TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 208 of 2020 September 24, 2020

US 73.83| EUR 85.79| GBP 93.86| JPY 0.70

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	How the Events of 2020 Have Impacted the Cotton Textiles Sector
2	Heimtextil 2021 To Be Moved To May
3	El Salvador Eyeing 25 Percent Apparel Export Growth Following Sharp Decline
4	Vietnam needs to develop raw materials production to take advantage of EVFTA
5	USA: How Textile Firms Can Back Up Protective Fiber Claims
6	Expo Produccion announces new 2021 dates
7	Iran exports 4,527 tonne clothing to 29 countries
8	J Crew exits UK market
9	Bangladesh: Need national logistics policy to increase competitiveness in global trade
10	Pakistan’s cotton conundrum

	NATIONAL NEWS
1	Economic contraction may lead to permanent income loss in India; GDP may shrink 5.9% in 2020: UN body
2	Cotton procurement exceeds a record 10 million bales
3	India in the process of finalising FTA with Mauritius: Piyush Goyal
4	Indian investments in Africa to increase because of unified market under AfCFTA: Goyal
5	JETRO to aid Japan, India ventures in Africa
6	National Textile Corporation not operationally profitable despite revival scheme: Smriti Irani
7	Impact of Covid-19 Pandemic on Textile Industry
8	CAG pulls up DGFT on export sops, suggests automated foolproof system for trade promotion schemes
9	Govt would act as a facilitator and support industry: SIMA
10	Textile parks to be set up outside hub Tirupur
11	UP govt earmarks 77 acre for Noida textile hub; aims Rs 900-cr investment
12	Lower House passes three labour Codes
13	CA associations urge FM to extend due date for income tax returns filing to March 31, 2021
14	Gujarat assembly passes 4 labour bills
15	Container shortage crisis spreads to India delaying exports
16	'D2C approach lets MSMEs reach consumers directly, get direct feedback unlike traditional export market'

INTERNATIONAL NEWS

How the Events of 2020 Have Impacted the Cotton Textiles Sector

The year 2020 keeps on giving, and the cotton textiles sector is not immune to multiple pressures.

With the arrival of autumn, harvest is on the horizon in the High Plains of Texas and a new cotton season begins in India on October 1.

This year started with lingering trade tensions between China and the United States – two leading producers of cotton. Tensions between the countries still continue at a bigger level, enhanced by the current pandemic.

Factors as varied as political, trade and the economy have caught up and have implications for the cotton and textile sectors in general. With mandatory lockdowns for six weeks in countries, including India, during the peak of the pandemic, industries are slowly gearing back to speed, reaching 70-80% capacity utilization.

The old adage "Consumers are King" holds true – and more importantly in these present times. With over 30 million people on some form of unemployment benefits in the United States, consumer confidence and spending will determine the near term fate of the global textile industry. With the U.S. Presidential election nearing, COVID-19 and the economy are the top primary factors among other ideological issues. These factors clearly influence the global textile and manufacturing sectors.

Cost competitiveness, good quality and value-added products are the way forward for the industry. The U.S. and Europe are still leading consumers, and the economy in these regions will determine the speedy recovery of the global textile industry.

Interestingly, the current global crisis is reshaping the global textile sector's space with more eyes on East Africa, Vietnam and Bangladesh. While China is the 600-pound gorilla, continuing trade tensions, COVID-19 impacts and the Xinjiang issue are being watched carefully by competing countries like India that want to capture market share.

Cotton exporting countries like the U.S. and Australia value China as a major player because of its buying power and need. However, attention needs to be paid to recent geopolitical conditions.

Cotton textile manufacturing giants like India are seriously expanding their product basket so that weak links such as finishing, garmenting and the synthetic fiber sector can enhance their strength against China.

Given the strength of Bangladesh in its garment sector due to relatively low cost labor and beneficial trade agreements that exist for Vietnam and Bangladesh, developing value-added products and enhancing the product basket are viable options for India.

COVID-19 has clearly highlighted the need for technical textiles that go into making Personal Protective Equipment (PPE). More importantly, lack of continued investing in this sector, even in the U.S., has exposed its vulnerability in critical lifesaving products.

From my personal efforts for over 20 years in nonwovens and advanced textiles – both in the United States and India – it is clear that the technical textiles sector has gained momentum, which has to branch out into R&D investments and new products development using cost-effective sustainable materials and processes. It also highlights the fact that developments do not come overnight and need years of efforts in terms of both intellectual and capital investments.

Again, as a person involved with the development of the Indian technical textile sector since 1999, I could visualize how the industry came together to develop PPE products in this COVID-19 situation. This did not happen overnight, but with sustained government push for this sector since the early 2000s.

Market diversification and product enhancements have to be paid serious attention – a take home message from COVID-19 for the textile sector. Indeed, a mask is the new face of the world!

Source: cottongrower.com– Sep 23, 2020

HOME

****

Heimtextil 2021 To Be Moved To May

The next Heimtextil has been postponed from January and will now be held concurrently with Techtextil and Texprocess 2021 in Frankfurt from May 4-7, 2021. This will result in exciting synergistic effects for the sector.

The current situation with respect to the corona pandemic and the associated international travel restrictions have caused Messe Frankfurt to postpone the next Heimtextil, the world's biggest trade fair for home and contract textiles, from the planned dates in January until May 4-7, 2021.

"The bulk of the international home and contract textiles sector want us to hold Heimtextil 2021. Many companies are hoping to give their businesses a boost by taking part in the fair following the restart. And we consider it a greater obligation than ever before that we play our part in this," explained Detlef Braun, member of the executive board of Messe Frankfurt. "However, the current travel restrictions and the renewed increase in the number of infections represent a big hurdle for our very international trade fair. We are in constant contact with our exhibitors and the appropriate authorities and will do everything in our power to ensure a safe and successful Heimtextil 2021."

