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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 176 of 2020 August 14, 2020

US 74.80| EUR 88.37| GBP 97.71| JPY 0.70

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INTERNATIONAL NEWS

USA: Apparel's Upward Price Momentum Spills Over Into July

Although the COVID-19 pandemic rocked U.S. apparel prices from March through May, prices have now trended up for the second-straight month, according to the Bureau of Labor Statistics (BLS) in its Consumer Price Index (CPI), which measures the change in prices paid by consumers for goods and services.

On a month-over-month seasonally adjusted basis, apparel prices increased 1.1 percent in July, after jumping 1.7 percent in June. On a year-over-year unadjusted basis, total apparel prices are still down 6.5 percent from July 2019.

Apparel's 1.1 percent price increase was buoyed by a 5.8 percent seasonally adjusted month-over-month price boost from boys' apparel. Men's adjusted apparel prices dropped 0.5 percent in July, a dip from June's 2.4 percent price increase. This is largely due to decreases in the cost of men's shirts and sweaters (1.9 percent) and men's underwear, nightwear, swimwear, and accessories (0.9 percent).

Unlike the men's category, women's and girls' apparel saw an uptick for the second month in a row, with a seasonally adjusted 1.3 percent price jump. Women's apparel prices accounted for most of the increase, rising 1.7 percent and backed by major jumps in outerwear (4.6 percent) and dresses (4.1 percent). Girls' apparel prices declined 0.5 percent, however.

Folded into the overall apparel category, footwear also saw seasonally adjusted prices increase for the second month in a row to 1.2 percent in July. Women's footwear prices showed the largest increase at 2.6 percent, while men's jumped 1.4 percent. Boys' and girls' footwear still saw a 1.2 percent price drop. Unadjusted footwear prices remain down 3.3 percent compared to July 2019.

One standout category that has seen prices plummet on a year-over-year unadjusted basis is women's dresses, which have dropped 23.1 percent in average price, even after the most recent 4.1 percent month-over-month increase. This represents the third-largest drop across all categories measured by the BLS, with the only larger price decreases coming from fuel oil (27.2 percent) and airline fares (23.7 percent).

Infants' and toddlers' apparel saw a slight 0.8 percent month-over-month price hike, yet remains 3.4 percent down compared to July 2019.

Across all categories, overall CPI increased 0.6 percent in July on a seasonally adjusted basis, just like it did in June, according to the BLS. Over the past 12 months, the index was up an unadjusted 1 percent.

For analyzing short-term price trends in the economy, the BLS notes that seasonally adjusted changes are usually preferred since they eliminate the effect of changes that normally occur at the same time and in about the same magnitude every year—such as price movements resulting from weather events, production cycles, model changeovers, holidays and sales.

Unadjusted data serves more of primary interest to consumers concerned about the prices they actually pay.

The core index, which excludes the volatile food and energy sectors, rose 0.6 percent in July, a jump from the 0.2 increase June, which was the core's first monthly increase since February. On a 12-month unadjusted basis, the core index saw prices jump 1.6 percent.

In addition to apparel, the indexes for shelter (0.2 percent) and medical care (0.5 percent) also increased in July.

The energy index, which remains important for the supply chain and logistics side of the apparel industry due to tracking gasoline, fuel oil, electricity and utility gas service, continues to increase in unadjusted price at a rate of 2.5 percent in July after rising 5.1 percent in June.

The increase was predominantly a result of the gasoline index, which rose 5.6 percent in July following a 12.3 percent increase in June. The electricity index increased 0.3 percent in July, following a decline of 0.3 percent in June. The index for natural gas, in contrast, fell 1 percent over the month.

Source: sourcingjournal.com– Aug 13, 2020

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UK fashion exports to face continued tariffs in US

Seventeen UK fashion and textile product lines will continue to be hit with an additional 25 per cent tariff in the US. The tariffs were first introduced in October 2019 as part of a long running dispute between the US and the EU over subsidies to the aircraft industry. Sweaters, apparel, blankets and bed linen are among the product lines affected.

“This is hugely disappointing news. The impact of the additional tariffs have been devastating for UK manufacturers selling to the US. We are the only country to be hit with tariffs on fashion products and the current situation piles even more pressure on companies already reeling from the impact of covid-19 and the hugely uncertain trading situation with the EU.

Waiting for the outcome of a potential free trade agreement with the US isn’t enough. We need the government to take direct action now to support our manufacturing industry,” said UK Fashion & Textile Association (UKFT) CEO Adam Mansell in a press release.

“We are exceptionally disappointed that these tariffs remain in place and continue to punish our industry for a dispute which is completely outside of our control,” said Simon Cotton, CEO of Johnstons of Elgin, which makes cashmere and fine woollen cloth, knitwear and accessories in Scotland.

