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NEWS CLIPPINGS

INTERNATIONAL NEWS

UK Retail Faces Another Stress Test During Covid's Second Wave

Already hard-hit by the first Covid-19 wave, U.K. retailers are bracing for a second round of temporary shutdowns.

Data from Local Data Co. and PWC UK shows that 11,120 chain stores shuttered between January and August, due in large part to the coronavirus pandemic. Over twice as many net stores closed in the year to date relative to the same period last year, they found.

That could change over the next few months.

A week ago the U.K. government outlined its new, three-tiered restrictive measures for England, an attempt to curb another spike in the Covid-19 infection rate. For now, retail, schools and universities would be allowed to stay open, aiding a retail sector buffeted by extensive job cuts and bankruptcies following Covid's first wave. Overall U.K. traffic levels, while improved from a few months ago, are still down about 30.9 percent year-over-year at the start of October, according to retail activity tracking firm Springboard.

Elsewhere in the U.K., restrictions are in place for pubs and restaurants in Scotland and Wales due to Covid-19 spikes. And starting on Friday at 6 p.m., the Welsh government is mandating a "firebreak" lockdown for 17 days until Nov. 9, temporarily shutting down nonessential retail, leisure and hospitality businesses.

The U.K. isn't the only European country seeing yet another spike in coronavirus infections. Neighbors France and Spain have tightened up measures, with many French cities on "maximum alert." And in Belgium, a night-time curfew began on Monday as the country also shut down bars and restaurants for a month. People have been ordered to work from home, where possible.

The hope is that by limiting the amount of time people spend together outdoors, spikes in the virus can be curtailed. The Associated Press reported Monday that the number of people that residents can see socially outside their households will be reduced from three to just one all month, under the new lockdown restrictions. Belgium Prime Minister Alexander De Croo described the situation as now "more serious than it was in March when the country implemented a national lockdown," AP reported.

Another U.K. spike would add more damage to an already fragile retail sector. Retailers such as John Lewis, Harrods, Marks & Spencer and Selfridges have had to lay off thousands of workers, while others, such as Debenhams and Edinburgh Woollen Mill, either have fallen into administration or are close to a filing and are still awaiting their fate.

Debenhams, which fell into administration in April, and its second in a year, thought it had landed a white knight last month after it was reported that India's Reliance Retail was snooping around at the bankrupt fashion chain's assets. That didn't materialize and administrators are now hosting an auction for chain.

Word surfaced over the weekend that Fraser Group owner, Mike Ashley, best known for his Sports Direct stake, is taking another look at Debenhams, in which he once held a 30 percent stake. His ownership stake got wiped out when lenders took over the ailing chain last year. U.K.'s Sunday Times reported that Ashley has submitted an improved offer for the retailer as part of an administrative auction to save the struggling chain. If administrators deem that a sale of the chain isn't feasible, then Debenhams would liquidate, erasing more than 12,000 retail jobs.

At Edinburgh Woollen Mill, the company's notice of its intent to appoint administrator expires on Thursday, although there is a possibility for an extension request. However, owner Philip Day is said to be working at securing an investor that would enable the value-chain Peacock's and its Bonmarché branch to be acquired out of administration, according to The Sunday Times. If that plan goes through, the news would not be a favorable for Edinburgh, which is expected to liquidate if a buyer cannot be found. Edinburgh shut down 50 stores last week, impacting 600 jobs. Another 100 to 150 locations remain at risk.

Separately, U.K. retailer John Lewis last week outlined a five-year plan to return the company to profitability. The aim is to report 400 million pounds ($519.7 million) in profits by the end of the five-year plan. Part of that change will be to get the online component generating about 60 percent to 70 percent its overall business. John Lewis will invest one billion pounds ($1.30 billion) into its e-commerce platform to reach that goal.

Source: sourcingjournal.com– Oct 19, 2020

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China building more competitive mulberry silk industry

China is striving to build a more competitive mulberry silk industry by 2025, according to a government action plan. It plans to scale up silkworm breeding and mulberry growing and make silk production intelligent over the next five years, says the plan issued by the ministry of industry and information technology and five other central departments.

The country will establish a batch of mulberry fields each with an area of over 100,000 mu (about 6,666.67 hectares) by 2025, a government newspaper cited the plan as saying.

For years, the country has dominated the global mulberry silk industry as the world's largest silk producer, exporter and consumer. China's output of cocoons and raw silk both accounted for over four-fifths of the world's total last year.

In 2019, China's mulberry fields covered a total area of 12 million mu. The annual output value of the country's silk industry reached 150 billion yuan (about $22 billion).

Source: fibre2fashion.com– Oct 19, 2020

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China passes new law restricting sensitive exports

Under the law, China can take reciprocal measures toward countries or regions that abuse export controls and threaten its national security and interests.

China has passed a new law restricting sensitive exports to protect national security, allowing Beijing to reciprocate against the U.S. as tensions mount between the sides over trade and technology.

The law, which will apply to all companies in China, was passed on Saturday by the National People's Congress Standing Committee and will take effect on December 1.

Under the law, China can take reciprocal measures toward countries or regions that abuse export controls and threaten its national security and interests.

Export controls under the law will apply to civilian, military and nuclear products, as well as goods, technologies and services related to national security. A list of controlled items will be published in a timely manner in conjunction with relevant departments, according to the law.

The new law allows Beijing to retaliate against the U.S., which in recent months has attempted to block Chinese technology firms such as telecommunications gear supplier Huawei, Bytedance's TikTok app and Tencent's messaging app WeChat on grounds of posing a national security threat, including the data they may possess from operating in the country.

Companies and individuals who endanger national security by breaching the new export control law, including those outside of China, could face criminal charges. Violations of the law, such as exporting items without a permit, could result in fines of 5 million yuan ($746,500), or up to 20 times the business value of the illegal transaction.

The new law adds to the growing uncertainty of Bytedance's deal to sell its video app TikTok to U.S. firm Oracle Corp. In August, China added technologies including voice recognition, text analysis and content recommendation to its list of regulated exports.

President Donald Trump had earlier ordered Bytedance to sell its U.S. operations of TikTok to an American firm or face a block in the country.

The new export control laws adds to China's growing regulatory toolkit that allows it to take action against countries such as the U.S..

Source: thehindu.com– Oct 19, 2020

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Cambodia ready to sign RCEP trade agreement

The Regional Comprehensive Economic Partnership (RCEP) is set to be signed next month at the 4th RCEP Summit during the 37th ASEAN Summit in Vietnam in mid-November, Cambodian Minister of Commerce Pan Sorasak said on Sunday.

