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IBTEX No. 271 of 2020 December 23, 2020

US 73.85| EUR 89.99| GBP 98.96| JPY 0.71

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INTERNATIONAL NEWS

EU's turnover recovery still uncertain: Euratex

Euratex, a European organisation, has announced that data of third quarter of 2020 has shown a partial recovery compared to previous quarter. However, production is still negative, and signs of a full recovery are yet to be seen. Hence, Euratex has called EU for an active engagement in crucial area like circular economy, digitisation and level playing field.

During the 3rd quarter of 2020, the EU turnover partially recovered as compared to the previous quarter, and retail sales of textiles, clothing, footwear and leather goods in specialised stores increased 62 per cent compared to the second quarter, as reported in Euratex's press release.

he EU27 production experienced also a rebound compared to the previous quarter with 25 per cent increase in textiles and 33 per cent growth in clothing.

However, the EU output reported a negative quarterly growth as compared with the same period of the previous year. The decline in the clothing industry was down 15 per cent, while for the textile, it fell 7 per cent. Spain and Italy recorded again the worst performances in textiles, with production dropped 16.5 per cent on average during the 3rd quarter, while Romania and Austria were severely hit in the clothing sector with decrease of 25 per cent and 31 per cent respectively.

Such data revealed that the signs of recovery since May, are slowing down, due most probably to the reintroduction of stricter measures in European countries. Faced with dramatic forecasts, Euratex reiterates its calls to the European Union to work on 4 critical areas, which can be found also in the conclusion of the EU Council on 16 November: turn sustainability and circularity into an opportunity for business; invest in upskilling the T&C labour market, developing new curricula which meet today's needs around digital production or technical textiles; promote access to external markets and ensure level playing field on the EU Internal market; and invest in innovation, to digitalise production chains and techniques and develop new sustainable materials.

"The agreement on the MFF and recovery package on December 18 is an excellent news for everybody, from industry to citizens. Such an achievement can restore confidence in a quick recovery across Europe," Dirk Vantyghem, director general at Euratex, said in the release. "Therefore, we cannot sit on our laurels: we need to grab the moment and develop an ambitious textile strategy for a sustainable and digital industry."

Source: fibre2fashion.com– Dec 23, 2020

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UK clothing retail suffers as Tier 4 restrictions in place

Tier 4, the toughest set of coronavirus restrictions put in place by the UK government beginning December 20, has given a jolt to clothing retailers. To reduce social contact, the strictest lockdown regulations require some businesses to close, including non-essential retail such as clothing and homeware stores, and market stalls selling non-essential goods.

Tier 4 restrictions have been put in place in London and other parts of England after a new COVID-19 strain was detected, which has up to 70 per cent more transmissible than the original.

"We recognise that the government has difficult decisions to make and the situation with the pandemic is very fast moving, but this is hugely regrettable news. Retailers have invested hundreds of millions of pounds making stores Covid-secure for customers and staff, and SAGE's advice has said throughout that closing non-essential retail has a minimal impact on the spread of the virus," said Helen Dickinson, chief executive of the British Retail Consortium (BRC).

"The consequences of this decision will be severe. For businesses, the government's stop-start approach is deeply unhelpful – this decision comes only two weeks after the end of the last national lockdown and right in the middle of peak trading which so many are depending on to power their recovery. Faced with this news – and the prospect of losing £2 billion per week in sales for the third time this year – many businesses will be in serious difficulty and many thousands of jobs could be at risk.

"The government will need to offer additional financial support to help these businesses get back on an even keel – an extension to business rates relief in 2021 is the best place to start," added Dickinson.

The new strain of COVID-19 has forced many countries to stop international flights to the UK, and has also prompted the closure of the UK-France border. Reacting to the situation, Andrew Opie, director of Food & Sustainability at the BRC, said: "We urge the UK Government and the EU to find a pragmatic solution to this as soon as possible, to prevent disruption for consumers. Retailers have stocked up on goods ahead of Christmas which should prevent immediate problems. However, any prolonged closure of the French border would be a problem as the UK enters the final weeks before the transition ends on December 31."

Source: fibre2fashion.com– Dec 23, 2020

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2020: South Asia sees cancelled orders, supply disruptions

The textile and garment sectors in South Asia had their share of problems arising out of the pandemic-induced crisis. That included factory closures, restrictions on staffing, job losses, export decline and a scarcity of personal protective equipment (PPE) followed by an exponential increase in domestic PPE production and a temporary ban on its exports.

In India, dozens of apparel and textile companies ventured into producing PPE to cater to the rising demand during the pandemic. Many faced order cancellations from the West and disruptions in raw material supply chain from China. As the country kept waiting for a new textile policy, the year witnessed a slew of policy amendments and announcements, initially for the textile and apparel sector, and later to handle the severe impact of the pandemic on the industry in general, writes assistant editor Dipesh Satapathy in the January 2021 edition of Fibre2Fashion as he looks back at the year that was.

As a country where the readymade garment (RMG) sector is one of the lifelines of the economy, Bangladesh was immensely hit by lockdowns, halted shipments and order cancellations by US- and Europe-based retailers. However, RMG exporters heaved a sigh of relief in April when Spain's Inditex, British retailer Marks and Spencer, France's Kiabi and US firms PVH and Target assured the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) that they would accept the ready goods along with the goods in production.

Sri Lanka's earnings from textiles and apparel exports decreased by 21.5 per cent year-on-year to $3.286 billion during the first nine months of 2020. Exports of textiles dropped by 13.7 per cent to $181.6 million, while garment exports declined 25.1 per cent to $2.919 billion.

