, which are biodegradable, synthetic fibres take hundreds of years to decompose. During this eerily long decomposition process, it continues to pollute the environment. If such a discarded garment ends up in a water body instead of a landfill, the result remains the same — the garment releases its microfibers and artificial dyes to rivers, lakes and oceans, pollutes the water, and even disrupts the food chain — microfibers easily end up in the guts of fish and other marine animals.

Manmade textiles can also cause allergic reactions to people with sensitive skin. If you have ever developed rashes or skin irritations from a garment, it could very well be because of the material it was made from. On the other hand, cotton, silk, and linen are naturally hypoallergenic!

MAKE A NATURAL CHOICE

Have you ever left home on a hot summer day donning a georgette dress, or a polyester shirt? If yes, then you must have felt like a loaf of bread baking in an oven. But this would not have happened if you had put on a cotton or linen garment. Because synthetic fibres trap body heat and are not soft to the skin, you will also notice that when manmade fabrics are used in undergarments, bed sheets or pajamas, they turn out extremely uncomfortable.

Fibres like cotton, linen, wool, and silk come from cotton plant, flax plant, sheep, and silkworm respectively. Because they come from nature, they are environmentally sustainable, comfortable, breathable, biodegradable, moisture-wicking, durable, and heat-responsive.

Yes, natural textiles are more expensive, but that is because they are not made by you or me. They also have much better quality than synthetic textiles. And this is exactly why a good-quality cotton T-shirt can pull through one-hundred washes! Therefore, even though they cost more, clothes made from natural fibres are always a better investment.

You can argue that natural textiles are sometimes harder to maintain than synthetic textiles. For instance, cotton and wool shrink if you do not follow the right washing instructions; wool is prone to moth attacks; and silk gets damaged when exposed to sunlight. But remember that all of the above happen because their fibres come from ‘natural’ sources.

No matter what we wear, it will have some impact on the environment. Conventionally-grown cotton uses tonnes of pesticides and synthetic fertilisers and a large amount of water. Organic cotton is therefore the best option, but clothing made from organic cotton are more expensive, and not readily available everywhere.

In spite of the downsides associated with conventional cotton farming, it is still a much better choice than a synthetic, non-biodegradable fabric like polyester, which uses toxic chemicals; and utilises more than twice the energy of conventional cotton, because more than 70 billion barrels of oil are used globally in its production every year.

Fast fashion may be cheap, but it comes at a high cost. Next time you go shopping for clothes, pick out a garment that has been made from a natural fibre. It may cost you a bit more, but it is going to be a better investment and we can assure that you will love the feel of it!

Source: thedailystar.net -Feb 11, 2020

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Pakistan: Brexit: business as usual… for now

The EU's Generalise System of Preferences Plus (GSP Plus) may arguably be the most important preferential access that the country's exporters avail, of which the United Kingdom is a key market. Assurances of continued access by officials of both countries, accompanied by the usual rhetoric of 'old ties', have kept exporter's concerns at bay.

"Brexit will not have a net impact on the demand side of rice," says Safdar Hussain Mehkri ex-chairman of Rice Exporters Association of Pakistan. Accounting for over a quarter of exports to the European Union, the United Kingdom is Pakistan's main rice market in the region.

Similar sentiments were echoed by Sohail Pasha Chairman Pakistan Textile Exporters Association (PTEA).

"If an agreement like GSP Plus is not offered by Britain, it will severely impact local businesses. However, all signs point to the continuation of its benefits. Since nothing has changed as yet, we expect to continue as before".

Going into further detail regarding Pakistan's mainstay export of textiles, patron-in-chief PTEA Khurram Mukhtar said that in the short run exporters had taken a hit. "Pakistan is the biggest exporter of home textiles in the world but we have seen exports decline in the short run".

Since Britain voted to leave the EU, uncertainty had been increasing which brought a decrease in purchasing power amidst changing premiers and political turmoil. Resultantly, high street shops had vacant looks as footfall in stores declined, he explained.

“In the long run, it may benefit Pakistan. As Britain will have to pay fewer funds to the EU and its economy will improve, its people will be better able to afford our goods. After all, London will continue to be a financial hub,” he added.

Potential concerns

Preferential access to Britain’s market is vital but it is not the only factor that determines the quantum of exports to the country. In assessing the impact of Brexit, its ripple effect has to be taken into context as well.

There are two main factors that could influence the rice, textile and other export-oriented sectors. Firstly, Britain’s aggressiveness in entering trade deals now that it is free of EU restrictions.

