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INTERNATIONAL NEWS

Cotton Highlights from October WASDE Report

The October 2020 World Agricultural Supply and Demand Estimates (WASDE) report has been released by USDA. Here’s this month’s cotton summary:

The 2020/21 U.S. cotton supply and demand estimates show marginally lower production compared with last month. Production is lowered less than 1% to 17.0 million bales.

Domestic mill use, exports, and ending stocks are unchanged. At 7.2 million bales, U.S. ending stocks in 2020/21 are projected at 42% of use, compared with 41% in 2019/20. The 2020/21 season-average price for upland cotton is forecast at 61.0 cents per pound – 2 cents higher than last month and slightly above the final 2019/20 price of 59.6 cents.

The 2020/21 world cotton supply and demand forecasts feature lower production, higher consumption and trade, and lower ending stocks compared with last month. Production is lowered more than 900,000 bales, with declines in Mali, Pakistan and Greece offsetting a larger expected crop in Nigeria.

Consumption is 1.5 million bales higher, largely reflecting revisions for China and India. World trade is projected about 500,000 bales higher this month, reflecting a 500,000-bale increase in China’s projected imports and, on the export side, higher exports by Brazil and Uzbekistan offsetting a decline for Mali.

World ending stocks in 2020/21 are now projected 2.7 million bales lower than in September – at 101.1 million bales, equivalent to 89% of consumption.

Source: cottongrower.com– Oct 09, 2020
Cotton is Superior in Destabilizing Coronavirus

With global COVID-19 cases over 37 million and deaths crossing one million, medical and nonmedical countermeasures such as masks are critically needed.

Recent study by Australian scientists show that material characteristics and temperature play important roles in the survival of the coronavirus. The work focused on the survival rate of SARS-CoV-2 virus on surfaces like paper notes, stainless steel, glass, vinyl material and cotton cloth. The viral studies were performed in high containment (Biosafety Level 4) at the Australian Center for Disease Preparedness.

At 20 deg. C, for nonporous materials like stainless steel, glass, the virus persisted beyond 28 days post infection. In the case of cotton, virus was not recovered past 14 days after inoculation. As the temperature was raised, recovery of the virus was reduced. At 40 deg. C, SARS-CoV-2 was not recoverable after 24 hours for cotton, while virus was not recovered beyond 48 hours for nonporous surfaces studied. In addition, humidity also influences the survival rate of the virus.

“It has been known for some time that the infectious virus could survive on inanimate objects for some time depending on its structure and characteristics,” stated Dr. Manickavasagam Sundaram, Lakeridge Health, Oshawa, Canada. As a practicing physician, Dr. Sundaram emphasized the importance of face coverings, social distancing, hand hygiene and disinfecting frequently used surfaces.

The latest study supports the use of face coverings made using cotton. Also, it indicates the influence of structural characteristics such as porosity. Nonwoven fabrics have higher surface area, which may be helpful in developing face coverings with filters. I have advocated the use of filter enhanced cotton face coverings, “FISORS,” which may be an efficient viral barrier.

Results of the Australian study have appeared recently in the Virology Journal.

Source: tiehh.ttu.edu – Oct 11, 2020
How Turkish apparel manufacturers adapt to more sustainable supply chain model

Turkey’s apparel industry is recognised the world over for its manufacturing prowess and competitiveness. It is the 6th largest clothing exporter in the world and the 3rd largest supplier to the EU, having exported nearly US$18 billion in 2019 and with more than 10,000 manufacturing companies which are supplying some of the biggest international brands and buyers.

The country’s Aegean region is one of the most important manufacturing centers for textiles and apparel and has a lead role within the Turkish clothing industry. The Aegean Apparel Exporters’ Association is a non-governmental organisation working in close collaboration with the Republic of Turkey’s Ministry of Trade.

The Association represents over 1,000 member companies which are located in or around the Aegean region and manufacture and export a wide range of high-quality apparel, with women’s wear making up the biggest share. Exports by members of the Association total up to US$1.3 billion per year, and its members export to 154 countries, with 85% of all exports to European countries.

The role of the Aegean Apparel Exporters’ Association is to promote its members’ manufacturing and export capacity, expand and diversify the range of export products, as well as identify new markets. Seray Seyfeli, Vice Chairperson of the Aegean Apparel Exporters’ Association, tells FashionUnited why its members are ideally placed to meet the demand of international brands, particularly in a Covid-19 era which throws up new challenges around sustainability, supply chains and digitisation.

What are the advantages for European fashion companies to source and manufacture in the Aegean Region?

Compared with many other manufacturing countries, Aegean apparel manufacturers have many competitive advantages in terms of design and production capabilities, thanks to a wealth of talented designers, a highly skilled workforce and good transport links, as well as generally the solid infrastructure in the region and geographical proximity to the European market. Fashion companies benefit from a high degree of flexibility that our companies offer, which means they are able to produce large and small quantities across a wealth of product categories. Our region is a reliable
production partner for many world leading brands and retail chains who are increasingly sourcing in Turkey, and specifically from Aegean apparel manufacturers.

_The region specialises in organic textiles and apparel. Is this more and more in demand?_

Indeed, our region specialises in the manufacture of organic textiles and apparel, and many of our members have GOT (Global Organic Textile Standard) Certification and are part of The Better Cotton Programme. In this respect, our region has huge advantages as organic cotton is cultivated here, which means we have direct access and short supply routes, and there are many companies that specialise in both organic cotton cultivation and garment production with organic cotton.

This also feeds into our general commitment to sustainability and to reducing the environmental impact of textile production. Recycling of cotton and other materials is also becoming an increasing focus for Aegean textile manufacturers, especially cotton, but also polyester, for example. Furthermore, huge efforts are under way regarding more sustainable production processes such as cutting water and energy consumption during manufacturing, as well as the use of fewer dyes and chemicals and reduction of industrial waste. These are all crucial developments which our members are embracing, and which are going to become increasingly important in the future.

_You mention sustainability. What is being done in this respect?_

Sustainability is definitely the most important topic on the agenda of our association and most of our activities and projects are implemented with sustainability in mind. We declared the year 2020 as the ‘Year of Sustainability’ for our association and established a Sustainability Committee and Sustainability Cluster of around 30 companies to carry out our activities in this area and implement a sustainable vision. With financial support from the Ministry of Trade, we will deliver technical consultancy services for selected apparel exporters for two years to improve their sustainability performance.

We are also preparing for a project which is set to receive support from European Union funds and aims to strengthen the entrepreneurship culture in our region. We will facilitate the transformation of sustainability-based business ideas in the fashion sector into successful start-ups. Furthermore,
we will also continue to collaborate with relevant companies and institutions to develop new projects. In addition, we organise a number of information dissemination activities such as training programmes and webinars in order to increase the awareness of our member companies in the area of sustainability, to inform them about the latest developments and to increase their level of competence.

Finally, we became a member of the United Nations Global Compact network in order to support our work in the field of sustainability, to bring new dimensions to our activities by participating in national and international networks and to communicate our commitment to sustainability more effectively.

*Even before the Covid-19 outbreak, there was a noticeable trend towards nearshoring in apparel manufacturing. Do you feel that supply chains are changing post pandemic, and how is the Aegean region positioned to respond to this development?*

Before the crisis, the fashion industry had already started to change its sourcing models, which so far have been characterised by long lead times, huge order sizes and relatively low flexibility. It was very clear a significant shift was needed to make sourcing more demand-driven and more sustainable in terms of both, social and environmental aspects.