Source: fibre2fashion.com– Dec 22, 2020

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Mango to open four new stores in the US

Mango plans to open four new stores in the US in the first half of 2021. Of these, two stores will be located in New Jersey, one in New York City and another in Florida. Mango launched US operations in 2006. In recent years, the brand has upped its efforts to strengthen its position in the country.

Among its milestones in the country include renovation of SoHo, New York store, in 2017, and the deal stuck with Macy's in 2019 to broaden the label's e-tail footprint in the country. The agreement also included the opening of three concessions within the department store chain's New York branches.

Besides these initiatives, Mango also sponsored the MET Gala in 2019. It collaborated with globally recognized US influencers like Leandra Medine, with whom it launched a capsule collection last year. Founded in 1984 in Barcelona, Mango is one of world's leading fashion groups. It has a presence in over 110 countries and, in the 2019 financial year, it recorded sales for €2.374 billion.

Source: fashionatingworld.com– Dec 22, 2020

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Sri Lanka Design Festival to take the virtual route in 2021

The 2021 edition of the Sri Lanka Design Festival, an annual event to showcase fashion, design technology, knowledge sharing, art and creativity will be held virtually. Under the theme 'impACT', the upcoming festival will showcase fashion and design initiatives that motivate the industry to act now and create a positive impact whilst bringing in much-needed new exports through design driven innovation, the organizers said.

The three-full day festival will include over 40 different segments with designers, design led industries, craft and the SME sector makers, artists, young entrepreneurs, speakers, celebrities and like-minded enthusiasts.

The event was initiated by Colombo-based Academy of Design (AOD) in 2009, to promote the concept of 'designed and made in Sri Lanka fashion showcases, design exhibitions, forums and workshops that focus on product innovation, sustainable design, art and creative industries. It showcases to a global audience through various collaborations and international partnerships.

Source: fashionatingworld.com– Dec 22, 2020

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Bangladesh RMG units switching back to salary in cash

After using digital payment modes during the COVID-19 outbreak, readymade garment (RMG) units in Bangladesh are gradually switching back to cash-based salary payment, a new report has revealed. Digital payments by RMG factory owners witnessed an increase due to the stimulus package announced by the government to support temporarily laid-off workers.

To contain the COVID-19 outbreak, the government had put the country under lockdown from March 29 to May 30. Salary under the government's stimulus package was disbursed by RMG factories for four months from April to July 2020.

Despite the high benefits such as decreased payroll processing costs and lost worker production time and enhanced security associated with digital payments, factories are switching back to cash payments, said the survey report 'Factory Wage Digitisation Trends'.

The survey was conducted by the Microfinance Opportunities in Bangladesh in collaboration with the South Asian Network of Economic Modeling (SANEM).

RMG factory owners are reverting back to cash mode of salary disbursement as the benefits of digitisation are not readily apparent, SANEM said in a statement.

Source: fibre2fashion.com– Dec 22, 2020

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After Normalization, Israeli Trade With Morocco Expected to Take Off

Israel is hoping that normalization with Morocco will bring with it significant new business opportunities and open up fresh markets across North Africa.

Rabat announced the resumption of ties with Israel on December 10, joining the United Arab Emirates, Bahrain and Sudan, who all have recently signed on to normalization pacts as part of US President Donald Trump's diplomacy campaign in the region. In return, the United States recognized Morocco's annexation of Western Sahara, a disputed territory on the northwest coast of Africa.

Adiv Baruch is chairman of the Israel Export and International Cooperation Institute (IEICI), a non-profit organization established and funded by both the government and the private sector. The IEICI is in charge of all exports from Israel, except defense products.

While bilateral trade between Israel and Morocco currently is not substantial, there is enormous potential for growth, especially in the agritech and health care sectors, Baruch said.

"I think that the potential will reach $100 million in trade between the two countries in the very short-term," he told The Media Line. "The target is to exceed over $1 billion in trade over the next three years."

Morocco principally exports clothing and textiles, fruit, electric components and inorganic chemicals. Its dominant economic sector is agriculture, which employs 34% of the country's workforce, according to World Bank figures from 2019.

Until now, Israeli companies wishing to conduct business in Morocco have had to work through third-party solution providers or foreign companies.

Thanks to normalization, however, "the business community will be able to start interacting directly, not via third parties," Baruch said. "Once you have direct interaction between business communities, this will increase trade because we'll be able to understand their vision and strategy, not only to react to needs."

Beyond economic opportunities in Morocco itself, normalization also paves the way for Israeli companies to enter numerous other African markets.

"Morocco is the gateway to other countries in the region and that's something that will be explored as well," Baruch affirmed.

In Morocco, though, some are questioning what concrete benefits peace will bring to the country's people.

Amine Ayoub is the managing director of KKB Partners, a consulting firm based in Morocco that deals with market intelligence and business development.

A long-term advocate of normalization, Ayoub first visited Israel in late 2015 when he participated in an innovation-themed business tour that was sponsored by the Israeli Foreign Ministry's Mashav agency. Mashav is dedicated to bolstering international development cooperation.

"The innovation sector is where we could have an impact on the local Moroccan economy," Ayoub told The Media Line. "We are having a lot of issues with unemployment, especially youth unemployment. People are trying to leave the country."

Even though there has been a lot of talk of the agritech sector flourishing under new agreements, Ayoub is unsure of what overall effect normalization will have.

"I don't think it's going to have a big economic impact," he said.

Like Baruch, Ayoub noted that Israeli companies have worked in Morocco for a long time. As an example, he pointed to Israeli agricultural technology giant Netafim, which has operated a subsidiary in the North African country for a number of years.