Bill Leach, global sales director at knitwear brand and manufacturer John Smedley, said: “This is hugely disappointing. John Smedley has invested heavily into the US market for many years, resulting in strong sales and customer satisfaction across a wide array of America’s finest retailers.

We also enjoy strong following on social media from across the US and we are immensely proud of the excellent working partnerships we have developed with customers, clients and media over decades.

“Since October 2019, when the retaliatory additional 25 per cent tariff was applied to all of our sales to the US, John Smedley has been forced to absorb this punitive cost in order to maintain the ongoing retail pricing of our collection and to maintain our existing proposition to our valued customers and clients in the US market.

“The fact that British-manufactured knitwear has become embroiled in the longest running trade dispute in WTO history to this extent is deeply irritating, unfairly punitive and continues to have a deep and long-lasting impact on our business in the UK. Our connections to and with the airline industry are non-existent.

“Should this retaliatory tariff application continue, John Smedley will need to take some tough decisions about our strategy for the US market.”

The additional tariffs apply only to UK manufactured products. The 17 fashion lines affected are those that fall under HTS Codes 6110.11.00, 6110.12.10, 6110.20.20, 6110.30.30, 6202.99.15, 6202.99.80, 6203.11.60, 6203.11.90, 6203.19.30, 6203.19.90, 6208.21.00, 6211.12.40, 6211.12.80, 6301.30.00, 6301.90.00, 6302.21.50, and 6302.21.90.

UKFT said it has written to Liz Truss, secretary of state for International Trade, requesting a meeting and demanding an immediate resolution to this dispute which has nothing to do with the UK fashion and textile industry.

Source: fibre2fashion.com– Aug 13, 2020

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US, China to discuss trade deal amid Covid-19 disruption

Negotiators from the United States and China will on Saturday discuss the "phase one" trade deal signed earlier this year -- before the coronavirus slammed the world economy and relations between the two economic powers took a turn for the worse.

Washington and Beijing's January deal represented a partial truce in their months-long trade war, and obligated Beijing to import an additional $200 billion in American products over two years, ranging from cars to machinery to oil to farm products.

But purchases of those goods have been lagging, while US President Donald Trump has stepped up rhetoric against China ahead of what's expected to be a tough fight for a second term in the November elections, raising questions about the deal's fate as well as the possibility of a second phase of the truce.

"The outcome of the trade talk will signal if both sides are willing to continue to keep the deal, which will signal whether the relationship will deteriorate further," said Iris Pang, chief economist for greater China at financial services giant ING.

Neither the US nor the Chinese government confirmed the talks to AFP but the deal mandates meetings every six months after it takes effect, which would be Saturday.

Even with tensions high and both countries reeling from the shock of Covid-19 -- which has caused a historic contraction in global growth and trade -- analysts don't expect the talks to produce major changes in the agreement. And if anything does happen, Washington would be the catalyst.

"Until now, China has been relatively passive and the United States has been relatively proactive," said Raymond Yeung, chief economist for greater China at ANZ bank. "In my opinion, there shouldn't be much change coming from China in terms of trade, cooperation or opening up the market, the key still lies in the US side."

The comity of the deal's signing in Washington has been overshadowed in recent months as Washington and Beijing have traded barbs over who is to blame for the coronavirus, which first surfaced in China.

Also worsening tensions are China's crackdown on Hong Kong, which Washington has responded to with sanctions, and the Trump administration's order to bar Chinese internet giants TikTok and WeChat from operating in the US.

US trade representative Robert Lighthizer in June said China would follow through on its commitments while Washington eyes a second deal, but that same month a Chinese state council counsellor said the Covid-19 pandemic has had an "impact" on the deal and that relations between the countries are "very unsatisfactory."

The US-based Peterson Institute for International Economics said Chinese agricultural purchases at the end of June were far from where they should be at that point in the year.

They had reached only 39 per cent of their semi-annual target, according to US figures, or 48 per cent, based on Chinese figures.

Source: timesofindia.com– Aug 14, 2020

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Can Bangladeshi Apparel Suppliers Seize a Golden Opportunity with China?

Bangladeshi suppliers have a massive new export opportunity with ready-made garments.

On Wednesday, the Chinese government reduced tariffs on products imported from Bangladesh under its Preferential Tariff Program—a move that dates back to items imported from July 1. Now, nearly all Bangladeshi products (97 percent) will see reduced duties moving forward, up from 60 percent prior to the news.

According to China Briefing, a publication produced by professional services firm Dezan Shira and Associates, China will now give duty-free export benefits to an additional 5,161 products from Bangladesh, bringing the number of exempted products to 8,256. That total includes items that are admissible under the Asia Pacific Trade Agreement (APTA).