The Covid-19 pandemic presents an opportunity to reshape our business models, our lives and our habits. A demand-driven, flexible supply chain will be more important than ever. Our analysis has shown that consumers’ shopping habits are changing – we see this, for instance, particularly in the rise of e-commerce. Logistics are also changing as a result of all these developments, which means a complete re-mapping of the sourcing mix towards a better model is inevitable. Companies will consider factors such as risk management, costs, cashflow and flexibility far more carefully.

Integrated value chains with an emphasis on geographical proximity and flexibility will become more important. Therefore, sourcing volumes for European fashion companies will likely shift from traditional offshore production centres to more nearshore countries, predominantly in the Mediterranean basin, with Turkey offering distinct advantages, as mentioned above. Closer, collaborative relationships and strategic partnerships will be key, as will a stronger emphasis on innovative products and digital platforms.
In this context, is digitisation also an increased focus for your association?

Absolutely. Digitisation is paramount as it will inevitably shape our businesses in a post-Covid-19 era. We recognise the importance of digitisation and aim to support the digital transformation of our members. Pre-pandemic, we would have normally organised participation at a minimum of three international trade fairs and two trade delegations per year. Obviously, due to the coronavirus outbreak, it was impossible to conduct physical events, so we have focused on organising virtual fairs, digital trade delegations and expert panels.

For instance, between July 15 and August 14 we supported 30 of our members in their participation in the digital edition of the Global Apparel Sourcing Expo, and we are also planning to organise a digital trade mission to the Netherlands and surrounding countries with 25 members between 23 to 30 October 2020. We continue to improve our members’ managerial and operational process towards digitisation and support them actively in adapting to this new world order.

Can you give more details on the digital trade mission? What will this format look like?

Yes, as the Aegean Apparel Exporters’ Association, we are organising a digital matchmaking event between 23 to 30 October. The aim is to have a virtual platform which brings together Aegean apparel companies and brands from mainly the Netherlands and surrounding countries such as Germany, United Kingdom, Belgium and France. 25 exclusive apparel manufacturers from our Aegean region will attend the event and we expect around 30 selected, high-calibre buyers.

How has Covid-19 generally impacted the industry in your region?

I think it is fair to say that this year has been extraordinary and unprecedented on so many levels. At the start of the year, Turkey’s and our region's export performance was fine and we saw growth of 6.7% for the first two months for Turkey’s apparel exports and 11% for Aegean apparel exports. Based on these figures, we expected a continued positive performance for the rest of the year. Unfortunately, by the middle of March Covid-19 started to spread to Turkey, and, like so many other countries, we encountered a completely different scenario. We felt the effects of Covid-19 intensely in our export figures in March-April-May 2020. However, with the relaxation of
lockdowns across the world, and especially Europe, things started to pick up again from June onwards.

Turkey’s total garment exports increased by around 10%, and our region’s increased by 29%. This bounce-back also continued in July, with Turkey’s overall garment exports further rising by 8.5% and our region by 17%, even breaking a record. One of the biggest factors to attribute this to is the fact that many of our manufacturers changed their production and started to export medical textiles to meet the global demand, which has fueled the growth of the sector and is further proof of the unrivaled flexibility, adaptability and competence of our member companies.

*What is your outlook for the short to mid-term future?*

Overall, I feel stronger supplier-buyer partnerships will be more significant than ever. Buyers will want to develop strategic partnerships with flexible, advanced suppliers to create innovative new products, and innovation will dominate every aspect of the fashion value chain, from design to merchandising and planning to sourcing and supply chain management. Companies must therefore shift towards a more agile and intelligent sourcing model. For us, as the Aegean Apparel Exporters’ Association, I feel our members are ideally placed to meet all of these demands, and we look forward to building even stronger relationships with our customers.

Source: fashionunited.uk – Oct 09, 2020

Turkish garment industry records $16.5 bn external trade surplus in 2019

At the 13th Istanbul Fashion Conference organized by the Turkish Clothing Manufacturers’ Association (TGSD) and Istanbul Apparel Exporters Association (IHKIB), Mustafa Varank, Industry and Technology Minister, revealed the Turkish garment industry clocked in $16.5 billion external trade surplus in 2019.

It mainly added high value in exports. Among the production and industry sectors, it mostly had exports in ready to wear. The unit price per kg of ready to wear surpassed $13 while this figure is at an average of $1.30 in other exports, said Varak.
Varank also underlined over 1 million workers are directly employed in the industry and 68 per cent of employees are women. The government has supported TL 7.5 billion of fixed investment with its incentive certificates. This has helped it create 350,000 more jobs. The government supports sectoral aggregations in many provinces and has set up organized industrial zones in northwestern Bolu, Bursa and Yalova, and southeastern Kahramanmaraş, Kilis and Diyarbakır.

The garment sector’s research and development and innovation projects have been supported by the government through Turkey’s top scientific body, the Scientific and Technological Research Council of Turkey (TÜBİTAK), and the Small and Medium Enterprises Development Organization of Turkey (KOSGEB).

Source: fashionatingworld.com– Oct 09, 2020

Sri Lanka: August trade deficit narrows amid lower imports

Sri Lanka’s trade deficit continued to narrow as imports continued to decline at a faster pace than the decline in export earnings in the month of August, the latest external sector data released by the Central Bank showed.

The deficit in the trade account in August 2020 narrowed to US$ 342 million from US$ 541 million in August 2019, as imports declined at a faster pace than the decline in exports.

Also, on a cumulative basis, the trade deficit narrowed by over US$ 1 billion to US$ 3,812 million during the period from January to August 2020 from US$ 4,855 million in the corresponding period of 2019.

The major contributory factors for the decline in trade deficit were, lower imports of fuel, textiles, building materials, machinery & equipment and personal vehicles.

The government has placed regulatory restrictions on goods identified as non-essential imports to preserve the country’s foreign reserves and the currency. The government expects the trade account deficit to narrow to US$ 5.8 billion this year from US$ 8 billion in 2019.
Meanwhile, merchandise export performance remained strong in August, although down from year-on-year (YoY) and month-on-month basis.

Merchandise exports declined to US$ 947 million in August 2020 compared to US$ 1,033 million recorded in August 2019 and US$ 1,085 million recorded in July 2020.

The YoY decline emanated from declines recorded in earnings from all three major categories of exports namely, industrial, agricultural, and mineral exports.

Industrial exports declined by 10.2 percent, YoY in August 2020 mainly due to reduced earnings from exports related to textiles and garments, petroleum products, gems, diamonds and jewellery, leather, travel goods and footwear and base metals and articles.

Earnings from textiles and garments declined by 11.9 percent YoY to US$ 440 million in August 2020, led by lower garments exports to the USA and EU.

However, a notable increase was recorded in earnings from personal protective equipment (PPE) such as facemasks and protective suits, which are categorised under other made up articles.

Earnings from agricultural exports declined marginally on a YoY basis to US$ 216 million in August 2020. The decline in the overall earnings from agricultural exports was led by tea exports, which declined considerably by 13.3 percent, followed by seafood and rubber.

