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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	15 Asia-Pacific nations, including China, sign world's biggest trade pact; India keeps out
2	RCEP—world's largest free-trade pact—'signed'
3	China Signs Mega Trade Deal With ASEAN, Japan and South Korea
4	Cotton Highlights from November WASDE Report
5	A focused strategy to help China drive global growth post pandemic
6	Pakistan secures $200m readymade garments business in a single year
7	Bangladesh's expectations from the Biden government
8	Bangladesh: Listed apparel makers bleed for pandemic-induced demand collapse
9	Bangladesh among countries more susceptible to global trade disruptions: UNCTAD

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	NATIONAL NEWS
1	Misplaced focus: Surging export aids fail to boost shipments
2	PLI scheme will help India nurture manufacturing giants
3	Bright prospects for cotton prices
4	'India not to re-join RCEP talks on existing terms'
5	India's exports fell 5.12 per cent in October, trade deficit reduced to $8.71 bn
6	India won't join RCEP till concerns are addressed
7	Forex reserves surge USD 7.78 bn to lifetime high of USD 568.494 bn
8	MEIS up 73% for April-December, but still just 40% of total for FY20
9	CAI to review cotton production figures on Dec 10
10	FinMin asks industry bodies, experts to submit ideas for Budget FY22 via e-mail
11	'GST data in Form 26AS not to result in additional compliance'
12	Govt removes anti-dumping duty on acrylic fiber
13	View: Covid and China: The 'C-factors' in India's Road to 'Atmanirbharta'
14	Congestion at Colombo Port boosts transshipment business at Cochin Port Trust

INTERNATIONAL NEWS

15 Asia-Pacific nations, including China, sign world's biggest trade pact; India keeps out

India had exited RCEP talks over fears on imports

Fifteen Asia-Pacific nations, including China but excluding India, on Sunday signed the world's biggest trade agreement, the Regional Comprehensive Economic Partnership (RCEP), with the hope that it will help them recover from the shocks of the Covid-19 pandemic.

The RCEP was signed after eight years of negotiations at the conclusion of annual summit of South-East Asian leaders and their regional partners, held virtually this year due to the pandemic.

The agreement, which covers almost a third of the world economy, will progressively lower tariffs across many areas in the coming years, reported Channel News Asia. After the signing, all countries would have to ratify the RCEP within two years before it becomes effective.

India, one of the leading consumer-driven markets in the region, pulled out of the talks last year concerned that the elimination of tariffs would open its markets to a flood of imports that could harm local producers. But other nations have said the door remains open for India in the RCEP, influenced by China.

The RCEP was first proposed in 2012 and loops in 10 ASEAN nations — Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar and Cambodia — along with China, Japan, South Korea, New Zealand and Australia.

Singapore PM Lee Hsien Loong said he joins fellow RCEP countries "in hoping that India too will be able to come on board at some point so that the participation in the RCEP will fully reflect the emerging patterns of integration and regional cooperation in Asia."

Source: thehindubusinessline.com– Nov 15, 2020

HOME

****

RCEP—world's largest free-trade pact—'signed'

Fifteen countries spanning the Asia Pacific region have officially inked the Regional Comprehensive Economic Partnership (RCEP) which promises to create a vast free trade network to speed up member countries' economic growth.

According to a report by Al Jazeera, the RCEP which has been pending approval for eight years has been inked by member countries via an online ceremony on Sunday, November 15. It will come into effect once all participants ratify the pact.

The RCEP is a free-trade deal among the 10-member Association of Southeast Asian Nations (ASEAN) and their trade partners China, Japan, South Korea, Australia, and New Zealand.

It will further lower tariffs on trade among member countries and will account for 30 percent of the global economy, 30 percent of the global population, and reach 2.2 billion customers.

RCEP was officially proposed in 2012, and the talks have dragged on since 2013.

Progress on the talks was especially slow but later gained momentum when US President Donald Trump, who promised to embrace trade protectionism to protect US companies, assumed office in 2017.

In November, the RCEP was brought again to the table but was failed to be signed anew amid India's last-minute withdrawal over fears that the trade deal will hardly hit its manufacturing sector by cheap made-in-China products, particularly in agriculture and textile sectors.

In addition, India also feared that it would worsen trade deficits that were already exacerbated by previous free-trade agreements.

Members, however, said the doors remained open for India to rejoin the bloc.

"RCEP will soon be ratified by signatory countries and take effect, contributing to the post-COVID pandemic economic recovery," Vietnam

Prime Minister Nguyen Xuan Phuc was quoted as saying in the report. Vietnam hosted the ceremony as the ASEAN chair.

"[RCEP] will help reduce or remove tariffs on industrial and agricultural products and set out rules for data transmission," said Luong Hoang Thai head of Vietnam's Ministry of Industry and Trade – Multilateral Trade Policy Department.

For his part, Malaysian Trade Minister Mohamed Azmin Ali said that the deal sent a signal that RCEP countries have chosen "to open our markets instead of resorting to protectionist measures during this difficult time."

Source: aseaneconomist.com– Nov 15, 2020

HOME

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China Signs Mega Trade Deal With ASEAN, Japan and South Korea

The 10-member Association of Southeast Asian Nations (ASEAN) has signed the Regional Comprehensive Economic Partnership (RCEP) trade deal with China, Japan, South Korea, New Zealand and Australia.

The RCEP marks ASEAN's biggest free trade pact to date, covering a market of 2.2 billion people with a combined size of $26.2 trillion. ASEAN said together, these RCEP participating countries account for about 30 percent of the global gross domestic product (GDP) and 30 percent of the world population.

"The signing of the RCEP Agreement is a historic event as it underpins ASEAN's role in leading a multilateral trade agreement of this magnitude, despite global and regional challenges and eight years of negotiations," said Dato Lim Jock Hoi, secretary-general of ASEAN. "RCEP will give a much-needed boost for a swift and robust recovery for businesses and peoples in our region particularly during the current COVID-19 pandemic crisis."

ASEAN is made up of Indonesia, Thailand, Singapore, Malaysia, the Philippines, Vietnam, Brunei, Cambodia, Myanmar and Laos. The deal will improve market access with tariffs and quotas eliminated on some 65 percent of goods traded and make business predictable with common rules of origin and transparent regulations.

This will encourage firms to invest more in the region, including building supply chains and services, and to generate jobs, ASEAN said. The objective of the RCEP pact, ASEAN said, is to establish a modern, comprehensive, high-quality and mutually beneficial economic partnership that will facilitate the expansion of regional trade and investment and contribute to global economic growth and development.

The deal, said Rajiv Biswas, Asia Pacific chief economist for IHS Markit, marks the "world's biggest free trade agreement (FTA) measured in terms of GDP, larger than the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the European Union, the recent US-Mexico-Canada Free Trade Agreement or Mercosur."

"The new Regional Comprehensive Economic Partnership (RCEP) trade deal will add a further silver lining to the medium-term export outlook, as 15 Asia-Pacific countries create the world's largest free trade agreement to further liberalize trade and investment flows," he added.

The agreement updates the coverage of the existing ASEAN Plus One Free Trade Agreements and takes into consideration changing and emerging trade realities, including the age of electronic commerce, the potential of micro, small and medium enterprises, the deepening regional value chain, and the complexity of market competition.

"The RCEP Agreement will complement the World Trade Organization (WTO), building on the WTO agreement in areas where the parties have agreed to update or go beyond its provisions," the organization said.

The RCEP has specific provisions covering trade in goods, including rules of origin; customs procedures and trade facilitation; sanitary and phytosanitary measures; standards, technical regulations and conformity assessment procedures, and trade remedies. It also covers trade in services, including specific provisions on financial services, telecommunication services and professional services, as well as the temporary movement of people.

In addition, there are chapters on investment, intellectual property, electronic commerce, competition, small and medium enterprises (SMEs), economic and technical cooperation, government procurement and legal and institutional areas including dispute settlement.