Experts said the deal will open a wealth of new market opportunities for Cambodia to diversify its export portfolio and accelerate the inflow of regional investments.

Sorasak attended the 11th RCEP Intersessional Ministerial Meeting held via video link last week. He said all ASEAN ministers present at the meeting acknowledged the strides made towards the RCEP.

"Ministers of ASEAN highly evaluate the efforts of the trade negotiations committee and legal affairs working group which completed their works as planned despite the challenges posed by the Covid-19 pandemic.

"[We] agreed to have it [the RCEP] signed by the end of the year in hopes that it will create a more modernised, broader and more highly efficient partnership framework that provides economic interests to each member through the expanding regional trade and investment," he said.

RCEP is set to be the world's largest free trade agreement (FTA), initially comprising 16 member countries and engaging more than 3.6 billion people, or 48.1 per cent of the world population, Thailand's The Nation reported on Friday.

The combined gross domestic product (GDP) of RCEP member states was to the tune of $28.5 trillion last year, or 32.7 per cent of world GDP, and their combined trade was worth more than $11.2 trillion, or 29.5 per cent of world trade value.

Fifteen countries – with the notable exception of India which withdrew in November last year – will sign the deal. The members have not yet been able to respond to India's concerns regarding its trade deficit with many of them, according to The Nation.

Besides the 10 ASEAN member states, the other five partners are China, Japan, South Korea, Australia and New Zealand.

Even without India, RCEP will cover more than 2.2 billion people, or 30 per cent of the world population, a total GDP of more than $25.6 trillion (29.3 per cent of world GDP) and trade value of more than $10.4 trillion (27.4 per cent of global trade).

Royal Academy of Cambodia economics researcher Hong Vanak said RCEP is a platform for ASEAN that was years in the making.

He said the deal will re-orient the trade and investment landscape in the region, encourage commercial exchanges among members and serve as a vital driving engine for the manufacturing sector.

"This means that the countries in the region will enjoy more opportunities to promote exports to other members. At the same time, the RCEP will help to promote trade flow and attract more investments with members to the region.

"Cambodia now is not like it used to be. We have a wide selection of agricultural products on offer in addition to garments and textiles.

"Moreover, it has much more room to entice more regional investment to re-export to other countries that are partners of ASEAN," Vanak said.

Source: phnompenhpost.com– Oct 19, 2020

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Japan keen on trade opportunities

Representatives of the Cambodian and Japanese private sectors are scheduled to meet on Tuesday and explore opportunities for mutual business and trade promotion, the Cambodian Chamber of Commerce (CCC) said on Saturday.

CCC president Kith Meng will meet Marisa Haruta and welcome her as the new chief representative of the Japan External Trade Organisation (Jetro) in Cambodia, the CCC said.

CCC director-general Nguon Meng Tech told The Post on Monday that the meeting seeks to strengthen business and commercial cooperation between the CCC and Jetro.

On September 3, Council for the Development of Cambodia (CDC) secretary-general Sok Chenda Sophea headed the Cambodian side at the 20th Cambodia-Japan Joint Committee meeting.

He said the two sides are committed to continue working together to resolve the remaining issues in red tape reduction and ensure more activity among ongoing Japanese investment projects, and guarantee competitiveness.

"I would like to thank all Japanese investors who have always believed in the Royal Government of Cambodia.

"I highly appreciate the investment activities of all Japanese investors, especially in the non-textile manufacturing sector, which has been playing an important role in Cambodia's economic diversification and resource development in line with the Cambodian Industrial Development Policy 2015-2025," Chenda Sophea said.

Between 1995 and July, the CDC has registered 144 Japanese investment projects with $2.8 billion in capital investment, its figures show.

Of these, 66 were in special economic zones (SEZs) with an estimated capital investment of $340 million.
Founded in 1958 to promote Japanese exports abroad, Jetro has shifted its core focus to foreign direct investment from Japan and facilitating world trade and global partnerships. In 2010, the government entity set up an office in Cambodia.

Goods exported from Cambodia to Japan were worth more than $1.045 billion in the first eight months of this year, down 5.3 per cent from $1.103 billion in the same period last year, Jetro figures show.

Imports from Japan were worth more than $300 million, down 14.2 per cent from $350 million in the year-ago period.

Source: phnompenhpost.com– Oct 19, 2020

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Pakistan's cotton yarn exports to China surged due to good quality, competitive price: Cheng Xichong

Pakistan's cotton yarn exports to China have increased substantially due to its good quality, competitive price and high demand particularly after signing of the second phase of Free Trade Agreement (FTA) between the two countries, Cheng Xichong, visiting professor at Southwest University of Political Science and Law said on Monday.

Pakistan's cotton yarn exports to China have increased substantially, mainly due to the following four reasons. First, Pakistan's cotton yarn is of good quality and can be used as woven yarn or knitting yarn, especially combed yarn can be used to produce high-quality textiles.

Second, Pakistan's cotton yarn has price competitive advantage in the international market. Third, China is a textile giant, which needs to import a large quantity of high-quality cotton yarn.

Fourth and most importantly, China and Pakistan have signed the second phase Free Trade Agreement (FTA), which went into effect on December 1, 2019.

After the signing of the second phase FTA, the free trade rate between China and Pakistan has exceed 90%. As far as I know, Pakistan's cotton yarn exports to China enjoy zero-tariff treatment, he said in his article published in China Economic Net (CEN).

Cheng, also a senior fellow of the Charhar Institute said, Pakistan is not only the fourth largest cotton producer, but also an important textile producer in the world and its textile is the pillar of export-oriented industries.

I remember that in the past, China and many other countries in the world dispatched relevant experts to Pakistan to study its cotton planting experience and technology.

To maintain the status of traditional cotton growing country and textile producing country, and to keep cotton planting at an advanced level, he opined, there are two points worthy of great attention.

First, the government should introduce good policies to make farmers have the consciousness and enthusiasm of planting cotton, and in particular, the government's policies should ensure that the farmers can make good money by planting cotton.

Second, the government should increase investment in scientific research, and strengthen scientific research and technological development for cotton planting. Only in this way, can the technology of cotton planting always be at the advanced level in the world. And only in this way, can Pakistan's exports of textile products and cotton yarn increase significantly.

He hoped Pakistan's export of cotton yarn and textiles would gradually form the scale, because economic theory suggests that when the export forms the scale, it will have the scale effect, further drive the development of cotton related industries and the development of the national economy of the whole country.