Currently, Britain is concentrating on first world countries such as the United States and Australia to start negotiations on new agreements. While these countries pose no threat to Pakistan’s exports, change in trade dynamics could impact the strength of the pound.

Some of the trade between Pakistan and the United Kingdom is conducted in pounds but a lot of it is in dollars therefore there will not be a direct impact. However, if trade deals increase demand of Britain’s exports as intended, its currency could strengthen making Pakistan’s exports cost less in pound terms and therefore more desirable.

Another important caveat is whether Britain pursues trade deals with countries such as China, India and Vietnam. As it stands, Pakistan’s qualification as a GSP Plus beneficiary puts us in an advantageous position since many of our competitors are not offered the same duty-free access. If status quo is maintained with Pakistan but changed with countries exporting a similar basket of goods, we may not be able to compete successfully.

The second issue at hand is the question of standards. The debate between the United Kingdom's and EU's labour and environmental standards has led to chest-thumping fiery speeches. The EU wants Britain to maintain its standards to prevent the United Kingdom from getting an edge as an economic competitor. While asserting its standards will not lower, Britain refuses to be fettered by EU's requirements.

As the behemoths battle it out, lower standards may work in Pakistan's favour or against them. For example, the EU regulations on fungicide acceptability levels elbowed India out of the premium Basmati rice market since the country had higher tricylazole levels. This created room for Pakistan to increase its exports. If these standards are lower in Britain, Pakistan could face steeper competition from India.

Being edged out from the British market has consequences for investment, employment generation and sustained growth in an already dicey economy. Being complacent while one of our biggest trading partners undergoes major changes hardly seems to be the best strategy.

Source: dawn.com-Feb 10, 2020

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Pakistan formulates region-specific policy to increase exports

Pakistan has formulated an Africa-specific policy to increase the country's trade with the region from the existing four billion dollars, a minister said on Monday.

Foreign Minister Shah Mehmood Qureshi said the government formed 'Engage Africa' policy to explore the $500 billion African market.

"Africa is a big market. The Engage Africa policy would help in increasing (our market share)," Qureshi said, speaking at the Federation of Pakistan Chambers of Commerce and Industry (FPCCI).

Qureshi said financial wellbeing is a prerequisite for effective diplomacy with the world. "Foreign policy objectives can't be achieved unless Pakistan is economically prosperous."

The minister said there has been no value-addition and product diversification on the part of industrialists and therefore it is quite difficult to find new markets and tap the potential.

Qureshi further said government finalised an agricultural research program with China to increase agricultural efficiency and produces. FPCCI President Anjum Nisar informed the minister that exports are declining and trade gap is widening.

“Cost of doing business has gone out of range, and we can’t compete with the competitors,” Nisar said. “A balanced and sustainable policy is needed so that the available export potential could be exploited.”

FPCCI president said there has been de-industrialisation for the last five years due to high cost of doing business, unavailability of utilities and political uncertainty. “Let alone foreigners, even the local investors are reluctant to take exposures.”

Meanwhile, Secretary Commerce Ahmed Nawaz Sukhera told APP in Islamabad that Pakistan wants to double its trade with African region from $4 billion to $8 billion by tapping the huge potential existing in the region.

Sukhera said the government is focusing to enhance production of goods in all priority sectors to exploit new potential markets and increase the country’s exports. “Pakistan-Africa trade is well below its true potential,” he added. “Both sides want to enter into long-term partnerships, which would be proved mutually beneficial.”

The secretary said there is a need to enhance Pakistan-Africa trade and develop banking and transportation channels. Pakistan is on a path of economic growth and attracted foreign direct investment from leading investors in the last year, he said.

Sukhera said the country held Trade Development Conference 2020 in Nairobi, Kenya, which is gateway to Africa. Kenyan ministry of commerce and East African Association presented business opportunities at the conference. Leading Pakistani companies and African companies held more than 1,000 business-to-business meetings on the sidelines of the conference.

The secretary said Pakistani exporters of rice, sports, pharmaceutical, and fans arranged business-to-business and government-to-government meetings during the conference. Overall, 2,200 business-to-business meeting was conducted between Pakistani and African businesses to enhance the trade cooperation between both the sides.

“The government is working on strategic trade policy framework for changing the trade strategies according to the new market trends,” he added.

“The government also focuses on different potential regions including Africa, North America for increasing economic and business cooperation.” He said the government wants to promote ecommerce for giving the new employment opportunities to the local youth

Sukhera said finalisation of second free trade agreement with China, exploration of African and Russian markets and last review of generalised scheme of preferences-plus with the European Union are huge success of the government.