Click here for more details

Source: themedialine.org– Dec 22, 2020

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Vietnam: Garment, textile industry starts to warm up

Stable consumption until the third quarter of 2021

According to Fly High Garment Co., Ltd. In Go Vap District, in the last months of this year, it has been confirmed by customers specializing in exporting fashion products to the US to re-sign orders that are enough for production until the third quarter of next year. However, the current difficulty is that raw materials are scarce with an increase of about 20 percent in their prices, so the company has to recalculate processing unit prices with partners.

Many other enterprises also reflected that not only have materials in the garment industry been scarce, and have the prices of raw materials increased but some symbiotic sectors, such as packaging, adhesive tapes, and chemicals, have also risen by 15-20 percent, causing production costs to climb, leading to lower profits. Revenues of some enterprises are even just enough to cover expenses and labor costs.

Up to now, Vietnam has signed free trade agreements (FTAs) with many countries around the world so it can use raw materials from the members of these FTAs. However, Vietnamese enterprises have mainly used raw materials imported from China for a long time. When orders increase again, they become passive in organizing production because they did not have a timely forecast to prepare raw materials.

Figures from the Vietnam Textile and Apparel Association (VITAS) show that Vietnam's garment and textile industry has a huge two-way trade relationship with China. Noticeably, garment and textile raw materials, including yarn, fabric, and auxiliary materials, are mainly imported from

China. Of which, fabric imports accounted for nearly 60 percent of the total imports of US$13.5 billion in 2019, and fiber imports accounted for 55 percent.

To limit the negative impacts on production and business, from the outbreak of the Covid-19 pandemic, VITAS recommended and requested member enterprises to discuss with customers and focus on exploiting domestic raw materials and auxiliary materials, or from other countries to replace raw materials imported from China to maintain production and business.

Many enterprises have also been studying raw materials and auxiliary materials from markets, namely India, South Korea, and Europe, to be active in raw material supply to maintain production in the current situation. However, they had to admit that only Chinese raw materials meet the quality and price.

More support policies needed

According to information from the VITAS, the demand of Europe and the US in 2020 decreases by 45 percent and 40 percent, respectively, for garments, and 27 percent and 21 percent for footwear. However, Vietnam's garment and footwear industries also have many opportunities in the context that global trade has changed.

When China reduced its total exports by up to 50 percent for some items, Vietnam's garment exports still kept their prices and expanded market share in the US market, mainly thanks to hard-to-make items with high value.

In June, Vietnam supplanted China to become the largest garment exporter to the US. In the European market, with the EU-Vietnam Free Trade Agreement taking effect from August 1, it is expected that footwear exports will surge by 50 percent, and textile exports will soar by 67 percent by 2025. Meanwhile, garment and textile enterprises said that the global demand would decline next year, but not much.

Especially, in the US market - the main export market of Vietnamese textile and garment products - will be the headquarter of fashion products with densely-worldwide experienced distributors.

Importantly, Vietnamese products need to improve their competitiveness compared to those of countries, such as India and China. Besides the self-efforts of each enterprise in the industry, such as market expansion, technology, and administration innovation, the role of the State in setting up mechanisms and policies is greatly important.

“In the short term, the Government of Vietnam should consider having specific and practical support packages for enterprises. Taking the example of the support package of Taiwan (China), after enterprises have export orders to the US and their customers confirm to have received enough goods and set the payment time, which currently is six months, they just need to send the confirmation to the State Bank of Taiwan to be given loans with interest rate at zero percent. My company still operates well through the pandemic and does not have to cut factory workers in Vietnam, thanks to these policies,” said a representative of Taiwanese company Fly High Garment.

According to Mr. Vu Duc Giang, Chairman of VITAS, in the coming time, besides the advantages, Vietnam’s garment and textile industry will also face many difficulties and challenges when the supply of raw materials is inadequate and imbalanced, and there is a blockage in the phases of weaving and dyeing.

VITAS proposes the Government to direct provinces with suitable infrastructures to build some large garment and textile parks with an area from 500 hectares to 1,000 hectares and centralized wastewater treatment systems to attract investors into the phases of weaving and dyeing; strengthen cooperation and linkages among enterprises producing raw materials and accessories and sewing ones to establish regional chains. On the other hand, the State needs to reform administrative procedures and import-export procedures to reduce time and costs for enterprises.

Source: sggpnews.org.vn– Dec 22, 2020

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Recovery and hybrid event support next Intertextile Apparel

Following the successful conclusion of the Autumn Edition in September 2020, the Spring Edition of Intertextile Shanghai Apparel Fabrics will be held from 10-12 March 2021 at the National Exhibition and Convention Center (Shanghai). The exhibition will continue to adopt a hybrid format with online platforms and digital solutions complementing the physical event, in order to support exhibitors in finding business opportunities in China's recovering textile market.

Running as originally scheduled, the 2020 Autumn Edition welcomed nearly 3400 exhibitors from 20 countries and regions and attracted over 73,500 visitors. Over 240 virtual meetings were also arranged during the fair through the fair's new Connect PLUS platform and the VIP business matching programme, the organisers report.

"As a global apparel textile flagship, the Spring Edition of Intertextile Apparel in 2021 will continue to serve as a reliable sourcing platform, both in-person and virtually, for the textile industry to connect and recover. With travel restrictions still in effect in many countries and regions, digital solutions and the hybrid format of the fair are essential to facilitate suppliers and buyers in their sourcing process. We look forward to international exhibitors joining us via the onsite or online formats, allowing them to take advantage of the opportunities offered by China's recovering textile market," said Ms Wendy Wen, Senior General Manager of Messe Frankfurt (HK) Ltd.