Meanwhile, continuing the YoY declining trend observed since March 2020, merchandise imports recorded a decline of 18.1 percent to US$ 1,289 million in August 2020. The continuation of measures taken by the government to restrict the importation of selected non-essential goods and lower fuel prices in the international market primarily caused this decline.

Sri Lanka’s fuel bill for August 2020 fell 5.2 percent YoY to US$ 247.5 million while personal vehicle imports fell over 98 percent YoY to US$ 1.3 million.

Textile and textile article imports fell 16.7 percent YoY to US$ 194.4 million while building material imports declined over 38 percent YoY to US$ 82 million.
Meanwhile, workers’ remittances recorded a notable increase for the third consecutive month, recording a growth of 28.2 percent YoY in August 2020 to US$ 664 million. This increase helped limit the cumulative decline in workers’ remittances to 1.5 percent to US$ 4,346 million during the period from January to August 2020, in comparison to the corresponding period of 2019.

Source: dailymirror.lk– Oct 10, 2020

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**Turkish business groups urge Saudi Arabia to resolve trade problems**

Turkey's leading business groups urged Saudi Arabia Saturday to take action to improve trade relations as Turkish firms encounter growing problems in conducting business with the Gulf Arab state.

Saudi Arabia and Turkey have been at odds for some years over various regional issues – not least, the murder of journalist Jamal Khashoggi in the Saudi consulate in Istanbul in 2018.

For more than a year, Saudi and Turkish traders have speculated that Riyadh has been enforcing an informal boycott of imports from Turkey.

"Any official or unofficial initiative to block trade between the two countries will have negative repercussions on our trade relations and be detrimental to the economies of both countries," eight Turkish business groups, including textile exporters and contractors, said in a statement.

"We deeply regret the discriminatory treatment that our companies face in Saudi Arabia... We expect Saudi authorities to take concrete initiatives to resolve the problems," said the business groups, which included the Foreign Economic Relations Board (DEIK), the Turkish Exporters' Assembly (TIM) and the Union of Chambers and Commodity Exchanges of Turkey (TOBB).

Saudi Arabia's government media office has said authorities have not placed any restrictions on Turkish goods.
Last week, however, Ajlan al-Ajlan, the head of Saudi Arabia's non-governmental Chambers of Commerce, called for a boycott of Turkish products in response to what he called continued hostility from Ankara.

"A boycott of everything Turkish, be it imports, investment or tourism, is the responsibility of every Saudi 'trader and consumer,' in response to the continued hostility of the Turkish government against our leadership, country and citizens," al-Ajlan tweeted.

Saudi authorities were on several occasions last year reported having been deliberately holding Turkish trucks at the customs border without any justification. Trucks were allowed to enter after days of waiting.

Stressing the significance of conducting commercial and economic relations smoothly with Saudi Arabia, the statement said: "We regret to see that Saudi Arabia is taking an increasingly negative stance against Turkish companies."

"We learn from the complaints reported by Turkish companies, which are also taken up by the press, that Saudi authorities state that no imports would be made from Turkey. Furthermore, it is stated that many Saudi companies that supply goods from Turkish companies are forced to sign a letter of commitment not to import goods from Turkey," it added.

The statement also drew attention to the global logistics companies' warnings to their customers about the obstacles Turkish companies face in Saudi Arabia, that they should be prepared for long waiting times at Saudi customs for goods arriving from Turkey and that imports from Turkey might even be blocked.

Source: dailysabah.com– Oct 10, 2020
Nepal, Bangladesh to sign PTA this year

Nepal and Bangladesh will sign a preferential trade arrangement (PTA) by the end of this year. The recent sixth bilateral commerce secretary-level virtual meeting on trade and economic cooperation decided to hold the technical committee meeting in the third week of November to finalise the list of products, text of the PTA and rules of origin.

The meeting, which discussed tariff, para-tariff and non-tariff barriers in the listed products, was led by Baikuntha Aryal, secretary in Nepal’s ministry of industry, commerce and supplies.

At the commerce secretary-level meeting held in March in Dhaka, the two sides had agreed to sign a PTA by June but it was postponed due to the pandemic.

According to a Kathmandu-based English-language daily, while the Nepali delegation has been asking for the removal of other duties as it raises the cost of Nepali goods, the other side has not been in favour of removing the charges as it feels that could impact the country’s revenue.

Nepal is seeking zero tariffs on goods listed under the agreement and the removal of other duties and charges.

The Nepali side also discussed the issue of yarn export. Last year, Bangladesh decided to lift the ban on yarn imports from Nepal via the Banglabandha land port after nearly 17 years.

The move conditionally allows Nepal to export only acrylic yarn through the port with the ban initially being withdrawn for only a year. Nepal has long been demanding Bangladesh to open the gateway for exporters of Nepali yarn.

Bangladesh has proposed implementing the Bangladesh, Bhutan, India, Nepal (BBIN) initiative for cargo transit between Nepal and Bangladesh—which Bhutan has reportedly not consented to—and signing a double taxation avoidance agreement. The second proposal has been tabled at the Nepalese cabinet.

The discussion also included visa process simplification and Bangladesh raised the issue to simplify the process for investors and businessmen.
Bangladesh has decided to provide on-arrival visa through the land route to Nepalis and it will be implemented soon.

Source: fibre2fashion.com– Oct 12, 2020

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**Bangladesh: Apparel exporters brace for fresh hiccups amid second wave, US polls**

The wait for a Covid-19 vaccine, a second wave of infections in the western world and the upcoming US election may lead to hiccups in the recovery of Bangladeshi garment shipments, according to local exporters.

The shipments had started rebounding with the reopening of stores by western retailers and brands, restoring the familiar humming of machineries in factories.

Now international retailers and brands are increasingly coming up with work orders for suppliers' factories.

Prospects started brightening up in July when garment export receipts reached $3.24 billion before falling to $2.47 billion in August and totaling $2.41 billion in September, according to data from the Export Promotion Bureau (EPB).

The export of garments reached rock bottom in April to $0.37 billion as a fallout of the pandemic. Garments trade occurs at an international scale and externalities tend to affect shipments.

The local suppliers have been overcoming a lot of difficulties such as elimination of quota system in January 2005 and the steepest financial recession in the years from 2007 up to 2009.

However, every time, they overcame those challenges and took the total export of the country to be the second largest worldwide after China in a journey of four decades. This year too, the local suppliers have been overcoming the challenges of the fallouts of Covid-19.
The manufacturers have been fearing that the rebounding of export of garment items might be affected to some extent because of a possible second wave of Covid-19 and any complication centring the US election.

"Many buyers have dropped placing of work orders to some extent because of a possible second wave of Covid-19 and for delay in vaccine arrival for the mass people use," said Anwar-ul-Alam Chowdhury Parvez, managing director of Evince Group, a leading garment exporter.

The buyers are more cautious now compared to pre-Covid time, he said.

Parvez said although the US election, which was scheduled to be held next month, was not that much related to the shipment of Bangladeshi garment items but customers tend to feel uneasy over spending during such big events.

Facing the fallouts of a second wave of infections is very important for Bangladesh, he said, adding that already some states of the US have been affected with a second wave and schools were being shut down again.

So if the stores need to be shut down for the second wave, the export of garment items from Bangladesh will be affected, said Parvez, who is also a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Mahmud Hasan Khan Babu, managing director of Rising Group, another leading garment exporter, also echoed Parvez. Babu further said if there was a prolonging of the US election, garment shipments to American markets would be affected.