ASEAN said the RCEP strives to boost competition in a way that drives productivity that is "sustainable, responsible and constructive."

"In addition, the RCEP agreement has the added value of bringing together a single rulebook to help facilitate the development and expansion of regional supply chains," the organization said.

India is notably absent from the trade pact, however. "India, which had been one of the nations involved in the RCEP negotiations at an earlier stage, eventually decided in 2019 not to join the RCEP deal," Biswas said.

"India's decision not to join the RCEP deal reflects considerable domestic concerns amongst political parties as well as industry groups in India about the potential economic shock to Indian industries from dismantling tariff barriers for trade with the other RCEP member nations," he added. "However, the other RCEP members have left the door open for India to join at a later date."

Source: sourcingjournal.com - Nov 16, 2020

HOME

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Cotton Highlights from November WASDE Report

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

This month's 2020/21 U.S. cotton estimates are virtually unchanged from October. The U.S. production forecast is marginally higher, at 17.1 million bales, while domestic mill use and exports are unchanged. U.S. ending stocks remain at 7.2 million bales and, at 42% of use, would be the highest stocks-to-use ratio since 2007/08.

The marketing-year average price received by upland producers is forecast at 64.0 cents per pound – 5% (3 cents) above the October forecast and 7% higher than 2019/20's price of 59.6 cents.

World 2020/21 cotton production is projected marginally lower than in October. But with slightly higher beginning stocks and slightly lower use, global ending stocks are up 300,000 bales from the previous month.

Global 2020/21 beginning stocks are forecast 378,000 bales higher this month, largely reflecting an increase in Brazil's 2019/20 crop. Production changes for 2020/21 include an 800,000 bale reduction for Pakistan, a 400,000 bale increase for Australia, and a 250,000 bale increase for China.

Smaller, offsetting changes occurred in estimates for Central Asia, and the global total is 160,000 bales lower than in October. World cotton use is also projected 160,000 bales lower this month, largely reflecting expected lower mill consumption in Pakistan.

World trade is projected 605,000 bales higher this month as Pakistan's imports increase in response to the smaller crop, with Brazil and Australia export estimates higher as well.

Source: cottongrower.com - Nov 16, 2020

HOME

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A focused strategy to help China drive global growth post pandemic

COVID-19 and subsequent lockdowns affected everyone from frontline staff to top executives. Though China is slowly recovering from the crisis, it is grappling with a new environment where digital tools have replaced traditional business models.

To investigate this shift, McKinsey & Company collaborated with Oxford Economics to analyze over 100 million points-of-sale data on purchase behavior before, during, and after the COVID-19 crisis.

The findings of this data were collaborated in a special edition of the China Consumer Report under the title, 'Understanding Chinese Consumers: Growth Engine of the World.' The report highlights trends shaping the 'next normal' in post-pandemic China.

The section, 'Revving the engine,' collates latest consumer insights to denote the acceleration of digitization and increasing prudence and health consciousness of Chinese consumers.

Consumer confidence boosts retail recovery

The report reveals how Chinese consumers continue to remain among the most optimistic in the world. Their confidence not only helped China recover retail sales in August but also displayed its potential to drive global growth. COVID-19 has reshaped all industries-from travel to luxury. The chapter on 'Winning the future of grocery retail in China' advises key players to make significant strategic changes in their retail behavior to keep pace with digital innovations in the sector. The report also looks at the lessons learnt from reopening China's tourism industry and changing outlook for luxury goods companies. Exploring new growth areas

The section 'Tuning up for maximum performance' focuses on the growing digitization across Chinese industries. It explains how right business-to-business strategies can benefit from digitization, and how e-commerce platforms can grow their business. It also explains the importance of omnichannel capabilities in these uncertain times.

In its last section 'Hitting top speed,' the report identifies new pockets of growth. It reveals the secret to engage with China's digital savvy consumers who are driving the next wave of consumption growth. It also details ways of achieving growth for consumer packaged goods (CPG) companies through revenue growth management. The report concludes by emphasizing the Chinese economy can drive global growth post pandemic by adopting a focused growth strategy.

Source: fashionatingworld.com - Nov 16, 2020

HOME

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Pakistan secures $200m readymade garments business in a single year

The Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) on Sunday said that the country has achieved to secure more than $200 million business in one year's span since 35th IAF Fashion Convention held last year in November in Lahore by the PRGMEA.

This was stated by PRGMEA Central Chairman Sohail A. Sheikh while addressing a ceremony to mark the first anniversary of global summit held last year where he cut the cake along with Chief Coordinator Ijaz Khokhar and PRGMEA executive committee members.

Sohail A. Sheikh said that this activity was arranged to keep Pakistan's contact live with over 250 foreign delegates of the International Apparel Federation (IAF), providing them platform to interact with local garment entrepreneurs and place maximum orders in this difficult time of post-pandemic economic crunch.

"PRGMEA-IAF interaction in the wake of 35th IAF mega global summit we have generated over $200 million business so far despite worldwide lockdown amidst corona pandemic while further trade negotiation are also underway between the international buyers and the apparel sector of Pakistan," PRGMEA Central Chairman observed.

He also mentioned the recent greeting message of the PM Adviser on Commerce Abdul Razak Dawood who had hailed the efforts of PRGMEA when the Germany's fashion brand Hugo Boss placed its first order of sportswear to Pakistan. Giving credit of it to chief coordinator Ijaz Khokhar, the PM advisor also congratulated him to bring the IAF Convention to Pakistan.

Sohail A Sheikh observed that the world class event highlighted the real and soft image of Pakistan, besides updating the foreign buyers about what Pakistan produced, and ensure interaction among Pakistani exporters and international textile chains.

The PRGMEA leader vowed to keep this liaison alive with the IAF delegates, with the ultimate target of prosperous Pakistan through jump in apparel exports. Ijaz Khokhar, on this occasion, said that there were some other plans which were chalked out too as follow-up activities of the mega fashion convention but they were kept on hold due to the global pandemic slowdown.

The Regional President of IAF and PRGMEA Chief Coordinator said that Pakistan can capture large share in the global apparel market if the government exempt cotton yarn from all types of taxes and duties for encouraging local exports.

He further added that apparel industry should be allowed to import fabric as the weaving industry was unable to fulfill the growing demand for fashion wear.

Ijaz Khokhar further said that currently, the garment sector has a limited product line due to non-availability of the latest fabric at the local level, adding that foreign buyers demanded new garment based on G3, G4, and technical fabric material and under the circumstance, there was a great need of product diversified to compete in the international market. "At the moment the major challenge the industry is facing is of cotton shortage in the country, which may hurt the export and fulfill the shipment orders in hand.

If the Pakistani industry fails to ship the goods in time Pakistan may lose the credibility of a reliable supplier. So to overcome this issue the government should abolish the 5 percent customs duty and 5 percent regularity duty on the import of yarn for at least six months until the arrival of new crop in the country."

He said that if this demand is accepted PRGMEA assures that in next quarter the business will grow and Pakistan will maintain the current percentage of the growth. "Even we are confident we will surpass the export target set by the government," he added.

Ijaz Khokhar proposed that Export Development Fund should be allocated for Research and Development in accordance with the concerned industrial sectors for bringing innovation and to improve the standard of products to cope with challenges of the global market.

With a view to enhance exports, the government will have to revise its policies in order to facilitate the export sector, he said and added that without the due support of the government, exporters were unable to grab the share of the global apparel market.

PRGMEA Chief Coordinator observed that despite certain odds, the business community engaged with the textile sector was making adequate efforts for increasing the export of the country.

Source: dailytimes.com.pk - Nov 16, 2020

HOME

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Bangladesh's expectations from the Biden government

As the world awaits US President-elect Joe Biden's formal inauguration in January 2021, discussions on the implications of his domestic and international policies are mounting. In Bangladesh too, there are many predictions. Needless to say, expecting any Bangladesh specific measure is a bit far-fetched.