Exporters in Bangladesh have enjoyed the bulk of these duty-free benefits since 2010, the publication said, with items like jute, plastics, raw hide, skins, frozen fish and crabs, live eels, sesame seeds and cotton waste products being the most popular imports to China. But despite the duty benefits that the country has enjoyed over the past decade, China Briefing reported that exports haven't shown substantial growth.

Export Promotion Bureau data shows that during the 2014-2015 fiscal year, total exports to China amounted to $791 million. By 2019, that number had only increased to $831 million. By May, looking back at the fiscal year that began in July 2019, exports amounted to $557 million.

However, there's one area that is trending positively: ready-made garments. Due to loopholes created by a clash between APTA and China's Preferential Tariff Agreement, the incentives offered by each agreement aren't synchronized. Those issues actually present an area of opportunity for Bangladeshi exporters looking to bring clothing to the Chinese market, China Briefing analysts said.

The new tariff exclusions are still in their early days. But Bangladesh's embattled apparel sector is likely looking for a home for the goods it's been saddled with, as well as any new business it can find to ease the burden. Bangladeshi apparel manufacturers have suffered a staggering $3.1 billion in losses this season due to canceled orders from international, and largely Western, fashion brands.

If exporters can pinpoint specific product categories by examining the tariff agreements, and conduct an analysis of price competitiveness, it could be a worthwhile exercise for the country's apparel suppliers.

The China Briefing report recommends that Bangladeshi exporters first ensure their valuable trademarks are registered in China, however. Corporate entities should also be registered in the country, such as Foreign Invested Commercial Enterprises, which arm foreign investors with the export and import licenses they need to do business and cut out third parties or middle men.

Source: sourcingjournal.com– Aug 13, 2020

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USA: Here's What the Data Says about Recessions, Unemployment and Apparel Sales

Doom and gloom are not the key words fashion vendors should live by in a post-COVID-19 world.

While disruption from the impact of the coronavirus, or COVID-19, pandemic will undoubtedly be unparalleled across all sectors, that doesn't mean it's time to become pessimistic. Disruption has a tendency to create new brands, business models and methodologies. For apparel and footwear vendors, COVID-19 has resulted in near-term hits such as delayed payments, cancelation of orders and lower-order volume for future seasons. Yet, the future for the two fashion sectors is actually fairly positive, provided companies start now to rethink their distribution strategies.

"We see a future where there will be successful post-pandemic brands, many of whom emerged as leaders during the [COVID-19-led] recession. Their success will almost certainly be attributable to constructive actions taken during the disruption period," concluded a report from PreciseTarget.

Founded by Robert McGovern, the company uses a machine learning system to profile the buying tastes of consumers based on their prior purchases. And it analyzes key metrics to help formulate a predictive conclusion about the future. The PreciseTarget Outlook for the Apparel Industry Post-COVID-19 report determined that rethinking these distribution channel will help apparel and footwear sales, particularly since it appears that the categories tend to see a quicker recovery than what's seen in other consumer sectors.

Rethinking the department store distribution channel

While there's been much talk about supply chains in retail, vendors have another network they should pay close attention to and that's their distribution chain. This is one that has already been disrupted at retail as multi-branded retailers such as Neiman Marcus Group, J.C. Penney & Co. Inc. and, most recently, Stein Mart, have all filed Chapter 11 petitions seeking bankruptcy court protection. The department store group is particularly hard hit, already distressed before COVID-19 and now expected to suffer the greatest impact. Credit ratings firm Moody's Investors Service is projecting a five percent decline in operating income for the sector, but the longer-term outlook is worse. And PreciseTarget's data suggests a 30 percent to 50 percent reduction in department store doors, with a 20 percent to 40 percent reduction in revenue for the sector.

"By necessity, the wholesale brands must pivot to a much higher mix of direct-to-consumer," the PreciseTarget report concluded. That does not mean going all-in on the e-commerce front. "It would be a 9.9 on the difficulty scale to suddenly build an online audience sufficiently large to grow your sales from 10 percent e-commerce to 100 percent," the report said.

With stores over-stocked and malls empty because consumers are afraid to shop in a physical store, the data profiling firm predicts wholesalers that survive COVID-19 will be 30 percent direct-to-consumer, and within two years will kick that up to 40 percent. The current average pre-COVID is about just five-to-nine percent of revenues from the direct-to-consumer channel.

Keeping in mind the expectation of extensive store closures and massive discounting to clear overstocked inventory and the fact that data becomes more important as companies rely on predictive analysis, PreciseTarget said tomorrow's retail world will have more data scientists than merchandisers.

But the analytical firm also cautioned that Amazon should not be viewed as a retail partner to cure all ills.