Source: thenews.com.pk -Feb 11, 2020

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NATIONAL NEWS

Coronavirus diverts orders to India, but exporters dither on prices

Many exporting units in India are also stuck as they aren't able to import accessories from China

During this time of the year, buyers from the western markets usually travel to China to negotiate deals with garment exporters for the next season. But this time, due to the Novel Coronavirus most of these buyers have cancelled their trips and have started discussing with exporters from India and other countries. While this is good news, the flip side is exporters say they are not in a position to convert the enquiries into orders as they are not able to match the price. What's more, many exporting units here are stuck as they aren't able to import accessories from China.

As the 2019 Novel Coronavirus (2019-nCoV) continues to spread across China, many textile factories there have halted operations, disrupting exports of textiles and raw material from the Dragon nation.

T Rajkumar, chairman, Confederation of Indian Textile Industry, said export of finished textile goods, clothing and fabrics can grow by at least 20-30 per cent, providing immediate relief from the drop in shipments last year, due to the virus issue in China.

But the flip side, is cost and capacity. Today, made-in-India products are costlier by around 10-15 per cent compared to competition like Bangladesh, Vietnam, Cambodia and others. Exporters noted that since most of these countries source 90-95 per cent of their raw materials from China, India can still gain an edge if the government responds quickly and offers some tax benefits.

Recently, the textile industry withdrew four per cent incentive given under the Merchandise Export Incentive Scheme (MEIS) on made-ups and garments, with retrospective effect from March 7, 2019. Further, it was said that all incentives under MEIS granted to the exporters of made-ups and garments on exports till July 31, 2019 will be recovered.

Further, MEIS of four per cent was also frozen for made-ups and garments from last August. Moreover, there are some pending claims under the erstwhile ROSL scheme that was discontinued on March 7, 2019.

"Enquiries may have started, but with our current infrastructure and pricing, I am not sure if we would be in a position to take advantage. Yes, accessory supply will be impacted but not in the immediate future," said Rahul Mehta, president of Mumbai-based Clothing Manufacturers Association of India.

"Accessories manufactured and bought by Indian manufacturers are getting struck badly. There were no deliveries after the Chinese New year and all units there remain closed. This will impact on-time delivery to our customers," said Tirupur Exporters Association general secretary T R Vijayakumar. "We have to start with local sources, but immediately making ready and meeting the quality standards will be tough for us."

Around 10 per cent of fabric and 20 per cent of accessories make their way from China to India. The Association estimates over Rs 1,000 crore worth of accessories, including plastic and metal buttons, zips, hangers and needles are imported by garment units in the country from China, as they are 40-50 per cent cheaper than sourcing domestically and from other countries.

T Thirukumaran, managing director, Estee Exports said, "This is the biggest problem we are facing as many accessories are imported from China and if they don’t open factories soon, we will face huge delays. In fact 12 og my own items have been stuck in Guanzhou since January 21".

He added that for some styles, they rely solely on China for accessories, and for all labels and hangtags, the dependence is almost 90 per cent production. Under these circumstances, the client began to explore alternatives. Thirukumaran says he can run up to March With the existing stocks.

A leading apparel exporter said that when the SARS virus hit China in 2003 and later spread to 17 countries, it did not lead to significant damage. “This time, it could be a cause for worry if the situation doesn’t come under control and continues for a longer time,” the official said.

Source: business-standard.com- Feb 10, 2020

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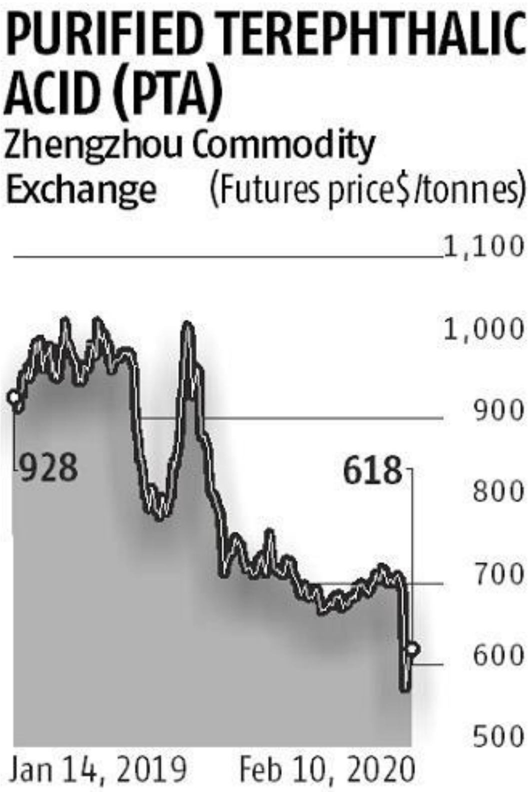
Coronavirus impact: PTA prices decline by 10% in a week on duty cut

Decline in crude prices also contributes to lowering the key textile raw material

In a major relief to synthetic yarn manufacturers, Purified Tephthalic Acid (PTA) has become cheaper by 10 per cent during the past one week following temporary suspension of import from China due to the spread of coronavirus there. Withdrawal of anti-dumping duty on this critical synthetic textile raw material has made it cheaper in India.