He also said the probable impacts of a second wave in the European and the US markets would defer the recovery of garment export from the country.

Because garment business is not a one-way trade, rather a two-way one. If the buyers place demands, the shipment will grow but if they do not place demand for any reason, the export will not grow, said Babu. KM Rezaul Hasanat, chairman and CEO of Viyellatex Group, another leading garment exporter, echoed them both.

"I totally agree to what 'many exporters' are fearing of and in fact in recent days almost all my statements cover the same fear of a possible resurgence
of Covid-19 infection and the obvious impact on the industry," said Rubana Huq, president of the BGMEA.

"As winter approaches nearer, the USA and European countries are witnessing new waves in infection, state of emergency has been declared in Madrid just a few hours ago and the developments in other parts of Europe is noticeable."

"It’s been a tough time, we are passing through fear and anxiety," Huq told The Daily Star.
"Looking at it through the lens of exports and garments, this may be horrific for us if disruptions in the west reach a magnitude of what we suffered last season."

"This may be mentioned that whereas our total RMG export growth during this time was 0.06 per cent negative in July-August of fiscal year 2020-21, the decline in EU was by 0.38 per cent while US market grew by 8.11 per cent, and if these markets are freshly hit by Covid resurgence, Bangladesh will have to face a tough situation going ahead."

"The first blow of the Covid-19 has exposed significant drawbacks in the trade and supply chain, particularly in the area of transactions between buyers and suppliers. Right now one of the major concerns for us is the uncertainty over payments of confirmed and shipped orders, which is around $8 billion worth of receivables in any given point of time," Huq also said.

"Yes second wave already started hitting at Europe. Yet we don't know when vaccine will be ready for general public," said Syed Earshad Ahmed, president of the American Chamber of Commerce in Bangladesh.

"Another reason, our competitors (Vietnam, Cambodia, Indonesia, Sri Lanka) became more aggressive and getting advantages over us as their infrastructure are better and they could have managed pandemic situation effectively," he said.

"Bangladesh need more focus on logistics management, ports management to avoid delays in clearing imports and exports. Exporters have to maintain committed lead times," he said.

Ahsan H Mansur, executive director of Policy Research Institute, said the second wave of Covid-19 has already started in the western world.
So the second wave may have a bad impact on the shipment of garment items from Bangladesh, he said.

The uncertainty of the availability vaccine for mass people is also a factor now. Because the customers on a massive scale are not visiting the stores now and their income had also been lowered after the Covid-19 outbreak, said Mansur.

The garment export from Bangladesh is still at a recovery phase and yet to be rebounded fully. The full rebound of the shipment may happen in next March, he said.

The earning from export of garments over the last three or four months increased, as the international retailers and brands are taking back cancelled work orders. The buyers had cancelled work orders worth $3.18 billion.

If the vaccines arrived in the market, it should be provided for at least 70 per cent of people in the world, if 100 per cent is not possible, for restoration of normalcy in business, he added.

The export of garments from Bangladesh has been backed by the shifting of work orders from China. For instance, garment export to the US from China declined by 40.93 per cent between January and August compared to the same period last year.

Garment import by the US also declined by 25.47 per cent from India, 9.92 per cent from Vietnam and 14.76 per cent from Bangladesh between January and August this year compared to the same period last year, according to data from the US Department of Commerce.

Bangladesh will receive some work orders that got shifted from China, said Mansur.

Source: thedailystar.net– Oct 12, 2020

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Bangladesh: Contribution to central fund for garment workers falls 14.2pc

The contribution of garment factories to the fund set up to provide financial support to garment workers fell 14.20 per cent to Tk 55.83 crore last fiscal year due to the coronavirus pandemic and some banks' negligence.

The Central Fund for the Readymade Garment Sector received Tk 65.06 crore from apparel exporters in the fiscal year of 2018-19.

The government formed the Central Fund in 2016 and it is managed by the labour department. Since the inception, about Tk 238.99 crore has been deposited by the garment exporters, said Md Amir Hossain, the director-general of the Central Fund.

So far, about Tk 85.39 crore has been distributed among the eligible garment workers, their heirs or children in grants.

The beneficiaries include heirs of 3,988 deceased workers, who received a total of about Tk 79.41 crore.

Workers of seven member factories of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) which had closed down got about Tk 1.40 crore in compensation.

The workers of another factory belonging to the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) received Tk 51.56 lakh.

Some 1,006 workers who fell ill received Tk 2.85 crore. Besides, 602 meritorious students who are children of the workers were paid Tk 1.20 crore in stipends, Hossain said.

However, the parliamentary standing committee on the ministry of labour and employment has alleged recently that the volume of the fund has not increased in keeping with the country’s export earnings due to the negligence of some lenders, according to a letter of the labour ministry to the BB.

Apparel exports stood at $28.14 billion in FY17, $30.61 billion in FY18, $34.13 billion in FY19, and $27.83 billion in FY20.
On October 5, Bangladesh Bank asked banks to deposit 0.03 per cent of the encashed export earnings at the central fund.

In June 2016, the central bank instructed lenders to deposit the money to the fund but there is an allegation that some banks have not followed the instruction properly.

The lenders have not deducted the amount of the export earnings as per the rules. Against the backdrop, the volume of the fund has not increased as expected, the BB said in a notice.

"We request the garment workers to apply to the central fund through the BGMEA and the BKMEA for the financial support," said Hossain.

There are 3,608 garment factories in Bangladesh that export products, he said, quoting data from the Export Promotion Bureau. But the central fund does not know how many are contributing to the fund, Hossain said.

About Tk 45.91 crore was deposited in the fund in the fiscal year of 2016-17. No money was distributed in grants in the first year of the fund.

A total of Tk 57.30 crore was deposited in the FY18 and Tk 36.69 crore was distributed among the heirs of 1,852 deceased garment workers.

Another Tk 21.51 crore was spent in the FY19 for the purpose of compensation, treatment expenditure and stipends. The fund spent Tk 24.69 crore in the FY20.

As of September in the current fiscal year, the fund received about Tk 9.78 crore. The grant stood at Tk 1.49 crore so far in the current fiscal year, Hossain said. The account of the central fund for the garment sector is maintained at the Ramna Corporate Branch of Sonali Bank in the capital.

A garment worker or their heirs would get Tk 3 lakh from the fund in case of death or grave injuries at the workplace. In case of illness or injury that render them disable or death outside of workplaces, a worker or their beneficiaries would get Tk 2 lakh.

A worker will receive Tk 1 lakh if they face any workplace injury, which causes mutilation but not a permanent disability, according to the labour ministry.
Besides, the children of workers will get Tk 20,000 in stipend if they manage a cumulative grade point average of 4.5 and above in the secondary school certificate examination.

Female workers are entitled to Tk 25,000 as maternity benefit from the fund.

Source: thedailystar.net – Oct 12, 2020

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**Pakistan: Cotton output**

PAKISTAN is set — yet again — to miss this year’s official cotton production target of over 10m bales by a wide margin if the crop arrivals at the ginning factories are anything to go by. The Pakistan Cotton Ginners Association reported a 35pc decline in cotton arrivals by Oct 3.

If the trend persists, it will mean that the crop output this year will be half its peak of some 14m bales achieved about a decade ago. Many factors are to blame for the consistently dismal performance of the cotton crop, which supplies raw material to the country’s $13bn export-oriented textile industry.

