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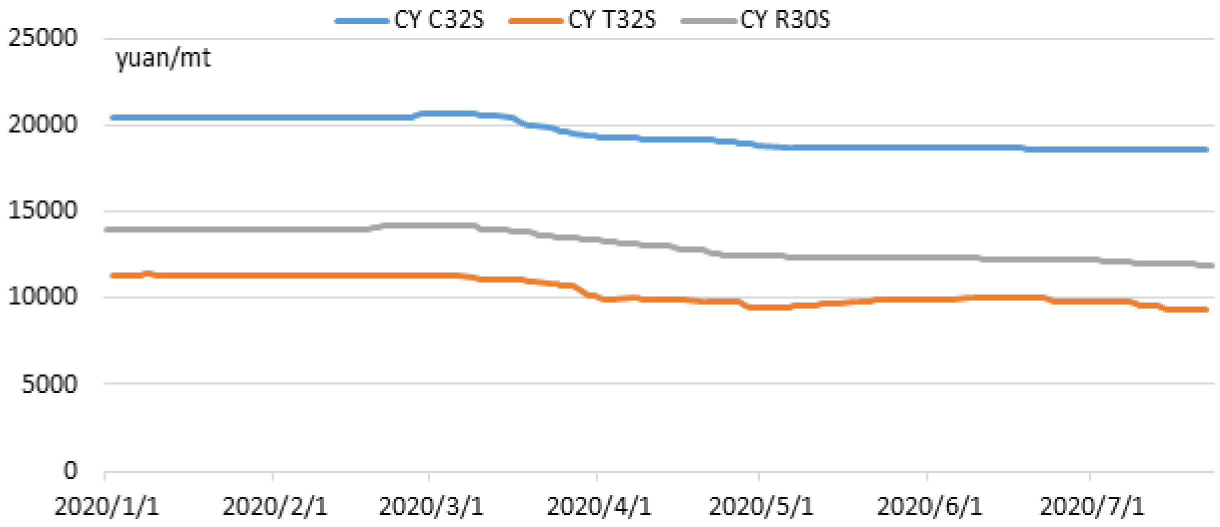
NEWS CLIPPINGS

INTERNATIONAL NEWS

China: Reasons why yarn prices all hit new low

Downstream demand of yarn market has been sluggish since the pandemic relapses this year. Entering the dull season of Jul, yarn mills have reported worse sales and accumulated inventory. Recently, with raw materials weakening, prices of cotton yarn, rayon yarn and polyester yarn all decline and hit new low.

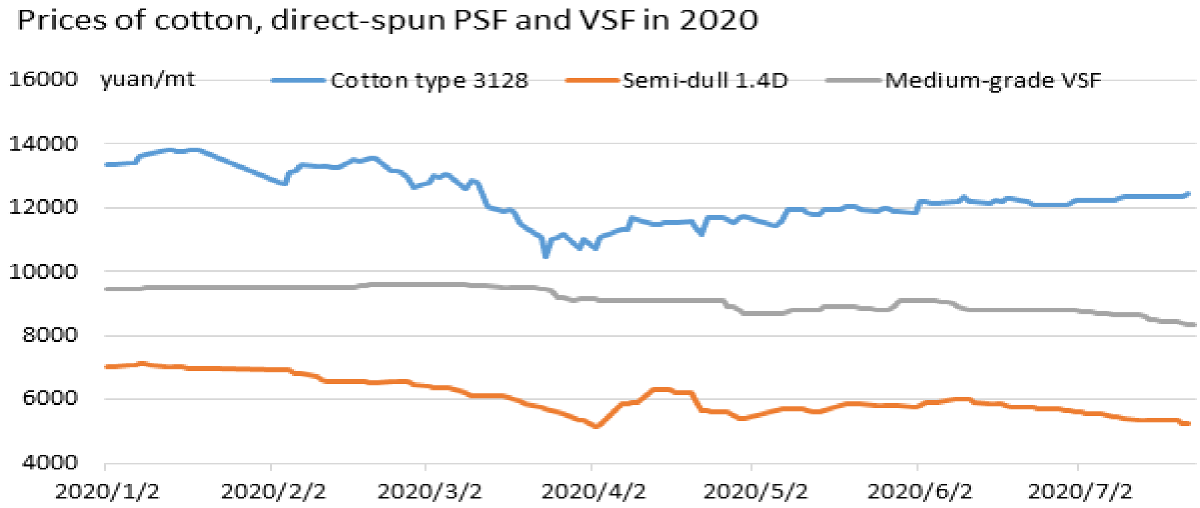
Prices of cotton yarn, polyester yarn and rayon yarn in 2020



In Q2, cotton yarn price moved down to 18,560yuan/mt now from 19,320yuan/mt in early Apr with a decrease of 760yuan/mt; rayon yarn declined to 11,950yuan/mt from 13,350yuan/mt with a decrease of 1,400yuan/mt; polyester yarn slid to 9,350yuan/mt from 10,000yuan/mt with a decrease of 650yuan/mt. why do they all step downward and how will they perform under the pandemic?

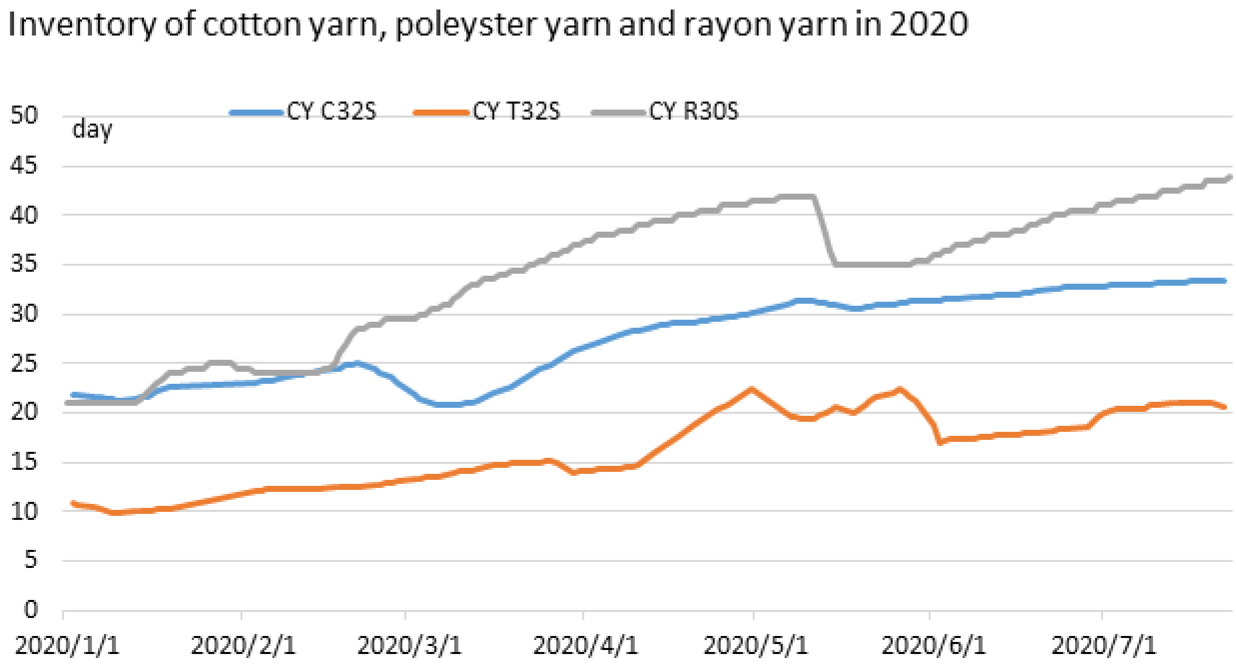
1. Weakening raw materials reduce the cost support of yarn prices.

Prices of cotton, VSF and direct-spun PSF were all lower than those in the same period last year. During recent months, cotton price moved down to the lowest in Mar and then recovered somewhat, but it still fluctuated at a low level. VSF price kept dipping and the sales remained bleak. Direct-spun PSF, which had once surged alongside ES fiber in Apr and the rise of crude oil in May, softened recently and started continual fall with lack of demand. Overall weakness of raw materials eroded the cost support to yarn prices.