Bangladesh is unlikely to be on the radar of the new US administration as it has already a crowded agenda to fulfil. However, a number of global policies, which may be dealt with differently by the Biden administration, will have implications for Bangladesh.

The first one is the decision on the Generalised System of Preference (GSP), under which countries are granted duty free access to the exporting country. GSP is the largest and oldest US trade preference programme that promotes economic development of countries through elimination of duties on various products. This also aims to provide opportunities for many of the world's poorest countries to use trade to grow their economies and come out of poverty.

From this perspective, Bangladesh has been a well-deserved candidate for the US GSP facility. Bangladesh is currently a lower middle-income country by the World Bank's category and a least developed country (LDC) according to the United Nation's classification. It will graduate from the LDC category by 2024 with a grace period of three more years. After 2027, Bangladesh will cease to enjoy the privileges provided to the LDCs. So, trade preferences will be extremely useful for Bangladesh to prepare itself for a smooth graduation. Since the US is the largest export destination of Bangladesh, such facilities would be quite useful for Bangladesh. At present, the European Union provides GSP facility to Bangladesh's export under its "Everything But Arms" initiative.

Unfortunately, the US suspended GSP for Bangladesh on June 27, 2013, effective from September 1, 2013. The decision was based on labour rights and safety issues following the collapse of the Rana Plaza building on April 24, 2013 where several readymade garments (RMG) factories were located. Since the Rana Plaza tragedy, Bangladesh has made significant improvements towards meeting several compliance related issues in the RMG sector.

However, Bangladesh could not make it to the list of GSP beneficiary countries when President Barack Obama signed the Trade Preferences Extension Act of 2015. The Act, signed on June 29, 2015, authorised the GSP through December 31, 2017 and made GSP retroactive from July 31, 2013. Bangladesh's South Asian neighbours Afghanistan, Bhutan, India, Nepal, Pakistan and Sri Lanka were among the GSP beneficiaries. In June 2019, India's GSP benefits were terminated by the US.

Of course, the US granted GSP to Bangladesh for only less than one percent of its total exports. RMG, which is Bangladesh's major export to the US, is not covered under GSP. Therefore, Bangladesh has to pay approximately 15.6 percent as duty for exporting RMG to the US. In 2005, at the ministerial meeting of the World Trade Organisation (WTO) in Hong Kong, the US agreed to provide duty-free, quota-free access (DFQF) to 97 percent tariff lines.

However, RMG was on the "three percent exclusion list" of the US. Then in 2013, at the ninth WTO ministerial conference in Bali, the development package stipulated that developed countries, which were yet to provide DFQF to the LDCs, would do so for more than 97 percent tariff lines before the tenth WTO ministerial conference. Sadly, the Doha Round discussion has gradually lost its momentum, with major players such as the US withdrawing itself from multilateral trade negotiations under the Trump administration.

In order to improve bilateral trade relations, Bangladesh signed the Trade and Investment Cooperation Framework Agreement (TICFA) with the US, hoping that the TICFA could be a vehicle for GSP retention. Bangladesh and the US were to engage in discussion on trade and labour related issues including the GSP plan. However, not much progress has been made in this case also.

Meanwhile, between 2015 and 2020, Bangladesh has further strengthened its compliances in the RMG sector. Buyers have been working with RMG manufacturers to improve compliance. A number of measures have been undertaken through collaboration with Bangladeshi entrepreneurs, for example, the Accord on Fire and Building Safety, the Alliance of Bangladesh Worker Safety and the Partnership for Cleaner Textile. Major compliance measures have been undertaken to ensure the safety of factories and workers.

The labour laws of the country have been amended and the right to form trade unions in factories, including in the special economic zones, has been approved. The minimum wage of RMG workers has been raised in an attempt to make it comparable to other competing countries. Since compliance is not a one-off measure, this work still continues.

The other policy that will have impacts on Bangladesh is the revival of the US-led mega trade deal, the Trans-Pacific Partnership (TPP), which was signed on October 5, 2015. This trade deal was abandoned by the Trump administration in January 2017. Twelve members of the deal—the US, Canada, Japan, Chile, Peru, New Zealand, Australia, Brunei, Malaysia, Vietnam and Singapore—cover about 40 percent of global trade and one-third of the global economy. TPP was the largest ever trade agreement among countries after the Uruguay Round of the WTO.

By integrating trade among themselves, TPP signatory countries expected to enhance their economic growth and create jobs in their respective countries. It was estimated that the TPP could expand the economies of TPP members by USD 285 billion by 2025. Among them Vietnam, Malaysia and New Zealand would have benefitted the most in terms of GDP growth. Production and export of electrical equipment, textiles, construction and machinery in Vietnam and Malaysia and transport equipment in Japan would have been increased due to this deal.

Bangladesh will be worried of prospective trade diversion due to the TPP. Through extensive tariff elimination amongst themselves, the TPP countries will have an advantage over non-TPP countries. RMG exports are feared to be the direct victims of this. With TPP in place, Vietnam will have greater preference in the US market compared to Bangladesh. This is also true for other export items of Bangladesh, such as frozen food and agricultural products.

Another area of loss is foreign investment. For investors, it will be profitable to invest in TPP member countries, since they can have preferential access to export products to these countries. For example, if investors wanted to invest in pharmaceuticals in Bangladesh to export to the global market, they will not find it attractive to invest.

Two other areas where Bangladesh expects US leadership and commitment is investment in vaccine innovation and its availability for overcoming the Covid-19 pandemic, and a return to the Paris Climate Agreement. To control the outbreak of the pandemic effectively, Bangladeshi people need access to

vaccines free of cost. Incoming President Biden has announced his plan for dealing with the pandemic. Hopefully, something good will come out of his commitments. In the same tune, US commitment towards the Paris Agreement is crucial for climate vulnerable countries such as Bangladesh.

On the whole, expectations from the Biden government are high, but only time can tell how far they will be materialised. Clearly, Bangladesh has no reason to expect too much since policies are not taken in isolation—they are taken keeping in mind the global geo-political balance.

Source: thedailystar.net- Nov 16, 2020

HOME

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Bangladesh: Listed apparel makers bleed for pandemic-induced demand collapse

The profits of most of the listed apparel companies tumbled in the July-September quarter due to the collapse in demand abroad amid the coronavirus pandemic.

Among the 56 textile and garment companies listed on the Dhaka Stock Exchange (DSE), 39 companies published their first quarterly financial reports. Of them, 15 posted profits that were lower than in the same period a year ago.

Nine companies returned to red after making profits in the same period last year. Five companies extended their struggle to return to profits.

"The apparel industry witnessed lower earnings due to a drop in sales in our export destinations amid the pandemic," said Anwar-Ul-Alam Chowdhury, chairman of Evince Textile.

"At the height of the pandemic, our export orders had been cancelled, hold, or revised," he said.

He said the woven sector received the major blow as people did not go to offices or have been working from home and limited attending social gatherings and parties. So, the demand for formal shirts and apparel products has dropped.

In the July-September quarter, the export earnings of the woven sector declined by 5.78 per cent year-on-year to $3.88 billion, data from the Export Promotion Bureau showed.

Of the total earnings from the garment sector, $4.46 billion came from knitwear shipment, which rose 7.04 per cent.

"The overall situation will not improve until the pandemic goes," said Chowdhury, also a former president of the Bangladesh Garment Manufacturer and Exporters Association.

Evince Textile's earnings per share stood at Tk 0.32 in the negative in the first quarter. It was Tk 0.19 in the same period last year.

Many retailers thought they would do good business during Christmas, the biggest spending season in the western world, but it might not happen because of the second wave, he added.

After the lower profit disclosure by the apparel sector, the stocks of the industry fell on the DSE. Of the firms, the price of 11 companies rose, 22 declined, and 23 remained unchanged yesterday.

