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INTERNATIONAL NEWS

Global textile and apparel industry seeks new horizons as sourcing moves away from China

Latest OTEXA statistics reveals the global textile and apparel trade is shifting with countries moving away from China to newer sourcing destinations like Vietnam, Bangladesh, India, etc.

Textile exports to the US decline 9 per cent

An analysis of the data from 2009 and 2019 reveals in 2019, China's textile exports to the European Union, the United States and Vietnam accounted for more than 10 per cent, and 11 per cent, 10.4 per cent and 10.2 per cent respectively. Comparatively, textile exports to Bangladesh accounted for a smaller 5.4 per cent share, Japan accounted for 3.8 per cent, China Hong Kong accounted for 3.6 per cent, and Indonesia accounted for 3.5 per cent.
US textile imports from China shrink 9 per cent

In 2019, the value of China's apparel exports to European Union, the United States and Japan declined by 4 per cent to 22.4 per cent, 21.6 per cent and 10 per cent respectively. The US imported textile and apparels worth $111.2 billion in 2019. Of this, the country imported apparels worth $ 83.8 billion and textiles worth $27.4 billion. Its textile imports increased by 53 per cent in 2019 compared to 2009.

China remained the largest sourcing destination for the US for its textile imports. The country accounted for 42 per cent share in 2019, followed by India with 14.6 per cent, and the European Union ranked third with 8.5 per cent. However, the volume of China's textile exports to the United States declined by 9 per cent year-on-year in 2019.

Value of Chinese apparel imports declines 6.9 per cent

In apparel imports, the top five sourcing destinations for the US remained China, Vietnam, Bangladesh, Indonesia, and India. In 2019, the United States' apparel imports from these countries accounted for 29.7 per cent, 16.2 per cent, 7.1 per cent, 5.3 per cent and 4.9 per cent, respectively. Among them, import value of apparels from China decreased by 6.9 per cent in 2019 compared to 36.6 per cent in 2009.

In the past 10 years, Vietnam has been emerging as a major garment producer and exporter. In 2019, the proportion of US apparel imports from Vietnam increased by 1.43 per cent year-on-year.

Value of apparel imports by EU increases, volume declines

In 2019, EU's textile imports increased by 86 per cent to €28.1 billion from 2009, while its apparel imports increased by 53 per cent to €88 billion compared to 2009. The top six sourcing destinations for EU in 2019 were China, Bangladesh, Turkey, India, Cambodia and Vietnam.

In 2019, the value of EU's apparel imports from China remained unchanged at $25-30 billion. However, the volume of its imports from China decreased by 14 per cent compared to 2009; due to the rapid growth of the EU's apparel imports from Bangladesh.

Decline in Japan's share of textile and apparel imports

In 2019, though Japan's textile imports from China increased 31 per cent year-on-year compared to 2009 however, its share of China's textile imports declined by almost 10 per cent. On the other hand, Vietnam's share increased from 2.7 per cent in 2009 to 9.3 per cent in 2019.

In the past 10 years, the value of Japan's apparel imports from China declined by 8 per cent while its volume declined by 27 per cent. In contrast, the value of Japan's apparel imports from Vietnam, increased by 401 per cent in 2019 while its volume increased by 11 per cent.

Source: fashionatingworld.com– Aug 21, 2020

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China's H1 industrial enterprises' profits decline by 12.8 per cent

As per data released by the National Bureau of Statistics, from January to June, profit of China's industrial enterprises above designated declined 12.8 per cent year-on-year and 6.5 percentage points to CNY 2.51 trillion compared to the first five months of this year, The profit of manufacturing industry declined by 9.8 per cent year-on-year to CNY 2.12 trillion

From January to June, the main income of textile enterprises above designated size decreased by 15.6 per cent to CNY 966.94 billion compared with the same period the previous year.

The profit of textile industry totaled CNY 40.21 billion, with year-on-year decline of 5.6 per cent. While the main business income of enterprises above designated size in garment and accessories industry dropped by 16.4 per cent to reach CNY 577.63 billion, profit of garment and accessories industry declined by 27.4 per cent to reach CNY 23.53 billion.

The main business income of leather, fur, feather and their products and footwear industry from January to June declined by 17.2 per cent year-on-year to reach CNY 460.1 billion; their profit totaled CNY 21.23 billion, with year-on-year decrease of 29.5 per cent.

From January to June, the main business income of enterprises above designated size in chemical fiber manufacturing industry declined by 18.4 per cent year-on-year to CNY 349.36 billion, profit plunged by 41.9 per cent year-on-year to CNY 7.23 billion. In June, the profit of industrial enterprises above designated size totaled CNY 666.55 billion increased by 11.5 per cent year-on-year.

Source: fashionatingworld.com– Aug 21, 2020

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Sanctions on China's top cotton supplier weave a tangled web for fashion brands

In the vast steppes of China's northwestern Xinjiang region, a paramilitary organization produces more than 7 percent of the world's cotton, which factories around the globe spin into T-shirts, denim jeans and other staples of the American wardrobe.

This cotton is now a focus of U.S.-China rivalry, with Treasury Department sanctions taking effect next month on China's largest supplier. Fashion retailers are racing to trace the provenance of their cotton before the Sept. 30 deadline, as the possibility of supply disruption looms.

Xinjiang cotton has become a striking example of the benefits and hazards of globalization as a business model. The region's cotton has brought income to one of China's most impoverished and isolated areas and linked it to the outside world, while providing affordable clothing for Western consumers.

But the flow of Western cash has taken on darker implications as human rights abuses in the region have come to light, and with Xinjiang's cotton income contributing to China's construction of a network of surveillance technologies and internment camps targeting Uighur Muslims and other ethnic minorities. Global supply chains have become so complex that many American companies are struggling to verify how much of their raw materials are sourced from the region, and under what labor conditions.

Last month, the Treasury Department announced sanctions on the Xinjiang Production and Construction Corps (XPCC), the paramilitary group often described as a "state within a state."

The sanctions were overshadowed by President Trump's announcement the same day of a ban on Chinese video app TikTok. But the cotton restrictions probably will have broader economic repercussions; XPCC produced about one-third of China's cotton last year, while Xinjiang overall accounts for almost one-fifth of global production, according to official figures and calculations by The Washington Post.

China's clampdown on Muslims creeps into the heartland, finds new targets
"It's a concern that it could even affect apparel coming from other countries, like Vietnam or Cambodia or Bangladesh," said Nate Herman, senior vice

president of policy at the American Apparel and Footwear Association. “That could conceivably be made with cotton or yarn from XPCC.”

Cotton textiles produced globally in 2019 were valued at almost $380 billion, or more than a quarter of the overall textile market, according to Grand View Research. About 26.8 million metric tons of cotton were produced last year, according to the U.S. Department of Agriculture.

The sanctions have brought the issue to a head for the fashion industry at a difficult time. A number of retailers have filed for Chapter 11 bankruptcy amid the coronavirus pandemic, including J.Crew, J.C. Penney, Brooks Brothers and Ann Taylor’s parent company, Ascena Retail Group.

The Treasury sanctions prohibit U.S. companies from buying from or selling to XPCC or subsidiaries where it has a majority stake. The sanctions won’t prohibit the use of suppliers that source cotton from XPCC, but Washington is warning U.S. companies of business in Xinjiang more broadly: The State Department issued a supply chain advisory last month that said factories in Xinjiang may have an elevated risk of forced labor. It is illegal to import products made with forced labor into the United States.

Problem of 'unprecedented' scale

Over the past three years, a heavy-handed Chinese anti-extremism campaign has swept an estimated 1 million Uighurs and other Muslim minorities into what the government calls “re-education centers.” Satellite images show these high-security compounds are similar in layout to prisons, and former detainees have alleged they were subject to torture.

Many detainees were placed at textile factory jobs in Xinjiang upon their release, according to official reports. Local officials say it is voluntary work for rehabilitated criminals, although some workers have alleged they were threatened with detention if they refused.

In March, the Retail Industry Leaders Association called the issue “of a scale, scope and complexity that is unprecedented during the modern era of global supply chains.”

Some brands are giving Xinjiang a wide berth. PVH Corp., which owns the Tommy Hilfiger and Calvin Klein brands, said it plans to end all business relationships with factories that use cotton grown in Xinjiang in the next 12 months. Nike issued a statement saying its suppliers do not use textiles or spun yarn from the region.