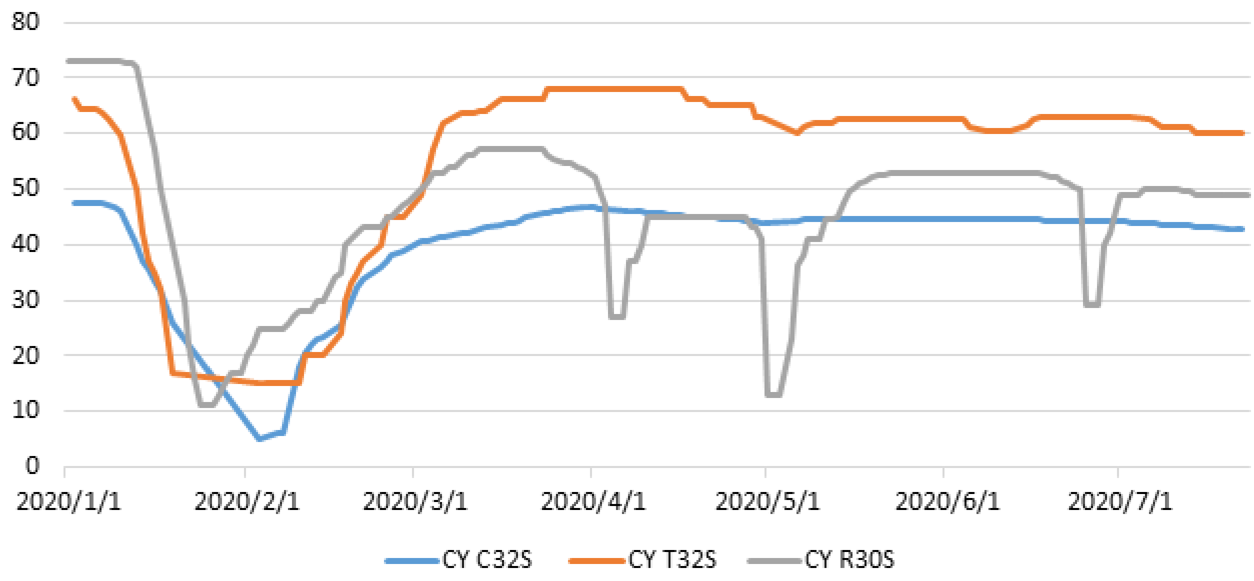


2. Yarn mills undersell amid inventory accumulation.

Since the first half year, the inventory of cotton yarn, rayon yarn and polyester yarn also showed uptrend. Cotton yarn mills cut run rate and saw rising inventory. As for rayon yarn, the inventory reached historical high and many mills chose to sell off, but the sales ratio still cannot reach 100%. Polyester yarn also witnessed heavier inventory pressure in Jul after underselling in May and continuous fall of PSF price also dragged down polyester yarn price, but the sales ratio kept bearish and many mills in Shandong and Hebei started to cut or suspend production burdened by high inventory.

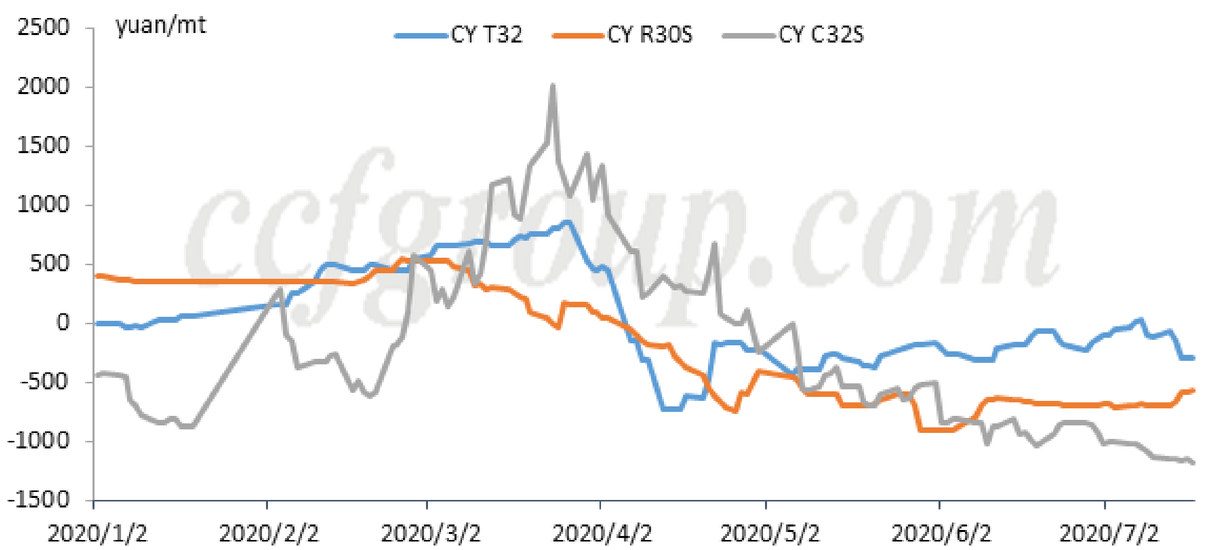


O/R of cotton yarn, polyester yarn and rayon yarn in 2020



Amid low prices of raw materials, high inventory and sluggish downstream demand in dull season, prices of cotton yarn, rayon yarn and polyester yarn showed downtrend. Coupled with the pandemic, yarn mills suffered a lot and many of them undersold due to negative cash flow and tight capital.

Profits of cotton yarn, polyester yarn and rayon yarn in 2020



Looking from the profits, all of the three spun yarns have been trapped into losses to different extent since Apr.

The expansion of losses in cotton yarn resulted from volatile downward price; rayon yarn price stayed low all the time and suffered serious losses, but it showed no signs of improvement coupled with dull season coming;

the losses of polyester yarn reduced in May as crude oil and its raw materials strengthened, but later on the losses enlarged along with weakening raw materials.

In conclusion, considering no favorable news from raw materials side, it is suggested to pay attention to the pandemic, production cuts of OPEC countries and the change in international relations. On the other hand, downstream demand has not shown signs of improvement, lending no support to yarns to move up, so yarn prices are predicted to move down further, but the decrease will be limited, so downstream plants are suggested to restock moderately.

Source: ccfgroup.com– Jul 23, 2020

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Significant Apparel Import Drop From India to USA

According to OTEXA, US imports of clothing from India decreased significantly in May 20. In May the nation imported 19.63 million SME garments, worth 62.98 million dollars, from India.

The US imported $387.32 million of SMEs' apparel during the same month of 2019. The decrease in volumes and 83,74% of values recorded in May '20, therefore, was Y-o-Y at 82.45%.

The decline was also significant in May '20 over April' 20, with Indian shipments declining in volumes monthly and in value by 70.17% and 71.44%. This was the biggest decline in the list of exports of clothing to the USA.

Towards a total of 27,08% in value in January-May 20, the decline in India 's clothing shipment was $1,424.63 million compared to $1,953.74 million for the same duration of the previous year.

It is worth noting here that in January-May '20, the US imported apparel worth $23.92 billion, with an annual decrease of 27.76%.

In the 2020 comparison period, Indian unit prices for shipping to the US also dropped to USD 3.50 from USD 3.56 in 2019 and dropped 1,74%.

The Indian shipment of apparel from the USA weakened the lock-down in April and May. The Indian factories began operation from the first week of June and will be reflected in the following months.

Source: textilefocus.com– Jul 23, 2020

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Global cotton production at a four-year low in 2020-21

The 14th USDA Cotton and Wool Outlook predict global cotton production in 2020-21 will decline to a four-year low of 116.2 million bales. This is also 5.5 per cent decline from production in previous year.

In 2020-21, the area under cotton cultivation is also forecasted to decline by 6 per cent to 33.0 million hectare.

The top four cotton-producing countries will account for 73 per cent of total global cotton production, with India remaining the leading producer. Of the remaining three, China will contribute 23 per cent to the total production, while the US and Brazil will contribute 15 and 10 per cent of global cotton production respectively

Prominent declines in Brazil, India and China

India's cotton production in 2020-21 is likely to decline by 2 million bales. Its area under cotton cultivation is likely to decline 6 per cent to 12.5 million hectares combined with a slightly lower yield expectation of 496 kg/hectare.

China's cotton production in 2020-21is likely to decline by 3 per cent to 26.5 million bales, while that of Brazil's is forecasted to decline 9 per cent to 12.0 million bales in 2020-21.Brazil's total area under cotton cultivation is also expected to decline 2 per cent to 1,686 kg/hectare.

In contrast, cotton production in Pakistan is projected to increase by 300,000 bales to 6.5 million bales.