More than 90 percent of exhibitors come to Heimtextil in Frankfurt from outside Germany. As part of the preparatory work for an international trade fair of this kind in January, it is necessary, for example, to commission stand-construction companies, ship the goods and book flights and hotels in September. Thus, in view of the current travel restrictions, holding Heimtextil 2021 in May instead of January offers greater planning certainty for all involved.

"The trend-oriented order cycles of the home and contract textiles sector require an annual event towards the beginning of the year. Techtextil and Texprocess are biennial trade fairs and are next due to be held in May 2021.

For Heimtextil, this is an opportunity to join forces with the two internationally successful textile trade fairs and present the entire textile value chain simultaneously at Frankfurt Fair and Exhibition Centre," said Olaf Schmidt, vice president, Textiles and Textile Technologies.

Additionally, holding Heimtextil concurrently with Techtextil, the leading international trade fair for technical textiles and nonwovens, and Texprocess, the leading international trade fair for processing textile and flexible materials, offers a host of exciting synergistic effects for the sector.

The close proximity to suppliers and buyers of technical textiles and nonwovens with innovative functionalities, as well as machines and the latest technologies for processing textile and flexible materials, is certain to generate interesting new perspectives for both visitors and exhibitors of Heimtextil. Indeed, the two textile fairs already aim at the home-textile sector with the ‘Hometech’ segment.

“We are confident that the situation with respect to the corona pandemic will have eased significantly by May, next year, and are looking forward to holding a successful and safe event together with our partners from the sector,” Schmidt said.

For the first time, Messe Frankfurt will provide a supplementary digital service in connection with Heimtextil 2021: Nextrade, an order and data-management portal offering new opportunities through digital 24/7 business relationships between trade-fair participants, especially against the background of the Covid-19 pandemic.

There, dealers can place their orders with suppliers around the clock and, therefore, do so independently of any official pandemic regulations applying at the time. Nextrade also offers suppliers completely new sales and distribution channels, especially internationally.

Nextrade was launched in conjunction with the Ambiente, Tendence and Nordstil consumer-goods and lifestyle trade fairs. As the first digital B2B market place for home and living, the portal brings together demand and supply from the whole sector and thus produces great value added for both sides: www.nextrade.market

Techtextil/Texprocess

At the biennial Techtextil, the leading international trade fair for the sector in Frankfurt am Main, international exhibitors present the complete spectrum of technical textiles, functional apparel textiles and textile technologies for all areas of application. Techtextil is held concurrently with Texprocess, the leading trade for the garment and textile processing industry, which is aimed primarily at manufacturers of garments, fashions, upholstered furniture and leather products.

Heimtextil will open its doors from 4 to 7 May 2021.

Source: textileworld.com– Sep 23, 2020

HOME

****

El Salvador Eyeing 25 Percent Apparel Export Growth Following Sharp Decline

El Salvador is aiming to increase apparel-sector exports 25 percent annually once the U.S. economy recovers from the Covid-19 pandemic, bolstering orders for its synthetic fabric and performance apparel.

“We have the aspiration to grow exports 25 percent by value,” said Patricia Figueroa, executive director of the main apparel trade lobby Camtex. “We exported 91 million kilograms from January to July this year, of which 60 percent was basic and 40 percent was value-added. We want to grow that latter 40 percent.”

By value-added, Figueroa refers to the synthetic fabric and performance sportswear product suite the Central American nation is increasingly becoming known for. Investments from major textile players such as Pettenati, among others, were seeing a steady rise before Covid-19 hit production this spring. According to Figueroa, those investments will likely continue with a 2021 recovery and will go to niche synthetic fabrics and blends, as well as leisurewear such as high-end yoga tops and bottoms.

Simultaneously, the country will continue to supply basic T-shirts, boxers and lingerie to the likes of Kohl’s, Target, Adidas, Puma and Costco.

On the yoga front, leading producer Texops is boosting output of its own private labels, in tandem with Varsity Pro, a U.S.-Salvadoran firm that also makes leisurewear, according to Figueroa.

Exports are set to decline 15 percent to 20 percent overall from $2.1 billion shipped in 2019, Figueroa projected. But that’s much brighter than the 43 percent plunge from January to July of this year.

As U.S. orders recover, the bulk of the nation's textile plants are back at work, she added. Industry job losses will range from 10,000 to 15,000 in 2020. At the pandemic's height in April and May, observers predicted the sector would lose 25,000 jobs that would never be recovered.

Some dark clouds are on the horizon, however.

El Salvador's President Nayib Bukele has launched a tax war against large businesses including full-package apparel maker Intratex, where a recent government raid (and financial comptroller's arrest) on tax evasion charges sent shockwaves across the region.

Intratex executives denied wrongdoing and blamed Bukele for launching a politically motivated campaign against its wealthy ownership family, Siman, which supports the opposition on the run up to next year's elections.

Around 43 textile and clothing makers are said to be on the government's radar.

Figueroa said Salvadoran maquilas comply with local and international tax law, "and none of them have told us they won't continue in El Salvador" because of the tax probe, she noted.

Source: sourcingjournal.com– Sep 23, 2020

HOME

****

Vietnam needs to develop raw materials production to take advantage of EVFTA

A shortage of raw materials remained an obstacle that needed to be removed if Vietnamese textiles and garments enterprises want to seize export opportunities in the EU under the Việt Nam-EU Free Trade Agreement (EVFTA), according to experts.

The Ministry of Industry and Trade (MoIT) said the European Union (EU) had the largest demand for textiles and garments in the world with an import value of about US$250 billion per year.

In 2019, Việt Nam`s export value to the EU reached $4.3 billion, 3.8 per cent higher than 2018. However, Việt Nam accounted for only about 2 per cent of this market which was very small compared to the demand.