The Chinese trade publication Cotton China reported this month that domestic textile manufacturers were being asked frequently by U.S. buyers whether they used Xinjiang cotton, with some customers requiring imported cotton. It said the XPCC sanctions had “severely affected” the country’s cotton-spinning industry.

The U.S. cotton industry — the third-largest by output after India and China — has been a beneficiary. China imported large quantities of U.S. cotton this year as part of the countries’ trade agreement.

China Foreign Ministry spokesman Wang Wenbin said this month that Beijing would retaliate if the United States did not withdraw the sanctions. XPCC and Xinjiang’s Communist Party propaganda department did not respond to requests for comment.

A subtropical crop moved to the steppes

A cousin of the hibiscus, hollyhock and okra, cotton is an ancient, shrubby plant that produces ruffled flowers ranging from pale yellow to pink. After several days’ bloom, the flowers wither, leaving pods called bolls that dry in the sun until they split to reveal globes of snowy cellulose: cotton.

Native to hot, humid climates, cotton only became a widespread crop in the harsh Xinjiang expanses as part of a Chinese government plan to develop the region’s economy. Subsidies were so successful in shifting the nation’s cotton industry inland that last year, almost 85 percent of China’s cotton was grown in Xinjiang, according to official figures.

Nike to review supply chains in China after reports Uighurs forced to make shoes

But it wasn’t subsidies alone that established Xinjiang’s cotton industry. Former residents, including Ilshat Hassan, a Uighur activist who now lives in Virginia, recall that until 2008, not only adult residents but also elementary and middle-school students across Xinjiang were required by the government to help pick the cotton crop each year.

"It was called labor education," said Hassan, 58, who said that as a local teacher he brought his students to pick cotton each year. "Each student had a daily quota of 45 kilograms [100 pounds]."

Xinjiang moved away from student cotton-picking more than a decade ago, with improving mechanization and pressure from human rights groups. But the issue of forced labor in the region has resurfaced with China's internment of Uighurs and other minorities.

As a local government body as well as a company, XPCC has come under international scrutiny for its role in building and running some re-education camps, as documented by local government notices and construction bids.
The XPCC sanctions followed a concerted push by a coalition of more than 190 organizations to urge major fashion brands to stop using Xinjiang cotton, and for international auditing firms to stop working with factories in the region.

New evidence emerges of China forcing Muslims into 'reeducation' camps
Penelope Kyritsis, assistant research director of the Worker Rights Consortium, a member of the coalition, said five international auditing firms have agreed to stop conducting factory audits in Xinjiang because of government pressure on workers that prevents them from speaking freely.

Brian Finnegan, global worker rights coordinator of the AFL-CIO, said the coalition has sought to work with fashion brands in this push, based on previous successful experience in lobbying retailers to stop using cotton from Uzbekistan because of forced-labor concerns. The AFL-CIO is the largest federation of unions in the United States and a member of the coalition.

"The lesson learned from Uzbekistan is really keeping a dialogue with the companies and appearing with the companies," Finnegan said.

For retailers, it will be a challenge to simply map out the thousands of companies in which XPCC holds a stake, to check that they aren't dealing with one controlled by the organization. Besides cotton, XPCC has substantial fruit, dairy and other agricultural businesses. While some of XPCC's subsidiaries are publicly listed, the company is tight-lipped about much of its business, partly because of its historic roots as a military division.

Herman said the XPCC sanctions will be enforced based on a "knowledge standard," meaning whether a company should have or could have known it was transacting with XPCC.

"People have been mapping and trying to figure that out," he said.

Source: washingtonpost.com– Aug 22, 2020

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China to absorb Pakistan's textile yield significantly

The market in China will absorb Pakistan's textile yield significantly and support textile sector for its further rehabilitation in wake of COVID-19.

Gwadar Pro on Sunday quoting Monthly Report of China Cotton Market released by China Cotton Net stated that the global economic recovery has been slow and gradual, while the Chinese economy has recovered steadily.

The textile imports volume of China rose 6.5% year-on-year in July, well ahead of market expectations.

Subsequently, China's textile demand has continued to pick up significantly in August. As the orders of autumn and winter season fabric increasing, the related demands of textile have improved. In July, Pakistan exported 36,600 tons of cotton yarn (up 19.33% year-on-year).

Meanwhile, Pakistan exported 959 million dollars of textile and clothing, only a year-on-year decrease of 5.44%. This followed a 36.72% year-on-year fall in May and a 64.51% year-on-year fall in April.

According to a report released here this week, at present Pakistan's domestic textile industry has fully recovered. Meanwhile, textile market in China has appeared strong demand.

Pakistan cotton price has continued to rise in the latest week as demand from downstream businesses increased. Pakistani cotton price continued to rise to 72 cents per pound. Affected by the recovery in cotton price, yarn price has continued to rise in the past two weeks as well.

Meanwhile, textile and clothing factories have been resumed to full capacity production. Comparing with the same period in last year, the textile and garment exports have rose 14.4% in July.

Source: thenews.com.pk– Aug 24, 2020

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Sri Lanka: External sector stabilised further in June

The trade deficit declined in June 2020 (year-on-year), with a more than expected rebound in merchandise exports and notable reduction in merchandise imports on account of restrictions on non essential imports. Workers' remittances recorded a growth in June, for the first time since the outbreak of the Covid-19 pandemic.

The government securities market and the Colombo Stock Exchange (CSE) recorded some outflows. Supported by the reduction in the trade deficit, the Sri Lankan rupee recorded a marginal appreciation during June 2020.

The deficit in the trade account narrowed in June 2020 to US dollars 161 million, from US dollars 316 million in June 2019, recording the lowest monthly deficit since August 2009. Also, on a cumulative basis, the trade deficit narrowed by US dollars 335 million to US dollars 3,262 million during the first six months of 2020 from US dollars 3,597 million in the corresponding period of 2019. Meanwhile, terms of trade, i.e., the ratio of the price of exports to the price of imports, declined by 7.3 per cent (year-on-year) in June 2020 with prices of exports declining at a faster pace than those of imports.

Earnings from merchandise exports rebounded sharply, recording US dollars 894 million in June 2020 compared to US dollars 587 million recorded in May 2020. The gradual resumption of economic activities of the country as well as the recovery of both domestic and global supply and demand chains to some extent contributed to this improvement.

The earnings from textiles and garments exports led the increase from May 2020 to June 2020, followed by rubber products, food beverages and tobacco, seafood and spices. However, compared to June 2019, earnings from merchandise exports declined significantly by 17.5 per cent in June

2020. The year-on-year decline in earnings from exports was led by industrial exports.

Earnings from textiles and garments contributed the most to the decline in June 2020, on a year-on-year basis, despite the increase in earnings from personal protective equipment (PPE) such as face masks and protective suits, categorised under other made up articles.

Earnings from most subcategories of industrial exports including transport equipment, petroleum products, gems, diamonds and jewellery and animal fodder declined, year-on-year, during the month. Despite the increase of surgical and other gloves exports, earnings from rubber products declined, mainly driven by lower exports of tyres.

However, earnings from food, beverages and tobacco (led by liquid coconut milk, coconut cream and manufactured tobacco), plastics and articles thereof (led by plastic clothing articles) and chemical products (led by activated carbon) exports increased in June 2020 compared to June 2019.

Earnings from agricultural exports grew considerably by 12.0 percent on a year-on-year basis in June 2020, for the first time since May 2019.

This increase was led by all subcategories of agriculture exports except for unmanufactured tobacco. Earnings from tea recorded a growth after 10 months in June 2020 driven by higher average export prices of tea although the volume exported recorded a minor decline. Higher earnings were recorded in minor agricultural products led by higher exports of arecanuts, fruits and betel leaves.

Earnings from spices increased with higher export volumes of cinnamon and pepper, while earnings from coconut increased as a result of higher average export prices of kernel products and higher export volumes of non kernel products.

However, on a month-on-month basis, the improvement of the export volume index was substantially high at 61.7 percent while the deterioration of the unit value index was relatively low at 5.7 per cent, in June 2020 compared to May 2020.

Source: sundayobserver.lk– Aug 23, 2020

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Japanese companies very keen on Bangladesh

The Bangladesh government needs to take good care of Japanese companies operating here to attract more foreign direct investment (FDI) from the island country as many business entities are waiting to bring in investment, said Japanese Ambassador to Bangladesh ITO Naoki yesterday.