Cotton production in Australia is also likely to increase by 1.1 million bales to 1.7 million, while its area under cotton cultivation is forecast to grow to 180,000 hectares.

A 12 per cents increase in global cotton consumption

Despite reduction in estimates for world cotton mill use in July for both 2020-21 and 2019-20, global cotton consumption in 2020-21 is forecast to grow 12 per cent to 114.3 million bales or about 12 per cent above the revised 2019-20 estimate of 102.4 million bales.

In 2020-21, aided by adequate and relatively inexpensive cotton supplies, cotton mill use by all major countries is forecast to rebound. Use of mill cotton by China is forecast to account for 32 per cent of global cotton mill use in 2020-21, while in India it will account for an additional 20 per cent.

The use of mill cotton by Pakistan is expected to account for 9 per cent, while that by Bangladesh, Turkey and Vietnam each will contribute to 6 per cent of global mill cotton use.

Cotton trade across the globe is expected to rise by 4.5 per cent in 2020-21 to 41.8 million bales. Shipments from Brazil are expected to increase by 3 per cent to 9.0 million bales, while those from India are expected to increase by 1.5 million bales to reach 4.5 million bales.

China to lead cotton imports

In term of imports, China will be world's leading importer of raw cotton with its imports rising by 24 per cent 9.0 million bales. The imports by Bangladesh and Vietnam are projected to increase by 6 per cent and 8 per cent to 7.1 million bales and 7.0 million bales respectively. Pakistan's cotton imports are also expected to increase to 3.9 million bales.

Despite, world's cotton reserves increasing to 102.8 million bales in 2020-21, stocks-to-use ratio is forecast to decrease from 99 per cent in to 90 per cent in 2020-21. However, as world cotton stocks outside of China are expected to be higher, the average world cotton price is expected to decline slightly.

Source: fashionatingworld.com– Jul 24, 2020

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Myanmar exports $2.73 billion worth of CMP garments in FY19-20

Myanmar's exports of garments manufactured under the cut-make-pack (CMP) system were valued $2.73 billion in the period between 1 October and May-end in the current fiscal year 2019-2020, according to data from the Ministry of Commerce.

At present, some CMP garment factories have shut down on the reason for the lack of raw materials due to the coronavirus negative impacts, leaving thousands of workers unemployed. The labor-intensive enterprises are badly battered by the coronavirus impacts. However, foreign direct investments flow into many types of businesses including the garment enterprises.

The CMP garment sector which contributes to 30 per cent of Myanmar's export sector is struggling because of the order cancellation from the European countries and suspension of the trade by western countries amid the pandemic. The export value of CMP garments was only $850 million in the 2015-2016 fiscal year, but it has tripled over the last two FYs.

Source: fashionatingworld.com– Jul 23, 2020

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South Korea enters recession as exports plunge by most since 1963

South Korea joins Japan, Thailand and Singapore in technical recession, defined as two straight quarters of decline, as the pandemic slams Asia's trade-reliant economies.

South Korea plunged into recession in the second quarter in its worst economic decline in more than two decades as the coronavirus pandemic battered exports and social distancing curbs paralysed factories.

Asia's fourth-largest economy shrank by a seasonally adjusted 3.3% in the June quarter from three months earlier, the Bank of Korea said on Thursday. That is the sharpest contraction since the first quarter of 1998 and steeper than a 2.3% fall seen in a Reuters poll.

South Korea joins Japan, Thailand and Singapore in technical recession, defined as two straight quarters of decline, as the pandemic slams Asia's trade-reliant economies.

However, analysts and policymakers are looking at the prospect of a recovery that would be faster than those of its regional peers.

“It's possible for us to see China-style rebound in the third quarter as the pandemic slows and activity in overseas production, schools and hospitals resume,” South Korean finance minister finance minister Hong Nam-ki said after the data was released, referring to China's return to growth in the second-quarter after a deep slump earlier in the year.

Uncertainty in the second half

South Korea's gross domestic product fell 2.9% in year-on-year terms, the biggest fall since the fourth quarter of 1998 and worse than a 2.0% decline seen in the poll. Exports, which account for nearly 40% of the economy, were the biggest drag on growth, dropping by 16.6% on-quarter to mark the worst reading since 1963.

South Korea's POSCO, the world's fifth-biggest steelmaker, reported an 84.3% drop in operating profit in the second quarter as global demand for steel plummeted. On Thursday, the world's No. 2 memory chip maker SK Hynix warned of uncertainty in the second half, even as its second-quarter operating profit tripled.

“While consumer spending should gradually recover, the threat from the virus is unlikely to fade entirely and some social distancing will probably have to remain in place,” Capital Economics Asia Economist Alex Holmes said. “Meanwhile, global demand is only likely to recover slowly which will weigh on the export recovery.”

South Korea has reported almost 14,000 infections and around 300 deaths since the start of the outbreak, relatively low numbers by global standards although the economic disruptions have been significant.

- Construction investment fell 1.3% quarter-on-quarter
- Capital investment declined 2.9%
- Output from manufacturing and the service sector fell by 9.0%, and 1.1% respectively

One saving grace has been a 1.4% gain in private consumption from three months earlier, thanks to government cash handouts that boosted spending on restaurants, clothes and leisure activities.

$231 billion stimulus

The government has rolled out about 277 trillion won ($231 billion) worth of stimulus to fight the economic fallout from the pandemic so far. However, policymakers have little control over the global demand for the country's exports, which includes everything from memory chips to cars to petrochemical products.

“The worst seems to be over. The base effect and fiscal injection from supplementary budget will improve investment,” said Park Sang-hyun, an analyst at HI Investment & Securities.

For the whole of 2020, analysts see the economy declining by a median 0.4%, which would be the first full-year contraction since 1998. But the International Monetary Fund estimates an even bigger 2.1% contraction.

Last week, the BOK's governor said a downward revision from its previous projection of a 0.2% decline for 2020 was inevitable.

Source: thehindu.com – Jul 23, 2020

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Pandemic hits Vietnam's garment-textile export turnover

Due to the impact of the COVID-19 pandemic, Vietnam’s garment and textile export turnover in the last six months reached a mere $12.8 billion, of which, exports to the European market exceeded $2 billion, according to the ministry of industry and trade (MOIT).

Last year, the export turnover of such items was around $39 billion, of which, the European market contributed more than $8 billion.

The European Union (EU) is the third-largest garment and textile importer of Vietnam after the United States and Japan.

High tax rates and high labour costs in the past two years have weakened the competitive advantage of Vietnam's textile and garment products compared to those of Myanmar, Laos, Cambodia, India, and Bangladesh, according to the Vietnam Textile and Apparel Association (VITAS).

Another problem of the sector is that many enterprises exporting to the EU are small and medium enterprises with limited resources and their production processes do not meet European standards. They have not invested adequately in researching and developing products, have not effectively exploited the intellectual property assets and trademarks, according to a report in Vietnamese newspaper.

They also lack human resources with foreign language skills and professional trade negotiation skills to carry out export activities to the EU market.

Source: fibre2fashion.com– Jul 23, 2020

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Bangladesh: Exporters get yet another shot in the arm from govt

The government yesterday gave yet another stimulus package worth Tk 3,000 crore for the export-oriented industries to help them provide wages and salaries to their workers for July.

This is the third stimulus package for the export-oriented industries, which are now actively running their units, since March.

The development comes after the Bangladesh Garments Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), whose members generate most of the export receipts, jointly wrote to Finance Minister AHM Mustafa Kamal on June 22 seeking continuation of low-cost loans for three more months to September.

Garment factory owners are in deep worry about carrying out various activities, the future of the industry and how to pay wages to the workers, said the joint letter, which was also sent to the prime minister's principal secretary.

"As a result, it would not be possible for most garment factory owners to pay wages to workers for July, August and September," the letter said, adding that the initial stimulus package had helped the garment sector withstand the crisis brought on by the global coronavirus pandemic.

Garment factories in Bangladesh faced order cancellations or suspensions worth more than $3 billion since the pandemic took form. Subsequently, earnings from apparel shipments in the immediate past fiscal year fell to its lowest in a decade of $27.83 billion. The amount is 18.45 per cent lower than in fiscal 2018-19.

It may take up to eight months to get the payment for the shipments already made. But the workers have to be paid to keep factories up and running to execute the current shipments and make the delivery for the orders coming in, the two trade bodies said.