"Over the past 36 months Amazon has created over 175 knock-off apparel and footwear brands that compete directly with the mainstream brands, at dramatically lower prices. The current is flowing the other direction; Nike, IKEA, Birkenstock, Vans, Ralph Lauren, Patagonia, and The North Face are among the brands no longer selling directly on Amazon. Expect this trend to continue as Amazon likely becomes one of your major competitors," PreciseTarget concluded.

No correlation between loss of consumer wealth and fashion purchases

So why is PreciseTarget so optimistic about fashion's ability to survive COVID-19 even if it switches its distribution chain mix, given the current U.S. recession—which an economic watchdog said started this part February— and high rate of unemployment?

The analytical firm has concluded that data shows neither the loss of shareholder wealth nor unemployment significantly impacts apparel spending as much as one might think. That doesn't mean there's no impact, but that the impact is felt more in other consumer spending categories where recovery can take over twice as long as the 29-month average for the apparel and footwear group.

The report takes a look at two prior recessions, one starting with the DotCom bubble burst and the Great Recession in 2008. In the former, data indicated no correlation between loss of shareholder wealth and consumer purchases of apparel and footwear products. "In fact, apparel sales showed a steady upward growth trend as the markets continued to fall lower," the report found.

In the Great Recession, there was a slight correlation between the two, with apparel sales down 11.7 percent and taking 29 months to recover to pre-recession sales levels. In contrast, the Wilshire index was down 48 percent and took 55 months to recover, while the Nasdaq was down 46 percent and took 42 months to recover.

But with recent high levels of unemployment, the study also looked at whether there's a correlation between job losses and apparel sales. In checking on monthly apparel sales between 2000 and 2020 and monthly unemployment rates for the same period, the data indicated no correlation between the two.

Apparel sales continued on a slow and steady growth path, irrespective of the ebbs and flows of the unemployment rate as the economy churned through its cycles. Apparel sales grew during periods of highest unemployment, and no noticeable growth acceleration occurred when the unemployment rate fell," the report noted.

PreciseTarget also overlaid data from monthly apparel sales to other consumer categories to see how consumer spending performed during and after the Great Recession to help predict what to expect from the current recession. Only one category did better than apparel's 29-month recovery period, which was luxury hotel spending at 28 months.

The closest after apparel's 29-month recovery period was cosmetics at seven months. Next was restaurant spending, which took 31 months to recover. That was followed by automobile purchases at a 75-month recovery period, electronics and appliances at 84 months, furniture and home goods at 101 months and home improvement at 115 months.

"We are projecting that the apparel recovery will be similar to what we experienced in the Great Recession. We anticipate consumer spending will recover in a matter of a few quarters, with a much higher, and likely permanent, shift to online buying," PreciseTarget predicted.

Of course, consumers were already shifting their apparel purchases to online even before COVID-19. In a post-COVID-19 world, consumers who weren't big online shoppers before and who have since become more comfortable with e-commerce platforms are expected to continue with their new shopping behaviors. "We anticipate that this progressive migration will shift to a step-change, where online becomes 30 to 40 percent of retail in the 2021/2022 period," PreciseTarget said.

Source: sourcingjournal.com– Aug 12, 2020

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Business Times highlights new opportunities in EU-Vietnam Trade

The Business Times on August 11 posted a story describing the EU-Vietnam Free Trade Agreement (EVFTA) as a significant economic milestone for Vietnam.

According to the article, the EU is already Vietnam's second largest export designation. Vietnamese exports to the Eurozone have grown consistently in recent years, hitting a total of 42.5 billion USD in 2018, representing a year-on-year growth rate of 11 percent. They comprise mainly telecommunications equipment, electronics, footwear, textiles, and food products like coffee, rice and seafood.

With the EVFTA having entered into force, 70 percent of Vietnamese exports will now enter the EU's 26 member states duty free, the article said, adding that the remaining tariff lines' items will be reduced gradually over seven years.

Many businesses could seek opportunities to diversify or reconfigure their supply chains to deal with current issues, or guard against future risk, according to the article.

As countries around the world cautiously begin to reopen their economies after COVID-19 lockdowns, more companies will seek to build new resilience into their supply chain - and Vietnam's value proposition is further strengthened by the EVFTA, the article said.

"With Vietnam being one of the first markets in the region to ease lockdown restrictions, the country is in a prime position to capture opportunities from pent-up investment demand and shifting global production trends," it concluded.

Source: en.vietnamplus.vn– Aug 12, 2020

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Pakistan managed noticeable rise in textile exports to the Italian market in FY20

Pakistan has gone well with the noticeable rise in textile exports to the Italian market in FY20, amid COVID-19-fuelled lockdown and supply chain disruption, said Jauhar Saleem, Pakistan's ambassador to Italy. Italy has become the eighth highest gross domestic product (GDP) economy worldwide of $2 billion, according to Saleem. It is the European Union's (EU) third largest economy after Germany and France and Pakistan's 9th largest export destination as it is part to Pakistan's biggest diaspora.