Currently, 310 Japanese companies are operating in different sectors in Bangladesh. Very often they complain about not getting the same facilities provided to local companies by the government.

For instance, when the government disburses any loan facility or cash incentives on export, foreign companies do not enjoy the same benefits enjoyed by the local companies. "We have a long list of Japanese companies that have already invested in Bangladesh and many are waiting to invest here," Naoki said. He was addressing a virtual meeting on "Implications of COVID-19 on FDI inflow to Bangladesh: Challenges and Way Forward" organised by the Dhaka Chamber of Commerce and Industry (DCCI).

"The level of interests by Japanese companies to invest in Bangladesh has not been changed. They are ready to come to Bangladesh for investment." The ambassador also said some 55 per cent of Japanese FDI was received by 10 members of the Association of South-East Asian Nations (ASEAN) while of the total FDI, Bangladesh received only 0.09 per cent last year.

Easing the business terms and conditions for Japanese companies, bringing about regulatory reforms and taking good care of the existing Japanese companies are needed for attracting more Japanese investment here. The Japanese envoy also said it is important to turn the special economic zone (SEZ) for Japanese investors in Araihazar in Narayanganj into the number one zone in Asia and an important zone from among those in ASEAN countries.

Outward investment by Japanese investors declined 33 per cent year-on-year to $113 billion between January and June this year because of the coronavirus pandemic, said Yuji Ando, country chief of Japan External Trade Organisation. That indicates that the companies are struggling to survive incurring losses in this situation, he said. Japanese investors always complain about the tax and business environment issues in Bangladesh. Ando said motorcycle production is a very important sector for investment by Japanese investors in Bangladesh.

Currently, some 5,00,000 motorcycles are produced here in Bangladesh, he said, adding that the number could be increased a lot as the demand is there. Almost all big US companies have their operations in Bangladesh and many more were interested to invest here, said JoAnne Wagner, deputy chief of mission of the US Embassy in Bangladesh.

Agricultural food processing industries are very interesting areas of investment in Bangladesh for American investors. Labour rights improvement, safety and corruption are issues of concern for US investment in Bangladesh, she added. Immediate reforms are needed in customs and transfer of profit by the foreign companies and curbing corruption for bringing more FDI, said Paban Chowdhury, executive chairman of the Bangladesh Economic Zones Authority (BEZA).

Although China allowed duty-free access to 97 per cent of Bangladeshi goods, the value addition by Bangladesh needed to be 40 per cent. “So it might not be very simple and easy to enjoy the full benefits from the Chinese duty exception offer.” The country also needs more seaports, Chowdhury said, while citing Vietnam’s 44 seaports to further his point. “We need a congenial business environment,” said Syed Ershad Ahmed, president of the American Chamber of Commerce in Bangladesh (AmCham).

Sometimes, the contradictory policies of industries and commerce ministries affect the business. “Sometimes, we are harassed by the National Board of Revenue. Protection of intellectual property rights and port management are very important issues for Bangladesh now,” Ahmed added. Vietnam received the highest amount of FDI from Japan, said Abul Kasem Khan, chairman of the Business Initiative Leading Development (BUILD). “China’s duty-free offer can be a game-changer for Bangladesh in case of attracting FDI.”

Fast-tracking of the special economic zones is needed and Bangladesh needs to invest $300 billion for improving its infrastructure, he added. While presenting a keynote paper, M Masrur Reaz, chairman of Policy Exchange, said the global FDI, according to the United Nations Conference on Trade and Development, would plunge 40 per cent in 2020 and by another 5 per cent to 10 per cent in 2021.

Global FDI will fall short of the $1 trillion-mark for the first time since 2005. Moreover, developing countries of Asia may face lower investment flows of up to 45 per cent, he said. Bangladesh needs to improve in a few areas for gaining competitiveness like innovation, infrastructure, market efficiency, technological readiness and business sophistication.

“We have a $350 billion investment gap in infrastructure. Private investment to GDP ratio should be 26.6 per cent.” However, Bangladesh has been maintaining impressive economic performances and high potential to get better FDI inflow. Bangladesh has many strengths for foreign investors to leverage like high growth rate, sound macro-economic management, demographic dividend, liberal policies, strategic geographic location, affordable and flexible labour market and preferential market access.

But to woo more FDI, some critical areas need focus such as compliance, skilled labour force, easy cross-border movement of goods and coherence between trade and investment policies. To improve the investment climate, Reaz suggested policy actions and reforms like access to finance, regulatory reforms, a faster pace of mega infrastructure development, simplification of the tax regime, developing FDI policy and export diversification.

The FDI to GDP ratio in Bangladesh is 1.2 per cent, which is less than that of India, Sri Lanka, Vietnam and Cambodia, said DCCI President Shams Mahmud, while moderating the discussion. Out of the total FDI stock, the country received the highest $3.8 billion FDI in gas and petroleum sector where the US is the largest investor with $3.6 billion, followed by the UK, South Korea, the Netherlands, China and Japan.

Fast customs clearance facility is more important for investors, said Ruhul Alam Al Mahbub, managing director of Samsung-Fair Distribution. Infrastructure development, building confidence among local investors, policy consistency, removal of bureaucracy and political stability were key to attracting FDI, he added. Land registration is an important issue that needs to be addressed, said ASM Mainuddin Monem, deputy managing director of Abdul Monem.

He emphasised on better coordination among the BIDA, BEZA and land ministry and called for a congenial policy regime that ensures a level playing field for private economic zone owners. The pandemic would open up opportunities of foreign investment relocation, Monem added. Investment needs to be encouraged in the energy and infrastructure sectors, said Asif Ibrahim, chairman of the Chittagong Stock Exchange and a former DCCI president.

The government's plan of establishing 100 SEZs will boost FDI. Public-private partnerships and resolving the policy constraints will lead to a newer height. The recent move by the government to allow non-resident Bangladeshis to invest in mutual funds is a step in the right direction. Terming the Bangla Bond a great initiative, he said such innovative ideas would help entrepreneurs raise funds.

A reduction of tax for investors would ease their arrival, but on the other hand, Bangladesh's tax to GDP ratio is the lowest in the region, said Salman Fazlur Rahman, private industry and investment adviser to the prime minister. "We need to widen our tax net to ease the burden on the existing taxpayers. We will reform the bankruptcy law and companies act soon," he said.

The adviser said Japan has offered to modernise the Kamalapur Railway station to bring about a multimodal transportation system. Rahman admitted petty corruption in government mechanisms and corruption in the political parties at the mid-level. For instance, corruption has been taking place in land registration and while getting licences from different government offices, he said.

Source: maritimegateway.com– Aug 24, 2020

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Jakarta Fashion Hub to Unlock Fashion and Textile Potentials

The Jakarta Fashion Hub (JFH), a collaborative space that combines fashion and creativity for fashion enthusiasts, officially opened on Tuesday (18/8/2020). The JFH will act as a creative space for fashion enthusiasts and will help unlock the potential of the domestic fashion, textile, and creative industries.

The Jakarta Fashion Hub was initiated by the integrated viscose-rayon fibre manufacturer Asia Pacific Rayon (APR) with the vision to provide a space for fashion enthusiasts to formulate concepts, design products, and create original works by utilizing the various available facilities.

Located in the Tanoto Foundation Building in downtown Jakarta, JFH acts as a collaborative space between fashion enthusiasts, designers, and industry players to bolster the local fashion and textile industry.

"We hope that the Jakarta Fashion Hub can become a platform for fashion enthusiasts, students, designers, and fashion business owners to continue to explore their potential and develop creative ideas in creating original Indonesian fashion trademarks and go global, in line with President Joko Widodo's vision of encouraging #BanggaBuatanIndonesia," said Asia Pacific Rayon Director Basrie Kamba.

To upscale national branding, JFH offers everything that a designer needs to launch a top-notch fashion label, including a workshop, photo studio, and display room. Fabrics in various motifs -- including those made from APR's sustainable viscose rayon -- are available for grab and thus enhancing the supply chain.

Workshops are open for fellow fashion enthusiasts to discuss the potential trends and gain insight for better marketing strategies.