Subsequently, the finance ministry on Wednesday asked the central bank to provide the additional fund to the export-oriented industries, which are dominated by garment factories.

Accordingly, the central bank yesterday sent a letter to 47 banks to release the fund from the stimulus package for the large borrowers in the industrial and service sectors. The package's allocation was raised to Tk 33,000 crore from Tk 30,000 crore for this end.

Borrowers will have to pay 4.50 per cent interest rate to avail the fund while banks will get 9 per cent interest as the government will give the rest as subsidy. Banks will be permitted to take up 50 per cent fund from the central bank's refinance scheme to provide the credit to the export-oriented industries smoothly.

Borrowers will have to pay the loans within two years including a grace period of six months. Things are looking up for the apparel sector though.

In June, the final month of the immediate past fiscal year, the earnings were $2.12 billion, according to data from the Export Promotion Bureau. June's earnings were 11.43 per cent lower than a year earlier but up 72.4 per cent from the previous month as economies in the Western world gradually opened up.

This could be why the finance ministry has held back from ceding the apparel exporters' latest demand for another round of financing in its entirety.

On the eve of Bangladesh embarking on a countrywide shutdown on March 26, the government announced a Tk 5,000-crore special package to pay the wages and allowances of export-oriented industries' workers for three months starting from April.

As the fund was later found to be inadequate, the government released another Tk 2,500 crore from the bailout package rolled out for the large industries affected by the pandemic.

Banks disbursed the amount directly to the workers' bank accounts or mobile financial service accounts. The interest-free loan carried a 2 per cent service charge.

Two managing directors of banks preferring anonymity said they had already taken the required measures to implement the central bank's instruction. Banks will release the funds in the quickest possible time, they said.

"We are hopeful that the commercial banks will start disbursing the salary to the workers' accounts soon as the government has set July 30 as the deadline for payment of salary to workers," said Khan Monirul Alam Shuvo, chairman of PR Standing Committee of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

If the workers get the salary from the banks timely, it is expected that the factory owners will also pay the workers' Eid festival allowance from their own funds timely.

The government asked the factory owners of 42 sectors including garment sector to pay the festival allowance by July 27.

Mohammad Hatem, vice-president of BKMEA, is also hopeful that the workers will get the salary timely as the government gave another stimulus package.

Source: thedailystar.net– Jul 24, 2020

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IKEA Is Releasing Its First Official Apparel and Accessories Line in Japan

From modern kitchen systems to comforting pieces that ensure a good night's sleep, IKEA offers plenty of products to outfit your home. Now—for the first time ever—the Swedish-retailer will be selling pieces for your wardrobe. That's right, IKEA is set to release its first line of clothes and accessories.

A collab between IKEA Sweden and IKEA Japan, the Efterträda Collection will be launching exclusively at the newly opened IKEA store in Harajuku, Japan. Named for the word "successor" in Swedish, the line adapts IKEA's principles for decor to the apparel world.

"Our first ever merchandising collection takes cues from our approach to home-furnishing, with simple, everyday takes on clothes and accessories," the company says in a news release.

The collection includes a white t-shirt and hoodie with the IKEA logo on the back and a black-and-white barcode on the front. "The barcode motif gives a nod to our best-selling product, the Billy Bookcase," says the release.

Along with the t-shirt and hoodie, the collection will also comprise a tote bag, an umbrella, two bath towels, two water bottles, and more.

The digital lookbook, which has yet to be released in full, features young Tokyoites in their actual homes. Inspired by and made for the people in Tokyo, the collection will be available from July 31 to August 6 at IKEA Harajuku.

We have a feeling the pieces are going to fly off the (sleek, affordable) shelves.

Source: housebeautiful.com– Jul 22, 2020

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N50-bn CBN revival fund for Nigeria's textile industry

The Central Bank of Nigeria (CBN) recently announced N50 billion special mechanism funds to revive the country's ailing textile industry. The funds, to be administered by the Bank of Industry (BoI) at a 4.5 per cent interest rate, will use any of the CBN-approved non-interest financing instruments for refinancing of projects, long-term financing for acquisition of plant, and machinery and working capital for beneficiaries.

A statement signed by CBN director of financial policy and regulation department Kelvin Amugo containing the guidelines for the revival was released by the bank.

The seed fund, which is a one-off intervention, will terminate by December 31, 2025, with the maximum financial amount pegged at N2 billion for a single obligor for new facilities and N1 billion for refinancing, according to Nigerian media reports.

The plan to turn around the textile sector was finalised at the August 7 meeting between CBN governor Godwin Emefiele and textile mill owners.

Source: fibre2fashion.com– Jul 24, 2020

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H&M Foundation to donate 1.3 Million USD to Back Women Garment Workers in Bangladesh

The non-profit H&M Foundation is initiating a long-term project to support women garment workers in Bangladesh, starting with their urgent needs connected to COVID-19. As a first step, 12 million SEK (1.3 million USD) is donated to WaterAid, CARE and Save the Children to provide around 76,000 young women, their families and community members in around Dhaka with emergency relief, also reaching 1 million people with messages on COVID-19 and hygiene practices. The H&M Foundation also calls for others to show their support.

Bangladesh has been identified by WHO as one of the 25 most vulnerable countries to be affected by the COVID-19 pandemic, with a high population density, poor infrastructure, weak health systems and low awareness of basic preventive measures. As the coronavirus is rapidly spreading within the country some high-risk areas are currently in lockdown to maintain social distancing and flatten the curve.

The textile sector is one of the largest contributors to the country's GDP and the local and global effects of the pandemic has a great impact on textile workers within the garment industry. At the same time, the use of automation and digital technology is making its way into the textile industry, also creating a great risk of unemployment for millions of Bangladeshis.

Women are particularly at risk, as they represent the majority of the total workforce within the garment industry and are often employed to execute the tasks which are highly susceptible to automation. There is an urgent need to create a skilled female workforce to save jobs and create new job opportunities.

From urgent needs to long-term support

H&M Foundation is initiating a long-term project, running over several years, to support women garment workers in these excessive transitions, starting with their urgent needs connected to COVID-19. As a first step, they are donating 12 million SEK (USD 1,3 million) to WaterAid, CARE and Save the Children to provide 26,700 young women and their families in and around Dhaka with emergency relief, also reaching 1 million people with messages on COVID-19 and hygiene practices.

"We will directly support women and their families with for example cash assistance for food, medication and other necessities, provide COVID-19 awareness raising and testing, hygiene materials and handwashing facilities. We hope to see more donors show their support in different ways."
Carola Tembe, Program Manager, H&M Foundation

H&M Foundation is also supporting families where gender based violence increases as an effect of the crisis, as well as specifically supporting disadvantaged children, focusing on child protection and child education.

To follow up, a holistic approach will be taken to involve important players from different sectors to achieve systemic, long-lasting change, equipping women garment workers in Bangladesh for a future where work is defined by automation and digitalization. H&M Foundation will for example be looking at upskilling, re-skilling, digital literacy efforts and entrepreneurship. They will also be launching community programs and utilizing social innovation to solve challenges or spark new ideas relevant to female textile workers employability.

Source: textilefocus.com - Jul 23, 2020

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Pakistan: No magic wand to fix economy

There was definitely no magic wand that could improve the economy overnight, but it was unfortunate that no serious efforts were being made to stop the rot which started immediately after the induction of this regime.

The way the economy was being handled by the economic managers, Pakistan needed no COVID-19 like crisis for further downgrade. In fact, human tragedy apart, coronavirus helped get rid of hot money for which the country was paying over 13 percent interest on dollars invested in short-term treasury bonds by foreign fund managers.

Right from day one the strategy of this government has been to boost foreign reserves through borrowing and reducing imports to the extent of strangulating growth and manufacturing.

Two way trade is a norm around the world. Countries try to balance the imports by vigorously promoting exports.

Countries with low foreign reserves reduce imports by banning the import of all luxury items be it vehicles, cosmetics, imported processed food, and many other unnecessary items that do not hurt the wellbeing of the people.

Our economic managers instead slapped higher regulatory duties on luxury items that resulted in some slowdown in imports, but luxury was available to those who could afford it. In fact, the duty on electric cars was slashed in the name of improving the environment.

This goes without saying that only the richest could afford these electric cars and would have imported even after paying full duties. No steps were taken to boost exports that in fact registered slight decline in last two years.

Exports need production at globally competitive rates. For general trade activities we need ease in doing business. Some steps were taken for ease of doing business, but those steps did not bear fruit. The long-term feasibility of any project depends upon the cost at which it produces products.