The market capitalisation of the textile sector was Tk 10,477 crore yesterday, or around 3.20 per cent of the total market capitalisation of the DSE. It was 3.75 per cent on July 1.

"Our textile sector is mainly related to international trade, but the growth of the export earnings during the period was not encouraging due to the pandemic. We knew that their earnings would not delight us," said Mir Ariful Islam, head of research of Prime Finance Asset Management Company.

"But the textile sector had performed worse than our analysis. Our export earnings did not see de-growth in the quarter," he said.

Between July and September, the shipment of apparels, which typically contribute 84 per cent to the national export, grew 0.84 per cent year-on-year to $8.12 billion.

Among the listed textile firms, 14 apparel companies, or 25 per cent of the sector, incurred loss in the quarter, the highest ratio among all the industries, an analysis of DSE data showed.

Safko Spinning was the biggest loser: its EPS was Tk 2.09 in the negative in the quarter, higher from Tk 1.62 in the negative in the first quarter of 2019-20.

Evince Textile, Generation Next, Hamid Fabrics, Nurani Dyeing, Prime Textile, Shepherd Industries, Sonargaon Textile, Stylecraft and Zaheen Spinning Mills incurred loss in the July-September quarter. They all were in profits in the same period in 2019.

Prime Textile and Sonargaon Textile witnessed the highest deviation in their earnings. EPS of Prime Textile was Tk 0.12 in the first quarter of the previous financial year, but it declined to Tk 0.96 in the negative in the first quarter this year.

Paramount Textile booked the highest EPS among all the listed textile and garment companies. Its earnings per share were Tk 1.51 in the last quarter, up from Tk 1.23 a year ago.

"The earnings of the apparel sector fell mainly due to the lower orders from the international market," said Mustafa Kamal, chief financial officer of Argon Denim.

Argon's turnover dropped to Tk 65 crore in the first quarter from Tk 91 crore in the same quarter in the previous year.

As most of the European economies had enforced lockdowns to limit the spread of the virus, the sector in Bangladesh struggled, he said, adding that the industry had started feeling the heat from April.

The order has begun to rise of late, but the revival may not last as some countries, including the UK, Spain and France have already reintroduced lockdowns amid a surge in infections, he added.

Source: thedailystar.net– Nov 16, 2020

HOME

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Bangladesh among countries more susceptible to global trade disruptions: UNCTAD

Many emerging economies like Bangladesh will be affected by declining international demand and export revenues as the UNCTAD fears a fall in the volume of global trade in 2020.

In its 'Review of Maritime Transport 20020', the United Nations Conference on Trade and Development (UNCTAD) has predicted that international maritime trade would fall by 4.1 per cent in 2020.

However, for 2021, the UN body has estimated that maritime trade flows would recover by 4.8 per cent.

"While trade had already weakened in 2019, it became clear that disruptions brought by the pandemic had significantly suppressed trade and volumes had collapsed to record lows," the report has observed.

It has cautioned that many developing countries would be affected by declining demand and export revenues, remittances, foreign direct investment and official development assistance.

"The least developed countries are hit hard, given their limited resources and exposure to supply-chain disruptions such as in exports of textiles and clothing products," the report said citing Bangladesh as an example.

It also pointed out that less sophisticated manufacturing in countries such as Bangladesh, Pakistan and Vietnam, which have recently attracted factories to move their production away from China, is also highly exposed to Covid-19-induced disruptions.

"A case in point is Bangladesh, where about 85 per cent of its exports are composed of textile fibres, textiles and made-up articles, clothing and accessories," added the UNCTAD report.

Referring to supply chain disruption caused by fall in demand, the report mentioned that one estimate expects global sales for fashion and luxury brands to drop by 25 to 35 per cent in 2020, compared with 2019.

"While initial expectations were that 2020 would bring moderate improvements in the economy and trade, the unprecedented global health

and economic crisis triggered by the Covid-19 pandemic severely affected the outlook. The fallout on maritime transport and trade was dramatic, with all economic indicators pointing downward," reads the report.

Meanwhile, amid declining trends in global ship recycling, the year 2020 has seen a further drop in this business mostly done by a few countries including Bangladesh.

The report mentioned that Bangladesh remains the country with the largest global share of recycled tonnage, accounting for more than half of the ships recycled in 2019. Together with India and Turkey, these three countries represented 90.3 per cent of the ship recycling activity in 2019.

"In March, when the pandemic erupted in the Europe and the United States, lockdowns in Bangladesh, India and Pakistan gradually halted ship recycling (Vessels Value, 2020)," the UNCTAD report said.

Source: thefinancialexpress.com.bd– Nov 15, 2020

HOME

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NATIONAL NEWS

Misplaced focus: Surging export aids fail to boost shipments

Even as India's export promotion schemes have been under attack for several years in multilateral forums for their subsidy content, these have also been a disincentive for firms to grow. Consider the latest variant, the Merchandise Exports From India Scheme (MEIS), which is already on its way out.

Between FY17 and FY19, while exports covered under the MEIS grew just 14.2% in rupee term, non-MEIS shipments rose at a much faster pace of 31.6%, according to an FE analysis.

The below-par performance of the scheme can also be gauged from the fact that while MEIS beneficiaries comprised a vast majority of the exporter community (86% in FY18), their exports stagnated at just about half of the overall outbound merchandise shipments. The overwhelming number of MEIS beneficiaries has obviously been on account of the scheme's misplaced focus on small and marginal ones in 'job-sensitive sectors".

It is worth noting that MEIS benefits (export scrips) more than doubled to Rs 39,298 crore in FY19 from Rs 18,117 crore in FY17.

Not for nothing that the government is shifting away from the long-standing MSME bias in its export strategy; its new product-linked incentives (PLI) – which are estimated to be worth Rs 2 lakh crore over a five-year period – are targeted mainly at large corporations in 13 critical sectors with massive export potential.

Exports from seven key labour-intensive sectors, ranging from textiles & garments to agriculture and gem & jewellery, barely grew — from $120.6 billion in FY17 to $124.6 billion in FY19. In FY20, these exports, in fact, dropped to just $114.1 billion.

The Niti Aayog has argued that the MEIS is a "highly-fragmented" scheme that doesn't incentivise high-volume and high-value production, nor does it boost exports significantly. Finance ministry officials, too, have endorsed such a view.

The lacklustre performance of the MEIS has warranted a change in the way the compensation structure for boosting exports is designed. The government has already announced that it will roll out the so-called Remission of Duties and Taxes on Exported Products (RoDTEP) scheme from January 2021 to replace the MEIS and make the outbound shipments zero-rated. The scheme is essentially aimed at reimbursing even embedded taxes (that are not subsumed by the GST) paid on inputs consumed in exports.

The production-linked incentives are aimed at promoting manufacturing and exports in 13 sectors, including electronics/mobile phones, auto, battery cell, pharma, telecom networking, food and textiles.

Through the PLI schemes, the government also marks a renewed focus on Make in India and a shift away from a long-standing MSME bias; while local manufacturing is the ostensible objective, there will be implicit impetus for large-scale exports.

The Niti Aayog, which has mooted the PLI concept, has been pitching for boosting exports through the creation of champion sectors under the PLI schemes.

The broader export community, meanwhile, feels that while a focussed approach may be desirable, the government must not leave out a vast number of exporters in the lurch by scrapping incentives to them once MEIS is phased out.

Therefore, the RoDTEP must not just be launched once the MEIS is scrapped but its coverage must not be narrowed. After all, exports must be zero-rated, in sync with global best practices and the incentives, be it under the MEIS and the RoDTEP, aren’t strictly subsidies, they argue.

A Niti Aayog proposal in August had pegged the potential outgo under the proposed RoDTEP scheme to just about Rs 10,000 crore a year. Niti had suggested that once the RoDTEP scheme replaced the MEIS, the annual “savings” of Rs 40,000 crore be utilised to roll out PLI schemes in “sectors of strength to create global champions”.