"The fair will take place as China's textile market continues to show signs of quick recovery from the effects of the pandemic. With industrial output continuing to remain strong, Chinese consumer confidence is also starting to rebound," the organisers say. "According to a McKinsey study, net optimism of consumers is now at 54%, the highest compared to respondents from other countries[1]. This recovery in the economy and consumer demand was also observed by exhibitors from the 2020 Autumn Edition, who expressed how the fair provided a much-need trading platform for making up lost business," they add.

"Intertextile is a great way to reconnect with the textile industry. On just the first day, we acquired 35 contacts for new fabrics and met with 10 new brands and can confidently say we've met our expectations so far. More importantly there are large crowds of people, meaning that people are not afraid to travel domestically, which is a good sign. Intertextile successfully opening as planned is a good first start, indicating the market is gradually returning to normal," commented Mr Steve Stewart, Apparel Vice President, Asia at The Lycra Company.

"We participate in this fair every year. It is relatively the biggest fair in China, and the results are also the best. Over the past few days, we may have contacted thousands of customers already. We will come again next year because of the fair's large scale and visitor quality," said Mr Jianming Li, General Manager at Sanhe (Hong Kong) Thread Co Ltd.

Hybrid Showcase

For exhibitors who cannot travel to China, the Hybrid Showcase will be held again to display their products for onsite buyers to touch and feel, with audio visual equipment provided to help present their company. These 'hybrid exhibitors' will be able to stay connected with onsite and online buyers via the instant messaging and video calling functions of the Intertextile mobile app and the fair's online business matching tool, Connect PLUS, which will be accessible before, during and after the fair.

Click here for more details

Source: knittingindustry.com– Dec 22, 2020

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Pakistan textile industry windfall: sustainable or fizzle

Textile exports of Pakistan seem to have stabilized substantially from the Covid-19 pandemic shocks and are still increasing. Recent monthly data released by the Pakistan Bureau of Statistics for the first four months of the current financial year shows that exports of textiles and garments are back on a pace of growth in terms of both supply and market price.

The statistics show that between July and October, textile shipments rose by 3.8% to $4.8 billion from $4.6 billion a year earlier. The increase in the textile and clothing group was a week faster than the overall export rise of 0.6pc. In the knitwear, home textiles and denim categories, the export recovery is most pronounced.

In some of these cases, there is also a major decline in exports of basic textile goods such as yarn and grey cloth, signaling that more value-added items are being exported by the country than ever before. It also represents a shortage of raw materials due to an incredibly low cotton harvest this year for the value-added industry. Furthermore, due to a sharp drop of 37.6pc in cotton arrivals for ginning to 4.6 million bales by December 3, local cotton prices have peaked to a 10- year high compared to 7.4 million bales last year.

A competitive energy package for the industry has been recently announced by the government to help exporters recover from the impact of Covid-19. The package reduces peak energy prices, provides reduced tariffs on additional power usage, and fixes the export industries' power price at $0.07 a unit and gas tariff at $0.065mmbtu.

Moreover, the central bank has reduced interest rates by 625bps, permitted wage refinancing to avoid lockdowns and deferred payments of the principal amount of loans in the sense of debt restructuring offered to households and companies, provided relief under the Export Financing Scheme (EFS) and the Long-Term Financing Facility (LTFF). In addition, a long-term subsidised funding facility has also been introduced by the State Bank to boost investment in new capacity growth and technology upgrades. In addition, Pakistan textile manufacturers have received massive export orders as the intense winter season has approached Europe and the United States.

After three tough years, I felt textile exports are driven by several internal and external factors. Internally, exports have helped to become sustainable by the energy package announced for the export industry and market-based exchange rates. Besides that, the termination of the economic stabilisation programme of the International Monetary Fund has also provided the economy with some room to maneuver.

External factors that have helped Western orders to almost double since July include tensions between the US and China and continuing supply disruptions caused in India and Bangladesh by the Covid-19 pandemic. Such factors also allowed Pakistan to win additional European and American export orders. The buyers had only Pakistan, where factories had unused production capacity, to turn to, with Vietnam and Cambodia already functioning to their maximum capacity.

As demand in the US remains subdued owing to growing infections there, Europe remains Pakistan's largest buyer at the moment. But many textile producers in Pakistan are now preparing to expand their production capacity, hoping that they will also be able to increase and maintain their market share in the future. At present, because of product quality problems, Pakistan has not been able to raise its unit prices in dollars. Since the majority of exporters of value-added textiles are small to medium-sized companies, they do not have the capacity to enhance the quality of the commodity. Moreover, Pakistan is growing very low-quality cotton. If agricultural reforms are not updated, particularly in the booming textile industry across the textile supply chain to improve product quality, Pakistan's exports will not grow rapidly (both in dollar and volume terms).

Pakistan is one of the most competitive textiles exporting countries in the world at present. It is currently experiencing an ongoing export demand boom. Fortunately, in the European and American markets, we have both cost and tariff advantages over Chinese competitors, while Indian and Bangladeshi rivals are suffering due to supply chain disruptions. Pakistan is an emerging textile country now. Thus, all stakeholders should give top priority to this industry.

There is a comeback of a strong appetite for value-addition in the country, based on market research. The statistics show that at the cost of raw materials such as cotton, yarn and cloth, value-added exports are growing. Therefore, before our rivals return to it and fight back for their lost share, Pakistan needs to brace themselves to retain an increased share of the international market. The domestic industry is already preparing to grow and is ready to invest $5 billion to double our exports by 2025 across the textile chain. To do this, however, Pakistan holistically needs a long-term policy structure in the form of a textile policy to ensure that the existing desirable policies are not reversed in the middle of the road.