The EVFTA, effective from August 2020, was expected to help Việt Nam's textile and garment industry to increase its exports to the EU by about 67 per cent by 2025 compared to the scenario without this agreement, according to the MoIT.

However, according to the commitments of the EVFTA, besides meeting strict quality criteria, to enjoy preferential tariffs local businesses must implement strict origin requirements. Specifically, the EVFTA requires rules of origin to apply from fabric onwards, meaning that exports to the EU must use fabric produced in Việt Nam or the EU. The agreement also allows firms to use fabric from countries which have FTAs with both Việt Nam and the EU.

This issue is still a weakness for the local textile and garment industry because most raw materials are imported from countries that have not signed FTAs with the EU.

Accordingly, local textile and garment producers should use local material for products that were going to be exported to the EU, but many of them were still unaware of the origin of the raw materials they were using, said Vũ Đức Giang, chairman of the Việt Nam Textile and Apparel Association. Meanwhile, new-generation FTAs such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and EVFTA had very strict regulations on materials and manufacturing processes.

Bùi Kim Thùy, a former member of Việt Nam`s negotiation delegation for FTAs and country representative on the US-ASEAN Business Council, said to solve this issue, the textile and garment industry could initially use fabrics imported from countries that had FTAs with the EU such as South Korea to enjoy the preferential tax rates of the EVFTA.

But the amount of fabric imported from South Korea was low due to distance and price. Therefore, in the long term, Việt Nam needed a comprehensive strategy to seize opportunities provided by the EU market, Thùy said.

To enter the EU, many businesses have invested in factories, technology, machinery and the implementation of technical standards for this export market.

Trần Như Tùng, a member of the Thành Công Textile and Investment Joint Stock Company (TCM)'s board of directors, said with benefits from the EVFTA, the company aimed to increase its exports to the EU by 30-50 per cent. It had also built a fabric dyeing factory to meet the demand for production.

In the long term, the company planned to open another fabric dyeing factory in the southwest region. That would help to provide enough raw materials for production, Tùng said.

Chairman of the Việt Thắng Jean Company's board of directors Phạm Văn Việt said to meet the EVFTA's origin requirements, Việt Thắng Jean had signed contracts to purchase raw materials from partners in South Korea and Turkey instead of China.

Besides these efforts from businesses, according to experts, the Government should issue a development plan for industry sectors until 2040, including textiles, garments, leather and footwear, to produce raw materials for the textile and garment sector according to the rules of origin set out in the FTAs.

At present, the MoIT is completing a development plan for the textile and garment industry until 2040 to develop large-scale textile and dyeing industrial parks with wastewater treatment systems that reach international standards to attract investors.

Giang said this plan must focus on building textile industrial zones with modern wastewater treatment to encourage investment and complete the cycle of weaving - dyeing - sewing.

That would help the domestic textile and garment industry join the global supply chain and reduce the dependence on imported materials as well as take full advantage of the EVFTA and other FTAs, he said.

The State also needed to adjust tax policies on imported goods and raw materials imported for production of export goods, creating more favourable conditions for businesses.

Trần Thanh Hải, deputy director of the MoIT's Import and Export Department, said both the Government and local businesses need to act at the same time to take full advantage of the EVFTA.

Accordingly, the Government needed to develop support industries to meet the local demand for raw materials and to increase the localisation rate so export goods met the rules of origin. Initially, Việt Nam should look at attracting investment projects in the textile and dyeing industry, especially projects that used advanced technological equipment and environmentally friendly wastewater treatment processes.

For local businesses, Hải said they needed to study the tariffs and rules of origin outlined in the EVFTA and adjust their production processes and sources of raw materials accordingly.

In recent years, the MoIT has implemented policies to develop the support industries for various sectors, including textiles and apparel. It has also opened a database on the support industry, including information about 1,400 enterprises in the textile and garment industry.

Source: pulsenews.co.kr– Sep 23, 2020

HOME

****

USA: How Textile Firms Can Back Up Protective Fiber Claims

Courtesy of the pandemic, antibacterial and antimicrobial textile treatments are on the rise—so too are the risks associated with offering garments that underperform.

With this uptick in health-related properties, material suppliers and brands need heightened traceability to prove that their products do what they say they can.

"As with any claim made by a company, consumers want the ability to verify those claims," said Carl Brasek, vice president of silicon product management at Impinj. "Today, consumer choice is heavily influenced by brand awareness, loyalty, and in some cases third-party endorsements or validation of claims.

The stakes associated with antibacterial or antimicrobial properties are going to be dependent on the intended use or end user of the product. Traceability can play a role in backing up these material features.”

According to projections from Fortune Business Insights, the antimicrobial textile market will expand at a compound annual growth rate of 5.3 percent through 2027, reaching $13.89 billion.

But as more legitimate players enter the space, this has also created an opportunity for fake or ineffective materials. A recent Applied DNA Sciences whitepaper explored the issue of fake PPE, and pointed to the imbalance of raw material volume availability to the masks being sold in the market.

Additionally, compared to other claims, the antibacterial and antimicrobial properties being touted come with heftier consequences if they are found to be false.

“Transparency, integrity and honesty plays a critical role when health becomes part of the discussion,” said Danielle Statham, director and founding owner of FibreTrace.

MeiLin Wan, vice president, textile sales at Applied DNA, noted that the responsibility for checking and doing due diligence rests on manufacturers, rather than the end consumer. According to her, transparency efforts need to go beyond “lip service” or a certificate or logo to offer a sufficient level of proof to the consumer, since shoppers are only a Google search away from uncovering how credible or unreliable a particular certification is.

“The burden is still on the brand and manufacturers to demonstrate and prove what actions they’re taking and what tools in their toolbox they’re using to prove to the consumer that they do have their act together, and that they are genuine,” Wan said.