But Niti’s estimate of the RoDTEP outlay is only a fraction of the annual benefits of Rs 50,000 crore that the government had envisaged when the government had announced this scheme in September last year.

Of course, a committee set up under former commerce secretary GK Pillai to suggest RoDTEP benefit rates is yet to finalise its report. However, exporters say any massive reduction in either the coverage of sectors or the reimbursement rates under this scheme may dent export recovery, especially at a time when external demand remains fragile in the wake of the Covid-19 pandemic.

Source: financialexpress.com– Nov 16, 2020

HOME

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PLI scheme will help India nurture manufacturing giants

Manufacturing has been the backbone of all developed and developing nations. It has pioneered almost every historic breakthrough in concepts, tools and methodologies over the last two centuries. It has also been the biggest contributor to employment across both skilled and unskilled labour force.

The world of manufacturing is now more interconnected than ever before with all major industries—automobile, electronics, pharmaceuticals, textiles, etc—operating as a global value-chain, with multiple countries adding value at different points.

A simple apparel at a department store in the United States is likely to be designed in France or Italy, stitched at a manufacturing centre in India or Bangladesh with man-made fabric sourced from China and shipped by a German logistics company.

In order to integrate India as a pivotal part of this modern economy, there is a strong need to step up our manufacturing capabilities in sectors of high growth, including the cutting edge technology sectors.

A strong, vigorous and dynamic manufacturing sector will fuel India's economic growth by allowing companies producing in India to penetrate effectively into the global supply chains across various sectors. Apart from enhancing exports, it will also reduce our import dependencies and spur domestic consumption.

The call for 'Atmanirbhar Bharat' has once again brought manufacturing to the centre stage and emphasised its significance in driving India's growth

and creating jobs in the country at a large scale. India offers an attractive domestic market, with a large population in the educated and earning segment. It also has a strong institutional framework which allows for a smooth functioning of the industry.

A concerted effort towards attracting substantial investments for the creation of large manufacturing facilities, combined with a sharp focus on efficiency and economies of scale, can help Indian companies and manufacturers become globally competitive and integrate with the global markets.

The Production Linked Incentive (PLI) Scheme is designed to incentivise incremental production for a limited number of eligible anchor entities in each of the selected sectors who will invest in technology, plant & machinery, as well as in R&D. The scheme will also have beneficial spillover effects by the creation of a widespread supplier base for the anchor units established under the scheme.

Along with the anchor unit, these supplier units will also help to generate massive primary and secondary employment opportunities. A key benefit of the PLI Scheme is that it can be implemented in a very targeted manner to attract investments in areas of strength and to strategically enter certain segments of global value chains (GVCs). This will help bring scale and size in key sectors and create and nurture global champions.

We have precedence from our competing economies, offering incentives liberally under various heads such as R&D, skilling support, amongst others, to encourage international and domestic firms to move to their countries and scale up their production capabilities. As a consequence, major multinational companies shifted major parts of their manufacturing to these geographies.

The sectors for PLI have been shortlisted on the basis of their potential for economic growth, revenue and employment generation. The extent of benefit to the rural economy and its criticality in the next few decades has also been considered while finalising the sectors.

With a focus on building a forward-looking manufacturing segment, the scheme incentivises upcoming technologies that represent the biggest economic opportunities of the 21st century. These include Advanced Cell Chemistry Batteries, Electronic & Technology Products and Solar Photovoltaic Modules. These are crucial sectors for sustaining rapid growth

in digital economy, electric vehicles and renewable energy. Extremely strong manufacturing capabilities in these are also essential for taking on the Asian competitors who have made blinding progress in one or more of these sectors. It will also aid rural upliftment in India by ensuring continuous electricity availability and digital connectivity.

Secondly, the scheme intends to generate large-scale employment by incentivising the development of traditional, labour intensive sectors like Food Processing and Textiles.

The current basket of Indian manufacturing constitutes of large volume of low-value products. The scheme aims to correct this by encouraging large manufacturers to bring technology and to build capabilities for high value output thereby providing higher returns to the upstream producers. It will also enable increase in exports.

Finally, the scheme envisages a globally-integrated manufacturing in sectors such as automobile and auto components, pharmaceuticals, telecommunications, white goods and steel. These are crucial sectors in terms of their strategic importance, contribution to the GDP and employment-generation potential. The scheme aims to further strengthen these sectors to enable creation of global champions who will bring in technological upgradation and enhance the value of export basket of the country. It will also encourage these manufacturers to seize the emerging international opportunities, given the changing geo-political orientation of the world.

Each of these sectors will have specific criteria of investment, production volumes, export focus with ingredients of domestic value addition and employment.

The beneficiaries will be shortlisted based on their level of commitment towards achieving scale while meeting other specified performance parameters such as minimum investments, minimum incremental growth etc. The performance of the overall scheme as well as the shortlisted beneficiaries will be reviewed periodically during operation of the scheme.

Given the scale of incentives, which is around Rs 1,96,000 crore, the manufacturing sector of the country is set to transform in the next few years. Its contribution to the GDP will significantly improve, leading to unprecedented investment and job creation.

Source: financialexpress.com– Nov 16, 2020

HOME

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Bright prospects for cotton prices

Domestic consumption expected to be strong in 2020-21; supply is likely to drop

The Cotton Association of India (CAI) has released the crop estimate for 2020-21 (October- September) and put it at 356 lakh bales (of 170 kgs each), down by 4 lakh bales from the previous year's crop of 360 lakh bales. Besides, the CAI has increased the estimated domestic consumption and export numbers. The carry-over stock, thus, is likely to be sharply lower than previous year's.

The improved demand, plus the crop damage in key States including Telangana and Maharashtra, is likely to keep prices strong in the near term. The Intercontinental Exchange (ICE) cotton #2 futures contract, the international benchmark for cotton, trades at 70-72 cents/pound, up from 66 cents in September. The sharp rally in last two months is thanks to weak dollar, improved global demand and lower cotton output and inventories in the US.

Demand strong

There is a significant improvement in demand outlook for cotton. The CAI estimates that domestic consumption will be 330 lakh bales in 2020-21 versus 250 lakh bales in 2019-20, driven by a strong demand revival in the domestic and export market.

Exports are expected at 60 lakh bales, up from 50 lakh bales of last year, thanks to demand in the international market for Indian cotton as other major global players are likely to see a decline in output. It needs to be noted that the dragon country finished its cotton reserve sales on September 30, and supplies have tightened in the market.

Paritosh Aggarwal, MD, Suryalakshmi Cotton Mills, Maharashtra said, "Export demand is strong. There is buying by customers from Bangladesh and China that's keeping cotton prices up".

Raveendran, MD of Thenpandian Spinning Mills, Gobichettipalayam, Tamil Nadu, said, “Textile demand has recovered to pre-Covid levels. There are orders from both domestic and export market. Actually, Indian cotton at ₹ 41000/candy is the cheapest in the world market now.”

Manoj, MD of Salona Cotspin of Coimbatore, Tamil Nadu, said, “There is a strong demand for Indian yarn in the global market as many buyers want to avoid Chinese products. So, players from Bangladesh, Indonesia, Vietnam and Sri Lanka are buying India yarn to make garments and export.”

Global apparel imports which dropped sharply in April-May due to the Covid-19-led lockdown has recovered dramatically, says the USDA report.

However, one needs to be cautious as demand is stoked by the deferred purchases and it may not sustain, adds the report. In the domestic market, currently, spinners are procuring in bulk because they have exhausted their stock, so, only over next two-three months it can be known if demand will sustain.

Price outlook

Indian cotton is cheapest in the world (MCX Cotton futures trades at 6-7 per cent discount at present from Cotlook A index) right now. This will help Indian exporters see good orders.

What is also likely to be positive for prices up, besides the strong demand, is drop in supplies. The extensive crop damage in Maharashtra, Andhra Pradesh and Telangana due to excess rains may keep a check on supplies in the current year.