Trading currently at $600-$620 a tonne, PTA prices has slumped from around $660-$700 about a fortnight ago. PTA prices are determined by the movement in crude oil prices which have also slumped by 10-12 per cent in the past one week. Since PTA is linked to crude oil, its prices are quoted in dollars even by domestic manufacturers.

Synthetic yarn manufacturers attribute the PTA price decline to the abolition of 2.5 per cent of anti-dumping duty by the government, proposed in the last Union Budget announced on February 1. Apart from that, PTA import has also come to standstill due to the coronavirus outbreak in China, the world's largest exporter. Indian producers have sufficient stock to meet the import component of supply to synthetic yarn makers, and offset the impact of temporary import suspension.

"PTA prices have dropped by almost 10 per cent since eruption of the coronavirus epidemic in China. The Indian government's move to abolish anti-dumping duty has also supported the price decline, apart from the fall in crude oil prices.

Prices of other polymers have also declined. Producers were charging us $30-40 a tonne as anti-dumping duty on PTA," said Madhusudhan Bhageria, Chairman and Managing Director, Filatex India Ltd.

Meanwhile, experts believe the abolition of duty on PTA will boost the profitability of synthetic yarn manufacturers. Demand will rise due to low raw material cost and benefits will be passed on to consumers.

"The abolition of anti-dumping duty on PTA will make its availability to the industry at competitive prices and give a boost to downstream value added product. Additionally, the scheme for remission of duties and taxes on exported products will be launched this year which will refund levies such as electricity duties and value added tax (VAT) on fuel used for transportation.

The textile players do not get such refund as of now. Such benefits will certainly go a long way in improving the competitiveness of the textiles products in the export markets," said K.V.Srinivasan , Chairman, Cotton Textiles Export Promotion Council (Texprocil).

When prices go down, some extra demand gets created. Hence, synthetic textile manufacturers would get benefit of the additional demand which will help boost their profits in coming quarters.

T Rajkumar, Chairman, Confederation of Indian Textile Industry (CITI) believes that if Indian textile industry has to achieve the market size of US$ 350 billion by 2025, it couldn't have been done by without making our raw material available at an internationally competitive price.

With an installed capacity of around 5 million tonnes, Indian producers including large crude oil refiners utilizes around 80 per cent PTA capacity. China has a production capacity of 45 million tonnes of which 35 million tonnes is consumes locally. The remaining quantity 10 million tonnes is used for exports.

Source: business-standard.com- Feb 10, 2020

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Coronavirus outbreak: Apparel enquiries diverted from China to India

The flip side is exporters saying they are not in a position to convert such enquiries into orders, being unable to match the competition's price

At this time of the year, buyers from Western markets travel to China to negotiate with garment exporters for the next season. Because of the coronavirus spread, most of them have reportedly cancelled the trip and started discussing with exporters from other countries, including India.

T Rajkumar, chairman, Confederation of Indian Textile Industry, says it is possible for export of finished textile goods, clothing and fabric to rise by at least 20-30 per cent this year, due to the Chinese virus issue.

The flip side is exporters saying they are not in a position to convert such enquiries into orders, being unable to match the competition's price. Made-in-India products are costlier by 10-15 per cent as compared to the competition from Bangladesh, Vietnam, Cambodia and others.

The other major issue for some exporting units is that they are not able to import accessories from China. With the epidemic in China, many textile factories there have halted operations, disrupting export of both textiles and raw material.

However, add exporters, most of our competing countries are heavily dependent on China for importing raw material for textiles. So, India can still fill a gap, if the government quickly responds and gives some tax benefits.

On the other hand, the four per cent incentive given under the Merchandise Exports from India Scheme (MEIS) on made-ups and garments was withdrawn recently with retrospective effect from March 7, 2019.

Further, it was stated all incentives under MEIS granted to exporters of made-ups and garments on export till July 31, 2019, would be recovered. There are also pending claims under the erstwhile ROSL scheme, which was discontinued from March 7, 2019.