In Italy the impact of the coronavirus pandemic on its economy are failing, and the International Monetary Fund (IMF) is predicting a downturn in Italy 's economy of 9-11 percent, while this year the Italian central bank is predicting a decline in its GDP of 9-13 percent.

Pakistan had a trade deficit of EUR 164 million with Italy in FY19, the ambassador suggested. In fiscal year 2019-20, Pakistan managed to report a trade surplus of $210 million despite a coronavirus outbreak and a lockdown in the region.

Source: textilefocus.com– Aug 12, 2020

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Cambodia's Forever Fug Garment to open $10-mn garment unit

The Council for Development of Cambodia (CDC) recently announced that Forever Fug Garment will invest around $10.3 million in constructing a garment factory in Thbong Ang village in Prey Nheat commune of Korng Pisey district in Kampong Speu province. The project, that received CDC green light some time back, is expected to generate 2,263 jobs.

Such investment demonstrates confidence of foreign investors in Cambodia's macroeconomic, political and social stability, especially during the COVID-19 crisis, according to a CDC press release.

Source: fibre2fashion.com– Aug 14, 2020

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Sri Lanka: Apparel sector stands to benefit from US-China trade war: Teejay

The ongoing conflict between the USA and China could be in favour for nations such as Sri Lanka since global apparel companies are looking to expand their sourcing options, South Asia's largest textile group and knit fabric provider, Teejay Group said.

The textile group, which is also Sri Lanka's only multinational mill, said that the trade war between the two giants has pushed the global apparel industry to actively look at alternate manufacturing centres, an opportunity economies in the South Asian region could capitalise on.

"The US-China trade tensions could have positive ramifications for garment centres such as Sri Lanka and others within the South Asian region.

Moreover, due to the COVID-19 outbreak, companies are apprehensive about relying on a single destination for their supply chain, thus are moving away from China and looking at the South Asian region," said Teejay Lanka Chairman Wing Tak Bill Lam in the company's latest annual report.

Pointing out that supply chain strategising to maintain the total supply chain within a country and mitigating its reliance on a single destination may become a reality in the future, with consolidation within industries also being part of the COVID-19 impact, he said that Teejay is ideally poised to leverage on opportunities arising since it has facilities in India as well.

Lam stressed that the company continues to adjust itself in the 'new normal', so that it functions in full capacity and remains cognisant of seizing opportunities as the firm emerges in the new dynamics.

"The group remains optimistic about the future while aiming to 'shockproof' the business by preparing a contingency plan. Its new business development efforts and switch-over to manufacturing PPE-related products reflect its ability to evolve fast," he added.

Acknowledging that the apparel industry as a whole will be affected by the impacts arising from the global pandemic, Lam expressed confidence that the impact of the ongoing global crisis will be moderate on the company.

Reason being, the group will continue to manufacture masks as long as COVID-19 exists and developed already is a collection of post-COVID fabrics, which focuses on defensive fabrics such as antiviral/antimicrobial defences, textiles with carbon compounds, in addition to the sustainable fabric collection.

Source: dailymirror.lk– Aug 13, 2020

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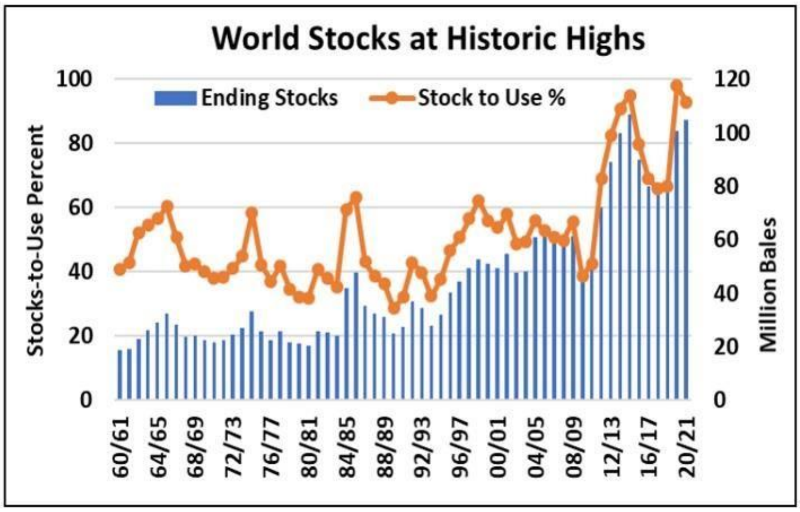
NATIONAL NEWS

India & Brazil push world cotton stocks to high level

World cotton stocks remain high as the Minimum Support Price (MSP) in India helped push its 2019-20 production to near-record levels, resulting in the government acquiring significant levels of stocks. Moreover, Brazil registered its third consecutive record crop, as most production has shifted to second-crop cotton, which has a lower cost of production.