Experts agree that traceability needs to begin during manufacturing. “Traceability should begin at the source—during manufacturing—and carry through to the final product and purchase,” said Brasek.

One opportunity is to start at the raw material stage.

Applied DNA Sciences has developed a chemical-free method that’s designed to tag materials with DNA. The company is working to streamline the process by allowing it to be done at the same time as the application of an antibacterial or antimicrobial treatment. Unlike barcodes that can be copied or forged, the molecular tag is unique. Manufacturers could tag the antimicrobial or antibacterial treatment itself, they could tag the fiber, or they could choose to identify both. As an example, a company could double up on DNA traceability if it wanted to back up the sustainability credentials of a recycled material along with an antibacterial treatment.

Wan explained that along with the physical tagging, the other half of being able to validate a claim revolves around digital record keeping. Once a DNA tag is created, the data should ideally be stored in an ERP system, a database or a blockchain platform.

Along with being able to prove the legitimacy of antimicrobial or antibacterial properties, there is also the simultaneous need to verify that these treatments are safe and environmentally friendly.

“The textile supply chain is so intricate that a brand will often not know the spinner of their yarn, let alone the source of their fiber,” said Statham. “One of the key elements missing in supply chain management solutions has been the fiber impact data, from the raw source of the farm or synthetic fiber producer. Solving these two key elements and allowing any brand big or small the ability to have true chain of custody is what drove us to deliver FibreTrace.”

FibreTrace embeds nanoparticles into natural or manmade fibers at the start of production. As the fiber goes through all stages, including dyeing and processing, the technology is designed to capture and store data on a blockchain, proving chain of custody.

“FibreTrace’s mission is to ensure every member of the textile supply chain has the ability to take direct accountability of statements and claims being made, whether this is to reduce the environmental impact of the global industry or protection through antimicrobial fabrics,” Statham said. “In doing so, the aim is to ultimately provide the consumer the opportunity to choose a transparent and sustainable supply chain to follow and purchase from.”

Another traceability technology that can follow materials through the supply chain is radio frequency identification (RFID). Impinj’s Rain RFID is attached to items to create a unique identifier, which is stored in a cloud database. The battery-free technology stays on the item through production, allowing it to be traced as production progresses. Manufacturers can choose to encrypt their database for extra security. They can then provide specific access to a third party, such as a brand or retailer.

The RFID tag can also stay on the garment at retail, allowing the product information such as fiber content to remain with the clothing through its whole lifespan. While Rain has often been used by retailers as a brand-protection tool, Brasek sees the potential to use the same process to verify the authenticity of a garment's health-related material treatment.

The cost of adding extra traceability comes down to cents. Wan estimates that per unit, DNA tagging tacks on a penny or less, holograms and watermarks hover around 3 cents and RFID adds 6 to 10 cents.

Given the premium that comes with verified products, these added cents also make sense from a business perspective.

"End consumers and retailers want both visibility into information and confidence that what the brand claims is accurate," said Brasek. "Essentially, they want what they pay for, especially when they are willing to pay more for apparel that claims to meet their need or desire."

The risks of not being able to prove provenance are high, and so are the rewards for adding in traceability.

"If they protect the claim, they protect their reputation and reduce the risk, but ultimately they're going to sell a better quality product, they're going to have trust in every part of what they do," said Wan. "And they'll have loyalty from an end consumer if they just do the right thing. Everyone is a consumer, even if you're working in the business."

Source: sourcingjournal.com– Sep 23, 2020

HOME

****

Expo Produccion announces new 2021 dates

Tarsus Mexico and Exposition Development Company, have announced new dates for sixth edition of Expo Produccion which will be held from June 15-17, 2021 instead of the originally scheduled March 2021 dates at Centro Citibanamex, Mexico City. The new dates will allow organisers, participants and industry more time to plan and prepare due to global pandemic.

The organisers are committed to providing a safe, sanitary and professional event while maintaining the quality that defines Expo Produccion.

The power of being face-to-face is essential for developing successful and strategic business relationships and the organizers are prioritising the well-being of all participants that will attend the event.

Expo Produccion has become a leading international exhibition and conference which includes textile engineering, production management, design and marketing, as well as the development of new products, technologies and research of the production chain of the clothing, textile and fashion industries, home textiles and technical textiles directed to all Mexico and Central America professionals within these industries.

This biennial show will present its 6th edition at Centro Citibanamex, in Mexico City, facilitating a bigger event that will allow exhibitors to showcase their latest machinery, equipment, technology, parts, products, and supplies for the apparel, home and technical textiles industries. The exhibition is highlighted with a comprehensive conference program facilitated by leading experts in the industry.

Tarsus Mexico and Exposition Development Company, has also thanked all the exhibitors, speakers, associations, authorities, educational institutions, attendees, and media who continue to support Expo Produccion and recognise the value this world-class event provides to the Mexican and the Central American textile industry.

Source: fibre2fashion.com– Sep 23, 2020

HOME

****

Iran exports 4,527 tonne clothing to 29 countries

In the first five months of the current Iranian year (March 20-September 21), Iran exported 4,527 tonne of clothing worth $35,190,052 million to more than 29 countries. In the last Iranian year, the country exported to only four countries including Afghanistan, Russia, Iraq, and Yemen.

The Customs Administration spokesman noted, Currently, Iran exports its garments and textile to Iraq, Kuwait, Australia, Armenia, Azerbaijan, Uzbekistan, Russia, Afghanistan, Pakistan, Turkmenistan, Kyrgyzstan, Germany, Korea, Japan, UAE, England, Venezuela, Ivory Coast, Italy, Turkey, Canada, Qatar, Oman, Nigeria, Switzerland, Pakistan, Georgia, Spain, and Denmark.