"Looking at our current infrastructure and pricing, I am not sure if we would be in a position to take advantage of such inquiries. Yes, accessory supply will be impacted, though not in the immediate future," said Rahul Mehta, veteran in the apparel industry and president of the Mumbai-based Clothing Manufacturers Association of India.

Accessories bought by Indian manufacturers from China are stuck. No deliveries started after the Chinese New year and all units there remain closed.

This will really impact our delivery to customers, says Tirupur Exporters Association general secretary T R Vijayakumar. "We have to start with local sources but immediately making ready and meeting the quality standards will be tough for us," he added.

Around 10 per cent of fabric and 20 per cent of accessories comes from China to India. The Association estimates Rs 1,000 crore of accessories (buttons, zips, hangers, needles, etc) are imported by garment units in the country from China, being 40-50 per cent cheaper than sourcing domestically or from other countries.

T Thirukumaran, managing director, Estee Exports, said: "This is the biggest problem we are facing, as many accessories are imported from China and if they don’t open factories fast, we will face huge delays. Twelve items of mine are stuck in Guangzhou since January 21." With existing stocks, he can run on till March.

When the SARS virus hit China in 2003, later spreading to 17 countries, this did not lead to significant damage for the industry, said a leading apparel exporter. “This time, it could be a cause for worry if the situation doesn’t come under control and continues for a longer time.”

Source: business-standard.com- Feb 10, 2020

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Mixed impact of coronavirus spate on Indian textile sector

China's coronavirus outbreak would affect Indian exporters and importers of readymade garments, cotton yarn, fibres and fabric, with both pros and cons. As the outbreak has done away with the Chinese option for garment importers, mainly in the West, Indian exporters can now target these markets. However, growing yarn exports to China would be badly affected.

With several businesses said to be affected in China due to the coronavirus, the Indian textile and apparel sector should seize the opportunity in global trade, T Rajkumar, chairman of the Confederation of Indian Textile Industry, said recently in Coimbatore.

If China doesn't produce for 30 days, he said, its main clients in Vietnam, Cambodia, Thailand, South Korea and the European Union could possibly turn to India for buying finished goods, clothing and fabrics, according to Indian media reports.

With India's textile exports falling in the past couple of years, this surge would help the industry become buoyant, he added.

Chinese buyers generally begin their annual sourcing from Indian exporters in January every year and that has not happened this year. The Southern India Mills' Association (SIMA) feels India's exports of cotton, viscose, polyester yarn and fibre to China will be hit.

According to the Cotton Textile Export Promotion Council (TEXPROCIL), India exports 90 million kg of yarn a month and China alone imports 30 per cent from India every month.

European buyers, who normally begin negotiating with the garment exporters of India, Bangladesh and Indonesia for their annual requirements in January at Hong Kong, have cancelled their visit due to the outbreak there as well, said the Tirupur Exporters' Association (TEA).

The exporters have been asked to trade through videoconferencing, and many exporters in India find it difficult to bargain for a better price of their products through that mode, a TEA spokesperson said.

Indian readymade garment exporters also import over ₹1,000 crore worth accessories like buttons, metal buttons, zips, hangers and needles from China as these are nearly 40 per cent cheaper. Though these exporters don't see any immediate impact, but if the outbreak continues for some time, they need to look at an alternate sourcing of these accessories, which in turn may increase the finished goods cost by 3-5 per cent, according to TEA.

With China further extending its Lunar Year holidays for a week or 10 days, the trade negotiations between China traders and Indian exporters is expected to be further delayed, SIMA feels.

According to the Cotton Association of India, there is no panic now as far as cotton exports to China are concerned.

Source: fibre2fashion.com- Feb 10, 2020

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Imported goods deposited in bonded warehouse can be re-exported: Expert

Q. Is it necessary that goods stored in customs bonded warehouse have to be first processed for value addition and then removed for re-export or for local consumption?

No. You can re-export the warehoused goods under Section 69 of the Customs Act, 1962 without any processing. You can also clear the warehoused goods in DTA without any processing under Section 68 of the Customs Act, 1962. The conditions for such re-export or DTA clearance are spelt out in those legal provisions.