Didiet Maulana, designer and owner of IKAT Indonesia, welcomed the launch of the Jakarta Fashion Hub as a platform to accommodate young Indonesians who aspire to channel their passion in fashion.

"Hopefully, the Jakarta Fashion Hub can serve as a gathering place for fashion designers and communities to innovate and support industry development," said Didiet.

Webinar "Make Your Own Fashion Labels - Proudly Made in Indonesia"

The launch of the Jakarta Fashion Hub was highlighted at the third Everything Indonesia webinar series, which was focused on the theme "Make Your Own Fashion Labels – Bangga Buatan Indonesia".

The event brought together speakers from the fashion and textile industry, such as Elis Masitoh, Director of Textiles, Leather and Footwear Industry, Ministry of Industry; Josephine 'Obin' Kumara, founder of BIN House; Didiet Maulana, owner of IKAT Indonesia; Dana Maulana, co-founder of Danjyo Hiyoji; and Melinda Babyana, CEO of The Bespoke Fashion Consultant.

According to the Industry Ministry, Indonesia still needs to improve their national branding for them to take over the domestic market.

"We need to work together to promote local brands and convince the public that local brands are not less superior than foreign brands. We need to create a common understanding that Indonesian brands are as good as foreign brands. The government has formulated an integrated action plan for the development of the fashion industry, from encouraging brand creation, improving product quality, promotion and marketing, market access expansion, and skills and knowledge improvement for the human resources," said Elis Masitoh.

BIN House Founder Josephine 'Obin' Kumara said that innovation is the key to building a sustainable label. "Creating a brand is about creating a product that lasts, providing jobs for many, being proud of your own creations, and always creating something new by making breakthroughs and doing trials."

Designers can visit JFH at the seventh floor on Jalan Teluk Betung No. 33, Central Jakarta. The fashion platform follows strict health protocol guidelines such as ensuring that all visitors maintain a safe distance.

Registration is free of charge until the end of the year.

Source: jakartaglobe.id– Aug 21, 2020

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Pakistan: Weekly Cotton Review: Bullish trend witnessed in local market

Under the influence of increasing trends in the rate of cotton internationally the rate of cotton increased by Rs 150 per maund in the local cotton market. Fear of damage to cotton crop due to rains. It is hinted that exports of textile products may increase. Punjab Agriculture Minister Malik Noman Ahmad Langrial announces introduction of new varieties of seeds to increase cotton production.

Bullish trend was witnessed in the local cotton market during the last week due to the increase in buying of cotton as compared to supply of Phutti. The main reason of increase in the price of cotton is increasing trend in the prices of cotton internationally.

As a result of the increase in the Rate of Promise (Waday Ka Bhao) of New York Cotton an international firm increased it's buying due to which the rate of cotton increased in the local market. This international firm is continuously involved in buying and up till now this firm has purchased one lac bales of cotton.

The textile and spinning sectors are also buying cotton at higher prices for their needs due to rising cotton prices. On the other hand the increasing trends in the prices of cotton were witnessed due to imitated supply of Phutti because of rains. Rains have increased the likelihood of damage to the cotton crop. The sowing was already poor as compared to the expectations because of low quality seeds. Thus, it is becoming difficult to estimate cotton production.

Punjab government is claiming that 75 lac bales will be produced in the province while if 30 lac to 35 lac bales will be produced in Sindh then it is estimated that one crore 10 lac (11,000,000) bales will be produced in the country. However, according to the estimates of the private experts the cotton production will be around 87 lac bales.

The rate of cotton in Sindh is in between Rs 8275 to 8400 per maund while the rate of Phutti is in between is Rs 3600 to Rs 3900 per 40 Kg. The rate of cotton in Punjab is in between Rs 8650 to Rs 8750 while the rate of Phutti is in between Rs 3700 to Rs 4100 per 40 kg. The rate of Banola is in between Rs 1650 to Rs 1800 per maund. The rate of cotton in Balochistan is in between Rs 8350 to Rs 8450 per maund while the rate of Phutti is in between Rs 4000 to Rs 4100 per 40 kg.

The Spot Rate Committee of the Karachi Cotton Association has released the Spot Rate by Rs 150 per maund and closed it at Rs 8500 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that over all bullish trends was witnessed in international cotton market especially bullish trend was witnessed in the Rate of Promise (Waday Ka Bhao) of New York Cotton which was increased by 64 American cents. The reason behind increasing prices is uncertainty regarding production of cotton in Texas which is the biggest cotton producing state of America. On the other hand according to the weekly USDA report China is the biggest importer, while during the week exports of cotton increased by 51 percent.

The rate of cotton remained stable in Brazil, China and Argentina. Overall increasing trend was witnessed in the rate of cotton in India. It is expected that besides other crops the production of cotton will increase as a result of sufficient rains in Indian province of Gujrat which is the biggest producer of cotton in India. On the other hand Cotton Corporation of India is selling cotton from the stock to the local mills as well as Bangladeshi mills due to which there is uncertainty among the local Indian ginners.

Moreover, there are reports of an increase in demand for textile products internationally. The rate and demand of cotton yarn is increasing however, difficulties were faced in payments. The government is giving concessions to the exporters however there is uncertainty among the exporters especially textile sector regarding Supreme Court's decision on GIDC.

Punjab Agriculture Department (PAD) will soon submit new cotton varieties to the Punjab Seed Council (PSC) for approval; developed by the private and public agriculture sector scientists, having resistance against pink bollworm and white fly and potential to increase the production and reducing input cost by 40 percent. This was disclosed at a meeting of the stakeholders of research and development in cotton's latest technology held at the Agriculture House on Friday with Minister Agriculture Punjab Malik Noman Ahmad Langrial in the chair.

The meeting discussed the research being carried out by the private and public sector organizations and observed that achieving latest technology is necessary to support the cotton crop in Pakistan. The Minister expressed his happiness that researchers are getting extra-ordinary success in cotton crop. He said that new varieties of cotton will soon be available to farmers after completing all the formalities and analysis of data. Director General Agriculture (Extension) Dr. Anjum Ali Buttar, DG (Research) Dr. Abid Mahmood, Director Cotton Research Institute Multan Dr. Sagheer Ahmad, and other officials were also present on this occasion.

Companies on this occasion briefed the meeting about some new varieties having resistance against diseases, especially pink bollworm and white fly. The Minister stressed upon the researchers to come up with new seed which could face the wrath of climate change as old cotton seeds are unable to face the changes. He hoped that new seed will see less attack by pests thus reducing the input cost.

Source: brecorder.com– Aug 24, 2020

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NATIONAL NEWS

New export scheme: Cost to far exceed Niti Aayog's estimate of Rs 10,000 crore/yr, says GK Pillai

The outlay for a key scheme, under which exporters will be reimbursed for all embedded taxes paid on inputs consumed in outbound shipments, could be "much higher" than the Niti Aayog's much-curtailed estimate of Rs 10,000 crore a year, GK Pillai, former commerce and home secretary, who now heads a panel to fix the refund rates, told FE.

Although Pillai refrained from offering a precise estimate of the allocation under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, he said the committee's intention is not to leave out any event that causes tax content in exports. All the imposts that are not subsumed by the goods and services tax (GST) will be built into the RoDTEP rates, in a potential relief for exporters battered by the pandemic.

The government had envisaged an annual allocation of about Rs 50,000 crore under the RoDTEP scheme to make exports zero-rated. This new scheme is to replace the extant Merchandise Export from India Scheme – under which exporters were granted benefits worth about Rs 45,000 crore in FY20 – from January 2021.

But the latest Niti proposal had stoked fears of a massive reduction in either the coverage of sectors or the reimbursement rates under the RoDTEP scheme and cast a shadow over an export recovery following the Covid-19 outbreak. While the government is yet to endorse the Niti suggestion, the resource-strapped revenue department has capped the MEIS outlay at just Rs 9,000 crore for the April-December period of FY21, forcing the commerce ministry to block an online module for exporters to apply for such incentives for close to a month now.

The levies that will be considered while fixing the RoDTEP rates include state VAT/ central excise duty on fuel used in transportation, captive power and farming; mandi tax; electricity duty; stamp duty on export documents and purchases from unregistered dealers; embedded central GST and compensation cess; tax paid on transportation; cesses and royalties in case of minerals like coal and iron ore. Such imposts typically inflate exporters'costs and contribute to Indian products losing competitive edge in the global market.