However, government policies allowing establishment of sugar mills in the cotton belt, lack of research in the development of new seed varieties, growers’ increasing expenditure on fertilisers and insecticides, and climate change are among the major reasons behind the dwindling crop output in recent years. The situation has forced the Senate chairman to take notice of the plight of cotton growers and ginners and ask the upper house panel on commerce to prepare a comprehensive report. What that means for the future of the crop, which helps the country fetch about 60pc of its export revenues annually, is not clear yet.

The government is aware of the situation but hasn’t implemented any effective measures to reverse the trend of falling production and deteriorating product quality, meaning that the country’s economy will continue to pay a heavy price for this official neglect. It also means that textile exporters will become more reliant on imported cotton in the coming years to meet their requirements at the expense of their international competitiveness and foreign exchange, which is already in short supply.
It is unfortunate that the country is watching the destruction of one of its major crops at a time when other cotton-producing nations have dramatically increased their productivity and improved the quality of their crop by investing in the latest seed technology over the last two decades.

Although the majority of Pakistani farmers also switched to Bt cotton many years back, the adoption of poor-quality, uncertified genetically modified varieties in an unregulated market has done great harm to the cotton economy instead of helping it. If the government wants to protect the country’s textile exports, it will have to invest substantially in seed research to develop disease-resistant and high-yield varieties to once again make cotton an attractive, profitable crop for farmers.

Source: dawn.com – Oct 12, 2020

Pakistan: Textile mills demand increase in duty drawback

The All Pakistan Textile Mills Association (Aptma) has sought an upward revision in duty drawback on exports to bring it in line with current duties and taxes.

A notification for the existing duty drawback facility had been issued 11 years ago in 2009. Since then, tariff rates had changed altogether and it required an immediate update, said Aptma Punjab Secretary-General Raza Baqir.

In a meeting with senior officers of the Input-Output Coefficient Organisation (IOCO) North Zone Directorate General held to evaluate rates of duty drawback on exported goods of the garment industry, it was noted that the Federal Board of Revenue (FBR) had established the IOCO Directorate General with the responsibility of constantly evaluating the duty drawback rates on exports and rates of input-output of goods in liaison with the private sector.

Pakistan Customs has revised upward the rates of duty drawback for various sectors under a factual determination by IOCO after revision in the valuation of inputs under the government vision of “Made in Pakistan” to increase global competitiveness of products and contribute to an export-led growth.
Aptma members stressed the need for amending rules, simplifying tax laws and automating business processes to bring transparency in the system so that small and medium enterprises (SMEs) of the value-added textile industry could be facilitated and exports could be enhanced.

They called for implementing the vision of Prime Minister Imran Khan by simplifying the export scheme, providing new incentives for the business community to help them to keep abreast of latest developments and trends in technology.

Delegation members pointed to a cash flow crunch that had squeezed productivity, resulting in reduced exports as billions of rupees were blocked, and demanded that the government release all stuck claims of exporters immediately.

Almost half of the exporters found it hard to comply with trade-related regulations or procedures in the country and abroad. Better integration with the global value chain and increased exports were important for Pakistan’s economic development through job creation, especially for the youth and women, they said.

Aptma members noted that billions of dollars of untapped export potential was at risk due to market friction such as a lack of transparency and related non-tariff measures, especially for small businesses.

They cited high cost of doing business, saying that the industry had been competing in the global market without support or a proper plan while major competitors like India and China had been utilising all channels and resources.

Pakistan on track to industrialisation after hectic endeavours in 2 years

Pakistan is now back on track because of hectic endeavours in two years from de-industrialisation to a level wherein business community dealing with large scale manufacturing has now started feeling on how to increase their capacity to meet the export orders they have in their hand.

This government came into power in 2018 and it was the policy of the previous government to forget the industry and keep focusing on imports. The previous regime badly believed in making money through imports. Now the incumbent regime has successfully wriggled the country out of the de-industrialisation phase and placed it at a level where the process of industrialisation is set to take off.

Adviser to PM on Commerce, Textile and Investment Abdul Razak Dawood stated this in a wide ranging interview with The News starting from the incentives the government is working on how to put the country on path to industrialisation to trade ties with regional countries, Afghanistan and Central Asian Republics (CARs) and India and up to the latest outlook about trade with China. Abdul Razak Dawood also spoke his mind when asked as to whether Pakistan suffered or not after trade with many economies such as China, Malaysia, Indonesia and Sri Lank under free trade agreements (FTAs) and preferential trade agreement (PTA). He also highlighted Pakistan strategy on how to regain the share of export of $2.1 billion once Pakistan had in Afghanistan.

Abdul Razak Dawood said that the government is vigorously working on how to provide further incentives to industrialists enabling them to go for more investment in expanding their business houses not only to attain the capacity enough to meet export orders but also to generate more economic activities that will result in generation of more jobs in the country. This will also expedite the process to put the country on the way to industrialisation. Keeping in view the export orders in hand, Abdul Razak Dawood said that Pakistan’s export will increase to $28 billion by end of the current financial year ($25 billion exports in goods and $ 5 billion in goods).

He said that Prime Minister Imran Khan has approved in principle to provide the industrial consumers to provide the electricity at reasonably reduced tariff which currently stands at Rs24 per unit. The government is going for a paradigm shift in tariff regime for the country’s industrial
consumers with an aim to reduce their input cost. The existing tariff was worked out when the country was running short of electricity, but now the situation is otherwise as the country is now massively in surplus of electricity. “So the government wants to provide electricity at a reduced rate as an incentive to industrial consumers,” he said.

The government through this initiative will kill two birds with one stone meaning that this initiative will not only help generate economic activities in the country but will also help tackle the biggest issue of payment of capacity charges. The country has now installed capacity of about 36,000MW, but its derated capacity stands at 29,000MW. The government wants to utilise maximum electricity by giving incentives to industrial consumers. The adviser disclosed that the Energy Ministry (Power Division) is working on a new tariff regime for industrial consumers at lower prices and the summary to this effect Energy Ministry will soon submit to the ECC for approval. Apart from it, the government will also give incentives in the export and textile policies and Commerce Ministry is working on for the country's industry to harness the main objective of turning the country to industrialisation from de-industrialisation.

Coming to Afghanistan that is the captive market of Pakistan, the adviser admitted the fact that the export to the said country has dwindled by $800 over the years and said in the same breath: “We are back on track and started recovering in terms of increasing exports to Afghanistan.

He said Afghanistan-Pakistan Trade Agreement is going to expire in February 2021 and both countries will renegotiate. Apart from it, Islamabad and Kabul are very keen to sign bilateral trade agreement for which both sides are working on it. Pakistan authorities are also working on improving the logistic movement for trade at Torkhum and Chaman borders to clear the backlogs.

“We are in touch with authorities in Kabul and in the process to improve the trade facilities at borders with Afghanistan. Abdul Razak Dawood also said that Pakistan is also in touch with Afghanistan in paving way for smooth transit trade with Central Asian States through Afghanistan. We want to safeguard the smooth and speedy movement of Pakistan’s trucks carrying goods for Central Asian States. The way trucks from Spain carrying goods move through European countries in the EU bloc without any impediment, we want Pakistani trucks to move in Afghanistan and Central Asian States.”
When asked if Afghanistan wants the permission of Indian goods to Afghanistan for the Wagha border and Kabul has linked it with progress on the transit trade to Pakistani goods for Central Asian States, the adviser said: “Yes, this issue is also on the table with authorities in Afghanistan.”