Q. We are auto parts manufacturers and facing a problem of non-clearance of long-pending shipping bills, due to which the name of our concern is appearing in the RBI Caution List. The pending shipping bills pertain to Financial Years 2013-14, 15-16, 16-17, 17-18 and 18-19. Most of the cases are of short payments (by more than 25 per cent) or no payments (100 per cent), due to quality problems or rejections destroyed at the customer's end. There is no record available for matching of adjustments/deductions made by the customer from the payments towards old rejections/material scrapped at their end. There is also a case, where due to some inadvertent mistake, excess rate was charged in the export bill, and thereafter a credit note (of about 38.06 per cent of the export bill) was issued to the customer towards rectification of the error. Further, our cases for write-off do not fall under the categories/circumstances given in the provisions/guidelines of RBI Master Circular [for write-off of unrealised export bills (C.23)]. How can such long-pending shipping bills be cleared/closed?

Para C.23(xi) of the Master Direction no.16/2015-16 dated January 1, 2016 (as amended) says that cases not covered by the above instructions/beyond the above limits, may be referred to the concerned Regional Office of the Reserve Bank of India. So, you may approach the RBI through your bank.

Q. In our EPCG authorisation issued under FTP 2011-12, as per prevalent policy, we obtained JDGFT's permission to fulfill EO through exports of a group company. Now, is it obligatory for the authorisation holder to fulfill 50 per cent EO first and thereafter fulfill remaining 50 per cent EO to be fulfilled by the group company? Also, suppose 50 per cent of EO is fulfilled by the group company and remaining 50 per cent of EO is not fulfilled by authorisation holder, will it be considered that 50 per cent EO stands discharged under authorisation?

There is no requirement that you have to fulfill 50 per cent EO first and thereafter count the remaining 50 per cent of the EO through exports of your group company. Also, there is no bar on counting 50 per cent of the EO through exports of a group company, even if you have made no exports.

Q. As per Para 2.50A of FTP, "Imported goods found defective after Customs clearance, or not found as per specifications or requirements may be re-exported back as per Customs Act, 1962". What is the corresponding provision for re-exporting goods back, as per the Customs Act 1962?

You may refer to Section 26(1)(d)(i), Section 69 and Section 74 of the Customs Act, 1962.

Source: business-standard.com- Feb 10, 2020

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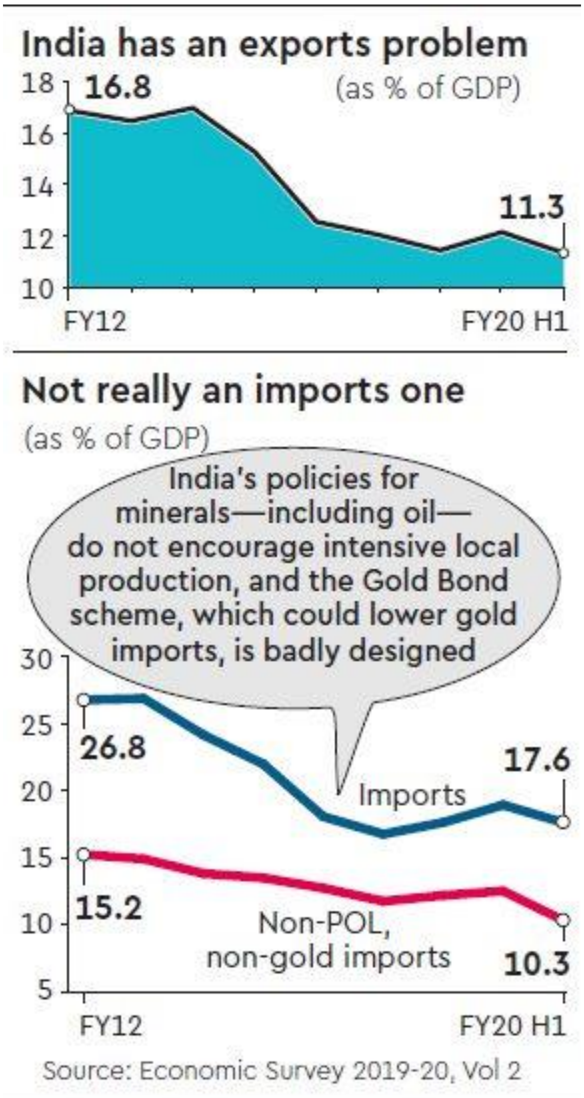
Duty hike: Hitting consumers to benefit industry

If the plastic cricket bat you bought for your one-year-old nephew for Rs 120 last week costs Rs 160 now, blame it on the trebling of import duties, from 20% to 60%, on various toys in the budget. If you leave out walnuts, of the shelled variety, where the duty was hiked from 30% to 100%, no import duty has been hiked more, though more powers have been given to the government to apply safeguard duties, and tariff-rate quotas "to curb the increased quantity of imports of an article to prevent serious injury to domestic industry"; in which case, duties could rise even more.