Cost of doing business increased both for products produced for domestic use as well as for exports. The cost of power, gas, labour, corruption continued to increase.

Devaluation of rupee at massive scale did provide some advantage to the exporters, but the cost of all imported inputs used in exports reduced that advantage as did the high cost of petroleum products. Our economic managers are not on one page as far as facilitating exporters is concerned.

The promise of subsidised power and gas is subject to release of subsidy by the Ministry of Finance that is often delayed. Refunds are hostage to bureaucratic red tape.

The Export Development Fund worth hundreds of billions remains unutilised. This government has failed to promote its exports products through a dedicated approach.

Even during COVID-19, the Bangladeshi Prime Minister approached the top leadership of United States and Europe for facilitating release of held up payments of its garment exporters.

Indian Prime Minister in all his foreign trips pleads for export orders for Indians. We have not seen Prime Minister Imran Khan or Commerce Adviser Razzak Dawood doing so.

During the Musharaf era immediately after 9/11 when US and European orders dried for Pakistan, it was Dawood who led a high level exporters delegation to these countries and obtained orders. It was also after 9/11 the then Finance Minister Shaukat Aziz saw an opportunity of low cost up-gradation of textile industry, as most state of art textile units in the US had collapsed.

He visited All Pakistan Textile Mills Association office and advised them to buy state of art textile machines from closed mills at dirt cheap rate. Pakistani textile industry acted much ahead of its rival India to bring in latest textile technology in Pakistan.

That was a golden era of investment in textiles that doubled our textile exports in the next five years (we are still sitting on that textile export volume).

Opportunities arise in crisis-like situations in big economies. Many enterprises go bankrupt and many are up for grabs. The Indians are on the look for lucrative bargains. They lost to Pakistan in 2001-02 when leadership in Pakistan was vibrant.

Now Pakistani leadership is mired in internal infighting. Economy is on the back burner. Export is not a priority, foreign loans are.

Political leadership has lost touch with the real entrepreneurs. Being rich in Pakistan is a curse even if you pay all your taxes. Their past support to other regimes is a greater sin then their entrepreneur expertise.

Source: thenews.com.pk- Jul 24, 2020

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Bangladesh Bank extends policy supports for RMG, textile sector until March

Bangladesh Bank has extended the tenure of its policy support for the readymade garments (RMG) and textile businesses for their export and import trade, which it offered earlier to help the sectors recover from the Covid-19 fallout.

The central bank issued a circular in this regard yesterday and said that the business people could enjoy the support till March 31, 2021.

The policy support was supposed to end on September 30 this year.

The circular said that the bankers were allowed to extend the period for realization of the export proceeds by up to 90 days in addition to the stipulated four months' time frame from the date of shipment.

In March, the BB allowed the banks to extend the period of realization of the export proceeds by up to 60 days in addition to the stipulated four months' time frame from the date of shipment.

Other facilities, which were granted in March this year, would remain unchanged, the BB circular said.

The BB circular of March also extended the tenure of the Export Development Fund loans, which would now be six months from the existing tenure of three months.

Apart from the policy support, the government has launched a number of stimulus packages for revival of businesses in these sectors.

Source: dhakatribune.com- Jul 23, 2020

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NATIONAL NEWS

UK, India to discuss possible free trade pact at trade committee meeting

The UK and India will discuss the possibility of forging a bilateral free trade agreement and putting in place other measures to deepen trade and investment relations in a meeting between Commerce and Industry Minister Piyush Goyal and UK International Trade Secretary Elizabeth Truss on Friday as the country prepares to step out of the EU's shadow by the end of this year.

"The UK is leaving the EU and the transition period will be over by the end of this year. There is certainty around that. We will now have an independent trade policy and build deeper relationships (with India) around that," said British High Commissioner to India Philip Barton at a virtual press interaction on Thursday.

The EU and India have been trying to work out a free trade agreement since 2007 but negotiations have been stuck since 2013 as differences over market access in key areas such as automobiles, wines & spirits, investments and government procurement continue to linger.

Barton said that Goyal and Truss, who will represent their respective countries at the 15th India-UK Joint Economic and Trade Committee meeting to be held virtually, will discuss how the two countries can be more ambitions on trade and investment by building partnerships and improving market access.

When asked whether UK will be open to India's proposal of an early harvest trade deal initially, involving just a few items, before going into a full-fledged FTA, Barton said that these issues would be taken up by the two sides in Friday's meeting. Barriers to trade being faced by businesses will also be discussed, he added.

The High Commissioner emphasised that India was an important partner for the UK and the country's government was favourably disposed towards it and was keen to take the partnership to a higher level. "We have bilateral trade of $24 billion annually and Indian companies in the UK employ over 1,00,000 people," Barton said, adding that the UK was also a heavy investor in India and British companies have created many jobs in the country.

Student community

Britain is also keen to continue attracting students and the new immigration system based on points will benefit countries like India, Barton said. Due to the pandemic, foreign students will not be initially able to travel to the UK and will have to study remotely, but the situation will change once things improve, he added.

Cooperation with India in the area of health, particularly in the development of vaccines for fighting Covid-19, was another priority area for the UK, the High Commissioner said. He pointed out that India had the capacities to manufacture vaccines led by companies like Serum Institute.

While the work done by Oxford University in the development of vaccine against the virus is encouraging and other efforts were also on, none knew which one was going to work, he said, adding that research and development has to continue and it was a priority area for the country.

India and the UK are also working together to combat climate change, particularly climate related disasters, he added.

Source: thehindubusinessline.com– Jul 23, 2020

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Textile companies foray into antiviral garments

With the coronavirus (Covid19) pandemic abating, companies are turning to preventive measures to boost their revenues.

To cater to the antiviral fabrics and antimicrobial segment, almost all the Indian big textiles brands, including Reliance, Arvind, Aditya Birla, Donear Group, Raymond, and Siyaram have entered the market, which is expected to surpass $20.5 billion by 2026, globally.

Companies started their journey with reusable masks and personal protective equipment (PPE) kits, and today, they are offeringarange of PPE clothing along with fashion and casualwear.

Research shows that viruses and bacteria can remain active on textile surfaces for up to two days.

Peter England,amenswear brand from the ~8,743crore Aditya Birla Fashion and Retail, has collaborated with Switzerlandbased HeiQ to bring the unique HeiQ Viroblock fabric technology to India.

Under this collection, Peter England will be launching workwear, loungewear, and face masks.

Antiviral apparel starts from ~1,800.

Arvind will start manufacturing antiviral shirting and suiting material, readymade garments, and face masks.

It has partnered textile innovation firm HeiQ Materials AG, in association with Taiwanese specialty chemical major Jintex Corporation, to introduce the antivirus technology in India. The company will create these products using the newly launched antiviral textile technology in India under its brand Intellifabrix.

Carlo Centonze, chief executive, HeiQ Group, said, "HeiQ Viroblock isaspecial combination of our advanced silver and vesicle technology that has proven effective against Covid, with 99.99 per cent reduction of virus within 30 minutes." Kulin Lalbhai, executive director, Arvind, in an interview, had said that, while initially, products would be launched under the Arvind Intellifabrix brand, the company will extend it to other consumer brands in its portfolio.

Arvind markets brands like Arrow, US Polo Association, and Flying Machine in India, among several others. The company is targeting around 10 per cent of the annual menswear sales of Arvind Intellifrabrix of about ~1,000 crore from this fabric.

Donear Group has collaborated with menswear brand Zodiac to launch antiviral shirts called Securo. The company claims its technology kills 99.997 per cent coronavirus on fabric within 25 minutes.

Prices start from ~250 per metre for shirting, and from ~400 per metre for polyviscose and slightly higher for wool blends. Rajendra Agarwal, managing director, Donear Group, said demand for such products has shot up and it is coming from across the country.

He added, these products would cost 1015 per cent more than other products.

Raymond, India´s largest integrated worsted suitings maker, said it is utilising its garment manufacturing factories in Bengaluru to manufacture PPE products, including coverall suits and masks, which are currently being supplied to government, corporate sectors, and hospitals.

Siyaram, one of ´most wellknown fashion textile brands, has launched its anticoronavirus range of fabrics. The fabrics, launched to fight against the spread of Covid19 outbreak, have been tested by World Health Organizationapproved laboratories.