Pakistan's cotton yarn export to China surged in August. As data from China's General Administration of Customs shows, China imported 41.836 million US dollars of cotton yarn from Pakistan in August 2020, which was 4.36 times that of the same period last year, he said.

Source: app.com.pk– Oct 19, 2020

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Saudi ban on Turkish industry harms EU, US-diversified supply channel efforts

If Saudi authorities maintain their semi-official embargo on Turkish goods, it could result in harm to both local industries and supply diversity, a Turkish official has said. The sanction allegations have so far come from the media, despite the absence of official confirmation by the kingdom.

Merih Kepez, deputy secretary-general of the Foreign Economic Relations Board of Turkey (DEIK), said Monday in a response letter to the Financial Times' article about a Saudi ban on Turkish textiles that "it's correct that Saudi Arabia placed Turkey's textile producers in its crosshairs because of our government's vigor in seeking justice for the horrific murder of Jamal Khashoggi."

Moreover, she added: "It's not Turkish industry alone who will pay the price. If this endures and harms Turkey's manufacturers, the European and American effort toward a diversified, resilient supply chain for the new era will be hindered too."

Kepez emphasized that Turkey is one of the largest textile suppliers in the world and "has long been considered a prime alternative to China in the sector."

She explained that the country, which is strategically located for shipments coming to and from the southeast and east Asia, has leverage due to its raw materials, competitive costs and time-effective delivery to Europe and North America.

Kepez added: "COVID-19 demonstrated the risks of overreliance on Chinese manufacturing" and that "companies and entire economies started moving with urgency to find substitutes, including for textiles."

She noted that "this shift is crucial for corporate predictability, economic resilience and geopolitical strategy."

"Saudi Arabia's belligerence toward Turkey should not be allowed to damage an industry that is fundamental to dismantling global overreliance on China. Corporations should respond accordingly," Kepez underlined.

Over the course of the last two weeks, several media outlets have reported that the authorities responsible for Saudi Arabia's commercial sector have been pressuring the nation's companies to stop commercial dealings with Turkey, including boycotting Turkish products, investment and tourism to the country.

The Financial Times reported on Oct. 12 that the de facto Saudi ban on Turkish goods has hit global fashion brands, including Spanish clothing group Mango.

The report cited a company employee on the Saudi ban on Turkish supplies. Mango has almost 50 stores in the kingdom. Meanwhile, Sweden's H&M was reported as saying it was too early to "comment on the most recently communicated trade restrictions and its significance for our business." Spain's Inditex and Britain's Marks and Spencer declined to make comments at the time.

Turkey is one of the biggest textile manufacturers in Europe and the Middle East. The country exported $17.7 billion worth of ready-to-wear goods last year, according to the Istanbul Apparel Exporters Association (IHKIB).

The country also ranks sixth in the world in terms of garment and ready-wear industry exports, Industry and Technology Minister Mustafa Varank said on Oct. 8 during the 13th Istanbul Fashion Conference. The industry recorded a $16.5 billion external trade surplus in 2019.

Recently, the campaign to limit commercial ties with Turkey has assumed a more pronounced character, with the chairperson of the Council of Saudi Chambers of Commerce, Ajlan Al-Ajlan, supported by individuals close to the ruling circles, organizing campaigns with media outlets and social media platforms urging the cutting off of trade ties between the kingdom and Turkey.

The world's biggest container ship and supply vessel operator Maersk also warned its customers that goods exported to Saudi Arabia from Turkey are likely to be barred from entry.

Last week, representatives of the Turkish business community, including DEIK, the Turkish Exporters' Assembly (TIM) and the Union of Chambers and Commodity Exchanges of Turkey (TOBB), called on Saudi Arabia and Morocco, which is also said to be imposing an unofficial ban on Turkish exports, to reverse their actions as firms are reportedly facing growing problems in conducting business with the two countries.

Furthermore, the Abdullah Al-Othaim Markets Co., a Saudi retail chain, announced on Friday that it is suspending its purchase of Turkish goods, preferring local suppliers instead as part of the unofficial boycott, local news sites reported.

Relations between Turkey and Saudi Arabia have been cooling since the murder of dissident Saudi journalist Khashoggi at the kingdom's consulate general in Istanbul.

As punishments handed over in early September by Saudi authorities to some of the perpetrators of the murder were found to be relatively lenient by the public, with the shortest sentence standing at a mere seven years, Turkish officials expressed their discontent.

Khashoggi – a royal family insider turned critic – was killed and dismembered in October 2018. A detractor of the Crown Prince Mohammed bin Salman (MBS), the 59-year-old journalist was strangled, and his body was cut into pieces by a 15-man Saudi squad inside the consulate, according to Turkish officials. His remains have not been found.

Riyadh has described the murder as a "rogue" operation, but both the CIA and a United Nations special envoy have directly linked MBS to the killing, a charge the kingdom vehemently denies.

Source: dailysabah.com– Oct 19, 2020

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Pakistan's textile exports rise to $3.5 billion in first quarter

Pakistan's exports of textile commodities witnessed an increase of 2.92 per cent during the first quarter (Q1) of the current fiscal year as compared to the corresponding period of last year.

The textile exports from the country were recorded at $3469.585 million ($ 3.5 billion) in July-September (2020-21) against the exports of $3371.376 million ($3.4 billion) in July-September (2019-20), showing a growth of 2.92 per cent, according to latest data of Pakistan Bureau of Statistics (PBS).

The textile commodities that contributed in positive trade growth included knitwear, exports of which increased from $779.293 million last year to $860.758 million during the current year, showing growth of 10.46 per cent.

Likewise, exports of bedwear increased by 8.40 per cent by growing from $601.024 to $651.487 while the exports of tents, canvas and tarplin grew by 78.71 per cent, from $15.771 to $28.184, the PBS data revealed.

The readymade garments exports were recorded at $701.442 million during the current year against the exports of $666.157 million last year, showing an increase of 5.24 per cent while exports of madeup articles (excluding towels and bead-wear) increased by 16.58 per cent from $148.050 million to $172.604 million.

The commodities that witnessed negative growth in traded included raw cotton, exports of which declined by 97.50 per cent, from $10.826 million to $0.271 million while the exports of cotton yarn decreased by 42.65 per cent, from $297.237 million to $170.475 million.

Exports of cotton cloth also decreased by 8.49 per cent, from $499.390 million to $457.060, yarn (other than cotton yarn) by 22.77 per cent, from $7.230 million to $0.931 million, art silk and synthetic textile by 2.93 per cent from $77.894 million to $75.615 million whereas the exports of cotton (carded or combed) witnessed 100 per cent decline during the period under review.