Merchandise exports have been contracting since March. They witnessed a record 60% crash, year-on-year, in April, although the contraction narrowed to 37% in May, 12% in June and 10% in July, as lockdown curbs were lifted substantially from June. But any sharp reversal in the benefit structure, especially in times of a demand compression in the key US and Europen markets, will potentially jeopadise the export recovery, exporters have already warned.

The Pillai committee was formed on July 30 to suggest the RoDTEP rates, among others, and submit a report in three months. A supplementary report, if required, may be submitted two months after that, keeping in view "any issues that may arise".

An earlier committee under Pillai had undertaken a similar, comprehensive exercise in textiles and readymade garments (under chapters 62 and 63 of the harmonised system code).

Taxes up to the local level, and including central and state-level taxes, were estimated. For instance, cotton being a principal input in the textile value chain, the panel had to compute the tax incidence in textiles and garments due to the tax on fertilisers used by cotton farmers. So, the exercise is an elaborate and meticulous one, he said.

The duty drawback division of the finance ministry is assisting the committee in the exercise, Pillai said. Efforts are on to submit the report within the deadline for the specified tariff lines, the former secretary said. But he conceded that a thorough process, covering all items (at the six-or-eight-digit HS code levels) may take even 1-2 years.

The Centre had in 2016 decided to reimburse all embedded state levies paid by garment exporters. Later, the scope of the scheme was expanded to include central levies in it. With RoDTEP, the government will cover all other products.

Since tax rates keep on changing, the RoDTEP rates may need annual adjustments.

Source: financialexpress.com– Aug 24, 2020

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Govt frames norms for enforcement of 'rules of origin' for imports under FTAs

The government has come out with norms for the enforcement of 'rules of origin' provisions for allowing preferential rate of customs duties on products imported under free trade agreements. The new norms have been framed with a view to checking inbound shipments of low quality products and dumping of goods by a third country routed through an FTA partner country.

The Department of Revenue has notified the 'Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020' which would "come into force on September 21, 2020". These rules "shall apply to import of goods into India where the importer makes a claim of preferential rate of duty in terms of a trade agreement," it said.

The "rules of origin" provision prescribes for the minimal processing that should happen in the FTA country so that the final manufactured product may be called originating goods in that country. Under this provision, a country that has inked an FTA with India cannot dump goods from some third country in the Indian market by just putting a label on it. It has to undertake a prescribed value addition in that product to export to India. Rules of origin norms help contain dumping of goods.

India has inked FTAs with several countries, including Japan, South Korea, Singapore, and ASEAN members. Under such agreements, two trading partners significantly reduce or eliminate import/customs duties on the maximum number of goods traded between them.

According to the notification, to claim preferential rate of duty under a trade agreement, the importer or his agent, at the time of filing bill of entry, has to make a declaration in the bill that the imported products qualify as originating goods for preferential rate of duty under that agreement; and produce certificate of origin.

The claim of preferential rate of duty may be denied by the proper officer without verification if the certificate of origin is incomplete or has any alteration not authenticated by the issuing authority or the certificate is produced after its validity period has expired, it said.

The importer, it said, also has to possess all relevant information related to country of origin criteria, including the regional value content and submit the same to the proper officer on request.

It also said that an officer may, during the course of customs clearance or thereafter, request for verification of certificate of origin from verification authority where there is a doubt regarding genuineness or authenticity of the certificate for reasons such as mismatch of signatures or seal when compared with specimens of seals and signatures received from the exporting country.

Finance Minister Nirmala Sitharaman in her Budget speech had stated that the government would review 'rules of origin' requirements, particularly for certain sensitive items, "so as to ensure that FTAs are aligned to the conscious direction of our policy".

She had also said that it has been observed that imports under FTAs are on the rise and undue claims of FTA benefits have posed threat to the domestic industry and such imports require stringent checks.

Source: financialexpress.com– Aug 24, 2020

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Textile Ministry to commission study on GST rates, inverted duty structure

Consultants to be asked to take into account industry woes, suggest changes in existing rates if needed

The Textiles Ministry is planning to commission a study to analyse whether the Goods and Services Tax (GST) on textiles and apparels was creating an inverted duty structure hurting domestic production and if some changes were required.

"There have been complaints from the industry about GST rates for synthetic fibres giving rise to an inverted duty structure that made imports cheaper than domestic manufacture. The government has thus decided to appoint consultants to assess GST on the entire value chain of textile including peripheral activities," a government official told BusinessLine.

At present, synthetic fibre is taxed at 18 per cent, yarn at 12 per cent and final output including garments at 5 per cent, which creates an inverted tax structure where rate on inputs is higher than that on output.

"The inverted duty structure is creating unfair competition between imports and domestic players and also hurts exporters. The government needs to do something soon to keep the industry from sinking as there is already a liquidity crunch in the market and the blockage of capital due to the inverted duty structure is leading to huge losses," pointed out Sanjay Jain, former Chairman, Confederation of Indian Textiles Industries (CITI).

Task cut out

The consultants would be asked to map various GST rates on products covering entire value chain, understand existing incentives under GST and Customs and gather industry representations and demands made till date, as per the Request for Proposal (RFP) circulated by the Ministry of Textiles. They would also have to study such taxes of other countries where in some cases some products are clubbed together while some others are exempted for making finished product competitive.

The consultants would also be required to make suggestions with respect to changes in existing rates, suggest new rates, find out if the taxes have affected the prices and thereby affected affordability for the buyer.

Recommendations regarding any change to the present tax and duty structure (including fiber neutrality), with proper justifications, that can be extended within the ambit of international norms and laws such as WTO have to be made, the RFP stated.

Inverted duty structure

Explaining how the inverted duty structure hurt domestic players, Jain explained that if people imported fabric, they only paid 5 per cent GST on it but if the same fabric is manufactured domestically, yarn has to be bought by paying 12 per cent and when fabric is made and sold, the GST is 5 per cent. So, the difference of 7 per cent is what pinches the domestic manufacturers.

Even for exports, if a manufacturer buys yarn at a GST of 12 per cent and sells garments at 5 per cent GST, then the refund is only of the 5 per cent, Jain said.

One can get refund of the inverted duty amount but it is a difficult process and the rules are such that they don't allow refund of GST paid on services including job-work, he added.

Source: thehindubusinessline.com– Aug 23, 2020

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Cotton prices rise 5% in the past week as demand rises

Domestic cotton prices have increased about 5% in the past one week and may remain firm as buying by spinning mills and overseas firms has picked up, traders said.

"The domestic demand of cotton has seen an increase with most of the spinning mills now running at 80% capacity. We anticipate the domestic yarn demand to see an improvement with the festive season approaching. Also, there is a big participation by MNCs to procure cotton which has further escalated the prices," said Mahesh Sharda, president, Indian Cotton Association.

Since the Cotton Corporation of India (CCI) started auctioning cotton about a month ago it has been able to sell almost 50 lakh bales of 170 kg each and the prices have risen from Rs 36,500 to Rs 38,000 per candy of 356 kg. This has led to an increase in domestic prices by 5%, said Sharda.

Overseas firms such as Louis Dreyfus, Olam, Cargill and Glencore are bidding for the Cotton Corporation of India (CCI) stock, said Anand Popat, a cotton commission agent at Rajkot mandi. "There is demand by most spinning mills which are holding two to three-week stock and prices have increased by 5% in the past one week to RS 37,000 per candy," he said.

Firm global prices, lack of cotton in open market and weather risk were also attributing to the increase in prices in the domestic market, said Prerana Desai, head of research at Edelweiss Rural and Corporate Services Ltd. "We can expect prices to remain firm till the new crop arrives at the end of September," she said.

Garment manufacturers Sanjay K Jain, MD of New Delhi based TT Limited, said this sudden spurt in cotton prices by 6% in just a few days has taken the industry by surprise.

"We have all time high cotton stock, international prices are stable, demand for end products is still muted but still such a sudden jump seems to be due to cornering of cotton by selected few in the end season," he said.

Source: economictimes.com– Aug 23, 2020

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India's export uptick led by East Asian economies; China leads with 78% growth: Report

While India focuses on reducing its import-dependence on China, it may be the main export destination for now as exports to other major economies like the United States lag as they struggle to contain the pandemic.