Although the commercial import of clothing is prohibited, the amount of clothing import during this period hit less than two 2.5 tons worth $ 514,441 thousand.

Source: fashionatingworld.com– Sep 23, 2020

HOME

****

J Crew exits UK market

Known for its womenswear and menswear, American retailer J Crew has exited from the UK market. The retailer has closed all its six stores across the country. The debt ridden company was unable to keep pace with fast-changing fashion trends. The onslaught of the pandemic in March further broke its spine, forcing it to liquidate its UK business. Though the retailer tried to restructure its business in May 2020, it could not succeed at the attempt.

After exiting the UK market, the fashion retailer plans serve its customers across the country through its global digital platform. Earlier this month, J Crew emerged from Chapter 11 bankruptcy with Anchorage Capital Group, LLC becoming its majority owner. The retailer now has $ 400 million in capital through a term loan due in 2027 and another $400 million via asset-backed loan due in 2025.

Source: fashionatingworld.com– Sep 23, 2020

HOME

****

Bangladesh: Need national logistics policy to increase competitiveness in global trade

Experts and businesses on 22 September urged the government to adopt a national logistics policy to increase the country's competitiveness in global trade and business. They mentioned that poor performance in the logistics index might impact exports negatively.

At a webinar organised by the Dhaka Chamber of Commerce and Industry on 'Logistics – Issues and Challenges in Cross-Border Trade of Bangladesh', speakers urged that.

Improvement in the Logistics Performance Index is crucial in increasing exports and a lower position in the logistics index might hurt the country's competitiveness.

The government should formulate a comprehensive logistics policy under a single authority or ministry to supervise, said Former DCCI President Abul Kasem Khan.

Efficient logistics management has a stronger effect on trade promotion than tariff cuts. Despite remarkable economic progress, Bangladesh has lagged behind competing countries in terms of logistics infrastructure competitiveness, said the trade leader.

Requesting the government to declare logistics as a thrust sector, though logistics was a vast issue and there was no single authority to look after it, he added.

Citing an example of Vietnam, Kasem recommended that the common bonded warehousing system should be included in the logistic policy.

Bangladesh's progress in the Logistic Performance Index between 2007 and 2018 was not up to the expected level whereas China, Vietnam and Thailand had gained tremendous growth.

"A lower position in the LPI may hurt our competitiveness. Besides, to increase export, improvement in the LPI is crucial," said South Asian Network on Economic Modeling Executive Director Selim Raiha.

The challenges of tariff and para-tariff issues, including customs modernization, should be addressed and urged for full automation of port formalities, payment processes and harmonization of HS code and customs formalities, experts suggested.

Selim Raiha said that faster implementation of large infrastructure projects and upgrading the railways, shipping and river connectivity could improve Bangladesh's position in the LPI.

Policy Research Institute chairman Zaidi Sattar said, "If we can develop our port and custom infrastructures, our position in the LPI will improve, resulting in trade cost cuts. Through the improvement in the LPI score, the non-RMG sector will get its real benefits."

Demanding incentives in export and domestic sales, Zaidi Sattar said that every year, 100 new products were added to the export basket but 80 per cent of them did not survive due to lack of incentives.

Demanding an internal index of competitiveness Bangladesh Garment Manufacturers and Exporters Association president Rubana Huq said that "We need to ensure the best utilization of the full capacity of ports."

M Masrur Reaz, Chairman, Policy Exchange said, "Bangladesh is now doing better in several trade facilitation services. But logistics and infrastructure are two very important areas that need to be improved a lot."

Professional bonded warehousing facilities is important, especially in the SEZ regions, through allocation of adequate land, he added.

Source: textiletoday.com.bd– Sep 23, 2020

HOME

****

Pakistan's cotton conundrum

The cotton crop has disappointed – yet again. A phenomenon reminiscent of the outgoing decade, which saw the sweet lure of sugarcane almost singlehandedly shave off a fifth of cotton's cultivated area, translating into a 29% drop in yield. But volumes – and a palpable substitution – do not tell the full story. They do not even provide an unequivocal account of cotton's relegation in the agronomic pecking order. The substitution and dwindling yield are far from an inexplicable trajectory, however, and represent unmistakably inevitable developments as structural characteristics of cotton cultivation in the country have gradually but definitely facilitated its waning economic appeal for farmers.

The low quality of cotton yield in Pakistan was an impending feature of the textile value-chain even before the crop substitution to sugarcane began. Pakistan, in fact, suffers from one of the worst contamination rates in the world with its rate more than seven times the international standard. One of the primary reasons for this is the out-dated and ineffective picking methods that structurally induct high trash content into the value-chain and directly lead to amplified ginning losses and lower quality of yarn.

This becomes even more critical because human picking and storage in fertiliser bags lead to one of the most serious forms of contamination in the form of plastic strings. Apart from being difficult to remedy, it is not readily detectible and only becomes obvious at later stages of processing. Moreover, it also dilutes the forthright incentive for farmers to address the issue as doing so would not improve the immediate marketability of the product.

Another reason for cotton's dwindling quality output is the below-par pace of seed research. With the world having depended on genetically modified seeds for more two than decades now, specifically the Bt generations, to enhance cotton's productivity and output quality, Pakistan's bid to dynamically facilitate agricultural productivity through localised research has fared abysmally. Even the delayed and point-blank adoption of these genetically modified varieties was haphazard, unregulated, and in the long term, counterproductive.

Bt seeds have failed in Pakistan due to the lack of local applicative study which has prevented farmers from reaping sustaining rewards. The primary benefit of such a seed is the protection it provides against pests such as pink bollworm. Conversely, this in-built protection reduces the bill of pesticides and insecticides. The problem that arises, however, especially in the context of Pakistan, is that for Bt seeds to remain effective there needs to be some allocation of cotton field to non-Bt crop to ensure that the pests do not develop resistance. Unfortunately, farmers in Pakistan have largely been either ignorant of this disclaimer or chosen to disregard it, rendering the current generation of Bt seeds ineffective.