The new anticoronavirus fabric provides protection from the virus and is developed in association with HeatlhGuard, an Australiabased firm. Loyal Textile Mills, earlier this month, launched Viral Shield,aline of Covid19 antiviral, reusable PPEs, masks and protective fashionwear range.

The series has been launched in collaboration with Reliance Industries and HeiQ from Switzerland. "The coronavirus disintegrates quickly within hours on porous surfaces like fabrics. The masks are used to prevent viral droplets to escape and spread of infection.

Apart from the use of fabric for making masks, there is no data that the fabric has antiviral property that can kill the virus instantaneously, said Dr Manoj Goel, director and unit head, pulmonology, pulmonary critical care &sleep medicine, Fortis Memorial Research Institute, Gurugram.

"Antimicrobial clothes are talk of the town now. We don´t have enough scientific data on whether people using them get less infections compared to others. We must also understand that for infections such as Covid, clothes are not the main mode of transmission.

It is doubtful that these fabrics, even if antimicrobial, will be able to reduce the transmission of infectious diseases," said DrCJagadeesh, senior consultant in internal medicine, Apollo Hospital in Chennai. Reliance, Birla, Arvind, Donear, Raymond, and Siyaram launch Covidproof clothing.

Peter England,amenswear brand of Aditya Birla Fashion and Retail, has collaborated with Switzerlandbased HeiQ to bring Viroblock fabric technology to India.

Source: business-standard.com– Jul 23, 2020

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CCI records largest single day sale of cotton in 5 years

Cotton Corporation of India sold about 700,000 bales of cotton on Tuesday, its highest single day sale in five years, as it offered discounts on bulk orders.

The state-owned company procured 10.4 million bales of cotton – each bale weighing 170 kilograms – amounting to one-third of India's cotton production in 2019-20. It has so far liquidated only about 7.4% of it as it resisted distress sale as expected by traders and millers, trade insiders said.

Now, as it stares at yet another bumper procurement operation during next cotton season beginning October 1, CCI has offered a discount of Rs 1,500 per candy for purchase of more than 200,000 bales of cotton. Buyers get a 'free period' of 90 days, which means they have to lift at least 50% of the cotton purchased within the first 45 days while they get another 45 days to lift the balance.

"We have sold seven lakh bales of cotton on Tuesday to bulk buyers," said PK Agarwal, chairman of CCI. This is the highest single-day sale since 2014, when it sold 1.1 million bales.

Between October 2019 to June 2020, CCI could sell only 200,000 bales of cotton as it had refused to sell at a loss, as expected by traders and millers.

Based on the minimum support price (MSP), the cost of cotton procured by CCI is about Rs 45,000 per candy of 356 kg each, while the ruling market price is about Rs 35,000/candy.

Besides its huge procurement in the 2019-20 cotton season, when its agent Maharashtra State Cotton Growers' Marketing Federation alone procured 1.7 million bales of cotton from farmers, CCI is also carrying 900,000 bales of cotton of the 2018-19 season, which is prices lesser than the new cotton by about Rs 1,000 per candy of 356 kg each.

"We think that the cotton prices cannot decline much from the present level," said BS Rajpal, partner at Manjeet Cotton that purchased 300,000 bales from CCI on Tuesday. "With the stock being held by the trade and the mills having depleted, we expect some domestic demand for mills and possibilities of some export too. Till the cotton from the next season starts arriving in the market, we think, CCI can sell about 30-35 lakh bales of cotton," he said.

Spinning mills, which use cotton to make yarn, are operating at capacities ranging between 30% to 70%.

"We think that till November, the mills may require 45-55 lakh bales of cotton," said Ashwin Chandran, president, South Indian Mills Association (SIMA). "Excluding the stocks that they are holding, they may have to purchase about 15-20 lakh bales of cotton till the beginning of the next harvest season. We have advised mills to watch and buy carefully as estimates of all the agencies point to higher closing stock of cotton in 2019-20," he said.

Source: economictimes.com– Jul 23, 2020

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Cotton controversy: Centre needs a clear view on GM crops

Ideally, India should have a credible regulator — the Biotechnology Regulatory Authority of India Bill has been on the backburner since 2013 — to assess issues like the illegal trade of herbicide-tolerant Bt seeds

It's not difficult to discern why India's cotton growers are keen to buy 'illegal' herbicide-tolerant Bt cotton seed varieties at black market rates, much to the dismay of the organised seed industry and the anti-GM groups who fear its environmental effects.

The moratorium imposed in 2009 on approval of all GM crops remains, while the ground realities with respect to cotton cultivation have undergone a significant change. The demand for the unapproved HTBT cotton seeds, which arrived on the scene about four years back, has arisen in a context of the dominant Bt strain in India, BG-II (which was introduced in 2006 and accounts for most of India's cotton acreage) falling prey to pink bollworm pest attacks in recent years.

Cotton farmers have been faced with falling yields (from 500 kg/ha in 2017-18 to 443 kg/ha in 2018-19 and 486 kg/ha in 2019-20), while dealing with constant or rising costs. The HTBT cotton plant is resistant to the usage of glyphosate-based weedicides, a popular labour-saving product, which too has been allowed for use in very restricted conditions in India for its alleged carcinogenic effects.

According to the organised seed industry, illegal trade in HTBT seeds is in the region of ₹300 crore, with 50 lakh packets of 450 g each in circulation. They fear it has been used over 15-20 per cent of cotton area. This is a straightforward case of market forces rising to meet a genuine demand.

However, the implications of unregulated seed trade are indeed serious, as farmers in search of high yields may suffer a dead loss if the expensive seeds (selling at over the maximum rates fixed by the Centre) are spurious. Bonafide seed distributors and producers suffer as well, while farmers' groups have stepped up protests seeking HTBT approval, allowing for reduced costs and quality control. The Centre must take a clear position on the HTBT issue.

In perhaps an implicit effort to curb the use of HTBT seeds, the Centre has said that glyphosate-based weedicides must be applied in the presence of a pest control operator. However, the sowing season is close to completion. Meanwhile, the use of glyphosate in India has increased since 2016-17.

Be that as it may, the larger issue of taking a clear position on GM-based seed technology cannot be shelved. Ideally, India should have a credible regulator — the Biotechnology Regulatory Authority of India Bill has been on the backburner since 2013 — to assess these issues on a case-by-case basis, involving all stakeholders. India's initiatives on this count should be driven by public-funded research.

The development of indigenous varieties and strains must be given more emphasis, given our gene pool in seeds. A pragmatic rather than knee-jerk response to GM is long overdue, with a distinction being made between food and non-food crops.

Source: thehindubusinessline.com– Jul 23, 2020

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Panipat's handloom industry back on track as migrants return

Around 60% labourers have returned to work and are clearing pending orders

After three months of struggle, Panipat's handloom industry is back on track as weavers have resumed work and are clearing pending orders from across the globe.

The handloom industry largely depends on migrant weavers from Bihar, Uttar Pradesh and West Bengal. The lockdown was hard on both the handloom owners and the weavers as the industry remained closed for over two months after migrant workers returned to their home states.

Now, around 60% of the labourers have returned to work as handloom owners made arrangements to bring them back. There are around 10,000 small and large handloom units in Panipat that employ around 3.50 lakh people, of which around 3 lakh are migrants.

Northern India Roller Spinners' Association president and Sachdeva Textiles owner Pritam Singh Sachdeva said, "Many industrialists have arranged air tickets for their workers. Now, around 60% workers have returned and most industries have resumed production."

FLUSH WITH ORDERS

Industrialists say there has been a surge in demand for handlooms both in India and abroad.

Panipat Exporters' Association president Lalit Goyal said, "There is huge demand for Indian handlooms and weaves aboard, especially in European countries and the USA.

The demand has surged after China was criticised by global leaders. We are working hard to fulfill their expectations."

He said there were around 500 exporters' units in Panipat and almost all units have resumed work.

INDIAN VS CHINA IN PANIPAT'S BATTLEFIELD

As per industrialists, China is India's biggest competitor in the handloom and textile sector.

An exporter, who did not wish to be named, said, "Though, we are facing several problems and do not get the requisite support from the government we are still doing are best to compete with China. We are providing a bed sheet with two pillow covers for Rs 127."

Most industrialists agree that China's advanced technology is a major threat. "Most of our machines are imported from China and it is difficult to defeat them as India cannot produce parts of these machines. One of my machines that cost Rs 18 lakh remained non-functional for three months because I could not procure a part due to restrictions on courier services," says Jitender Malik, owner of Garima Carpets.