Given how badly some parts of industry have been hit by imports of Chinese toys, at one level, you can't blame the government for trying to protect producers. But, there's a caveat here. If Indian manufacturers are to be able to compete with the Chinese, this means the plastic they buy has to cost the same as what China's manufacturers pay, as does the electricity, the rentals, wages, other government imposts—say, EPFO and ESI for any reasonable sized toy producer—and other costs like transportation etc. We can get into each item, but it is clear India's costs are at least 60% higher than those of the Chinese.

So, while trebling the duty protection is fine, the question is whether the government has put in place a plan to reduce all these cost differences; and, how much time it is giving this protection for. If this is not specified, even a manufacturer who saves on costs due to, say, an increase in scale of operations, will keep prices up thanks to the import protection. The same applies to phones, to auto parts, fans, heaters, irons, ovens ...

It is not as if the government doesn't have the expertise to figure this out. To cite the latest example, the Economic Survey talks of how, despite the fear about FTAs having led to increased imports and not exports, India's exports grew by 10.9% per year to these countries while imports grew 8.6%. Yet, the Budget talked of how FTA imports were on the rise, posed a threat to domestic industry, and the need to review the 'rules of origin.'

Indeed, the Survey also shows India doesn't have as much of an imports problem as it does an exports one (see graphic). In the case of imports, too, were the local exploration policies for oil and other minerals (bit.ly/379MOz8)—as well as the gold bond scheme (bit.ly/2v8XPDJ) —to be more attractive, imports would also reduce. Indeed, the issue that should concern the Budget is whether, after the duty hikes, local manufacturers can hike output. In the case of oil, the binding constraint are policies that remain quite unfriendly.

Similarly, in the case of toys, if Chinese products cost half of what Indian ones do, even the 60% protection won't help, making it just a deadweight imposition on Indian consumers, with no attendant benefit like increased production and jobs.

In the 1970s and 1980s, India cocooned its textiles industry by imposing high tariffs; the gap between Indian and Chinese prices was so great that, despite the high tariffs, India was flooded with Chinese imports. In a globalised world, if you're not globally competitive, you can't be even locally competitive.

The government must know you can't have import protection when you want and still expect other countries to fully open their markets to you. When the world was more genteel, developed countries would give full access to poor countries; this changed dramatically with Donald Trump and, in any case, India is hardly poor anymore.

That is why, while the commerce minister made light of India's decision to walk out of RCEP by saying we would sign FTAs with the US and Europe, there has been little progress on this. Sure, the US may not want India to cut duties on toys, but it wants those on motorcycles, almonds, and chicken legs to be lowered, and it wants India to considerably ease its process of granting patents etc.

Understandably, India will baulk at giving in to US demands, but if India is not even going to be a part of FTAs like RCEP, who will India trade with? And, if India is going to hike its tariffs instead of lowering them the way most others are—and by a lot more in the case of the FTAs—how can it expect others to allow its exports with low tariffs?

One exception to this rule, many feel, is the Phased Manufacturing Programme (PMP) that India has for mobile phones, for instance. As part of PMP, duties are hiked for intermediate products—say, a battery—to encourage local production, and the plan is that, over time, there is more local value addition; the Budget has hiked duties on display panels, PCBA and vibrator/ringers by 10 percentage points. While India's production of mobile phones rose from 6 crore units in FY15 to 22.5 crore units in FY18, imports rose quite fast as well, from $11.2 bn to $21.9 bn, suggesting that local value addition remains limited.

If, as a result of the Budget proposal, even if Samsung was to produce more display panels here, these will be at least 10% costlier than those available overseas. So, anyone buying display panels from Samsung to export mobile phones will suffer a cost disadvantage. Or take a hike in steel import duties. If an exporter of automobiles imports steel, it will get a refund for the import duty; but, if local prices of steel rise as a result of the import duty and the exporter buys local steel, it doesn't get compensated for the hike in local prices. In other words, PMPs work best for import substitution, not for exports.

The Budget does have a plan to boost exports of electronics items through an incentive scheme—details to be announced later—since this has large potential; Apple and Samsung account for 60% of the $500 bn global market for mobile phones.

While India's exports are $2.7 bn right now, the 2025 target is $110 bn! Since producing phones in India is about 9-12% costlier than it is in Vietnam, presumably, companies will have to be given a large incentive, though the access to the Indian market will also be an attraction. Whether the scheme works or not remains to be seen, but it is clear India's import substitution schemes don't sit well with its export-promotion goals.