Exports to China, which flattened the Covid-19 curve, grew 78% year-on-year in June. In contrast, exports declined to western economies like the US, Brazil and the UK, which struggle to contain the infection, according to a CRISIL report on Friday.

India's exports have shown a massive improvement sequentially, as the yearly contraction narrowed to -10.2% in July from a severe -60.2% in April, it said. "The reason is a sharp rise in exports to economies which have been able to control the pandemic," CRISIL said.

Where exports to China grew the most, those to other east Asian economies which had success in controlling the rise in cases, also grew substantially. These included Malaysia (76%), Vietnam (43%) and Singapore (37%). Put together, they make up 16% of India's export basket, the report said.

This explained why exports to certain economies were looking up even as overall exports were still declining, albeit at a slower pace. "The inference? Export prospects for this fiscal will pivot on the trajectory of the Pandemic across countries," CRISIL said.

China entered and controlled the pandemic much quicker than other economies. Its Covid-19 curve peaked in February after which activity resumed in the economy. The result was that China reported a 3.2% growth in the April-June quarter this year compared to the US, which saw its deepest quarterly plunge in history at -32.9% for the same period.

While exports to the US declined 11.2% in June over the year, the figure was a sharp -33.8% for the UK and -6.3% for Brazil. As of Friday, the US recorded 5.75 million Covid-19 cases while Brazil and the UK had 3.5 million and 0.32 million cases respectively.

As economies grappled with containing the pandemic, some were seeing a second wave, and a vaccine was still some time away, the report said.

"So there's no telling if this pickup in exports will last or not – but we could read the cues from closely watching the domestic and global spread of the pandemic in coming months," it said.

Source: economictimes.com– Aug 21, 2020

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Conclusion of US-India trade talks to be phase 1 of bilateral trade deal: Ambassador Sandhu

Indian Ambassador to the US Taranjit Singh Sandhu on Thursday made a strong case for conclusion of the ongoing trade negotiations which would become the first phase of a comprehensive bilateral trade agreement between the two nations.

Bilateral trade between India and the US, which touched USD 150 billion last year, has dropped 25 per cent in the first half of this year, he said at webinar organised by industry body Ficci.

Sandhu observed that India's bilateral trade has been growing at the rate of 10 per cent on a year-to-year basis, reaching USD 150 billion in 2019.

"Our bilateral trade has not been immune to COVID-19 as total trade between the two countries has reduced by nearly 25 per cent in the first half of 2020 as compared to 2019," he said. The US is today India's biggest trading partner, but the real potential of the trade relationship is yet to be reached, he added.

The Indian Ambassador to the US said the "first step in realising this potential is to conclude the ongoing trade negotiations which would become the phase 1 of a comprehensive bilateral trade agreement."

Such an agreement would reflect the full potential of bilateral and commercial relations, increasing bilateral investments and job creation in both the countries, he emphasised.

India and the US are negotiating a limited trade deal with a view to iron out differences on trade issues to boost economic ties.

India is demanding exemption from high duties imposed by the US on some steel and aluminium products, resumption of export benefits to certain domestic items under the Generalized System of Preferences (GSP), and greater market access for its products from sectors such as agriculture, automobile, automobile components and engineering.

On the other hand, the US wants greater market access for its farm and manufacturing products, dairy items and medical devices, apart from cut in import duties on some information and communication technology products. The US has also raised concerns over high trade deficit with India.

Source: financialexpress.com– Aug 21, 2020

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China buys Indian goods at full force amid India's 'Boycott China' movement; exports to dragon rise 78%

Even as India boycotts China on various fronts after the face-off between soldiers at the Galwan valley, the dragon is buying Indian goods at full force. India's exports to China rose 78 per cent on-year in June 2020, said a Crisil report. From a contraction of 60.2 per cent on-year in April, exports from India improved to a contraction of 10.2 per cent in July.

The reason is a sharp rise in exports to economies that have been able to control the coronavirus pandemic. Apart from China, the exports surged in other east Asian economies too, which constitute nearly 16 per cent of Indian export basket.

These include Malaysia (76 per cent), Vietnam (43 per cent), and Singapore (37 per cent). Most of these economies had flattened the Covid-19 curve in this period. On the other hand, the exports declined to western economies such as the United States, Brazil, and United Kingdom, on the back of high coronavirus cases.

The report suggested that the exports will rise to countries that have controlled their caseload and restarted activity and China is a case in point. It highlighted that China entered and controlled the pandemic much earlier than other economies as its cases peaked in February, post which economic activities resumed. While most of the economies are slipping into a recession, China's GDP grew 3.2 per cent on-year in the April-June quarter.

Meanwhile, industrial commodities such as iron and steel, ores, and organic chemicals were the key drivers behind the double-digit growth of India's exports to China. However, India's imports from China have fallen due to weaker domestic demand and import restrictions.

This sharp rise in exports relative to imports has significantly brought down the trade deficit with China as well. The polarised growth in exports have also indicated the severity of the coronavirus cases on the country's overall economy.

Source: financialexpress.com– Aug 21, 2020

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India, Laos to discuss raising bilateral trade as MEA pushes for diversity in markets

With Covid-19 forcing countries to re-align supply chains, New Delhi looks for fresh opportunities

The Ministry of External Affairs is keen on focussing on all markets, however small, to help Indian exporters look for opportunities amidst global restructuring of supply chains due to the Covid-19 pandemic and the spotlight this week will be on Lao PDR — one of the smallest nations within the ten-member ASEAN.

Indian exporters and their counterparts from Laos will discuss opportunities for increasing trade and investment between the two countries at a video conference organised by the Indian Embassy in Lao PDR, in association with exporters' body FIEO, this week, an official told BusinessLine.

Building on potential

The MEA has started the exercise of roping in its consulates world over to help push India's exports wherever possible with the objective of not only increasing but diversifying trade.

"India and Laos have shared friendly relations for the past many decades and have been reliable trade partners. However, India's share in Laos' imports is still very small and much below China's. There is a lot of potential for increase and the effort of the government will be to build on the existing potential," the official said.

India's total trade with Laos reached $28.18 million in 2019-20 out of which exports were worth $ 25 million. The country's export to Laos was small compared to China's exports worth $1.7 billion.

"Due to the pandemic and the strained relations between China and many of its trading partners, a shift in supply chains is likely to happen. This is the right time for Indian exporters to push in markets where their presence is low," the official said.

CLMV corridor

Electrical machinery and equipment, pharmaceuticals, vehicles, ceramics and organic chemicals are a few of the main products exported from India to Lao PDR.

The objective of the video conference is to understand the present status of economic situation in Lao PDR in view of Covid-19 and formulate roadmap/strategies that need to be followed to enhance India's share in Lao PDR imports, according to FIEO.

Senior officials from Lao National Chamber of Commerce and Industry (LNCCI) and the Ministry of Commerce have been invited to join the session, the official said.

Laos is not only important for India in terms of being a market for goods, but also for investments. In fact, the Cambodia, Laos, Myanmar, and Vietnam (CLMV) corridor is one of the fastest-growing sub-regions within the ASEAN and India also has plans to promote investments in the four countries which could serve as a gateway for it to the rest of South Asia.

Source: thehindubusinessline.com– Aug 21, 2020

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Drop in demand, supply disruptions hit MSMEs

Most of India's economic enterprises might have resumed functioning after the country began to lift the nation-wise lockdown from June but are still far from achieving pre-pandemic levels of activity.

Only one in four of India's Micro, Small and Medium Enterprises (MSMEs), which produce almost 30% of the country's GDP and employ almost one fourth of the work force, were using even half of their installed capacity on August 1.

While things are improving compared to how they were in June, immediately after the national lock down was lifted; the nature of economic challenge is undergoing a transformation from liquidity related problems to falling demand and disruptions in supply chains and logistics.

The government's key post-pandemic scheme for the MSMEs, the Emergency Credit Line Guarantee Scheme (ECLGS), has been used by just around 6% of MSMEs up to August 6.

These facts were presented by the MSME ministry to the home ministry on August 19. HT has seen a copy of the presentation.