The textile industry, the primary pillar of the country's exports, depends heavily on the cotton input. During the last decade, Pakistan has gradually moved farther away from self-sufficiency and towards heavier reliance on imported cotton. One reason why imported cotton holds importance, apart from dwindling local yield, is its higher quality and use for purposes local cotton with its lower quality and shorter staples is not appropriate. Consequently, the entire textile value-chain needs both the quantity and quality of local cotton yarn to be substantially reinforced on a priority basis.

The agriculture policymaking in the country needs to go through a paradigm shift and switch gears from its lacklustre, reactive approach to a forward-looking slant. Cotton, with its undisputable trade significance, is one the most important crops in the prevailing macroeconomic scenario. Reforms must be prioritised if Pakistan is to sustain its share in the textile trade. The existing inefficiencies continue to cost the country's external account billions of dollars per annum according to APTMA estimates, an absolutely unfeasible situation for a country navigating a fine line between financial leverage and fiscal space.

Focus on import substitution and alternative industrialisation hold undisputed significance in sustainably expanding the country's exports. However, it seems extremely imprudent for the government to neglect a sector which has more or less single-handedly powered the exports for decades and offers a more urgently scalable avenue.

Prioritising the textile sector has become even more critical in the purview of the substantially altered post-pandemic economic situation where a global textile outlook which is more competitive than ever awaits exporters. Producers from other countries such as Bangladesh, India, and Vietnam are expected to lock horns for a share in a considerably smaller pie.

In the short-term, there is an urgent need for consolidation and standardisation in the seed industry of the country. The lack of uniformity in this area has wreaked havoc for the cotton crop with no standardised level of resistance offered and an ensuing uncertainty for farmers cultivating it.

Moreover, the country needs to invest in seed research so that it can better develop strains that are more suited to local climatic conditions and other practical elements.

Agriculture policymaking also needs a realignment of priorities as cannibalisation of cotton by sugarcane needs to be addressed urgently. Cotton is the main input for the most important export sector of the country and therefore serves as the basis for critical foreign exchange.

There is no doubt that the importance of cotton crop outstrips sugarcane's importnace in terms of direct and indirect contribution to GDP and, through textile, to total employment in the country. It logically follows, then, that it be afforded a priority status that reflects this significance.

Source: tribune.com.pk– Sep 23, 2020

HOME

****

NATIONAL NEWS

Economic contraction may lead to permanent income loss in India; GDP may shrink 5.9% in 2020: UN body

The contraction in the Indian economy due to the pandemic-led disruptions may disappear next year, but it can cause some irreversible damage to the economy. Although a rebound in 2021 is expected in line with the growth rates of the Indian economy in recent years, the contraction registered in 2020 is likely to translate into a permanent income loss, said 'Trade and Development Report 2020' by United Nations Conference on Trade and Development. The report estimated that India's economy is likely to contract 5.9 per cent in 2020, and grow 3.9 per cent next year.

Not repeating the mistake

UNCTAD has warned India to not repeat its past mistake of announcing austerity measures. It said that among G20 countries, Argentina, Brazil, India, Mexico, and South Africa have all implemented austerity in the past years but are now struggling to access reliable sources of finance.

The UN trade body has held the strict lockdown responsible for a sharp recession in the current calendar year. In the case of India, the baseline scenario is a sharp recession in 2020 as strict lockdown measures to stem the virus' spread brought many productive activities to a halt across the country, it said.

Effect on the global economy

While India is poised to face the trough, the global economy is also expected to take a major hit. The global economy will contract by an estimated 4.3 per cent this year, leaving global output by year's end over $6 trillion short of the pre-Covid estimates, UNCTAD said. In short, the world is grappling with the equivalent of a complete wipeout of the Brazilian, Indian and Mexican economies, it added.

The estimates showed that trade will shrink by around one fifth this year, foreign direct investment (FDI) flows by up to 40 per cent, and remittances will drop by over $100 billion. The biggest falls in output are expected in the developed world but the greatest economic and social damage is likely to be in the developing world where levels of informality are high, there is continued reliance on a few commodities or tourism as a source of foreign exchange, and fiscal and policy space is limited.

Meanwhile, the UN Trade body underlined that the current situation is not like a war economy where a switch to military spending sees output expand, nor is it a traditional global supply-side shock where inflationary pressure is the big challenge for policymakers.

Nor the world is facing a financial crisis where the banking sector is in the eye of the storm. In a global health crisis, putting lives before profits have triggered a series of simultaneous and mutually reinforcing supply, demand, and financial shocks, the report noted.

Source: financialexpress.com– Sep 23, 2020

HOME

****

Cotton procurement exceeds a record 10 million bales

Even as a political slugfest flares up over two key farm Bills and the future of official procurement in India, the government's cotton purchases so far in the 2019-20 marketing year through September has exceeded a record 10 million bales, of 170 kg each, or as much as 30% of the market arrivals.

A good harvest and poor export demand kept a lid on domestic prices, forcing the government to intervene in the market to prevent distress sales by farmers, especially up to March.

Subsequently, a nation-wide lockdown prompted farmers to sell as much as two million bales to the state-run Cotton Corporation of India (CCI) between April and August, even though the peak arrival season was over.

According to the latest textile ministry data, procurement by the CCI hit 10.46 million bales as of August 31, a month before the current marketing year is set to end, compared with the previous record of 8.93 million bales in the entire 2008-09 and just about 1.1 million bales in the last marketing year. An official source said the purchases for this season were all but over by the end of August.

The government's move to raise the minimum support price (MSP) of cotton, at which procurement is undertaken, by a steep 28% in the 2018-19 marketing year and a further 2% in the current year also led to a rise in official purchases.