On year-on-year basis, the textile exports increased by 11.30 per cent during the month of September 2020 as compared to the same month of last year.

The exports during September 2020 were recorded at 1189.739 million against the exports of $1068.906 million.

On month-on-month basis, the exports from the country increased by 18.09 per cent during September 2020 when compared to the exports of $1007.509 million in August 2020.

The country's overall merchandise exports registered negative growth of 0.94 per cent, by going down from $5.510 billion during the first quarter of last year to $5.458 billion during the current year.

On the other hand, the imports decreased by 0.56 per cent, from $11.199 billion last year to $11.262 billion during the current year, the PBS data revealed.

Meanwhile, the country's trade deficit soared to $5.8 billion in the first quarter of the current fiscal year, according to data shared by the State Bank of Pakistan (SBP).

The central bank said foreign direct investment (FDI) declined by 24 per cent to $415.7 million from July to September as compared to last year's corresponding period.

The foreign investment was recorded at $189 million in September 2020. The power sector received foreign direct investment (FDI) worth $113.3 million in the first quarter of the fiscal year 2020-21 while financial business $102.5 million.

Earlier, on October 15, the State Bank of Pakistan (SBP) had announced that the foreign reserves in the country witnessed a decline of $356 million in the week ending on October 9.

The total liquid foreign reserves held by the country currently stood at $19,015.5 million on October 9.

Giving a break-up of the foreign reserves, the central bank said that it currently holds the reserves of up to $11,798.4 million as compared to the $7,217.1 million foreign exchange (forex) reserves held by the commercial banks. Weekly inflation for the combined group during the period ended on October 15 increased by 0.45 per cent to 9.20 per cent year-on-year basis due to rising prices of essential food items, according to the Pakistan Bureau of Statistics (PBS).

The Sensitive Price Index (SPI) is calculated on the basis of the prices of 51 essential items collected from 50 markets in 17 cities of the country.

According to data, the increase was reported due to a rise of one per cent or more in prices of essential commodities, including chicken, up 15.35 per cent; eggs 5.84 per cent, tomatoes 3.45 per cent and sugar 2.14 per cent.

On the other hand, a decrease was witnessed in the prices of bananas, down 2.49 per cent, onions 2.30 per cent, potatoes 1.75 per cent, moong pulse 0.64 per cent and gur 0.21 per cent.

Source: gulftoday.ae– Oct 19, 2020

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Pakistan: Business activity remains stable on cotton market

Business activity remained stable on the local cotton market on Monday.

Cotton Analyst Naseem Usman told Seed cotton (Phutti) equivalent to 2.688 million or exactly 2,688,385 bales have reached ginneries across Pakistan till Oct 15, 2020, showing a shortfall by 39.45 per cent compared to corresponding period of last year.

According to fortnightly report, issued by Pakistan Cotton Ginners Association (PCGA) here Sunday, 2.29 million or 2,291,514 bales have undergone the ginning process. Arrivals in Punjab were recorded at 1.2 million or 1,213,908 bales and 1.4 million or 1,474,477 bales in Sindh.

Total over 2 million or 2,024,524 bales have been sold out including 2,007,524 bales bought by textile millers and rest of 17000 by exporters.

Stock of cotton bales lying unsold was calculated at 663,861 bales. Total 564 ginning factories were operational in the country including 223 in Sindh and 341 in Punjab.

Sanghar district of Sindh continued to remain on top showing arrivals of 743,532 bales, says the report.

Chairman Pakistan Cotton Ginners Association Dr Jasso Mall Limani has appealed to the Prime Minister Imran Khan should convene an immediate consultative meeting of the stake holders and take steps to improve the cotton crop which can put the economy of the country on the path of progress.

Cotton Analyst Naseem Usman told that APTMA was not paying Cess Tax to PCCC since 3-4 years nor Federal Govt allocated any budget for Cotton R&D. PCCC paying half salary to all employees and may be no salary for next month's.

He also said that due to the high prices ginners in Lower Sindh were closing the mills adding that instead of making cotton ginners were involved in trading of Phutti.

Mean while, the exports of textile commodities witnessed an increase of 2.92 per cent during the first quarter (Q1) of the current fiscal year (FY) as compared to the corresponding period of last year whereas, on a year-on-year (YoY) basis, exports grew 11.3pc during the month of September 2020 as compared to the same month of last year.

The textile exports from the country were recorded at $3,469.5 million in July-September (FY2020-21) against the exports of $3,371 million in July-September (FY2019-20), showing a growth of 2.92pc, according to data released by the Pakistan Bureau of Statistics (PBS) on Saturday.

Meanwhile, the commodities that witnessed negative growth in traded included raw cotton, exports of which declined by 97.5pc, while the exports of cotton yarn decreased by 42.7pc.

Exports of cotton cloth also decreased by 8.49pc, from $499 million to $457, yarn (other than cotton yarn) by 22.8pc, from $7.2 million to $0.9 million, art silk and synthetic textile by 2.93pc from $77.894 million to $75.615 million whereas the exports of cotton (carded or combed) witnessed 100pc decline during the period under review.

Naseem said that this year Afghanistan has a record crop of cotton and the quality is also said to be very good. Cotton is being exported to Pakistan which is estimated to be around 200, 000 bales. Yesterday Afghani cotton trade deals ranging from Rs 10, 150 to Rs 10,200 were recorded.

He also said that government should allow the import of quality cotton seeds as they had allowed the import of cotton from abroad.

Naseem told that 400 bales of Khanpur, 200 bales of Chistian and 400 bales of Rahim Yar Khan were sold at Rs 10,000.

He told that rate of cotton in Sindh was in between Rs 8600 to Rs 10,000. The rate of cotton in Punjab is in between Rs 9000 to Rs 10,000. He also told that Phutti of Sindh was sold in between Rs 4000 to Rs 5200 per 40 kg. The rate of Phutti in Punjab is in between Rs 4500 to Rs 5400 per 40 kg.

The rate of Banola in Sindh was in between Rs 1600 to Rs 2000 while the price of Banola in Punjab was in between Rs 1900 to Rs 2200. The rate of cotton in Balochistan is in between Rs 9200 to Rs 9300 while the rate of Phutti is in between Rs 5500 to Rs 5600.

The Spot Rate remained unchanged at Rs 9800 per maund. The rate of Polyester Fiber is increased by Rs 3 per kg across the board. The new price of Polyester Fiber is Rs 156 per kg.