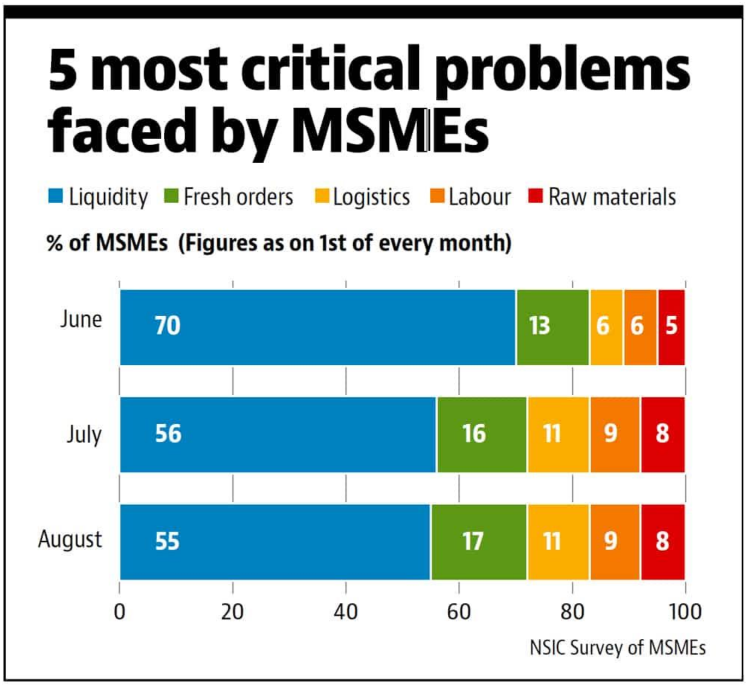
An online survey of around 6000 MSMEs -- according to a National Statistical Office (NSO) report there were more than 63 million MSMEs in India in 2015-16 -- conducted by the National Small Industries Corporation (NSIC) in June, July and August shows that the unlock process is almost complete.

Only 9% MSMEs had not opened up for business as on August 1. However, capacity utilisation levels -- current production as share of potential production – continues to be very low. Only 26% of the respondents reported 50% or higher capacity utilisation levels on August 1.

To be sure, this number was just 18% on June 1. The latest Industrial Outlook Survey conducted by the Reserve Bank of India shows that net assessment on current capacity utilisation levels fell to its lowest value since April-June 2000 in the April-June quarter this year.

The survey also shows that liquidity related problems, although they continue to affect a majority of firms, are being replaced by other issues -- lack of demand, supply chain disruptions and logistical challenges.

The share of firms which reported liquidity among the five most critical problems was 70% in June; it has come down to 55% in August. Share of firms reporting raw materials, labour, fresh orders and logistics etc as their critical problems has increased. (See Chart 1)



The government's key post-pandemic scheme for the MSMEs, the Emergency Credit Line Guarantee Scheme (ECLGS) was primarily aimed at addressing the liquidity crunch facing MSMEs. According to the presentation, loans worth ~1.4 lakh crore for 3.9 million accounts had been sanctioned under the ECLGS up to August 6. Of these, ~95,760.7 has already been disbursed to 2.2 million account holders. The average sanctioned loan per account comes out to ~3.5 lakh.

To be sure, actual disbursements under the scheme could vary drastically, as companies with turnover up to ~250 crore have been included under the MSME category from July onwards.

The government had issued an advisory to all its departments to expedite pending dues of MSMEs. The data given in the presentation shows that the share of pending dues at the end of the month in total dues by close of the month has not changed much between April and June. It continues to hover above 20%.

The government and RBI have announced a host of other measures; including one-time restructuring of stressed loans of MSMEs up to this fiscal year, ~20,000 crore subordinate debt for MSMEs, ~50,000 crore fund for equity infusion into MSMEs and banning global tenders up to ~200 crore to benefit MSMEs, the presentation said.

Source: hindustantimes.com– Aug 23, 2020

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India's spinning capacity utilization reaches peak levels: Survey

A recent survey reveals India's spinning capacity utilization is fast reaching peak levels. The survey covering 24 spinning mills, with total installed capacity of 79.63 million spindles says overall capacity utilization reached 74 per cent on July 23, and 84 per cent on August 13.

Vardhman Textiles had a capacity utilization of 44 per cent on May 11, which increased to 69 per cent by May-end, 93-98 per cent in July, and 94-99 per cent by August 13.

Capacity utilization by the Trident Group increased to 98 per cent on August 13 from 24 per cent on May 11. Nahar Spinning reported spindle capacity utilization at 54 per cent on May 11 which increased to 86 per cent on May 31, 90 per cent in July, and 95-98 per cent by mid-August.

RSWM's capacity utilization increased from 26 per cent in mid-May to 75 per cent by mid-August. Aarti International's capacity utilization went up from 86 per cent in mid-May to 95 per cent in mid-August.

Clusterwise, South Zone including Karnataka and Tamil Nadu account for 27.64 million spindles. North Zone including Punjab, Himachal Pradesh, Delhi, Haryana has 3.80 million spindles and it capacity utilization increased to 65 per cent by August 13. Capacity utilization in the Gujarat cluster including Ahmedabad and Surat increased to 75 per cent in mid-August.

According to the survey, recovery in the organized sector has been better and faster. With 6.77 million spindles, the capacity utilization in the organized sector had gone down to 44 per cent in mid-May. However it moved up to 59 per cent by the end of May, to 70 per cent in June, 74 per cent in July, and 84 per cent by mid-August.

Capacity utilization in the unorganized sector also increased from 25 per cent in May to 58 per cent by mid-August.

Source: fashionatingworld.com– Aug 21, 2020

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GST registration after physical verification of biz place if Aadhaar not authenticated: CBIC

Businesses registering under GST can opt for Aadhaar authentication, in absence of which registration would be granted only after physical verification of the place of business.

In a notification, the Central Board of Indirect Taxes and Customs (CBIC) said when an applicant for GST registration opts for authentication of Aadhaar number, he shall, with effect from Friday (August 21), undertake the said authentication while submitting an application.

"Where a person... fails to undergo authentication of Aadhaar number or does not opt for authentication of Aadhaar number, the registration shall be granted only after physical verification of the place of business in the presence of the said person," the notification added.

PwC India Partner National Leader (Indirect Tax) Pratik Jain said a taxpayer registering under GST can opt for Aadhaar authentication, in which case registration is deemed to be granted within 3 days without physical inspection of the premises.

He added that in other cases, the time period could be up to 21 days and authorities can undertake physical verification of place of business or detailed review of documents as necessary.

"With linkage of Aadhaar with GST and PAN (permanent account number), there would be a centralised data base available with the government which will facilitate data analytics and help in checking tax evasion," Jain said.

AMRG & Associates Senior Partner Rajat Mohan said authentication of Aadhaar number would be a norm for GST registration in absence of which registration would be granted only after physical verification of the place of business.

"Rigorous pre-registration verifications procedures would help arrest the rampant tax evasion by way of limiting the number of new fake entities," Mohan added.

EY Tax Partner Abhishek Jain said this would provide "alternate options for revenue authorities to verify GST registration applications during the pandemic, specifically for scenarios where a mandatory physical verification of the premises was difficult in the current times".

Source: financialexpress.com– Aug 21, 2020

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Forex reserves down by $2.94 billion to $535.25 billion

After rising for the past few weeks, the country's foreign exchange reserves declined by USD 2.939 billion to USD 535.252 billion for the week ended August 14, RBI data showed on Friday.

In the previous week ended August 7, the reserves had increased by USD 3.623 billion to reach a record high of USD 538.191 billion.

The foreign exchange kitty had crossed the half-a-trillion mark for the first time in the week ended June 5, 2020, after it had swelled by USD 8.223 billion to stand at USD 501.703 billion.

In the week ended August 14, the reserves declined due to a fall in foreign currency assets (FCA), a major component of the overall reserves.

FCA dropped by USD 743 million to USD 491.550 billion in the reporting week, the central bank data showed.

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

The gold reserves slumped USD 2.19 billion in the reporting week to USD 37.595 billion, as per the RBI data.

The special drawing rights with the International Monetary Fund (IMF) declined by USD 2 million to USD 1.479 billion.

The country's reserve position with the IMF also dipped by USD 4 million to USD 4.628 billion during the reporting week.

Source: financialexpress.com– Aug 21, 2020

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India, Bangladesh to monitor bilateral projects

India and Bangladesh will set up a new mechanism to regularly review the progress of bilateral development projects, with five such ventures, including an oil pipeline and three cross-border rail links, set to be completed in 2021, the Hindustan Times reports.