To conclude, Pakistan experienced unprecedented growth in exports of textiles and clothing, especially during the pandemic Covid-19. A boost to the economy for Pakistan's industry is observed through export orders. But, how long this lottery win is going to last is still a question mark. Never do you know. It can last for years to come and it can soon fade out as well. It all depends on how all the stakeholders involved want to lead this sector into the future. Special Advisor (Pakistan Institute of Management, Lahore operated under Federal Ministry of Industries and Production, Islamabad) and Foreign Research Associate (Centre of Excellence, China Pakistan Economic Corridor, Islamabad)

Source: dailytimes.com.pk– Dec 23, 2020

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Bangladesh: Export policy review meeting today

The government will review the progress in implementation of the existing export policy 2018-21 aiming to help boost export, officials said.

To this effect, the monitoring committee on the existing export policy will sit today (Tuesday) to devise necessary strategies in this regard.

Representatives from different ministries concerned, trade bodies and senior officials will attend the meeting.

Implementation conditions and progress of the existing policy will come up in the meeting for discussion.

Besides, necessary advice and opinions will be taken from the representatives of ministries, departments, agencies and stakeholders concerned.

The commerce ministry takes required steps for bringing about important changes in the policy for greater interests of the country's export sector, an official said.

The monitoring committee will also discuss the issue of bringing about necessary changes in the export policy, he mentioned. The government has set an export target of US$48.0 billion for the current fiscal year 2020-21.US$41.0 billion target has been fixed for the goods export sector and $7.0 billion for the services export sector.

Last fiscal year, the target was set at US$54 billion which could not be achieved due to the negative impact amid the global coronavirus outbreak. The government has set an export target of US$60 billion for 2021 as it has taken many steps to achieve the target, the official said.

Expansion of export trade is a must for achieving the higher growth rate of national income, he added.

Export Policy 2018-21 has been formulated on the basis of the recommendations put forward by a consultative committee comprising representatives from main industries or trade associations, chambers, research organizations, ministries concerned and government organizations to ensure the sustainability of export growth, according to the commerce ministry.

Besides, the commerce ministry has already taken multiple measures to provide aid in the import and export sectors to help combat Covid-19 in the country.

Source: thefinancialexpress.com.bd– Dec 23, 2020

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NATIONAL NEWS

New textile policy likely to be focussed on boosting domestic industry

The government is coming up with a new textile policy that promises to boost the domestic industry, promote cultivation, processing and branding of organic cotton, and to set up hubs to manufacture machinery with the help of Foreign Direct Investment (FDI), officials familiar with the matter said.

“In keeping with the vision of Aatmanirbhar Bharat [to make India a self-reliant nation], the idea is to increase the domestic production of several components in the sector to make India a global textile player,” said a textile ministry official on the condition of anonymity. “We import nearly 75% of machinery for the textile sector. The aim is to change that and manufacture the machinery indigenously.”

News agency Press Trust of India on December 2 quoted textile secretary Ravi Capoor citing a Niti Aayog-led study that found Rs 13,000 crore worth machinery was being imported for the industry. The study highlighted that India has reached nowhere in terms of technology up-gradation except in the spinning segment.

Officials said seven mega textile hubs are expected to be set up across the country as per the policy. End-to-end production, from raw material to export of the finished product, would be available at these hubs. A mega textile park spread over 1,000 hectares of land will boost the growth of integrated textiles.

Officials said a textile research institute will be set up in Coimbatore under the policy. “A draft of the policy is likely to be floated for public feedback soon,” said a second official.

Officials said the policy seeks a structural shift to make India a man-made fibre (MMF) rather than a cotton-driven industry.

HT on December 9 reported the Union textile ministry was considering over Rs 10,000 crore production linked incentive scheme to encourage the industry. The ministry has identified 50 key sectors such as sanitary napkins and winterwear for the scheme with a five-year gestation period. It has removed the anti-dumping duty on purified terephthalic acid and acrylic fibre to boost the MMF sector. "The next step is to remove it from viscose fibre," the second official said. "The world is moving towards MMF, we need to embrace that as well."

Officials said the proposed policy also seeks to boost handcart and handloom sectors. "The move will take the industry forward and not let it be primarily subsidiary oriented," the second official said.

Source: hindustantimes.com– Dec 23, 2020

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Now, freight customers can pay 5% extra to get priority Railway wagon allotment on certain days

The Ministry of Railways has introduced a policy on premium indent on to facilitate freight customers. Under the policy, if a customer places request for premium indent, allotment of rakes will be given priority on two days — Monday and Friday.

These two days are notified under a Preferential Traffic Order issued by the Traffic Transportation Directorate of the Railway Boardtime. However, on other days, normal order of priority of indents will be followed.

In sidings, customers can indicate a date of supply of rakes and also whether they will load if the rake is supplied after the due date on the normal tariff rate, said a release.

The customer shall be required to pay 5 per cent premium on normal freight which shall be deposited in advance. If the rake is supplied later than the indicated date on the indent, the premium paid will be adjusted against the normal freight, it added.

Premium indent, once placed, cannot be withdrawn; withdrawal of the indent shall invite forfeiture of the premium paid, it said.
Also, the premium indent policy will not be applicable to restricted destinations and destinations regulated by quota.