Source: financialexpress.com- Feb 10, 2020

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Apparel exporters facing liquidity crunch as refunds get delayed: FIEO President

Apparel and made-ups exporters are facing "acute" liquidity problem as huge amount of their funds are blocked under a rebate scheme for State levies and an export incentive programme, an exporters' body flagged on Monday.

The Federation of Indian Export Organisations (FIEO) said that around ₹6,000 crore of duty refund claims have not been disbursed under the Rebate of State and Central Taxes and Levies (RoSCTL) and the Merchandise Export from India Scheme (MEIS) from March 7 last year and August 1, 2019, respectively.

The RSCTL scheme was not implemented in the entire 2019 and MEIS also stopped from August last year for apparel and made-ups sectors, FIEO President Sharad Kumar Saraf said in a statement.

"This is a fatal blow to the apparels and made-ups industry, which is one of the largest employment generation industry particularly supporting the women workers," he said.

Saraf said that no funds have been disbursed since the announcement of the RoSCTL scheme from March 7 last year and the MEIS from August 1, 2019.

"This amount itself is nearly ₹6,000 crore. Most of the apparel exporters are from MSME sector and some of them are already in the process of closure and default," he added.

He said that exporters of these products were surprised to see a gazette notification dated January 14 this year by the textiles ministry announcing one-time additional ad-hoc incentive of 1 per cent to offset difference between MEIS and RoSCTL from March 7, 2019, to December 31, 2019.

"This is completely contradictory to what was already announced by the government and factored by the industry to maintain their competitiveness in view of fierce competition. Many of them have paid statutory taxes also on RoSCTL and MEIS benefits," he said.

The FIEO president said it is very "unfortunate" that the commitments are being "ignored".

Source: business-standard.com- Feb 10, 2020

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FM holds meeting with industry on direct tax dispute resolution scheme

Finance Minister Nirmala Sitharaman on Monday met industry representatives on the proposed direct tax dispute resolution scheme that provides opportunity to taxpayers to pay outstanding taxes and get waiver of interest and penalty.

With over ₹9 lakh crore worth direct taxes locked up in litigation, the government last week introduced ‘Direct Tax Vivad se Vishwas Bill, 2020’ in the Lok Sabha.

Once passed by Parliament, the scheme would be notified and rules would be framed. “During the meeting, industry associations gave their suggestions for the scheme,” a source said.

Source: thehindubusinessline.com- Feb 10, 2020

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CCI launches probe into cotton sales in Andhra Pradesh

A team of vigilance officials from Cotton Corporation of India’s New Delhi office are visiting cotton purchase centres in the district and inspecting the records. Sources said the vigilance team has unearthed irregularities by field staff and is looking at the possible role of senior officials. The CBI had booked criminal cases against a few senior officers two years ago.

Sources said the CCI and marketing department officials had connived with ginning millers to procure stocks from unauthorized purchase centres by rejecting farmers’ stocks. With the CCI officials refusing to procure the stocks citing technical reasons and procurement norms, farmers were selling their stock to middlemen at throwaway prices. The middlemen sell the same stock to the ginning mills who in turn offer it to the CCI. The CCI officials, however, have completed purchase in the name of farmers to pay higher sums.

While middlemen and ginning mills buy cotton from farmers between Rs 3,500-Rs 4,000 per quintal, the Cotton Corporation of India is purchasing it between Rs 5000-Rs 5550 per quintal, the minimum support price (MSP) fixed by the Centre.

Sources allege that middlemen and officials are pocketing nearly Rs 1,500-Rs 1,600 per quintal. Curiously traders bought stocks at Rs 6,000 per quintal, above the MSP, as fresh crop arrived in the market in December. The prices then dipped below MSP resulting in distress sale by farmers.

The fall in prices in the open market is believed to be the result of a conspiracy by middlemen, ginning millers and officials. Traders stopped buying from farmers by the time the peak procurement season commenced in the first week of January.

Although the farmers rushed to the CCI purchase centres, they could not sell the stocks due to several hurdles including failure to get e-crop booking certificate, high moisture level and length of the lintel.

Taking this distress among the farmers to their advantage, middlemen bought stocks below Rs 4000 per quintal and sold the same to the Cotton Corporation of India at MSP with nearly Rs 1,500 profit. “Our officials will ensure quality of the stock. It is the responsibility of the marketing department to give us the list of genuine farmers. We are here to support the farmers,” said Cotton Corporation of India general manager K Maheswara Reddy.

Source: timesofindia.com- Feb 10, 2020

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