The total turnover of industries in Panipat is approximately Rs 10,000 crore per annum, of which Rs 8,000 crore is earned through exports, and Rs 2,000 crore from the domestic market.

MANUFACTURE OF PPEs

During the lockdown, several industries in Panipat started producing personal protective equipment to meet the growing demand. The production of PPE kits has not only helped industrialists run factories, but also helped workers to earn wages during lockdown.

Industries that earlier used to manufacture blankets and towels switched to PPE-kit production in April and May and started producing around 25,000 PPE kits everyday. However, there was no demand for the kits due to ban on export of PPE's and most industrialists have now returned to their own businesses.

"PPE kits helped us run the industry even during lockdown but now that there is no demand for PPE kits in the domestic market, we have decided to return to our old business," said Sachdeva.

Source: hindustantimes.com– Jul 24, 2020

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Low on orders and cash, Punjab garment manufacturers stare at a harsh winter

JULY-END used to be a hectic time for hosiery and textile industry in Punjab's industrial hub Ludhiana. By this time, most industrialists would book their retail as well as wholesale orders and get cracking to complete them on time. But this year the industry is staring at massive losses due to almost 70 per cent drop in orders for winter wear in the wake of the coronavirus pandemic. Most factories are running at less than 50 per cent of their capacities, Ludhiana-based garment makers have revealed.

"We used to work night shifts during this time of the year. Also, material in many markets like J&K, Himachal Pradesh used to be supplied by September itself. However, this year it is still a single shift with less than 50 per cent of our workforce. Our Rs 12,000-crore winter wear industry is struggling," said Sudarshan Jain, owner of Sarjeevan Knitwears and president of Knitwear Apparel Manufacturers Association of Ludhiana (KAMAL).

Industry here manufactures winter wear majorly during June, July and August.

Jain added, "In May, we used to organise exhibitions in Ludhiana where retail order bookings used to happen. Retailers from across the country would come here and in June, wholesalers would book their orders. Their demand used to give us an idea as to which product will sell the most the coming winter and what sort of fashion will be a hit. Based on that, we used to start our production."

But this year is different. "Buyers have placed just 30 per cent orders for winter wear this season as compared to last year," Ludhiana-based garment maker Ajit Lakra said. Given that the pandemic is showing no signs of relenting, there is added uncertainty about demand for winter wear after September month.

"If winter items are not sold at retail shops, there are chances that payments may get stuck... What will you do with just 30 per cent orders? How will you bear your fixed expenses like interest," Lakra told PTI.

Industry representatives further pointed out that fashion garments manufacturing units would bear the maximum brunt.

Sudarshan Jai, owner of Sarjeevan Knitwears, who says that his unit is 90 per cent into fashion products for women like coats, tops, designer cardigans, jackets, has no orders in hand. He now plans to focus 90 per cent on basic items and 10 per cent on fashion garments to curtail the risk.

According to him, "Nearly 95 per cent knitwear units attached with KAMAL work on designer winter wear items, and now many of them are focusing on basics like self-knitted sweaters for men and women. Simple jackets and coats, casual woollen kurtis, leggings as these items can be purchased by customers as per their need. Yes, designing is being done in kids' clothes as people still love to spend money on their kids."

Akash Bansal, Director of Rage Knit, said, "Our brand is popular because of our designs and we will keep that element alive. But it will be 50:50 designer and basic items which we will float in the market."

"People do not have money. They will spend only on essential items rather than purchasing non-essential fashion wear," Knitwear Club president Vinod Thapar said.

The garment manufacturing hub had already suffered a setback with buyers cancelling or putting on hold orders for summer wear because of Covid-19 pandemic, said manufacturers.

Rage Knit's Bansal explained, "As of now there is a liquidity crunch in the market. Many retailers have not yet released payments of last winter season. Normally, they would do it by March-end, but this time lockdown happened in March-end and hence many payments are stuck. It is not justified on retailers' part to hold back payments of those products which they have already sold out last winter. So, it will be more a 'house cleaning' for us. We will be using in-house raw material to make whatever limited designs we can make for the coming winters. As of now, no order booking has happened, hence we will be making few items as per our experience of the market's buying capacity."

Surinder Kumar Sharma of the Ludhiana Hosiery Garments Manufacturers and Traders Association said, "Many old city markets like Purana Bazar, Gandhi Market, Kareempura, Sunder Nagar etc are old wholesale and retail markets. There are over 250 such shops where you have manufacturers as well as traders running the show. This summer was a total flop. Our markets cater to buyers from across the country and due to travel restrictions, it wasn't that easy. Moreover, buying garments is not a priority right now. Our summer wear is still dumped inside our shops. So, manufacturing of winter wear will be just 25-30 per cent as per the projections created from the market this summer."

Sharma also said that government's Sunday lockdown had hit their business. "Whatever little business used to happen on Sundays that too is finished. So it seems that 2020-21 will be a bad year for us."

Ludhiana has over 20,000 hosiery, textile and dyeing units spread in designated and non-designated areas. Vinod Thapar, chairman of Knitwear Club, said, "Ludhiana is a hub of hosiery, textile and knitwear garments. We do not have more than 50 per cent labour in our units right now. As per orders, we don't even need them right now. Labour from Bihar is ready to come whenever units start working at full capacity."

Nearly 5.64 lakh persons had moved to their home states via Shramik Trains and buses from Punjab in May and June, but not more than 1.5 lakh have come back.

"Workers are ready to come back. But our units are running as per market requirements …all those small units attached with big corporate houses only have 20-30 per cent work. Rest have zero orders. They are manufacturing as per their own estimation," added Thapar.

Ludhiana, one of the oldest textile clusters in the country, is famous for winter garments. The garments industry here is now seeking help from the government to extend moratorium on payment of loan installments.

"The government will have to extend the moratorium for the industry for six months more. Otherwise majority of the units will turn NPAs (non-performing assets)," said Lakra, who is also the textile division head of the Federation of Industrial and Commercial Organisation (FICO).

Source: indianexpress.com– Jul 24, 2020

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Piyush Goyal calls for building trust for trade at BRICS meeting

Commerce and industry minister Piyush Goyal called upon BRICS nations to enhance transparency in trade and build trust to prevent losing their role of preeminent trade partner. Goyal's comments came during the 10th meeting of trade ministers attended by member countries -- Brazil, Russia, India, China and South Africa—on Thursday.

"It is trust and transparency which determines the sustainability of global supply chains and nations must demonstrate their compliance with global rules of trade to remain a part of global trade flow. Increasingly, nations which trust each other are coming together to build global supply chains with corresponding investments in manufacturing and services," a commerce ministry statement said, quoting Goyal.

Prime Minister Narendra Modi, too, had highlighted the importance of trust in building trade relations between countries during his address at India Ideas Summit organized by the USIBC forum on Wednesday.

Referring to Covid-19 outbreak and its impact on the economy, he said trade can be an engine of reviving growth premised on strengthening of the World Trade Organisation (WTO) based on its principles of openness, fairness, transparency, inclusivity, and non-discrimination.

He called for removing multiple hurdles to accessing medicines at affordable prices created by lopsided WTO rules for protecting intellectual property. "IPRs [intellectual property rights] should not block access to critical medicines and other devices required for the treatment of disease," he said.

Goyal said the pandemic has paradoxically provided nations a window of opportunity to add strength by building capacities, expanding manufacturing as well as by plugging into the global value chains. "As BRICS members are among the most affected countries in the world, we must collectively demonstrate a determined will to emerge stronger, while being prepared to face any such unknown crisis," he said.

The multilateral rules-based trading system is facing serious and grave challenges, including a spate of unilateral measures and countermeasures, deadlock in key areas of negotiations and an impasse in the appellate body, the minister said.

He said the WTO reform process should take into account the existing realities in the world and should, therefore, be inclusive, balanced and consensus based, leading to prosperity for all.

“It is disheartening that we are seeing some proposals at the WTO seeking to ride on the pandemic for pursuing commercial ends. It will essentially support the quest of developed countries’ firms to have unhindered access to the markets in developing countries, while putting constraints on developing countries to establish domestic manufacturing capacities,” he said.

Describing 2020 as a turning point in the history of multilateralism, especially for the BRICS grouping, the minister said that any economic partnership must keep in mind the different size and population of each country, unequal levels of economic development and human development indicators, contrasting levels of prosperity, cultural diversity and significantly different political and judicial systems.