Source: thehindubusinessline.com– Dec 22, 2020

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GST compensation: FinMin releases eighth instalment of Rs 6,000 crore to states

The Centre has released the eighth instalment of Rs 6,000 crore as GST compensation payment to states, the government said on Monday. States and union territories have so far received Rs 48,000 crore of the Rs 1.1 lakh crore to be disbursed by the Centre this fiscal.

The Central government borrows the funds under a special window and passes it on to states in a back-to-back loan arrangement. The interest rate for the latest loan instalment was 4.19%, w

While 23 states have been allotted Rs 5,516.6 crore in this round of weekly instalment, the remaining Rs 483.4 crore has been released to the three union territories with legislative assemblies (Delhi, Jammu & Kashmir & Puducherry) which are members of the GST Council.

"The remaining five States — Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim — do not have a gap in revenue on account of GST implementation," the government said.

The GST regime has a mechanism of a compensation cess fund, which is made up of cess proceeds, to make up any shortfall below the states' protected revenue each year. This guarantee of revenue protection is baked into the law and states are entitled to a 14% y-o-y growth in their GST revenue.

However, since last year, the compensation cess fund has proved to be inadequate. The Central government proposed this year that it would pay states through market borrowing, but many states didn't agree with the shortfall estimate of Rs 1.1 lakh crore.

The Centre insisted that it would only pay for the shortfall due to GST implementation and not Rs 1.85 lakh crore, which is the revenue deficit taking into account the pandemic-induced slowdown. After initial logjam, all the states eventually came on board with the borrowing scheme.

The Central government has also granted additional borrowing permission equivalent to 0.5% of Gross States Domestic Product (GSDP) to states choosing option-I to meet GST compensation shortfall to help them mobilise additional financial resources.

"All the states have been given their preference for option-I. Permission for borrowing the entire additional amount of Rs 1,06,830 crore (0.5% of GSDP) has been granted to 28 states under this provision," the government said.

Source: financialexpress.com– Dec 22, 2020

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WTO to review India's e-commerce and farm policies, digital tax next month

India may need to field queries on its agricultural and e-commerce policies in the trade policy review at World Trade Organization slated next month.

A senior government official said they are bracing for a slew of questions on the government's proposed e-commerce policy, digital tax, higher duties on IT products, invoking the peace clause for exceeding the subsidies for rice, and its farm policies regarding pulses, sugar and lentils, at the review of its trade policy next month.

India's previous trade policy review took place in 2015, and officials said Goods and Services Tax, and changes in Intellectual Property Rights laws too are likely to attract attention at the review, which is a mechanism to scrutinise the trade policies of WTO members.

"Various issues related to our agriculture policies, IPRs and e-commerce that were not there during the last review are likely to come up," said the above quoted official, adding that new developments on sanitary and phytosanitary measures, and technical barriers to trade are also expected to be raised.

The review is likely in the first week of January and comes amid India's farm policies coming under the scanner of various countries. The US, the EU, Canada, Brazil and New Zealand have raised questions at quantitative restrictions on pulses, sugar subsidies, and export subsidies through its transport and marketing assistance scheme, and the potential impact of its food stocks on the global market and if it is breaching its support limit for other farm goods like it did for rice.

India became the first country to invoke the peace clause for breaching the subsidy limit for rice for marketing year 2018-19. It informed the WTO in April that the value of its rice production was $43.67 billion in 2018-19 and that it gave subsidies worth $5 billion. The limit is pegged at 10% of the value of food production (called de minimis) in the case of India and other developing countries.

Similarly, India has extended the import restrictions on peas, lentils, beans and other pulses by another year till March 31, 2021 and many countries have sought a removal of these and said they are no longer a temporary measure.

India's draft e-commerce policy, which was made public in 2019, focussed on data localisation, emphasising that the country and its citizens have a sovereign right to their data. While the policy is yet to be made public, the government, in a revised draft this year, proposed that all companies that store or mirror Indian users' data overseas will be subject to periodic audit and also have to make available any data the government seeks within 72 hours or pay a penalty.

Source: economictimes.com– Dec 23, 2020

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A case for e-commerce export zones

Indian MSMEs must leverage e-commerce and cross-border e-sales as a strategy to weather the Covid pandemic storm.

The pandemic has led to more buying online from domestic as well as international e-tailers. More consumers than ever before meet their shopping needs by ordering online than walking into a retail store.

As per UNCTAD estimates for 2018, the world market for e-commerce was $25.6 trillion. It also reports that the share of cross-border online shoppers to all online shoppers rose from 17 per cent in 2016 to 23 per cent in 2018.

Though reliable statistics for India's share in cross-border e-commerce are not available, Amazon announced that Indian goods clocked $5 billion

between 2015 and 2020, an indication of India's paltry share in global e-commerce.
In global e-commerce, consumer electronics and low cost consumer goods such as clothing, home furnishings, footwear, cosmetics, healthcare items, toys etc. dominate. While India is not a mass producer in some of these categories, the residual market size is still sizeable. India should begin its global e-commerce journey by expanding its share in residual categories.

Apparel and handloom, handicrafts, footwear, metalwares, beauty and nutritional products are some segments for which there is global demand which Indian products can potentially tap. Indian products find it hard to make it to the international e-commerce consumer due to the cost of logistics.

Policy push

National policies play an important role in preparing countries to leverage e-commerce. To tap the global e-comm market, India must create dedicated E-Commerce Export Zones or ECEZ.

Such zones may have synergies such as e-commerce ready customs clearance, easy access to Foreign Post Offices and other logistics centres, smart warehousing and international fulfilment centres. These zones may even have banking, credit and export insurance facilities in the same space for ease and efficiency. Such zones could provide the necessary ecosystem to fulfil global orders from India.