Source: brecorder.com– Oct 19, 2020

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NATIONAL NEWS

Duty-remission scheme for exports to start with 3 sectors

Focus on readymade garments, iron and steel, automobiles and components The new Remission of Duties or Taxes on Export Products (RoDTEP) scheme for exporters is being readied on priority basis for three select sectors — readymade garments, iron and steel and automobiles & components — while the rates for the other sectors are to be determined subsequently.

"The Committee on RoDTEP, set up by the Finance Ministry earlier this year to determine ceiling rates for reimbursement of input taxes and levies for exporters, has been asked to focus on just three sectors first. Since resources are limited this fiscal, the Centre may first want to extend the scheme to just a handful of sectors.

Moreover, it is a laborious task, as embedded taxes are also to be included in the set-off rates, so the process needs to be gradual," an official told BusinessLine. "The Committee is expected to submit its report on the three identified sectors next month. The Centre has to now choose the next few important sectors on which work can then begin," the official said.

Last year, the Finance Ministry had announced the new RoDTEP scheme, which was designed to replace the popular Merchandise Export from India Scheme (MEIS) as it was ruled by a World Trade Organisation (WTO) panel to be against multilateral trade norms.

Setting new rates

The Central Board of Indirect Taxes and Customs then set up the RoDTEP committee in July this year to work out the new rates under the scheme.

The Centre has already announced the withdrawal of the MEIS scheme from December 31, 2020, and the introduction of RoDTEP scheme from January 1, 2021, but it now seems that only a handful of sectors may have the new rates ready by that time, the official said.

"There is no decision yet on whether there will be a need for the government to extend the MEIS scheme beyond January 1, 2021 for some sectors," the official added.

Since the Committee has been tasked with the responsibility of determining the input taxes and levies, both at the Central, State and local levels (that are not refunded under other schemes such as mandi tax, electricity cess etc), including the embedded taxes, it is a time-consuming process.

Time-consuming process

“For instance, in the case of iron and steel, the embedded tax calculation starts right from the mines. If there is diesel and electricity used for transporting the material from the mine, the diesel will have a central excise duty, the electricity will have State electricity duty etc. So, taxes in the transportation cost itself will have to be worked out, which is very time-consuming,” the official explained.

The readymade garments is a priority sector and has already replaced the MEIS with an alternative scheme which has to be swapped with the RoDTEP, the iron and steel, and the automobile and automobile components sectors are on the list as the Centre has picked them up as areas requiring early attention.

The RoDTEP scheme is likely to be above any sort of challenge at the WTO as it will be based on actuals and will not be calculated based on averages like the MEIS scheme, but exporters are apprehensive that the reimbursement rates will be lower.

Due to lack of funds, the government had capped benefits under the MEIS scheme at ₹9,000 crore for the April-December, 2020 period. In the previous fiscal, the outgo under the MEIS was to the tune of ₹40,000 crore.

Source: thehindubusinessline.com– Oct 19, 2020

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Textile can trigger India's economic revival

MSMEs hold the key to the sector's growth

India's dominance in the centuries-old textile trade, for long the preserve of small cottage industries and village artisans, can be sustained by the efforts of emerging new talent in this space and the creativity of micro, small and medium enterprises (MSMEs) engaged in this sector.

At a high-powered panel discussion organised by Network18 and Bandhan Bank, as part of a thought leadership platform called Sashakt India: Powering the MSME Engine, two icons from the textile industry discussed the sector's role in reviving India's economic growth and the opportunities it offered for export and trade. Speakers at this thought leadership included Lavanya Nalli, vice-chairperson, Nalli Sarees and N.K. Chaudhary, founder of Jaipur Rugs.

Weavers, not retailers

According to Nalli, her 95-year-old family business, Nalli Sarees, has its background in weaving and not trade or retail, making merchandise and business relationships the key to its success.

She said principal macro-economic challenges like a scarcity mindset after the two World Wars, followed by low growth in the 1960s and 1970s and the flooding of Chinese silk and arrival of tested zari in the 1990s, were tided over by strong family leadership.

Innovation is the key

In what can be a template for MSMEs, Nalli believes every new innovative product or solution in an industry must be met squarely. ``You can either approach it as an opportunity and as a creative entrepreneur I can use it to elevate my art, or look upon it as a threat," she pointed out.

Chaudhary, who began life selling shoes and turned down an offer to work in a public sector bank because the entrepreneurial bug bit him, borrowed a small sum of money from his father and started making carpets at home.

Knowledge of the market

How did he realise there was a market for carpets? ``There was a huge demand for carpets at home and there were not too many weavers in India," he explains.

It helped that Mr. Chaudhary, who started as a contract manufacturer, had inside knowledge of the business. ``I loved weaving, so it was not a problem to find the right buyers. I could produce both large-scale quantity and quality," he pointed out, adding that one of his daughters, Kavita, who studied at the Arts School Chicago, joined the business and offered designs that have elevated Jaipur Rugs to another level.

Consumers seek authenticity

Chaudhary observed that, globally, consumers seek authenticity and technology is the key. It is important that MSMEs connect with the different silos in the carpet industry, including the end consumer. ``It is also up to the MSMEs to help the 31.4 lakh artisan households upgrade," he stated.

Source: moneycontrol.com– Oct 19, 2020

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Centre plans to set up technology centres for MSMEs

In order to help micro, small and medium enterprises (MSMEs), the Union Government has proposed to set up 153 technology centres to address issues relating to business, HR and modern strategies, and use of artificial intelligence.

Technology is the key driver in the new normal and the government has already set up 18 such centres and 15 are ongoing, said Sudhir Garg, Joint Secretary of Ministry of MSME.

He was speaking at the CII Kerala's MSME Finance Facilitation Drive (during October 19-24), which includes a virtual exhibition and conference. More incubation centres are being set up in rural areas to rope in start-ups and promote use of technology.

He also highlighted the champion portal where small and medium-sized enterprises can get help in terms of finance, raw material, labour, permissions, etc.

Making credit process easy

CS Setty, Managing Director, State Bank of India, said MSMEs should give importance to proper book keeping, credit discipline and good governance framework, which will make the credit process easy. He suggested that banks develop a good relationship with NBFCs towards evolving a co-lending model. Specialised MSME branches should be developed in collaboration with the governments.

The biggest challenge faced by the majority of small players during this Covid crisis is restarting the business. Guaranteed Emergency Credit Line has been a lifeline for MSMEs. In Kerala, SBI has distributed ₹1,100 crore to 24,000 MSMEs. Financial institutions should create products and services suitable for the requirements of small business, he said.