The setting up of the high-level monitoring mechanism to review ongoing projects was discussed during foreign secretary Harsh Shringla's meeting with Bangladesh Prime Minister Sheikh Hasina in Dhaka on Tuesday, external affairs ministry spokesperson Anurag Srivastava said.

People familiar with developments said the monitoring mechanism will be jointly chaired by the Indian envoy in Dhaka and the Bangladesh foreign secretary. It will be on the lines of a similar mechanism India has created with Nepal, the people said on condition of anonymity.

India's developmental assistance for Bangladesh and connectivity and power projects were discussed during the meeting between Hasina and Shringla, who made an unannounced two-day visit to take forward the bilateral relationship. Shringla also delivered a message from Prime Minister Narendra Modi to Hasina.

"Several of these projects, including the Rampal Maitree power plant, India-Bangladesh Friendship Pipeline, and rail links between Akhaura-Agartala and Chilahati-Haldibari and Khulna-Mongla rail line are expected to be completed next year," said Srivastava.

India also proposed that the next meeting of the Joint Consultative Commission at the level of the foreign ministers should be convened shortly to review the entire gamut of bilateral ties and the development projects, he said.

India's proposal to launch a travel air bubble between the two countries with limited flights for official, business and medical travellers was appreciated by the Bangladesh side, Srivastava said.

The two sides also discussed the celebrations of the 100th birth anniversary of Mujibur Rahman in 2020 and 50 years of the liberation of Bangladesh and the establishment of diplomatic ties in 2021. India plans to issue a commemorative stamp on Rahman during Mujib Barsho and the two sides propose to hold joint events.

India has also provided Covid-19 related assistance to Bangladesh and organised capacity-building courses for Bangladeshi medical personnel following the video conference of SAARC leaders and creation of the SAARC Emergency Response Fund. Bangladesh has committed $1.5 million for the fund.

"In the last few years, India and Bangladesh have amicably resolved complex issues, including the land and maritime borders, and have taken several initiatives to boost connectivity and trade, including commencement of movement of Indian cargo from Agartala to Kolkata via Chattogram, expansion of the scope of the protocol that governs trade and transit on inland waterways, India's gifting of 10 locomotives to Bangladesh, and introduction of parcel and container train services between the two countries," Srivastava said.

Shringla's visit was useful in discussing specific initiatives in key areas of mutual interest and also reflected the priority that India accords to Bangladesh as part of its "neighbourhood first" policy, he added.

Source: maritimegateway.com– Aug 24, 2020

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India imposes anti-dumping duty on phosphoric acid from Korea

India on Friday imposed anti-dumping duty on phosphoric acid from Korea for five years with a view to guard domestic manufacturers from cheap imports. The duty was imposed after the Commerce Ministry's investigation arm Directorate General of Trade Remedies (DGTR) concluded in its probe that continued dumping of 'Phosphoric Acid of all grades and concentrations (excluding Agriculture or Fertilizer grade)' from Korea was impacting domestic industry.

"The anti-dumping duty (USD 137 per metric tonne) imposed under this notification shall be effective for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification…and shall be paid in Indian currency," the Department of Revenue said in a notification.

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Source: financialexpress.com– Aug 21, 2020

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‘Lockdown led to surge in sewing machine demand’

The COVID-19-led lockdown has forced several people to diversify into areas of work that weren’t their core focus, according to an official of Usha International.

This is one of the reasons for an increase in the sales of home sewing machines. People have taken up sewing either as an hobby or to make a living, he said.

“The global pandemic affected consumer behavior as they juggled household chores, along with office work and other commitments. Yet, they found time to pick up sewing as a creative outlet to deal with the stress, by making masks, PPE kits to home decor,” Parveen Kumarr Sahni, senior VP, Sewing Machines Business, Usha International told The Hindu.

According to him, the sewing machine industry was catered to both by organised and unorganised sectors. “But, during the pandemic, we noticed a shift towards the organised sector as customers were looking at the overall value offering and the long-term benefits. Increasingly, the DIY culture drove the sales of sewing machines in addition to lockdown-driven need for home tailoring and alterations which has surged,” he said.

While pointing out that the total size of sewing machine industry was pegged at 45 lakh units, he said straight stitch and domestic industrial sewing machines accounted for 40-42 lakh units and automatic zigzag machines for the balance. Usha International has market share of about 25% and 65% respectively in these categories.

“The demand for sewing machines has grown exponentially and is currently exceeding supply. The black sewing machines used by your grandma and by tailors are in demand and it accounts for nearly 80% of total sales. We, still continue to make them,” he said.

Mr. Sahni expects the sewing machine market to double in the next five years. “The pandemic and the subsequent lockdown did impact us, as it did everyone else. But, things are looking up with the demand for many new products such as masks and PPE kits. We also saw a surge in the DIY and hobby categories that led to a huge demand for household sewing machines,” he said.

Asserting that maximum sales came from south followed by west and north, he said that they were constantly focusing on developing new markets and strengthening the existing ones with innovative products to fulfil the changing needs and demands of consumers by using advanced technologies.

Source: thehindu.com– Aug 21, 2020

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Centre eases norms to offer 50% of pay for three months as unemployment allowance

The Centre on Thursday eased norms to offer 50% of salary for three months as unemployment allowance to lakhs of workers who are members of the Employees State Insurance Corporation and lost their jobs due to the coronavirus pandemic.

The move comes as a major relief for industrial workers, who have lost jobs or are on the verge of losing jobs due to the impact of the pandemic and the lockdown, which had stalled economic activity. There have been demands from several sections to provide wage relief to workers hit hard by the pandemic. In fact, at least two months ago, the finance ministry and Niti Aayog had demanded that the rules be eased.

The employees will be eligible to claim the allowance for three months (90 days) during the period from start of lockdown on March 24 to December 31. They should have been part of the ESI scheme for two years during the period from April 1, 2018, to March 31, 2020, and should have contributed at least for 78 days during the period from October 1, 2019, to March 31, 2020 and also in one of the other three six monthly contribution periods from April 1, 2018.

V Radhakrishnan, member of the ESIC board and national executive member of Bharatiya Mazdoor Sangh, said the move will benefit around 30-35 lakh workers and provide relief to those who have lost jobs.

The liberalised scheme has been introduced by modifying the Atal Bimit Vyakti Kalyan Yojana scheme. The ESIC scheme covers workers earning up to a specified limit and also entitles them to unemployment allowance.

Under the scheme, relief to the extent of 25% of the average per day earning during the previous four contribution period is paid up to a maximum 90 days of unemployment once in a lifetime subject to certain conditions. This has now been raised to 50%.

The conditions stipulate that the insured person should have been rendered unemployed during the period relief is claimed. He or she should have been in insurable employment for a minimum period of two years immediately before his/her unemployment.

It also says that the insured person should have contributed for at least 78 days during each of preceding four contribution periods. Sources said the earlier condition was the claim had to be submitted through the employers but now conditions have been eased to allow workers to approach the ESIC office to get the claim.

Instead of the relief becoming payable 90 days after unemployment, it shall become due for payment after 30 days.

The ESIC has decided to extend the scheme for one more year up to June 30, 2021. The decisions were taken at a meeting of the ESIC headed by minister of state for labour Santosh Gangwar. The meeting also decided to set up ICU and HDU services at 10% of total beds in ESIC hospitals, a government statement said.

Source: economictimes.com– Aug 21, 2020

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Tirupur Exporters Association thanks govt for ESIC's decision on wages

Tirupur Exporters Association (TEA) on Friday thanked the Centre for the ESIC (Employees State Insurance Corporation) decision to pay 50 per cent of the average wages of the employees for a maximum of 90 days of unemployment due to the pandemic.

The decision would be helpful to the workers as it can also help in overcoming their difficulties during the period of unemployment, TEA president Raja M Shanmugham said in a press release here.

In the first four months of this financial year, knitwear exports from Tirupur clocked Rs 4,325 crore and TEA was hopeful of an improvement in the exports in the coming months, the release quoted Shanmugham of saying.

Once the situation improves, units would resume providing jobs to the workers from other districts of Tamil Nadu and also migrant workers from northern states, he said.

The TEA president has sent a letter of thanks to Prime Minister, Union Minister of State for Labour and Employment, ESIC chairman, Labour Secretary, Union Textile Minister, and textile secretary, the release said.

Source: business-standard.com– Aug 21, 2020

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