Market prices of the ICS-105 cotton variety (28mm) in Gujarat were ruling at just Rs 35,900 per candy, of 356 kg, on Wednesday, down by about 12% from a year before.

The data also showed cotton arrivals in the market were as much as 34.34 million bales in the current marketing year (up to August). Cotton is one of the only three farm commodities (rice and wheat being the other two) procured in large volumes, and regularly, by the government machinery, whenever the situation warrants.

The country is estimated to have produced 36 million bales of cotton in the current year, against 33 million bales in 2018-19, according to the state-backed Cotton Advisory Board.

Thanks to a Covid-induced fall in demand, global cotton stocks at the end of 2019-20 are expected to swell sharply to 22 million tonnes from 18.7 million tonnes in the previous year, according to the International Cotton Advisory Committee. This has weighed on global cotton prices in 2019-20.

Speaking at the Indian Express Group's Idea Exchange programme, agriculture minister Narendra Singh Tomar on Wednesday ruled out the possibility of giving a legal backing to the minimum support price-based procurement system under the Bills, which are awaiting the presidential assent. However, he assured that procurement operations won't be affected by the move, and would continue to be done under an administrative order.

The Centre has brought in two Bills to deregulate essential commodities trade and introduce a central law that would enable farmers to sell their produce wherever they like. This proposed law also promises free inter-state movement of farm commodities without any barrier.

Source: financialexpress.com– Sep 24, 2020

HOME

****

India in the process of finalising FTA with Mauritius: Piyush Goyal

India is in the process of finalising the proposed free trade agreement with Mauritius which is aimed at further strengthening economic ties between the countries, Commerce and Industry Minister Piyush Goyal said on Wednesday.

The proposed India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA) seeks to mutually benefit both the countries in the area of trade in goods and services, he was quoted as saying in a statement.

"At present, we have a number of different comprehensive partnership arrangements with countries around the world and we are in the process of finalising a CECPA with Mauritius," Goyal said at the CII-EXIM Bank Digital Conclave on India Africa project partnership.

He also said that recently India and the Southern African Customs Union (SACU) decided for early resumption of negotiations for a preferential trading agreement (PTA). The SACU consists of Botswana, Lesotho, Namibia, South Africa, and Swaziland.

A PTA is slightly different from a free trade agreement (FTA). In FTA, two sides reduce or eliminate duties on the maximum number of products they trade in, whereas in a PTA, the tariffs are eliminated or cut on certain number of items.

The minister said that in the near future, India will be happy to work more closely with the African free trade zone. Further, he said India will continue to support Africa through lines of credit in priority sectors such as agriculture, irrigation, health, digital technology, power plants, transmission lines, and rail infrastructure.

As of June 2020, India has committed USD 12.7 billion for 40 countries in Africa on highly favourable terms, he added. The bilateral trade, he said, grew from about USD 7 billion to nearly USD 67 billion in the last 20 years and "it has tremendous potential for further growth in the years to come".
India is the fifth largest investor in African continent with a cumulative investment of over USD 54 billion in the last few years in areas like oil and gas, mining, banking, and textile.

"There is a huge scope for manifold increase in Indian investments in the wake of the African Continental Free Trade Agreement (AFCTA)," he said, adding "we can mutually benefit through establishment of India-Africa value chains in many areas such as textiles, pharma, auto, agro processing and information and communication technology".

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

HOME

****

Indian investments in Africa to increase because of unified market under AfCFTA: Goyal

India to work more closely with African free trade area in the near future, the minister said

India will look to work more closely with the African Continental Free Trade Area (AfCFTA), which includes 54 African countries merged into a single market, in the near future, Commerce & Industry Minister Piyush Goyal has said.

Speaking at the 15th CII-EXIM Bank Digital Conclave on India Africa Project partnership on Wednesday, the minister talked about India's comprehensive partnership arrangements with countries across the world, including ongoing negotiations with Mauritius and the South Africa Customs Union, and said in the near future it will be happy to work more closely with the AfCTA also.

Indian investment in Africa is also likely to see an increase because of the AfCTA and the resulting unified market, the Minister said. "Indian investors can benefit in Africa by accessing the unified market created by AfCTA and also by creating supply chains between India and Africa.

Indian investors in Africa, in particular the 33 LDCs, can benefit by exporting to India at zero duty under India's unilateral tariff preference schemes, which provide preferential market access on over 98 per cent of India's total tariff lines," the Minister said.

The African Union has reportedly announced that the first commercial deal of AfCFTA will take off on January 1, 2021.

On the partnership demonstrated between India and Africa during the ongoing Covid-19 pandemic, Goyal said India had acted as a trusted partner by supplying essential medicines to African countries and would continue to do so in the future while working together to rebuild economies.

Goyal added that India and Africa could mutually benefit through establishment of India-Africa value chains in several areas such as textiles, pharmaceuticals, automobiles, agro processing and ICT. “This will boost the trade and investment partnership between India and Africa,” he said.

India’s bilateral trade has seen a -fold increase in the last two decades from $7 billion to $66 billion and has tremendous potential for growth in the years to come, the Minister said. India is the fifth largest investor in the African continent with a cumulative investment of $54 billion in the last few years with sizeable investments in oil and gas, mining, banking and textiles which created jobs for local African citizens, Goyal said.

The country will also continue to support Africa through lines of credit in priority areas such as agriculture, irrigation, healthcare, pharmaceuticals, digital technology, solar electrification, power plants, transmission lines, cement plants and technology parks, he said.

The conclave was attended by a number of Ministers from several African countries.