Financial literacy

K Ellangovan, Principal Secretary-Industries, Kerala, stated that Kerala MSMEs had received only ₹4,500 crore out of the ₹9,800 crore under Atmanirbhar Bharat scheme. The main reason is that a majority of the MSMEs have a history of unpaid loans.

Stressing the need for financial literacy among MSMEs, he sought the support of CII to create general awareness. He also urged venture capital portfolio managers to go beyond the traditional markets.

According to Thomas John Muthoot, Chairman, CII Kerala State Council, the MSME sector is facing a plethora of problems, including severe disruption in cash flows, lack of adequate working capital for wage, bill payments and inventory management and delayed payments, among others. Quoting a recent survey, he said nearly 50 per cent of MSMEs have witnessed a 20-50 per cent impact on their earnings.

Shalini Warrier, Co–convenor, CII Kerala BFSI Panel, said that Kerala has the 12th largest number of MSMEs in India — around 23.79 lakh units of which 23.58 lakh are micro-enterprises, generating employment for approximately 44.64 lakh people. The three primary factors essential for growth in the MSME sector are credit availability, connectivity and power.

Source: thehindubusinessline.com– Oct 19, 2020

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Exporters, trade bodies welcome RBI move to scrap system-based caution-listing of exporters

However, banking experts feel, leaving the decision entirely to the banks will defeat the whole purpose of caution-listing and identifying wilful defaulters Several export promotion councils and trading communities have hailed the RBI's recent move to scrap the system-based automatic caution-listing of exporters besides welcoming the decision to shift the onus of caution-listing an exporter entirely on the Authorised Dealer (AD) banks.

However, commercial banking experts and international business consultants believe that while the RBIs' move could give a big relief to exporters during these difficult times, the permanent removal of fixed time frame for export realisation and leaving the decision entirely on the banks will defeat the whole purpose of caution listing and identifying wilful defaulters.

Terming the removal of automatic caution-listing as a 'good step from ease of doing business angle' Rajesh P, Managing Director of Mumbai-based GrowTrust Ventures Consultancy said, "Given practical challenges, few banks might report their customers in the caution list."

A former corporate and investment banker himself, Rajesh said, "Perhaps there could be separate categories like 'exporters with delayed realisations' with the objective to discourage delays beyond reasonable periods especially for larger amounts."

In 2014, the RBI introduced the Export Data Processing and Monitoring System (EDPMS). Under this, banks are mandated to bring all transactions with the exporters online. Two years later, the central bank introduced system-based automatic caution-listing wherein exporters were put on the list if any shipping bill remained open for more than two years in EDPMS. Such listing served as a deterrent for an exporter to avail any fresh bank credit.

Export-friendly move

However, in its Monetary Policy Committee (MPC) meeting held last week the central bank said that it has decided to discontinue the system-based automatic caution-listing to make the process exporter-friendly and equitable.

"In this environment, it is crucial to provide flexibility to exporters in the realisation of export proceeds and to empower them to negotiate better terms with overseas buyers," RBI Governor Shaktikanta Das said while announcing the decisions taken by the MPC.

FIEO welcomes move

The Federation of Indian Export Organisation (FIEO), in a press statement, said that the automatic caution-listing was a 'threat' to exporters and thanked the RBI's for meeting its long pending demand.

The export promotion body also said that the new mechanism strikes a nice balance between the responsibilities of exporters and bankers while simultaneously ensuring that realisation of exports proceeds is constantly monitored.

However, international business experts say that shifting the onus of caution-listing exporters entirely on the banks will only create more confusion to exporters as each bank may provide a different time frame realisation for different kinds and sizes of exporters.

"The RBI's recent policy decision on 'discontinuing the system based automatic caution-listing' on exporters may have brought a great relief to the exporters," Smita Santoki of Symbiosis Institute of International Business, Pune said, adding, "However, the onus lies upon the bankers now, as to how efficiently they are able to manage it across all spectrums. This is important again for being fair to exporters all across the regions of the country."

However, Rajat Verma, Head-Commercial Banking, HSBC India said that the change in the process of caution-listing does not absolve either the banks or exporters and that the various guidelines with respect to exports, including receipt of funds in a time-bound manner and reporting of the same to regulators.

"Previously, a few pending transactions meant that even exporters with a strong track record of export realisation were getting caution listed," Verma said, adding, "Under the new guidelines, banks will need to put up a robust framework, taking into consideration various parameters such as exporter history, percentage of outstanding transactions vis-à-vis total exports and others. This will ensure that exporters will be able to access their banking needs, while banks will have robust controls in place to report chronic and willful defaulters."

Source: thehindubusinessline.com– Oct 19, 2020

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Cotton with lower moisture content to be paid more than MSP

Procurement at 300 ginning mills, 9 market yards

At a time when the farming community's hopes of getting a bumper harvest of major crops such as cotton and paddy are hit badly by excessive rains this season, the State government has decided to give higher price than minimum support price of ₹5,825 to cotton, provided the moisture content of the fibre crop is less than 8%.

At a meeting held with officials here on Monday on the arrangements being made for procurement of cotton, Minister for Agriculture Singireddy Niranjan Reddy has asked the cotton ginning millers to enter into agreement with the Cotton Corporation of India (CCI) at the earliest and instructed the marketing and agriculture department officials to establish a call centre in every district to accept complaints and suggestions from farmers.

Cotton crop has been cultivated in a record extent of over 60.22 lakh acres and paddy in about 52.55 lakh acres this season. However, excessive rains, particularly during the recent spell, have damaged standing crops badly. The two crops have been damaged in large extents across the State.

"We have been waiting for good sunshine for the last two weeks to commence the first picking of cotton, which gives maximum of the yield out of multiple pickings.

However, the rain gods have nailed our hopes of bumper yields as the flowers (cotton) which were ready for plucking have either been damaged/discoloured on the plant itself or have fallen to the ground due to the intensity of rains," Rachamma, a woman farmer in Sangareddy district said.

With the ground situation being grim, the government has decided to give higher price to the farmers who get cotton with lower moisture content than 8% as prescribed by CCI for getting the MSP. The Minister stated that CCI is ready to open the procurement centres in 300 ginning mills and nine market yards.

The Minister explained that cotton with 8% moisture content would be given a price of ₹5,825 per quintal, ₹5,766.75 per quintal for cotton with 9% moisture, ₹5,708.5 for 10% moisture, ₹5,650.25 for 11% moisture and ₹5,582 for 12% moisture. In case the moisture content is 6%, farmers would be paid ₹5,941.5 per quintal and ₹5,883.25 per quintal if the moisture content is 7%.