Towards the impact on trade balance of FTAs and PTAs with many countries, the adviser said that the country's trade balance is positive with Sri Lanka, but it is not in favour of Pakistan when it comes to trade with China. First FTA with China exposed Pakistan to massively negative trade balance. However after FTA-II, Pakistan has been accommodated very well and it is hoped that the export of Pakistan will increase to a reasonable level to China but the trade balance will remain in favour of China as it is a highly efficient economy. When it comes to Malaysia, Pakistan is again at loss as it has to import palm oil at the maximum. With Indonesia, the trade balance is not in favour of Pakistan but exports to Indonesia are improving as authorities in Indonesia have unilaterally extended zero duty to 20 items of Pakistan.

About trade with India, the adviser said: “The current status quo is being maintained. The restoration of trade with India is linked with the Kashmir issue. For us it is a sensitive issue.”

Mentioning again trade with China, the adviser said that after COVID-19, the trade has started coming on the way to normalcy and it is hoped that trade between the two countries would pick momentum after FTA-II which is enforced from January 01, 2020.

About GSP Plus from EU countries, the adviser said that Pakistan has already submitted on September 14 one day before the deadline of September 15, its detailed report about progress on 27 conventions. Earlier, EU authorities used to visit Pakistan in September-October every year, but this time because of COVID19 situation they did not turn up here and Pakistan was asked to submit a detailed report which it deposited before time. “Though we need to do a lot on various conventions, but the progress on many issues mentioned in the detailed report will help continue the GSP Plus facility for Pakistan,” he concluded.

Source: thenews.com.pk– Oct 12, 2020
NATIONAL NEWS

**Kasturi, the first national brand of Indian cotton can fetch at least a 5% price premium: Experts**

The government has promised to double the income of farmers and it has also promised that irrespective of the reforms in farm laws, the government will not abdicate MSP procurement.

Kasturi, the first national brand of Indian cotton, can fetch at least a 5% price premium, industry experts said. With private trade not willing to buy cotton at the minimum support price, the government agency Cotton Corporation of India (CCI) has to step in as the biggest buyer, accounting for a third of the national output.

And cotton branding is expected to help CCI increase exports.

"Creating a brand of Indian cotton was a long pending requirement of the trade. Leading cotton exporting countries of the world, like Egypt and the US, have their own cotton brands. The fine parameters of the Kasturi brand will help Indian cotton realise at least 5% more value than the prevailing market price," said Atul Ganatra, prescient, Cotton Association of India.

T Rajakumar, chairman of trade association CITI, said: "Indian exporters at present do not get better prices on the cotton products due to poor quality of cotton fibre and contaminated cotton”.

The government has promised to double the income of farmers and it has also promised that irrespective of the reforms in farm laws, the government will not abdicate MSP procurement.

"This means that the CCI’s cotton procurement is going to keep on increasing until the next Lok Sabha elections in 2024. Branding will help CCI help increase exports," said a trader who did not want to be named.

However, a section of traders and ginners are sceptical that the cotton consuming spinning mills, which prefer to import fine grade cotton to meet their export commitments of fabric and garments, may not be willing to pay the premium for Kasturi cotton.
Earlier, government attempts at branding have not succeeded much in the country, with only the Sankar-6 brand of cotton created by private trade from Gujarat gaining popularity in international trade.

Ginners from north Maharashtra had launched their own brand Mahacot in 2012 to counter the Sankar-6 brand of Gujarat.

"We had registered the Mahacot brand, which helped create awareness among ginners, helped them realise better prices and reduce disputes regarding the quality of cotton," said Pradeep Jain, president, Khandesh Ginners Association. “But as we were not charging the ginners for using the brand name, it could not attain the identity of brand as accepted internationally."

Source: economictimes.com– Oct 11, 2020

India’s campaign against CPEC

China Pakistan Economic Corridor (CPEC) is the flagship project of Chinese President Xi Jinping’s Belt and Road Initiative (BRI), launched in the year 2013. With the emergence of China as a global economic superpower, trade through the Indian Ocean is set to rise significantly in the coming decades, especially through CPEC.

China is working hard to operationalise the BRI, which aims at seeking regional and global connectivity through land and sea. The Indian Ocean has emerged as a centre for regional trade as around 90,000 vessels in the world’s commercial fleet transport 9.84 billion tons of cargo through the ocean besides 40pc of world’s oil supply also passes through the same waters. With 19.9pc of the global trade volume passing through the Indian Ocean, the total trade passing through the ocean is 70pc of the world trade in value.

In this regard, the claim made by Indian naval chief Admiral Karambir Singh in January 2020 that CPEC impinges on India’s sovereignty is a blatant lie. The admiral parrotted the Indian stance that since CPEC passes through Gilgit-Baltistan, which at the time of Partition was partially aligned with Kashmir, therefore, it passes through the territory of a disputed area on which India claimed its sovereignty.
Earlier, in July 2018, S Jaishankar, the Indian foreign secretary, told the Chinese officials in Beijing that CPEC allegedly violated Indian sovereignty because it runs through Azad Kashmir. China outright rejected the Indian stance. New Delhi also fears that once CPEC becomes operational, its influence in Central Asia and Afghanistan will diminish along with occupied Kashmir.

There are also fears in India that CPEC is internationalising the Kashmir dispute on which India has gone on backfoot after strong international opposition to the annexation of the territory in 2019. It believes the building CPEC would put spotlight on the disputed region. The Indians are also under the impression that CPEC, once fully operational, would hurt India's economic growth. This claim is also ludicrous as the Indian economy as compared to Pakistan is massive and will in no way be dented by the BRI project.

The Indians are going all the way to oppose CPEC and hurt Pakistan's economic progress. Their investment in Chahbahar in Iran was a step in that direction but the port has not taken off and in the near future does not hold any promise for Indian investment.

According to reported figures, the CPEC project is US$54 billion economic corridor, including 11 billion investment on rail and road projects and 33 billion on power generation projects.

India is also alarmed at the prospect of Pakistan emerging as an outsourcing destination. This will happen when new industrial towns will emerge along with the corridor where skilled workforce will be based, allowing the country to emerge as a center of contract-manufacturing-outsourcing. Indians claim it could hurt the Indian exports in textile and other sectors.

Kulbhusan Yadav, an Indian saboteur and spy, was involved in masterminding terrorist activities in the country, especially in Balochistan and Karachi and against CPEC. He admitted that “…I have been directing various activities in Balochistan and Karachi at the behest of RAW and deteriorating law and order situation in Karachi.

My purpose was to hold meetings with Baloch insurgents and carry out activities with their collaboration. These activities have been of criminal nature, leading to killing of or maiming of Pakistani citizens.”
It has been proven that Yadhav and his network sponsored and directed a series of terrorist attacks, including IEDs and grenade assaults in Gwadar and Turbat, attack on the radar station and civilian boats at the Jiwani port, bombing of gas pipelines and electric pylons in Sibi and Sui areas in Balochistan, an IED explosion in Quetta in 2015, attacks on Hazaras in Quetta and Zaireen en route to and back from Iran. No matter what, CPEC will emerge successful with unwavering Chinese and Pakistani support.