“We place humanity at the centre of our global engagement and thus despite being hit hard by the virus ourselves, we have not shied away from providing humanitarian relief to those who sought it,” he said. India provided critical medical supplies to around 150 countries in these troubled times.

As the ‘Pharmacy of the World’ we have catered to the spike in demand for drugs such as Hydroxychloroquine and Paracetamol being used for the treatment of Covid-19, he added.

Talking about India’s proactive role in assessing and dealing with the challenges caused by the pandemic, he said saving lives has been India’s highest priority.

“Despite being home to nearly 17% of the world population, we have only 8% of Covid-19 affected patients worldwide. Under the leadership of Hon’ble Prime minister Narendra Modi, we implemented one of the severest lockdowns at an early stage thereby breaking the coronavirus transmission chain and prepared the country to become self-reliant in covid care facilities,” he said.

"We have done significantly better than many other countries, with a lower death rate and higher recovery rate," he added.

Speaking about the steps taken to mitigate the economic challenges posed by the pandemic and bringing the economy back on track, Goyal said the Prime Minister announced a stimulus package of over $300 billion, called 'Atmanirbhar Bharat Abhiyan' (Self-reliant India Initiative). He said the edifice of this mission stands on five pillars of the economy -- massive infrastructure building, technology, aspects of good governance, leveraging the demographic dividend, and promoting demand.

Source: hindustantimes.com– Jul 23, 2020

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India can become a hub for seed exports

India has achieved considerable expertise in seed production. The Indian seed industry is worth ₹18,000 crore and growing. It has established seed production villages through decades of training and capacity building among seed-growing farmers in these villages. Most of the hybrid seed production is located in Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Maharashtra and Gujarat.

Seed production is more profitable for the farmers than producing a regular commercial crop. Seed companies supply parent seed and technical advice to farmers and buy back the produced seed in a closed loop system backed by contracts. Banks find it secure to extend loans to seed growers because of the buyback arrangements.

Most of the seed used by farmers in India is produced in India and hence stands as a great example of Make in India.

Currently, our seed exports are less than ₹1,000 crore per annum. Annual global seed trade is $14 billion. India definitely has a potential to capture a 10 per cent share which is $1.4 billion or ₹10,000 crore by 2028.

India has a well developed seed industry, varied agro-climatic conditions, seed production expertise, seed quality management systems and the necessary infrastructure to exploit this opportunity, similar to other countries like Chile, Argentina and South Africa.

They dominate the global seed trade by positioning themselves as suppliers of reliable quality seeds as per delivery schedules. The seed export from India can increase if we diversify the seed production to other crops from existing rice, maize and some vegetables.

There are three categories of seed exports possible and each one needs a separate policy support.

Custom production

A company located outside India gives production orders to an Indian seed company and supplies parent seed for production in India. The Indian company exports the production back to them. This will be possible if varieties for custom production are exempted from registration, which will be mandatory under the new Seed Act, as they are meant only for export.
South Africa and some other countries undertake custom production of GM seeds. We too should have a special category of approval for such GM seeds by GEAC with minimum data requirements.

Because of our agro-climatic conditions we can undertake production of GM Corn and Cotton for export purposes. The arrival of parent seed into India and produced seed from India for export should be freely allowed without any delays at ports, based on a separate documentation.

Although we have IP protection for plant varieties through the PPV&FR Act in India, the practical enforcement is not up to the mark. To encourage custom production, we need to provide IP protection for parent seed that is coming into the country for custom production purposes. This custom seed production will not happen unless this assurance is given to the company ordering the production.

Currently, India is undertaking custom production in vegetable seeds. India can become a global leader in custom production of vegetables seeds for other countries, a position currently occupied by China. Financial incentives are required for vegetables seed exporters to construct Green Houses which increase certainty of production and meeting export obligations without fail.

Export-oriented production

These are varieties developed in India by domestic companies purely for export. These varieties can go to other tropical markets globally.

Such seed movement from India will require approval from the National Biodiversity Authority which should be ensured in a time-bound fashion and without delays. In addition, export formalities and documentation should be smooth and quick.

There is a great opportunity to develop external markets for export of vegetables seeds developed in India. This will need investments in market development activities in other countries. Financial incentives may be provided to companies to undertake such activities as it could be an expensive process.

For both markets

These are varieties developed in India or outside for both domestic sales and exports. They fall into the regular category of varieties that need mandatory registration under the new Seed Act. The only support needed here is the time bound approval process from NBA for export of Indian seed varieties.
In addition to the above policy support needed for the three categories of seed varieties, a general policy framework is needed for encouraging seed exports.

A National Seed Export Promotion Council may be set up with representatives from Central and State governments, industry, seed technologists and others, which can work for establishing India as a seed export hub and facilitating the process of achieving ₹10,000 crore export revenue by 2028 or earlier.

The board should aim to work with the government to get a national policy on developing seed exports established which makes it a smooth process across several stakeholders like Central/State governments, NBA, GEAC, ports, etc.

Seeds conforming to international quality standards should be produced and processed. Quality control laboratories with recognition from International Seed Testing Association should be established in each State and in each export zone.

Dry port facilities for quick movement of seed, closer to production centres. For example, Bengaluru, Coimbatore, Hyderabad, Aurangabad, Ahmedabad, etc., should be given such a facility.

Each port should have warehouses suitable for seed storage, seed quality testing facilities recognised globally (third party private laboratories), seed export documentation and phytosanitary certification agencies, plant quarantine facilities and similar support mechanism.

A special cell in the Ministry of Agriculture that deals with export promotion and facilitation of efficient disposal of export permits, import permits and Pest Risk Analysis.

A predictable policy regarding export of seeds — clarity between grain export and seed export; frequent ban on exports of rice and similar commodities due to confusion between export of grain and seed affects export schedules.

Setting up export zones with necessary infrastructure closer to dry ports, where export oriented processing and packing facilities and quality laboratories can be set up by private industry. Financial incentives and funding support for seed exporters which will help them in competing with Chile, Argentina, South Africa and other major exporters.

If we get the above support and take a strategic approach, we will be able to harness this area of enormous potential.

Source: thehindubusinessline.com– Jul 23, 2020

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Extention of date for claiming tax credit: HC asks Commissioner to refer issue to GST Council

The Chhattisgarh High Court has asked the local GST Commissioner to refer the matter of granting more time to file claim for transitional credit to those assessees who could not do it in time due to technical glitches to the GST Council.

Transitional credit, or CENVAT credit, refers to the use of tax credit accumulated up to June 30, 2017, the last day of the erstwhile Central excise and service tax regime.

"In the event, if the Commissioner, Commercial Tax, makes a reference to the GST Council, it is expected that the Council also, in turn, takes an early decision on the reference made by the Commissioner preferably within a period of 90 days from the date of receipt of reference by the Commissioner," a single judge bench said in its ruling.

Under the GST law, Section 117(1)A, the GST Council has been empowered to extend the date for submission of the declaration electronically in Form GST TRAN-1 for those persons who could not submit it by the due date on account of technical difficulties on the portal.

In a petition , petitioner Dhamtari Krishi Kendra said he tried to file claim for CENVAT credit before due date of December 27, 2017, but could not do so because of technical glitches. Immediately, he reported the matter to the tax department. He subsequently submitted the return manually in January, 2018 and also sent a copy through post. Both were not accepted by the department which made him approach the high court. The court subsequently asked him to approach the Nodal Officer. He, however he was denied permission to submit the claim. So, he went back to the court.

The court took note of elements which Tax Commissioner overlooked. These include proofs supporting the petitioner's claim of not able to file the return due to technical glitch, the submission of complaint before due date and submission of the form manually and also through the post within three weeks from due date. "Accordingly, this court remits the matter back to the Commissioner, Commercial Tax, for a reconsideration and for passing of a fresh order," the ruling said while adding he/she should keep all the documents submitted by the petitioner in the mind and decide within 60 days.

If required, the Commissioner can refer the matter to the GST Council, the court said. Divakar Vijayasarathy, Founder and Managing Partner of DVS Advisors LLP, said the decision highlights the apathy in the system which refuses to be tax-payer friendly. "As much as we need to respect law, circumstances like these need to be viewed from the spirit rather than the letter alone. Further inability to comply with for reasons beyond the control of the tax payer should always be viewed from a benign perspective.

"With a legal system which is saddled with a huge backlog and an archaic executive framework, the country needs significant reforms to get anywhere close to our ambition of being business friendly," he said.

Source: thehindubusinessline.com– Jul 23, 2020

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