There are a few crucial dimensions to this proposal. First, such zones should act as technology enabled international e-commerce fulfilment centres. Goods here should be "export ready" in the sense that Customs should pre-screen the products at the time of entry to the zone. Any compliances should be addressed before they are allowed to be "warehoused". An end-to-end electronic track and trace may be used for quick permissions for export or for removal. A product leaving an ECEZ under the customs seal may be sent to the gateway port without any further clearances. This will bring predictability and timeliness for a fast paced e-commerce.

Second, an ECEZ should be treated as "domestic territory", and not like a SEZ. A variety of goods can then be warehoused here without cause for levying any duties if they have to be withdrawn from the warehouse for any reason. However, once an export order is received, approval is sought and a Customs Let Export Order may be given. With the promise of a competitive delivery time, entrepreneurs would have the option to experiment listing products for international sales more easily.

The third dimension is logistics. The cheapest e-commerce export route in India is via Foreign Post Offices (FPOs) as they charge a mere third to a fifth of the cost that private couriers charge. Although there are FPOs in 28 cities of India, it may still not be within reach of potential exporters across the country. Here, the ECEZ could act as an aggregation point and make direct access to an FPO less of a hurdle. For instance, an exporter will be required to bring his product to their aggregator in ECEZ and not deal with clearance and courier. The aggregator can then choose from their courier services including that of an FPO. With streamlined logistics and clearance, the Indian exporter could concentrate more on their product and marketing.

In addition to ECEZs, a suitable policy framework may be considered for providing support to smaller artisans for the initial costs and technical assistance to help them leverage global e-commerce.

E-commerce has the potential to provide market access for sellers based in regions which get left out because of logistical gaps. E-commerce can provide a level playing field for entrepreneurs, reduce dependency on middlemen in remote areas and socially deprived groups. The right approach has the potential to transform the businesses of thousands of Indian entrepreneurs by helping them tap into international markets.

Making Indian products available to the international customer at the click of a button would be an effective push to ‘Make in India’ as ECEZs become the gateway to ‘Make for the World’.

Source: thehindubusinessline.com– Dec 21, 2020

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Bangladesh asks India to reconsider anti-dumping duties on jute

Goyal says bilateral cooperation in agriculture can pave way to overcome current economic challenges

Bangladesh has asked India to reconsider anti-dumping and anti-circumvention duties imposed on jute and jute cloth imports from the country and also said that New Delhi should inform before imposing an export ban or restrictions on essential commodities.

"The government has closed all government-owned jute mills. We (India and Bangladesh) have a long history of trade cooperation. Such detrimental measures dampened confidence of business and affected trade," said Bangladesh Commerce Minister Tipu Munshi at an India-Bangladesh Digital Conference on Agriculture Sector, organised by CII on Tuesday.

Responding to the request for prior information on export restrictions on essential commodities, Commerce & Industry Minister Piyush Goyal assured his Bangladeshi counterpart that India was taking steps to address the issue by creation of adequate buffer stocks and increasing the area of cultivation of products such as onion and potatoes.

Munshi said a recent notification by the Ministry of Finance in India authorising Customs officials to ask for documents for imports to determine whether value addition criteria had been met and denying preferential duty (under a trade pact) was creating problems. "Issuance of certificate of origin for preferential duty is guided by the ROO (rules of origin) of the agreement and the designated issuing authority of the export country issues it. The second check of origin is not consistent with the provisions of the agreement and has started affecting trade negatively," he said.

Goyal suggested that both governments should set high benchmarks on how to capture a larger global share in textiles. "We both have apparel and textile exports together aggregating $67 billion. We should aspire to expand that five-fold so that we can provide jobs, increase earnings from international trade and support the development of economies of both countries," he said.

On agriculture, Goyal said it could have a game-changing potential for the two countries. "Bilateral cooperation in this sector can pave the way to overcome economic challenges. The agriculture sector has huge socioeconomic dimensions. Being the prominent sector of the economy, bilateral cooperation in this sector can pave the way to overcome the current economic challenges our countries are facing," he said.

Source: thehindubusinessline.com– Dec 23, 2020

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Railways to step up parcel vans production to boost business

To focus on parcel business growth which is essential for small traders and people in the business.
Railway Minister Piyush Goyal has asked Railways to increase LHB parcel vans production, stated a release, as Railways aims for steep growth in the parcel business.

Piyush Goyal also has directed introduction of e-payment and digital payment facilities, stated a release.

He also instructed that adequate steps must be taken to facilitate traffic movement from North-eastern region and hill states, and attract export traffic going towards ports, added the statement.

Railways need to focus on parcel business growth which is essential for small traders and businessmen, said the Minister.

Dedicated parcel terminals

In addition to these initiatives, Indian Railways is also planning to develop dedicated Parcel Terminals to make handling of Parcel consignments easier for the parties, and Sangola (Central Railway), Kacheguda (South Central Railway), Coimbatore (Southern Railway), and Kankariya (Western Railway) have already been identified for development as a pilot project.

During the last few months, Indian Railways has brought several initiatives to attract more business towards its parcel services.

They are running of Kisan Rail trains to facilitate movement of farm and agri-produce; grant of discounts on sectors where parcel vans and parcel trains are returning empty, among others.