The operators of procurement centres have also been instructed to arrange web cameras, finger print scanner, moisture measuring implements and electronic weighing scales before commencement of the procurement operations. The Agriculture Extension Officers and Agriculture Officers have been told to issue token to farmers village-wise to bring their produce to procurement centres in a scheduled/phased manner.

Source: thehindu.com– Oct 19, 2020

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Finance Minister hints at one more stimulus

Finance Minister Nirmala Sitharaman has said her Ministry will also come out with its own assessment of the economy and that she is not averse to rolling out one more stimulus package.

She was participating in a virtual panel discussion on Monday along with Reliance Industries CMD Mukesh Ambani and Senior Minister of Singapore T Shanmugaratnam during the release of Portraits of Power: Half a Century of Being at Ringside, a book penned by NK Singh, Chairman of the 15th Finance Commission.

Sitharaman said the government has started doing some kind of an assessment and several inputs have been received which were very different from what her team had got in July. “Ideally, it should be so...perhaps yes, some time we will have to come up with a statement...the Finance Ministry will have to make an assessment,” she said.

Asked about another stimulus, the Minister said the previous packages were announced after a lot of consideration. "I have not closed the option to come up with one more stimulus," she said.

To another question about the big-ticket reforms she would like to see, she pointed to the proposed PSU policy under which, barring strategic sectors, PSUs in all other areas are to be privatised; strong federalism; and a better education system.

Ambani, in response to a question by Maruti Suzuki India Chairman RC Bhargava, about the strategy for the manufacturing sector, called for rethinking and reinventing manufacturing.

MSME boost

On specific things that can be done for leadership, he said, "strengthening MSME". "We have start-ups in the technology sector; I think India is right to support small and medium sector entrepreneurs and get them the physical start up. So we need as much thinking about bricks, as we have about clicks," he said.

Source: thehindubusinessline.com– Oct 19, 2020

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Customs duty, cargo support to be used to boost local shipbuilding, repairs

The government plans to use a mix of duty restrictions on small vessel imports and the prevailing cargo support policy in a multi-pronged strategy to grow the local shipping, ship building and repairs industry.

The Customs duty paid on the import of vessels will be fully refunded if the vessel is replaced by a new 'Made in India' vessel in four years, according to the Maritime India Vision 2030 document prepared by the Shipping Ministry.

State-owned firms will provide long-term charters of over seven years for vessels made in India from 2021 and provide long-term cargo visibility (6-9 months) for all vessels.

Foreign-built and foreign flagged vessels will be suitably disincentivised to provide a level-playing field to India-built and Indian-flagged ships, it said. Ship repair work valued below ₹200 crore will be carried out at local shipyards only under the Atmanirbhar Bharat provisions.

The right of first refusal (ROFR) rules framed in 2016 would be strictly followed in the case of shipbuilding and ship repair works of over ₹200 crore. Entities functioning under the Shipping Ministry will ensure that all vessels owned and operated by them are repaired at Indian shipyards only. GST for ship repair and its inputs will be at 5 per cent while the free trade warehousing zone (FTWZ) requirements for minimum size and investment outlay would be waived off for ship repair-specific free trade 'depots/units'.

Right of first refusal

Vessels availing cargo ROFR through PSUs and government entities shall be mandatorily repaired in Indian shipyards. Besides, vessels (including foreign vessels) taken on long term time-charter contracts by PSUs and government entities, should undertake planned repairs only in Indian shipyards.

These measures are expected to help local yards built 5,00,000 gross tonnage (GT) ships by 2030 from the current 27,000 GT ships.

In the case of shipping, the priority for availing the ROFR granted to Indian flagged ships for carrying government-owned or controlled cargo will be amended to boost the capacity of Indian registered ships and make them more competitive. Accordingly, Indian-built, Indian-flagged and Indian-owned ships will get first priority, followed by foreign-built, Indian-flagged and owned vessels and Indian-built, foreign-flagged and owned ships.

Vessels registered in India (but built in foreign yards) up to the issue date of this policy/regulation will fall in the first category of India-built, flagged and owned ships.

Foreign vessels to be chartered by an Indian citizen/company/society will also fall in the first category if 25 per cent of contract money has been paid to the Indian shipyard and 50 per cent of hull fabrication has been completed, as certified by a recognised organisation, according to the Vision document.

About ₹1,400 crore of GST collected from transportation services over the next five years will be channelised towards subsidy support to Indian shipping companies. The shipping industry will be granted infrastructure status to tap low cost, long-term funds.

These steps are aimed at doubling the national cargo (crude oil, LPG, coal and fertilisers) imported on Indian ships in the next five years, thereby driving the Atmanirbhar Bharat initiative, the Vision document added.

Source: thehindubusinessline.com– Oct 19, 2020

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Gujarat's cotton output likely to dip

The reduction in area under cultivation is expected to bring down cotton production in Gujarat this year. The cotton output in the state is estimated to hover around 85-90 lakh bales (one bale equals to 170kg) in 2020-21as compared to 95 lakh bales in 2019-20. The cotton acreage in Gujarat dropped 15% to 23 lakh hectares in kharif season this year from nearly 27 lakh hectares last year, shows data compiled by the state agriculture department.

"Cotton acreage has decline by around 4 lakh hectare. As a result, the output is likely dip to 90 lakh bales this season," said Dilip Patel, president, All Gujarat Cotton Ginners' Association. "Since there are no reports of major damage to the crop, there will be no drastic reduction in production in 2020-21," Patel added.

Nirav Patel, a cotton exporter and trader, also estimated 90 lakh bales of cotton production in the state. Gujarat's cotton production also includes raw cotton. Gujarat ginners procure raw cotton from other states like Maharashtra and such raw cotton is then ginned and pressed within the state.

Stating that Gujarat's crop is expected at 85 lakh bales, a pan-India cotton trade body's member said, "Gujarat's cotton crop is now expected at 85 lakh bales as compared to 95 lakh bales due to low acreage. The flow of cotton from other states to Gujarat may also be low due to cotton procurement (by Cotton Corporation of India) at minimum support price (MSP)."

However, there are few who believe that Gujarat's production may reach 95 lakh bales given the improvement in yield this year when compared with last year.

Meanwhile, the price of benchmark Shankar-6 cotton variety has recently rallied to Rs 39,000 to Rs 40,000 per candy (one candy weighs around 356kg) mainly on the back of good demand from exporters and textile as well as spinning mills.