The US department of agriculture (USDA) Outlook in February of 2020 projected that 2020-21 would be similar to 2019-20, with modest consumption growth and a modest decline in world stocks. Then COVID-19 spurred record downward adjustments to global cotton demand.



Current USDA estimates show global consumption in 2019-20 and 2020-21 together down just under 25 million bales (with 2020-21 down 15 per cent) from the February Outlook projections.

"The 2020-21 world production forecast is virtually unchanged, and COVID-19's negative impact on cotton demand was too late in the season to shift planting decisions away from cotton for most major producing countries This has pushed the stocks-to-use ratio back up into the 90 per cent range," the Foreign Agricultural Service of the USDA said in its August report 'Cotton: World Markets and Trade'.

Looking ahead, with government support programes in the two largest producing countries—China and India—shielding producers somewhat from price volatility, lower prices will have limited impact on global production.

"Given that the massive drop in demand in recent months was not price based but due to the impacts of COVID-19, lower cotton prices alone will have little impact on demand. Before global stocks can be drawn down to more traditional levels, end-use demand will have to recover from the current COVID-19-reduced levels," the report added.

Between 1960-61 and 2010-11, the world stocks-to-use ratio stayed between 30 and 60 per cent. However, since 2011-12 the stocks-to-use ratio has not dipped below 65 per cent and has been above 90 per cent four times including the last 2 years.

Source: fibre2fashion.com– Aug 14, 2020

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Atmanirbhar Bharat: DPIIT prepares blueprint for making India a manufacturing hub

The Department of Promotion of Industry and Internal Trade (DPIIT) has proposed short- and-long-term measures to turn India into a manufacturing hub for 20 champion sectors that it has identified. People in the know have told CNBC-TV18 that DPIIT has proposed incentives for the textiles sector, measures for Food Processing, and Ready to Eat sectors as part of the overall push to manufacturing which is part of the Modi government's call for Atmanirbhar Bharat.

The DPIIT has suggested incentives for product diversification for the top 40 apparel and home textile goods and top 10 technical textile goods which are traded globally. It has also suggested reimbursement of 10 percent freight on board for 50 percent growth in turnover.

The long-term suggestion is to have a Rs 40,000 crore textile fund to encourage investments in identified textile segments. The proposal is also to make coastal mega textile parks with plug and play facilities. Not just that, suggestions are also made to bring direct benefit transfer for the cotton farmers, a move also suggested by government think tank NITI Aayog.

The government believes the Ready to Eat segment has the potential to become a $2 billion industry in the next 5 years. Key suggestions given from DPIIT is to reduce tariff and non-tariff barriers on Indian food products from the European Union. It has also suggested to simplify pre-shipment formalities and to do away with spice board testing and certification norms in the long run.

The food processing industry specifically for mango, orange, and potato is where the government sees an opportunity of $10 billion industry by 2030. The short term suggestion by DPIIT is to bring down the power tariff specifically, make an aggressive market promotion campaign and organise food festivals in foreign locations. In the long term, it plans to identify and develop the health food market which is in vogue, and also bring Farmer Producer Organisations (FPOs) into food processing.

DPIIT has identified 20 champion sectors like marine, steel, aluminum, agro clusters, ready to eat, agrochemicals, textiles, electronic components, air conditioners, leather and footwear, auto components, furniture, medical equipment, television, closed-circuit camera, toys, ethanol, electric vehicle component, sport and gym equipment.

Source: cnbctv18.com– Aug 13, 2020

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KVIC to open silk production centre in Arunachal

The Khadi and Village Industries Commission (KVIC) is set to open the first-of-its-kind silk training cum production centre in Arunachal Pradesh's far-flung tribal village of Chullyu. Machinery like handlooms, charkha, silk reeling machines and warping drums have already arrived at the centre, and installation of machines are in full swing.

Conceived just six months ago, the centre will be launched in the first week of September. The KVIC has refurbished and converted a dilapidated school building into the training cum production centre. The school building has been provided to KVIC by the education department of Arunachal Pradesh government.

The first batch of 25 local artisans of Chullyu village has been selected to begin the training with.

“The training cum production centre is the first of its kind facility in Arunachal Pradesh and a big boost to weaving activities in the entire region. Training of artisans and supporting the production of eri silk, which is indigenous to the northeastern states, will create local employment and sustainable development in the region which is aligned with the Prime Minister's vision of Aatmanirbhar Bharat," KVIC chairman Vinai Kumar Saxena said. "KVIC will also create an exclusive page on its online portal to market their products," he added.

The development assumes significance as the tribal population in Arunachal Pradesh, men and women alike, traditionally wear eri silk and khadi cotton clothes, which carry a deep significance to their egalitarian tribal society. However, the people of the state have to buy silk from outside markets including those in Assam.