In Vidarbha, besides the bollworm attack, there is also rotting of bolls due to moisture which can affect cotton yield. It needs mention here that to start with itself there was a drop in area under cotton this year by 2 per cent as some farmers shifted to other crops such as groundnut as prices of cotton were not lucrative.

That said, there is going to be enough stock to meet out demand from the market. The current year began with an opening stock of 107.5 lakh bales. So, a drop in crop output by 1 per cent, as expected by CAI, or even a little more is not going to make it a challenge to feed demand.

The CAI estimates the closing stock for the current year at 87.5 lakh bales. In mandis, cotton prices are now ruling at ₹5,725/quintal which is lower than MSP of ₹5,825/quintal, but still higher than last year's ₹5,040/quintal. However, given that CCI procurement is set to increase post-Diwali, market prices will remain firm.

The outlook for cotton in the short to medium term is thus positive. With world cotton output set to decline in the current year and demand reviving, prices will remain supported in the near-to-medium term.

The CCI is procuring at good pace across the country and has set a target of 125 lakh bales versus last year's 105.14 lakh bales now.

Source: thehindubusinessline.com– Nov 16, 2020

HOME

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'India not to re-join RCEP talks on existing terms'

New Delhi to avoid FTAs that are actually trade pacts with China 'by stealth', say officials

India will not re-join the Regional Comprehensive Economic Partnership (RCEP) on the existing terms as its decision to walk out was primarily to protect the interests of the poor and vulnerable sections, including farmers and the small scale industry, who were threatened by the pact, a senior government official has said.

"Allegations that India spoilt the deal by putting in last-minute deal-breaking conditions are far from the truth. Indian negotiators had been consistently raising concerns on key issues including the unintentional market access it would have to provide to Chinese goods because of relaxed rules of origin (ROO). India could not join an agreement where its primary concerns were ignored," a government official told BusinessLine.

Fifteen countries, including the ten-member ASEAN, China, Japan, South Korea, Australia and New Zealand, signed the ambitious RCEP deal, which is a free trade pact covering goods, services and investments, on Sunday, and decided to keep the door open for India, which was to be the sixteenth member of the bloc but had exited the negotiations last year due to differences.

Trade deficit

The possibility of India re-joining the talks, however, seems to be a distant proposition as the government's stated policy now will be to avoid joining free trade agreements (FTAs) which turn out to be a trade pact with China "by stealth", the official said.

Moreover, India's trade deficit with RCEP nations increased from $7 billion in 2004 to $78 billion in 2014 while its deficit with China, currently, is more than $50 billion, the official said. The individual FTAs that India has signed with RCEP countries including ones with the ASEAN, South Korea and Japan, too, haven't worked out to India's advantage.

New Delhi, will instead now focus on possible FTAs with trading partners such as the EU and the US where Indian industry could gain increased market access, but it will continue to be careful, the official added.

Consistent stance

On Sunday, RCEP signatory countries stated that they were ready to re-start negotiations with India if it submitted its willingness to join the agreement in writing. They also said that India could participate in its meetings as an observer country prior to its accession.

"India's concerns were straightforward and were articulated several times during the negotiations. They remain the same," the official said.

India wanted tough ROO to prevent circumvention by China and consequent flooding of Indian markets with cheap Chinese goods. It also sought an auto trigger mechanism for safeguard duties to protect industry against sudden surge in imports.

India did not want to give most favoured nation status in investments (which it gives only to its strategic allies) to all RCEP members, especially China. It also sought a change in the base rate of customs duty from 2014 to 2019 so that duty cuts take place from the levels that existed in 2019 (which is much higher for India in items like electronics).

Source: thehindubusinessline.com– Nov 16, 2020

HOME

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India's exports fell 5.12 per cent in October, trade deficit reduced to $8.71 bn

India's exports slipped 5.12 per cent to $24.89 billion in October, after recording positive growth in September, on account of drop in shipments of petroleum products, gems and jewellery, leather and engineering goods, according to government data released on Friday.

According to news agency PTI, trade deficit in October narrowed to $8.71 billion as against $11.75 billion in the corresponding month a year ago.

Imports also fell 11.53 per cent to $33.6 billion (year-on-year) in October 2020, PTI reported.

Major export commodities that recorded negative growth in October included petroleum products (52 per cent), cashew (21.57 per cent), gems and jewellery (21.27 per cent), leather (16.67 per cent), man-made yarn/fabrics/made-ups (12.8 per cent), electronic goods (9.4 per cent), coffee (9.2 per cent), marine products (8 per cent) and engineering goods (3.75 per cent), reported PTI.

During April-October 2020, exports declined 19.02 per cent to USD 150.14 billion, while imports fell 36.28 per cent to USD 182.29 billion over the same period a year ago.

Oil imports dipped 38.52 per cent to USD 5.98 billion in October. During April-October, oil imports declined 49.5 per cent to USD 37.84 billion, the data showed, report PTI.

After contracting for six straight months, India's exports had risen 5.99 per cent to USD 27.58 billion in September.

Source: indiatoday.in– Nov 15, 2020

HOME

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India won't join RCEP till concerns are addressed

India will not join the world's largest trading bloc — Regional Comprehensive Economic Partnership (RCEP), formally inaugurated last Sunday, till concerns over a possible surge in imports of manufactures and agricultural produce due duty cuts are addressed, said officials.

According to the officials, concerns over flooding of the market by cheap Chinese manufactures, textiles from Asean countries and dairy and agricultural produce from Australia, New Zealand need to be addressed. Added to this is a border row with China, which has spilled into the economic space with India banning Chinese apps and blocking Chinese investments. Officials added that they expected China would retaliate by blocking grant of concessions to India to address their concerns.

"We had suggested an early trigger mechanism which allows us to raise tariffs to protect domestic industry or farmers in case of a surge in specific imports. This would have addressed part of our concerns," said officials. India also opposed rules of origin which said parts of a product from any member nation would be given equal treatment, which meant a mobile shipped from Vietnam with 60 per cent of its parts made in China would have to be given preferential tariff treatment.

India specifically fears a flooding of the local market by cheap Chinese electronics and other manufactures. Several Indian industries including textile, dairy and horticulture have also warned against opening up their sectors. India's trade deficit with the RCEP nations taken together is $105 billion, with the lion's share being accounted for by China. According to official data, the deficit with China alone stood at nearly $49 billion in 2019-20.

According to Prof Biswajit Dhar of JNU and member of Board of Trade "Till issues with China and Chinese imports get resolved, I do not see India joining the RCEP, though Japan and Australia are trying hard to persuade us to join and balance China." India is the only nation which walked out of talks to form the mega trading bloc which accounts for $26.2 trillion and 30 per cent of the global economy, though RCEP says doors remain open to the South Asian giant.

Source: newindianexpress.com– Nov 17, 2020

HOME

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Forex reserves surge USD 7.78 bn to lifetime high of USD 568.494 bn

The country's foreign exchange reserves jumped by a massive USD 7.779 billion to touch a lifetime high of USD 568.494 billion in the week ended November 6, RBI data showed on Friday. In the previous week ended October 30, the reserves had increased by USD 183 million to USD 560.715 billion.

In the reporting week, the jump in reserves was mainly on account of an increase in foreign current assets (FCAs), a major component of the overall reserves. FCAs increased by USD 6.403 billion to USD 524.742 billion, the central bank's weekly data showed.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

After declining in the previous week, the gold reserves rose by USD 1.328 billion to USD 37.587 billion in the week ended November 6, as per the Reserve Bank of India (RBI) data.

The special drawing rights with the International Monetary Fund (IMF) rose by USD 7 million to USD 1.488 billion during the week.

The country's reserve position with the IMF also increased by USD 40 million to USD 4.676 billion.