"The prices had declined substantially after the outbreak of Covid-19 and the subsequent lockdown to control the spread of the pandemic. With improvement in demand, the prices have now recovered to reach their levels seen in February this year," said Arun Dalal, an Ahmedabad-based cotton broker. The prices had dropped to Rs 32,000 per candy in April-June following the lockdown. Currently, around 22,000 bales are arriving in the local markets of Gujarat.

Source: timesofindia.com– Oct 20, 2020

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Relentless monsoon rains hit cotton crop in Maharashtra

Farmers now focussing more on soyaben crops

The relentless monsoon rains, which have ravaged large parts of Vidarbha and Marathwada region of Maharashtra, has now started affecting the cotton crop.

Local farmers and leaders of Shetkari Sangthana want early procurement of cotton by Cotton Corporation of India (CCI) and Maharashtra State Co-operative Cotton Growers' Marketing Federation Ltd (Mahacot) as exposure to excess of rains and lack of labour force for plucking cotton is affecting the crop.

They have also demanded that procurement norm of moisture content in cotton should be increased so that farmers could sell more cotton to the CCI and Mahacot. They are also facing massive labour problems in plucking cotton crop.

In Yavatmal district, the problem is more acute. Out of the total cotton production of Maharashtra, almost 15 per cent is from that district. Last year almost 55 lakh quintal (100kg) cotton was procured under MSP prices from the district.

Member of the core committee of Shetkari Sangthana, Balubhai Niwal said that this year the rains have started early and have not yet subsided. Both cotton and soyabean crops are up harvesting, but due to excess rains, farmers are now focussing more on soyabean as it has short harvesting window and almost 70 per cent soyabean is yet to be harvested. It has resulted in labour shortage for cotton picking, he said.

He said that in the open market sale, very early picked cotton crop with 18-22 per cent moisture is fetching ₹4,500 per quintal, which is way below the MSP of ₹5,825 per quintal. On the other hand, the online enrolment with CCI for selling cotton has also picked up rapidly. Per weeks almost about 6,000 farmers from one taluka are enrolling. The farmers fear that in the open market they will not get even the MSP, therefore, they are moving towards CCI and Mahacot and now it is the responsibility of CCI and Mahacot to buy cotton early, Niwal said.

Agriculture expert and cotton framer from Yavatmal, Milind Damle said that a minimum of eight per cent moisture is present in cotton for every one quintal. At eight per cent, the farmers get ₹5,825 as MSP and every one per cent increase in moisture leads to a one per cent decline in MSP.

However, the moisture content is capped at 12 per cent by CCI and Mahacot. This cap should be increased to 18 per cent given the present circumstances. Framers are willing for lesser remuneration but at MSP rates. In the open market the farmers will get much less money for their cotton, Damle said.

Source: thehindubusinessline.com– Oct 19, 2020

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Exporters struggle for containers after imports crash 19.6%; price shoots 50-100%

Exporters struggle for containers after imports crash 19.6%; price shoots 50-100%

As acute shortage of containers continues to hurt exporters causing spike in freight rates over key international trade routes, top industry body wants the government to mandate it for shipping lines to ferry empty containers to India.

Federation of Indian Export Organisations (FIEO) estimates suggest shipping lines have raised rates by nearly 60 per cent in the last three months for moving a container to the US. In case of African ports, the rate has more than doubled while freight rate has soared by 50 per cent for Europe.

"Overall, the rates have gone up more than 50 per cent everywhere," said FIEO president Sharad Kumar Saraf.

While noting that he does not see the situation improving anytime soon, Saraf said that the only way this situation can ease is by Indian maritime authority Director General of Shipping directing shipping companies to bring back empty containers.

"It's a very serious problem. There are no containers for stuffing export cargo. Because of lack of containers shipping companies have raised rates also. Freight rate to [the] US has gone up by 60 per cent in last three months. For African ports, it is almost 100 per cent. European ports, it is 50 per cent. Overall, it is more than 50 per cent everywhere," noted the FIEO chief.

Jaipur-based logistics start-up Gxpress which needs 10-15 containers every week for sending shipments to the US is now paying nearly $3,600 for each container. Praveen Vashistha, founder and director of the firm said that rates have gone up 40 per cent in last one month alone.

"We primarily send shipments to [the] US, Canada and the UK. We have seen rates rising sharply in case of all the three countries. For an exporter, it is becoming increasingly difficult to send the shipments. While shipping lines have increased prices they are not providing containers," said Vashishtha.

He added that before COVID pandemic broke out, he paid $1,700-1,800 for a container to the US.

Elaborating on rate patterns on sea routes, a leading exporter said that prices vary from season to season and also on the kinds of routes. While moving a container from Mumbai to New York by shipping liner Hapag-Lloyd could cost $2,800-3,000, other liner could charge less but would take more time.

"It (Hapag-Lloyd) gives guarantee of anything between 28 to 30 days for moving the container to New York. Others may charge less but would take 60 days to reach there," he said.

A combination of issues, primary being sharp fall in imports, has resulted in massive shortage of containers in the country.

Historically, there have been more imports than exports so equipment was never a problem in the country. But after COVID break-out, imports have contracted sharply compared to exports.

With foreign trade pattern changing drastically over the last few months in the wake of global supply disruptions and demand slump among other key factors, lower imports have resulted in fewer containers coming back to India.

After contracting for six months, exports from India turned positive in September 2020, recording 5.99 per cent growth to $27.58 billion over the same month last year. Imports, however, during this period contracted 19.6 per cent Y-o-Y to $30.31 billion.

As per official data, exports declined 16.66 per cent to $221.86 billion during April-September 2020 period while imports shrunk a whopping 35.43 per cent to $204.12 billion over the same period last year. Indian government's move to reduce imports from China has added to contraction in imports.

Industry watchers do not expect the container crisis to get over anytime soon.

"It is not going to ease now. There is problem in Punjab. Because of farmer protests, rail is not moving containers. Exports goods are also held up. Second, because of container shortage, shipping lines are charging a minimum of $50-100 more for every container," said Ajay K Kadakia, Chairman of Basic Chemicals, Cosmetics & Dyes Export Promotion Council popularly known as Chemexcil.

Karunakar S Shetty, president, Brihanmumbai Custom Brokers Association, emphasised that the issue of container shortage has failed to improve in last one month and delay in custom clearance despite introduction of faceless assessment has added to the problem.

"There are multiple issues. Exports are growing and imports are down. It is reverse of the earlier situation. Even though faceless assessment has started, clearances are held up in case of import consignments," Shetty said.

Source: businesstoday.in– Oct 19, 2020

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