KVIC has also planned design intervention by engaging professional design institutes like NIFT Shillong, NID Jorhat and even local designers in Arunachal to develop new designs to suit the modern taste of tribal youths.

KVIC also aims to connect the centre with the tourists visiting Ziro tourist spot and thus providing an assured market to the local artisans for their products. The production centre will be equipped to cater to the market demand.

For the initial period, KVIC will also provide raw material and expenditure on training and wages and the cost of developing the prototypes of new designs.

Source: fibre2fashion.com– Aug 13, 2020

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IIP contraction slows to 16.6% in June amid industrial activity relaxation

IIP contraction slows to 16.6% in June amid industrial activity relaxation

The index of industrial production (IIP) contracted by 16.6 per cent in June compared to 33.8 per cent in May and a record 57.6 per cent slide in April. This is likely to pull down first-quarter gross domestic product of 2020-21, the data for which would be released this month-end.

The conditional relaxation in industrial activity leading to a graded pick-up was evident from the numbers. Contraction in industrial production slowed further in June, with industrial production growing 23.9 per cent compared to May, seasonally adjusted.

Goldman Sachs said the sequential pick-up was supported by all sub-indices. The slowing of contraction was also in line with core sector output which also showed signs of recovering as its contraction slowed too in June. The eight core sector industries together form 40 per cent of the IIP. Manufacturing activity improved the sharpest in June with contraction in output coming down to 17.1 per cent from 38.4 per cent in May while contraction in mining and electricity recovered only marginally.

However, other experts cautioned against celebrating just yet. “The pace of contraction of various lead indicators, such as the output of Coal India, electricity consumption, and GST e-way bills narrowed to single digits in July 2020, which suggests that de-growth in the IIP would also shrink in that month.

Nevertheless, we continue to caution that pent-up demand contributed to the improved performance of certain categories of manufacturing in June-July 2020, which may not sustain in August 2020 due to the extension of localised lockdowns in various states,” said Aditi Nayar, principal economist, ICRA.

Devendra Pant, chief economist at India Ratings, said sequential improvement in June was on expected lines. "However, the economic activities have not improved much in July and August and does not give confidence for quick recovery," he said. Ind-Ra expected all the four quarters of 2020-21 to record contraction in GDP.

"We continue to expect the economy to experience a sharp contraction during April-June quarter, as economic recovery fails to gain speed due to local lockdowns imposed by various states through July," said Rahul Bajoria at Barclays.

After releasing only the index numbers for the IIP for the previous two months, the government on Tuesday announced the total data for June but cautioned that comparing the IIP in the pandemic months with those preceding Covid-19 would not be appropriate.

On traditional year-on-year, all the components of the IIP — mining, manufacturing, and electricity — saw contraction, albeit by a smaller magnitude, than in the previous month. Manufacturing, which accounts for

78 per cent of the IIP, saw output fall by 17.1 per cent in June, less than half of the 38.4 per cent contraction in May. Inherent stress in the sector had become visible since March, but came out at full blast in April, when output had fallen by 67.1 per cent.

All but two of the 23 sub-sectors within manufacturing posted a year-on-year contraction. Buoyed by drug exports and orders for sanitizers and protective gear, pharmaceutical production rang up a 34 per cent rise, hugely bettering its 2.45 per cent growth in the previous month.

Tobacco production, the other sub-sector in the positive zone, rose by 4.5 per cent.

The capital goods segment, which denotes investment in industry, contracted by 36.9 per cent in June. It had been hit hard with declines of 64.3 per cent and over 90 per cent, respectively, in the previous months. With this, production in the category saw its 17th consecutive monthly decline.

Policymakers fear that as the government has exhausted its options of opening up even more sectors by easing foreign direct investment flows, capital goods production might take time to recover.

Consumer durables remained a drag among user-based industries, recording a 35.5 per cent fall, though recovering from May's 68.5 per contraction. The data from the beginning of the year showed that the production of consumer durables was falling even before the Covid-19 crisis, with June being the 11th month of contraction.

Consumer non-durables, which include many essential items, again entered the growth charts in June, rising 14 per cent. It had seen the narrowest contraction of 11.7 per cent in May.

Source: business-standard.com– Aug 12, 2020

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Good steps on tax

On Tuesday, Prime Minister Narendra Modi launched the "Transparent Taxation — Honouring the Honest" platform, unveiling a raft of measures that aim to ease the compliance burden and reward honest taxpayers. Broadly, the three pillars of the platform are faceless assessment and appeal, to eliminate the physical interface between the tax department and the taxpayer, and a Taxpayers' Charter that delineates the rights as well as obligations of the taxpayer. In a country with a high degree of complexity of the tax system, which often comes in the way of compliance, the attempt to make it "seamless, painless and faceless" is welcome.