Source: financialexpress.com– Nov 15, 2020

HOME

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MEIS up 73% for April-December, but still just 40% of total for FY20

The finance ministry has raised its outlay for a key export scheme by 73% to Rs 15,555 crore for the April-December period from its initial allocation of Rs 9,000 crore, providing some relief to exporters as they struggle to cope with the damaging impact of the Covid-19 pandemic.

However, the revised outlay for the Merchandise Exports from India Scheme (MEIS) for the first three quarters of FY21 will still be way below last year's level. The finance ministry has approved Rs 39,097 crore for the MEIS for the entire last fiscal.

Earlier this year, both the finance ministry and the NITI Aayog pointed out that the MEIS had been losing its efficacy and the cost to the exchequer far outweighed the benefits in terms of higher exports, a claim disputed by exporters.

The massive cut in MEIS allocation came in the aftermath of the pandemic, which strained the government's finances and forced it to reprioritise expenditure. After December, the MEIS is supposed to be replaced by another scheme that will reimburse exporters taxes on inputs consumed in exports.

In an office memorandum sent to director-general of foreign trade Amit Yadav on Thursday, Gopal Krishna Jha, director (drawback) in the revenue department, said an MEIS allocation of Rs 10,555 crore has been approved for exports between April and August and another Rs 5,000 crore for the September-December period.

"Further, keeping in mind the ongoing stress on Customs revenues, it's suggested to limit the issuance of MEIS duty credit scrips in this financial year. Accordingly, DGFT is requested to issue MEIS scrips up to a total value of Rs 16,000 crore in FY21," Jha wrote.

Merchandise exports witnessed a record 60% crash, year-on-year, in April, although the pace of contraction has since narrowed as lockdown restrictions have been lifted. The exports grew 6% on year in September, the first rise since February, before contracting again by 5.4% in October, as risks from external headwinds still remained very strong.

Notably, the government had in August decided to cap benefits under the MEIS at just Rs 2 crore per exporter during the September-December period. Exporters were also upset that even this limit could be revised down, as the government had limited overall outgo under the MEIS to just Rs 5,000 crore during these four months.

According to a commerce ministry estimate, about 98% of the exporters who claim MEIS will remain unaffected by the changes and less than 2% are likely to be impacted as per analysis of claims in the relevant period of 2018-19. However, some exporters have highlighted that these 2% exporters account for a substantial chnuk of the exports covered under the MEIS.

Earlier this fiscal, starved of resources following the pandemic, the revenue department "suddenly" capped the outlay for the MEIS at just Rs 9,000 crore for the April-December period, which meant that exporters might be deprived of over two-thirds of the benefits they usually get under this scheme. This forced the commerce ministry to block the online module for claiming the MEIS benefits since July 23. However, the online module has been reactivated since September 1.

Source: financialexpress.com– Nov 15, 2020

HOME

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CAI to review cotton production figures on Dec 10

Concerned about crop loss in Maharashtra, Telangana due to pink bollworm attacks

The Cotton Association of India (CAI) has said that this year the estimated cotton production could be about 356 lakh bales. However, due to large scale crop damage in Maharashtra and Telangana, CAI will review the production figures on December 10, Atul Ganatra, President of CAI, told BusinessLine.

The Pink Bollworms (PBW) have extensively attacked the crop in Marathwada and Vidarbha regions of Maharashtra. It will also affect the quality of the raw cotton. Given the crop damage, the production numbers are not expected to rise further, he said.

Ganatra said that Maharashtra has suffered major crop damage but even bigger damage is in Telangana. The production estimates have been reduced to 45 lakh bales from 70 lakh bales. Numerous farmers in this southern State have already uprooted their plants due to the PBW attacks. In Maharashtra also, some farmers have done the same.

Cotton stats

He said that from the last year the carry forward stock is of about 100 lakh bales therefore there is no rally in market. The prices are not rising. On the other hand, exports show a growing trend with healthy demand from Bangladesh, China, Indonesia and Vietnam.

The Crop Committee of the CAI has retained its consumption estimate for the current crop year at 250 lakh bales (of 170 kg each). The consumption for the season is less by 61.50 lakh bales due to the disruptions caused by the lockdown and the shortage of labour, the CAI said in a media statement. The closing stock, as on September 30, is estimated by the Crop Committee at 107.50 lakh bales.

Source: thehindubusinessline.com– Nov 13, 2020

HOME

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FinMin asks industry bodies, experts to submit ideas for Budget FY22 via e-mail

Decides not to hold physical meetings due to the pandemic

The Finance Ministry on Friday said there will not be pre-Budget consultation meetings with stakeholders this year, instead, it has invited suggestions.

The Union Budget for FY22 is expected to be presented on February 1.

“Owing to the pandemic situation, the Ministry has received suggestions from various quarters for holding pre-Budget consultations in a different format. It has accordingly been decided to create a dedicated e-mail to receive suggestions from various institutions/experts,” the Ministry said in a statement adding that a specific communication to this effect will be sent shortly.

Till last year, pre-Budget consultation with representatives of industry & trade, Micro, Small & Medium Enterprises, financial sector, economists, agriculturists and social sectors, besides others, used to take place. The Finance Minister, along with Secretaries and other senior officials, used to get views and suggestions. However, the Finance Ministry will take help from electronic mail and app-based communication system.

According to the Ministry, it has been decided to make the Budget consultations more participatory and democratic by taking it closer to the people. The Government has launched a micro-site (online portal) on MyGov platform, which will go live on November 15, to receive ideas for the Budget.

"The general public in their individual capacity need to register on MyGov to submit their ideas for the Budget. The submissions will be further examined by the concerned Ministries/Departments of Government of India. If required, individuals may be contacted on the e-mail/mobile no. provided at the time of registration to seek clarification on their submissions," statement said. This portal will remain open until November 30.

Source: thehindubusinessline.com– Nov 14, 2020

HOME

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'GST data in Form 26AS not to result in additional compliance'

Revenue dept issues clarification after concerns were raised on 'conciliation'
The Revenue Department (DoR) under the Union Finance Ministry on Monday said that GST turnover display in Form 26AS will not result in extra compliance for assessees.

The Central Board of Direct Taxes (CBDT) in September issued an order that led to the display of information on GST returns on income tax statement form called Form 26AS.

The form is an annual consolidated income tax credit statement. It helps the taxpayer to ascertain the tax deducted and the advance tax paid during the year and match it with the tax deposited as per the tax department's records.

Various users have claimed on social media that the taxpayer will be required to reconcile the GST turnover uploaded in Form 26AS with the turnover shown by him in the income tax return and this would increase the compliance burden of the taxpayers. “Such concerns expressed in social media are not based on facts, and hence, these are misleading and skewed,” the DoR said.

However, the department acknowledged that there may be some differences in GSTR-3Bs filed and the GST shown in Form 26AS. But it can’t be the case that a person who shows turnover in crores of rupees in GST doesn’t pay a single rupee of income tax, it said. There are quite a few cases like these that have been detected through data analytics, it aded.

‘Honouring the honest’

It mentioned that that the notified income tax return for the current AY 2020-21 already requires reporting of GST outward supplies in the Schedule GST. Therefore, the information displayed in Form 26AS would provide ease of compliance to taxpayers in filling the Schedule GST.

“There would be no change in the reporting requirement with the display of information of GST turnover in Form 26AS because honest taxpayers are already furnishing GST returns and income tax return and reporting their turnover correctly,” the DoR said.

Also, the display of information should be seen as an important step in the direction of “Transparent Taxation - Honouring the Honest,” the department said.

Source: thehindubusinessline.com– Nov 15, 2020

HOME

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Govt removes anti-dumping duty on acrylic fiber

The Government has removed the antidumping duty (ADD) on acrylic fiber (AF) originating in or exported from Thailand and imported into India. This is going to be beneficial for Indian sweater and shawl manufacturers as now they will get AF on competitive price.

The industry has welcomed the decision. Sanjay Garg, President, Northern India Textile Mills' Association (NITMA), said that this was long overdue and will be a game changer for the Indian AF sector and it will go a long way in boosting the growth of the MMF Industry.