Source: thenews.com.pk – Oct 12, 2020

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e-Invoicing to replace e-way bill system soon, says Finance Secretary Ajay Pandey

*From 8.4 lakh Invoice Reference Numbers (IRNs) generated on Day 1 (Oct 1), October 7 saw 13.69 lakh IRNs being generated*

Finance Secretary Ajay Bhushan Pandey on Friday said that e-invoicing will soon replace the existing e-way bill system. Further, it will also ease the return filing system for smaller and medium businesses.

e-Invoicing essentially involves reporting details of specified GST documents to a government-notified portal and obtaining a reference number. e-way bill is an electronic document showing GST due is paid, and is required for movement of goods.

From October 1, e-invoicing is mandated for businesses with annual turnover of more than ₹500 crore. By January 1, it will be available to taxpayers having a turnover more than ₹100 crore a year. It will be finally made available to all taxpayers for B2B transactions from April 1, 2021. Pandey chaired a meeting to review the progress of an e-invoicing scheme. The meeting was attended by officials of the tax department, GSTN and National Information Centre (NIC).

According to the Secretary, e-invoicing has many advantages, both for businesses and the tax administration. Buyers and sellers will be able to have real-time information related to the invoices. “It replaces the physical invoice and will soon replace the existing e-way bill system and taxpayers will not have to generate separate e-way bills,” he said.
He also said that the e-invoicing system can eventually dispense with the present system of filing GST returns for smaller businesses and MSMEs. e-invoice will pre-populate returns and they have to simply pay the taxes. “The returns will be automatically generated for all supplies for which e-invoice have been issued,” he said.

On the performance of the e-invoicing scheme, Pandey said: “This is the beginning of a new chapter on the ease of doing business and paying taxes in India,” he said. From October 1 to October 7, Invoice Reference Number (IRN) generation has grown by 163 per cent, touching 13.69 lakh IRNs.

“As e-invoicing is an exceedingly progressive system, we expect that it will also have other major advantages of improving the payment cycle for the industry and give a boost to invoice-based lending to MSMEs,” he added.

According to GSTN and NIC, as per the statistics available, within seven days of the introduction of e-invoicing, more than 69.5 lakh IRNs were generated by about 71,000 users. On the very first day of introduction, more than 8.4 lakh IRNs were generated by 8,453 users, while on October 7, about 13.69 lakh IRNs were generated by 14,100 users.

Around 82 per cent IRNs were generated using GSP mode, while 15 per cent were generated via direct Application Programming Interface (API) mode. Only 3 per cent were generated through bulk uploading using offline tools.

Source: thehindubusinessline.com– Oct 09, 2020

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**Business coming back, but MSMEs want some more support for sustenance**

*Exemption from I-T, GST, fast tracking of loans among measures sought*

Even as business returns to normalcy, the MSME (micro, small and medium enterprise) segment seeks more temporary support measures in view of persisting challenges in some areas.

“As of now – need purchase category of demand has opened up fully and the biggest cause of fear is that it might taper down from October or November. The luxury purchase or status symbol purchase has started looking up, while
purchases from middle- and lower-income group is yet to pick up, according to KE Raghunathan, Convenor, Consortium of Indian Associations (CIA).

CIA conducted a study and survey across India on the reality of the situation with respect to performance of industries and employees especially on financial status, real time issues and the looking up scenario on Q3 and Q4 of 2020-21.

**Survey coverage**

The study was carried out across India between October 3 and 6, covering individuals earning above ₹25,000 per month, self-employed, owners-driven micro & small units, professionally-driven medium scale industries totalling 17,500 responses.

About 53 per cent of micro and small units indicated that their sales in September were in the 25-75 per cent range of September 2019 level, while 19 per cent reported more than 75 per cent of the previous year’s level and 28 per cent reported less than 25 per cent sales, according to the survey.

More than 75 per cent of September 2019’s sales were recorded by 35 per cent in self-employed segment and 28 per cent in medium enterprises category.

Of the five things (finance, orders, staff, raw material and profitability), finance is reported as a major concern by self-employed (80 per cent), micro & small units (54 per cent) and medium enterprises (38 per cent).

In the area of finance, of the five key things (loan repayment, supplier payments, advances to get, overheads and salary), 62 per cent in self-employed, 57 per cent in micro and small segment and 44 per cent in medium units pointed out loan repayment as the major concern.

About 62 per cent of units in self-employed segment, 64 per cent in micro and small units and 68 per cent in medium segment are hoping to do 50-60 per cent of FY2019’s turnover in this fiscal.

**Seek urgent action**

Raghunathan pointed out that an urgent action must be taken to pay the estimated dues of ₹3,50,000 crore to micro and small units from medium /
large Industries, PSU, SPSU, Central/State Governments. Also, governments must spend at least 75 per cent of their budgeted procurements for 2020-21 before December 2020 to boost order book and create employment opportunities in the market.

Other requests included abolishing income tax for this fiscal for who earn less than ₹15 lakh to spur consumption, exemption from GST for sub-₹5 crore turnover units till March 2021, special fast track loans for capital equipment purchase till March 2021 at 5 per cent interest rate and 2-year moratorium and an adhoc limit of 25 per cent of MSME’s monthly turn-over towards bill discounting facility, among others.

Source: thehindubusinessline.com– Oct 09, 2020

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**Freight-rate surge stirs call for shipping regulator**

Several trade bodies have urged the Centre to set up a regulator to deal with the rising freight charges, amid the problem of container shortages that exporters are facing.

Engineering Export Promotion Council of India claimed that shipping lines are demanding high freight charges as inward traffic from different countries, particularly from China, has declined for which the exporters are required to pay a higher amount for outbound consignments.

“Imports from China have fallen and the liners have increased freight rates. No shipping company likes to sail empty after delivery of export consignments,” Sanjay Budhia, chairman of CII national committee on exports and imports, told PTI.

He said all the exporters across the country are facing this problem.

“This is leading to a situation where cargo is lying at ports. We urged the government to set up a shipping regulator to control the freight rates,” Mr. Budhia said, adding exports have started to pick up despite the coronavirus crisis.

After contracting for six months in a row, exports grew by 5.27% to $27.4 billion in September.
The shipping companies have raised freight rates due to falling imports from China as liners do not have much cargo while they are returning, an official of the engineering exporters’ body said. “This is making Indian exports uncompetitive in the global markets,” an EEPC official said.

After witnessing a sharp fall, engineering exports have somewhat steadied, though the contraction continues, he added.

Source: thehindu.com – Oct 11, 2020

Relief to exporters: RBI discontinues automatic caution-listing system

The Reserve Bank of India on Friday announced discontinuing the system-based automatic caution-listing of exporters, a move aimed at providing flexibility to exporters in terms of realisation of export proceeds. Exports have been adversely impacted by the pandemic-related contraction in external demand, RBI Governor Shaktikanta Das said during a virtual press conference after the meeting of the Monetary Policy Committee.

"In this environment, it is crucial to provide flexibility to exporters in the realisation of export proceeds and to empower them to negotiate better terms with overseas buyers," he said.

As part of automation of Export Data Processing and Monitoring System (EDPMS), the 'Caution/ De-caution Listing' of exporters was automated in 2016.

Accordingly, the exporters were to be caution-listed automatically, if any shipping bill against them remained outstanding for more than two years in EDPMS and no extension was granted for realisation of export proceeds against the outstanding shipping bill.