Source: thehindubusinessline.com– Dec 22, 2020

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ESDP in 2020: Modi govt's entrepreneurship development scheme sees nearly 400% jump in trainees

Skilling, Labour, and Talent for MSMEs: The number of trainees entering the Entrepreneurship Skill Development Programme (ESDP), among key schemes by the Modi government to promote entrepreneurship in India, has seen a jump of 378 per cent this year so far. From 3,535 programmes involving 49,548 trainees around January this year, 7,629 programmes were organised involving 2,37,192 trainees till December 22, 2020, according to the data available on the Development Commissioner (MSME) portal for ESDP. Moreover, the total expenditure incurred so far stood at nearly Rs 27.90 crore while total revenue was Rs 2.91 crore.

"While the steps taken by the government are welcome but one has to look at the on-ground impact of the scheme. There doesn't seem to be much currently. It is not about the trainees entering the programme but enterprises being set-up by them after the programme. One has to also look at further support provided to acquire land, capital, talent, etc. to launch an enterprise. Even if 40,000-50,000 are able to become entrepreneurs that will immediately have an impact on the ecosystem in India," Vishwanath, Co-chairman, Industry Committee, PHD Chamber of Commerce and Industry had told Financial Express Online.

The scheme aimed to encourage youth including scheduled caste and scheduled tribe men and women, differently-abled, and below poverty line people apart from ex-servicemen to become entrepreneurs. The government had last year in November issued guidelines on upscaled ESDP involving multiple activities viz, a two-day Industrial Motivational Campaign (IMC), two-week Entrepreneurship Awareness Programme (EAP), Entrepreneurship-cum-Skill Development Programme (E-SDP) for six weeks, and Management Development Programme (MDP) for one week. The programmes have an intake capacity of 50-100 people in IMC for youth, 30-60 people in IMC for clusters, associations, and chambers; and 25 people in EAP, E-SDP, and MDP each.

In order to help youth to become an entrepreneur, and to help them procure prerequisite skills, the government had sanctioned over Rs 135 crore under the Entrepreneurship Skill Development Programme (ESDP) for organizing various skill development programs along with state government, industry bodies, social enterprises, etc. In 2019, 3,000 such programs were conducted and sanctioned. The industry bodies and various other elements of the society have also taken the onus of partnering in the program and run their own skill development units to help achieve the goal," Dr. Niranjan Hiranandani is President –ASSOCHAM & NAREDCO & MD, Hiranandani group wrote in an article for Financial Express Online earlier this year.

Importantly, the government had in July this year eased the registration process for new entrepreneurs setting up their enterprises. It had launched a new online portal – Udyam registration to let small businesses register paperless and based on self-declaration. Small businesses now don't have to upload any documents or proof except the Aadhaar number for registration. The MSME Ministry has also organized a single-window system at Champions Control Rooms (set up at MSME Development Institutes across India) and district industries centres for facilitating the process.

Source: financialexpress.com– Dec 22, 2020

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Govt invites EoIs for selling entire stake in Shipping Corporation

Last day for submission of bids is February 13, 2021

Having granted in-principle approval, the Centre has invited expressions of interest (EoI) for disinvesting its entire shareholding of 63.75 per cent, along with the transfer of management control, in Shipping Corporation of India Ltd (SCI), a listed company.
This was tweeted by Secretary, Department of Investment and Public Asset Management (DIPAM). Interested players have to submit bids by February 13, 2021, said a preliminary information memorandum document.

SCI is the only Indian shipping company operating break-bulk services, international container services, liquid/dry bulk services, offshore services and passenger services. A Central public sector enterprise (CPSE) under the administrative control of the Ministry of Ports, Shipping and Waterways, it is the largest Indian shipping company in terms of capacity with a varied fleet profile, according to the document.

Also, it mans and manages a large number of vessels on behalf of various government departments and organisations. SCI was incorporated by the amalgamation of Eastern Shipping Corporation and Western Shipping Corporation as India's first public sector company in shipping on October 2, 1961.

Earlier moves

In 1992, the government disinvested 18.51 per cent of its shareholding in the company in favour of financial institutions, mutual funds, banks and foreign institutional investors. Later in the same year, the equity shares of the company were listed on major Indian stock exchanges. In 1994, the government further divested 1.37 per cent of its holding in SCI.

In 2000, the company was conferred Miniratna status for enhancing the board powers for capital investment. As on November 27, 2020, SCI's authorised capital is ₹1,000 crore and paid-up share capital is ₹465 crore, according to the preliminary information memorandum document.

Source: thehindubusinessline.com– Dec 22, 2020

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IKEA plans ₹6000 cr investment in Maharashtra in 10 years

Swedish furniture retailer IKEA opened its second Indian store in Navi Mumbai recently and plans to invest ₹6,000 crore in Maharashtra over the next 10 years. Its first big format store in Maharashtra will cover over 5.3 lakh sq ft and will stock over 7,000 home furnishing products. The company also plans to set up two city centre stores in Mumbai.

IKEA will provide over 6000 jobs in the state, of which 50 per cent will be for women, the company was quoted as saying by Indian media reports recently.

IKEA India, part of the Netherlands-based Ingka Group, is also working on its third store in India in Bengaluru, followed by Delhi. Ingka Group is a strategic partner in the IKEA franchise system, operating 378 IKEA stores in 30 countries.

The Navi Mumbai store will house the largest children's area 'Smaland' for IKEA globally, along with one of its largest 1,000-seater restaurants with almost 100 per cent locally-sourced food range, the company was quoted as saying by Indian media reports.

IKEA opened its first retail store in India at Hyderabad in August 2018, followed by online stores in Mumbai, Hyderabad and Pune.

The company would also continue to invest in its e-commerce solutions, strengthening g the customer interface and develop logistical capacity under its omni-channel approach.

IKEA aims to reach 100 million Indian customers by 2022 through its omni-channel approach.

Source: fibre2fashion.com– Dec 22, 2020

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