This move will act as an impetus to this labor-intensive sector with generation of additional employment and hiking the competitiveness of entire value chain of the Indian acrylic fibre sector, which is going to be a big fillip to value addition.

It is pertinent to mention here that NITMA has been pursuing relentlessly with the Government and has made several representations to the ministers and top bureaucrats.

Source: fashionatingworld.com– Nov 16, 2020

HOME

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View: Covid and China: The 'C-factors' in India's Road to 'Atmanirbharta'

In early 1980s, Deng Xiaoping, China's paramount leader of the time, predicted the future of Asia's growth story using a metaphor. He compared Asia's growth to a jet plane which was about to take off, with China and India being its two engines. Almost 40 years later, the two engines are unable to cooperate, let alone take a flight together.

Heightened military tensions, severed diplomatic dialogues and broken Global Value Chains (GVCs) amidst a global pandemic have made a lasting dent on India-China ties.

The aggressivea ctions by the PLA in Ladakh and strategic retaliation by India through imposing import tariffs and fostering collaboration with Quad partners has created an unusual political-economic challenge for

India. This challenge is different from others in the past as for the first time since 1980, economic implications arebeing sought out for non-economic pain points.

The mantra of “Atmanirbhar Bharat” seeks to find answers to such paradoxical questions. Can we decouple Indian economy from China’s, given the potential challenges it poses for national security, regional peace and political stability?

How can domestic economic ambitions of inclusive growth and ‘sustainable development for all’ be achieved in such a context? How do we align our efforts to challenge the manufacturing prowess of China while interacting in a hyper-globalised world?

Before seeking answers to these questions, it is necessary to decipher the essence of Atmanirbharta. Given the complex nature of the issue at hand, concerted efforts on all fronts are the need of the hour for ensuring that it does not become either an old wine in new bottle for the ‘Make in India’ campaign, or a narrative for protectionism. It is also crucial to counter the narratives of ‘imports are bad, exports are good’ propounded by many, in order to ensure that intended objectives are realised in our quest to an ‘Atmanirbhar Bharat’.

This implies that the roadmap for achieving national economic ambitions require efforts that boost economic prospects domestically as well as enable global competitiveness of India’sdomestic produce. It is only when this inward-looking and outward-looking discourse go hand in hand that a truly resilient India will emerge.

Let’s explore some of the steps that can enable this process.

Firstly, sustained geo-political and diplomatic efforts to preserve the national sovereignty and ethical rubric of India as a democratic republic needs to be continued and catalysed.

Strengthening the Quad (India-US-Australia-Japan) is one such area where India has been fared well, with the recent announcement of having Australia’s participation in the Malabar exercise being a welcome step. This should be complemented by closely monitoring and capitalising on some worldwide developments like US-China trade war, conflicts in the South China Sea, fragmentation of the European Union and new emerging manufacturing hubs in Asia and Africa.

Secondly, a sector-wise strategy to 'build back better' post-lockdown would be a critical stepping stone. Such a strategy should be devised by keeping certain indicators in mind. One, labour intensive sectors that caters to a large section of population should be prioritised.

Two, these sectors shouldproduce goods at the price parity at which most Indians can buy them. Thus, a demand-assessment of consumers' willingness and ability to pay for such goods should be the precursor for determining investment and capacity expansion plans in these sectors. Some of these low hanging fruits include affordable clothing, critical engineering goods, low-cost housing, healthcare, education, agriculture and agro-processing.

India's trade statistics shows how deeply our manufacturing sector, particularly raw material base, is dependent on Chinese imports. Among top products that we rely significantly on China include input materials like boilers and electrical machinery that are a major asset for many industries, fabrics and dyeing extracts that are critical for our textile industry and fertilisers for agriculture. From semiconductor devices to even basic commodities like toys, games and sports-related goods, our reliance on Chinese imports is extremely high.

This brings us to the third facet of 'Atmanirbharta' which is forging strategic and economic ties with nations other than China that can provide for development needs of India. These include regions like South America, Africa, Middle-East, South-East Asia and Australasia.

The Australia-India-Japan supply-chain resilience initiative is one of the steps in this regards. Forging such ties would require adherence to basic fundamentals of a healthy trade relationship including reciprocity of economic gains, welfare of consumers and growth of industries and intermediaries. Financial support, knowledge transfers andtechnology support from partners would help achieve shared goals.

Finally, a key cog in the wheel of 'Atmanirbhar Bharat' wouldbe the 'trust factor' where India enjoys competitive advantage. Investors across the globe, in manufacturing and services, are increasingly relying on India for setting up corporate offices or data centres.

The recently announced withdrawal of significant amount of investments from Chinese territory to other nations including India should be built upon. . Therefore, a key component to effectively counter the trade deficit of

around $48 billion would be capitalising on the trust-deficit of the Chineseimage globally.

To do justice to the outlined steps, dedicated institutional and governance capacity enhancement would also be required. Thus, to counter the 'C-factor', India needs to not just portray itself as a trustworthy destination, but also showcase actual evidence regarding its capability to deliver and sustain the global trust that it enjoys.

From ease of opening a business to ease of running and exiting from it, while ensuring that enterprises and workers are qualitatively and quantitatively flourishing, is the go-to-strategy that would potentially put India back on the wheels of Asia's economic growth story.

Source: economictimes.com– Nov 16, 2020

HOME

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Congestion at Colombo Port boosts transshipment business at Cochin Port Trust

The congestion at Colombo Port has turned out to be an opportunity for Kochi at least in terms of gaining transshipment business following the diversion of some ships.

Of late, the International Container Transshipment Terminal (ICTT) at Vallarpadam has started receiving additional mainline ships on ad hoc basis with transshipment volumes following the diversion of MSC Lines to Kochi. The rising number of Covid cases among port workers in Colombo, has aggravated the existing congestion in that port.

Besides Kochi, Kamrajar Port near Chennai has also received one mainline vessel from Colombo with transshipment cargo, highly placed sources in the shipping fraternity said.

Advantage Kochi

The pandemic condition has not yet eased and this coupled with an earlier strike by workers at Colombo has worsened the situation, resulting in the delay in turnaround of many mainline vessels prompting them to look at alternatives, the sources said.

Cochin Port Trust received first vessel MSC Stella on November 7, followed by MSC Qindao (November 9) and Anton Schulte (November 11) and ER Yukohama (November 14) Calls for two more vessels during this month have been finalised. Discussion are on for bringing more vessels.

Kochi has so far handled about 2,856 teus (Twenty-foot equivalent units) of foreign transshipment containers. The anchoring of these vessels has translated into a revenue earning of ₹2 crore by way of vessel related charges apart from 33.3 per cent of revenue sharing from DP World, the terminal operator, the sources said.

Volumes up

According to Praveen Joseph, CEO, DP World Kochi, the terminal has been seeing a steady increase in its transshipment volumes due to diversion of vessel calls from Colombo. These transshipment cargoes from MSC's trans-continental services are to destinations such as Beira (Mozambique), Mersin (Turkey). "We are equipped to deal effectively with the customers' needs and are constantly striving to create the competitive advantages to attract both gateway and transshipment volumes to Kochi", he said adding that the terminal has clocked a 16 per cent rise in transshipment volumes in the first 10 months of 2020.

M Beena, Chairperson, Cochin Port Trust told BusinessLine that "the handling of these mainline vessels will definitely boost Kochi's image in wooing transshipment cargoes especially at a time when the port is positioning itself as a transshipment hub of India to reduce the dependency on foreign ports for transshipment of Indian cargo".

During the difficult and challenging periods of Covid-19, box traffic was down by five per cent. However, the difficult period is over and traffic started picking up after the easing of lockdown, reporting an all-time high monthly traffic of 62,472 teus in September, port officials said.

Source: thehindubusinessline.com– Nov 15, 2020

HOME

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