Additionally, the normal system of caution-listing based on the recommendations of the Authorised Dealer (AD) bank before the expiry of two years is there for certain cases.
"In order to make the system more exporter friendly and equitable, it has been decided to discontinue the Automatic Caution-listing," the governor said.

However, RBI will continue with caution-listing based on the case-specific recommendations of the AD bank.

Commenting on RBI's decision, Vivek Jalan, Partner, Tax Connect Advisory Services, said the move will provide much needed relief to exporters as it will ensure better and timely credit flow to exporters.

"It will help the gasping exporters also, some of which were classified as 'risky exporters' for purposes like GST, Customs, also, on the basis of various parameters, including EDPMS listing in caution list," he said.

Industry body Ficci's President Sangita Reddy said the decision to discontinue the automatic caution listing system will benefit the exporters as it was a long pending request of Ficci and "we are happy to see a positive move in this direction".

After contracting for six months in a row, India's exports grew by 5.27 per cent year-on-year to USD 27.4 billion in September while trade deficit narrowed to a three-month low of USD 2.91 billion. Imports declined by 19.6 per cent to USD 30.31 billion in September.

Source: economictimes.com – Oct 10, 2020
GDP to shrink 9.5%, ‘risks tilted to downside’

The Monetary Policy Committee of the RBI on Friday shed its reticence over making a precise estimate of the country’s real GDP for FY21 by predicting a 9.5% contraction in the pandemic-ravaged year, with “risks tilted to the downside”. Among prominent global agencies, only S&P (-9%) has forecast a narrower contraction for the Indian economy.

The central bank, however, has less certitude to offer on its retail inflation estimate for now. The headline inflation had remained above the MPC’s tolerance band of 4 (+/- 2)% for eight out of the past nine months, but eased marginally to 6.69% y-o-y in August, against 6.73% in July. The MPC would just say the inflation “will remain elevated in the September print, but ease gradually towards the target over Q3 and Q4”. Of course, the committee chose “to look through the current inflation hump as transient and address the more urgent need to revive growth”.

Short of cutting the interest rates, the RBI unveiled a clutch of steps to spur growth, including boosting of liquidity support for financial markets and measures to speed up credit flows to specific sectors like SMEs and high net worth consumers and revive exports.

A modest recovery in various high-frequency indicators in September (see graph) could strengthen further in H2, with progressive unlocking of economic activities, governor Shakthikanta Das said, adding, a predominantly “three-speed recovery” might be in the horizon, with individual sectors showing varying paces.

Among the resilient brisk movers are agriculture and allied sectors, FMCG, passenger vehicles, tractors, two-wheelers, drugs and pharmaceuticals and electricity generation. According to the MPC, manufacturing firms’ capacity utilisation might recover in Q3 and activities could gain some traction from Q3 onwards. However, both private investment and exports will likely be subdued, especially since external demand is anaemic.

“Our analysis suggests that supply disruptions and associated margins/mark-ups are the major factors driving up inflation. As supply chains are restored, these wedges should dissipate,” the MPC wrote.

Source: financialexpress.com— Oct 10, 2020
WTC develops trade and exhibition platform for MSMEs & startups

To help MSMEs, Women Entrepreneurs and Start-Ups to accelerate their reach to global markets, WTC Mumbai has developed a unique ‘Virtual Trade and Exhibition Platform’ – worldtradeexpo.org.

With an increased social distancing and remote working, MSMEs, startups and women entrepreneurs are increasingly looking for a simple, smarter and innovative digital platform to reach out to global markets and establish links with potential buyers.

The focus sectors include Textiles, Fabrics & Yarns, Engineering, Auto Parts & Accessories, Plastics, Chemicals, Agri & Agri Processing, Handlooms & Handicrafts, Electronics, Electricals and Healthcare. These are India’s priority exports sector.

This online platform will promote MSME entrepreneurs to connect to potential buyers and will further help to increase India’s export.

It will also provide training modules on quality certification, packaging, trade barriers, opportunities in FTAs, research data as well as facilitate B2B meetings to MSME sellers. This platform will help to realise the Hon’ble Prime Minister’s vision of digital MSME, Atmanirbhar Bharat and Vocal4Local.

Kamal Morarka, Chairman, MVIRDC WTC Mumbai said, “As MVIRDC WTC Mumbai completes 50 years of service to promote India’s international trade, the Virtual World Trade Expo will serve as an effective catalyst to connect MSMEs, Start-Ups and Women Entrepreneurs from India and overseas to explore possibilities of enhancing trade, exploring collaborations and contract manufacturing across sectors.”

Worldtradeexpo.org starts with the first virtual exhibition on Handlooms, titled ‘Handloom Festival’.

Source: knnindia.co.in– Oct 09, 2020

HOME

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H&M to expand physical stores in India

Swedish apparel retailer H&M will continue to expand its physical stores in India although it is closing down 250 stores globally, betting on the long-term potential of the country, according to a senior company official. The company which opened its first store in India in 2015 currently has 48 outlets in 24 cities but may not open as many stores in the next five years as it also focuses on enhancing its digital presence.

"In India we are relatively small and there is great potential to grow with physical stores as well as digital in future. So for us physical stores remain incredibly important and we want to ensure that we have the right stores at the right locations also in the future," H&M India Country Manager Janne Einola told.

Earlier this month, the Swedish retailer had announced that it will close 250 stores globally next year in the wake of the coronavirus pandemic as consumers are increasingly shopping online. It has 5,000 stores worldwide.

Stating that when H&M entered India five years back, the market was already well digitized and people were used to buying online and considering the growth that the company has witnessed in those five years, he said,"So we don't have any need for closures (of stores). But we have a need to open more stores."

H&M plans to open two new stores at Lucknow and Bhubaneswar going ahead, while its online channel has covered 96 per cent of pincodes in India through its own digital channel and in partnership with Myntra.

When asked how many stores would the company open in the next five years, Einola said,"It is difficult to quantify but definitely, this 48 stores is too less for the market...I cannot say how many we will do it but not may be as many as we did in the last five years but definitely we will continue to grow in the coming years."

He said the company expects its physical stores and online channel to complement each other although at present due to the pandemic the digital sales are growing.
"Currently, consumers are relying more on the digital stores but when the confidence and sentiment start to slowly change, people will come back to physical stores," Einola added.

Bullish on the potential of the Indian market, he said,"We need to grow and there is a great opportunity to grow to the newer tier II cities, where today we have 50 per cent of stores. There are many many cities where we can enter and we need to strengthen our position and presence in tier I cities, which are very big and there we can have more."

Einola further said,"We need to look more in the long term...H&M has done very well in the country. I am sure the group is looking at India with positive eyes."

While there is a slowdown due to the global health crisis, he said when the pandemic is over, India promises a lot for the future considering the positive environment that the government has created through the FDI policy to invest in the future.

He, however, did not comment on the planned future investments in India.

Commenting on the impact of COVID-19 induced lockdown, he said its stores were totally shut for three months while it could not do online retailing for two and half months.

"If I am looking at the nine months report and how India was doing, I would say we have done quite well. We are doing only minus 31 per cent of the last year...," Einola added.

In the last five years, he said H&M India had an average gross annual growth rate of over 40 per cent. In the last two financial years the company clocked more than Rs 1,700 crore in sales.

Source: economictimes.com– Oct 11, 2020