The income tax department is often accused of being overzealous in its pursuit of meeting the budgeted tax collection targets. This often translates to assessing officers raising unreasonable demands which leads to tax disputes and long drawn out litigation.

As the Comptroller and Auditor General of India (CAG) noted in the compliance audit of the Department of Revenue-Direct Taxes of the Union Government in 2019, "assessing Officers (AOs) committed errors in the assessments ignoring clear provisions in the Act", adding that "the existing scrutiny assessment procedure is opaque".

The extent of the problem is quite severe. According to the Union budget 2020-21, Rs 8.02 lakh crore of "amounts under dispute" relate to direct taxes. Of these, around 40 per cent have been pending for more than two years. As per the data, 3.41 lakh cases related to direct taxes were pending before commissioner (appeal), while 92,205 cases were pending before the Income Tax Appellate Tribunal (ITAT) as on March 31, 2019. What is even more striking is that the success rate of the tax department in these cases is very low.

According to the Economic Survey 2017-18, the success rate of the tax department in tax cases at all levels of appeal — the appellate tribunals, the high court and the Supreme Court — is less than 30 per cent. Thus, shifting to a framework of faceless assessment and appeal — some of these steps have been in the works for some time — is a step in the right direction. Measures like automated random allocation of cases, randomly allotting appeals to any officer in the country, and ensuring the officer's anonymity, could help reduce litigation and end taxpayer harassment.

The prime minister also launched a Taxpayers' Charter, signalling an attempt to bridge the trust deficit between the tax payer and the tax department. However, there will be challenges with enforceability. The rights of taxpayers will need to be clearly defined, and be binding on the tax department. But at a broader level, there is a need to reassess and reconfigure the working of the tax department by building capabilities to check tax evasion, and widen the tax base, while at the same time discouraging unreasonable tax demands, and curbing litigation.

Source: indianexpress.com– Aug 14, 2020

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Organic e-commerce platform to directly link farmers with retail: Govt

The organic ecommerce platform 'Jaivikkheti' is being strengthened for directly linking farmers with retail as well as bulk buyers, the agriculture ministry said on Thursday.

In a world battered by the COVID-19 pandemic, the demand for healthy and safe food is already showing an upward trend and hence this is an opportune moment to be captured for a win-win situation for farmers, consumers and the environment, it said. Advisories to state governments on supporting direct marketing in order to decongest mandis led to a number of states issuing orders and amending legislations, thereby opening up market options to farmers, the ministry said.

"Working within the constraints posed due to disruption in logistics, access to regular markets, decrease in demand, number of states and clusters innovated and converted this crisis into an opportunity," it said in a statement. For instance, the Green Caravan of Kohima created market linkages from all villages of Nagaland to urban areas for vegetables, handicrafts and handlooms.

There was online sale of fruits and vegetables by Farmer Producer Organisations (FPOs) in Maharashtra and doorstep delivery in specially designed electric vans in Punjab, it said. That apart, the Manipur Organic Agency (MoMA) mobilised all the 15 farmer producer centres of Mission Organic Value Chain Development (MOVCD) to collect produce and transport to two organic wholesale centres at Sanjenthong and

Chingmeirong in Imphal for onward delivery to consumers, the statement said.

In this backdrop, the ministry said the organic e-commerce platform is being strengthened for directly linking farmers with retail as well as bulk buyers. A major takeaway during the pandemic period has been the infusion of digital technology in a much bigger way. "It is a welcome norm which is here to stay, saving in expenses on travel, logistics, etc while not compromising in any way on the quality of information sharing," it said.

The ministry said video conferences are being held to understand the issues being faced by companies and strengthen the conversations with states and regional councils responsible for handholding clusters and in the process new partnerships are being forged for direct procurement from the farmers/ farmer groups.

To assist farmers to adopt organic farming and improve remunerations, the government has been implementing two dedicated programmes namely Mission Organic Value Chain Development for North East Region (MOVCD-NER) and Paramparagat Krishi Vikas Yojana (PKVY) since 2015.

About 40,000 clusters are being assisted under PKVY covering an area of about 7 lakh hectares. MOVCD has brought in its fold 160 FPOs cultivating about 80,000 hectare, the ministry said.

Certification is an important element of organic produce to instill customer confidence. The consumer should look for the logos of FSSAI, Jaivik Bharat and PGS Organic India on the produce to establish the organic authenticity of the produce.

India ranks first in number of organic farmers and ninth in terms of area under organic farming. Sikkim became the first state in the world to become fully organic.

North East India has traditionally been organic and the consumption of chemicals is far less than the rest of the country. Similarly, the tribal and island territories are being nurtured to continue their organic story.

Source: business-standard.com– Aug 13, 2020

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