Source: thehindubusinessline.com– Sep 23, 2020

HOME

****

JETRO to aid Japan, India ventures in Africa

Focus areas include auto parts, infra & energy projects

Japan is keen to promote collaborations between Japanese and Indian companies in various African countries in focus areas such as automobile parts, infrastructure and energy projects, home appliances and power machineries, and has proposed to facilitate “business matching”.

The Japan External Trade Organisation (JETRO), the country’s foreign trade promotion body, will provide support to Japanese and Indian companies which try to establish and expand their businesses in Africa and will connect business partners and financial bodies, Yasuyuki Murahashi, Chief Director General of JETRO India, told BusinessLine.

“We at JETRO are committed to provide various support to Japanese and Indian companies who try to expand their businesses in Africa through our five offices situated in India,” he said.

Japan is the fourth largest investor in the Indian economy with cumulative FDI inflows of $33.5 billion during 2000-20, contributing 7.2 per cent to India’s total FDI inflows during the same period.

With the Japanese government recently making India and Bangladesh part of a $230-million subsidy programme (earlier restricted to only ASEAN) aimed at helping Japanese companies in China to relocate to other countries, prospects of Indo-Japanese collaboration have increased.

As per a recent analysis paper on the ‘platform for Japan-India business cooperation in Asia-Africa region’, a B2B platform launched by JETRO and industry body CII in December 2019, complementarities would emerge between Japanese companies and Indian companies with the facilitation of collaborations. The two sides hope that the platform will play a key role in fostering such collaborations.

Advantage India

“The biggest concern for Japanese companies foraying into Africa is of ‘dealing with the laws and regulations and the operational aspect’, and about 90 per cent of companies regard it as a risk,” according to a JETRO survey. Indian private companies, on the other hand, have their familiarity, long-term presence and acceptability in African countries.

“Both sides can use network of the partner companies, can share technologies to make their products and services affordable, aligning to local market preference, can provide training for local people together, and can share the financial burden in projects,” the analysis suggested.

There are already a number of success stories in the area of building of trilateral partnership between India, Japan and Africa and attempts are on to strengthen these.

"Automotive parts export from Indian factories to Africa is already happening. Maruti Suzuki is exporting auto parts to Egypt and Algeria. It invited African sales managers to India and is providing them with training too. Toyota Kirloskar and DENSO are also active in the area," pointed out Murahashi.

Source: thehindubusinessline.com– Sep 23, 2020

HOME

****

National Textile Corporation not operationally profitable despite revival scheme: Smriti Irani

Textiles minister Smriti Zubin Irani on Tuesday told Parliament that the National Textile Corporation Ltd (NTC) has been incurring operational losses since 2006- 2007 due to high input cost, high worker turnover, wage cost and less market competitiveness, among other reasons.

Under a revival scheme, Rs 5,500 crore were spent to meet its various expenses like clearing up outstanding statutory dues, One Time Settlements (OTS) with financial institutions, interest payment and compensation under Modified VRS (MVRS).

"Moreover, NTC has spent an amount of Rs 1646.07 crore on modernization of its mills under the revival scheme. However, despite such infusion of funds, the corporation has not been operationally profitable," Irani said in a written reply to the Rajya Sabha.

She also said that operation of retail showrooms is not the core business of NTC. Main business of NTC is manufacturing of yarn and cloth; and showroom business contribute to 1% to 2% of its total business turnover.

"Since, yarn and fabric cloth business mostly happens through bulk on-line trading route, the retail sales through showrooms have been becoming unviable," Irani said.

In a separate reply, the minister said to promote e-marketing of handloom products, a policy frame work has been designed and under which any willing e-commerce platform with good track record can participate in online marketing of handloom products.

"Accordingly, 23 e-commerce entities have been engaged for on-line marketing of handloom products," she said.

Besides, to make the textile sector competitive by rebating all taxes/levies in international market, the government has decided to continue the RoSCTL (Rebate of State and Central Taxes and Levies) scheme until such time the RoSCTL scheme is merged with Remission of Duties and Taxes on Exported Products (RoDTEP) scheme.

For this purpose, the government has approved adhoc allocation of funds of Rs 7,398 crore for FY21 for issuance of duty credit scrips under RoSCTL. Further, in order to boost exports in manmade fibre sector, the government has removed anti-dumping duty on PTA (Purified Terephtallic Acid), a key raw material for the manufacture of MMF fibre and yarn.

Source: economictimes.com– Sep 22, 2020

HOME

****

Impact of Covid-19 Pandemic on Textile Industry

Textile sector is highly unorganized sector. The government has initiated special measures to help ameliorate the conditions in textile sector due to Covid pandemic and to boost production, marketing and job opportunities in the sector. The government has conducted a study viz. 'Impact of Covid-19 pandemic on Indian silk industry' to ascertain the crisis caused to the sector.

The industry has faced various problems of production, cocoon and raw silk prices, transportation problem, non-availability of skilled workers, sale of raw silk and silk products, working capital and cash flow , reduced export/import orders, besides restrictions. The last three month orders and supply as given below shows declining trend in jute production during the peak Covid-19 period which is substantially improving now.

Month	Order	Supply by Mills
June 2020	2.75 bales	1.78 bales
July 2020	3.59 bales	2.48 bales
August 2020	3.52 bales	2.32 bales

Government has conducted a Symposium with textile Export Promotion Councils and other industry stakeholders for finalizing a list of potential export products against which exports of textile and apparel can be enhanced.

The list of potential export products were shared with the Indian Mission abroad for identification of potential buyers in the respective countries. In order to make the textile sector competitive by rebating all taxes/levies in international market, the Government has decided to continue the RoSCTL (Rebate of State and Central Taxes and Levies) scheme until such time the RoSCTL scheme is merged with Remission of Duties and Taxes on Exported Products (RoDTEP) scheme.

For this purpose, the Government has approved adhoc allocation of funds of Rs. 7398 crore for FY 2020-21 for issuance of duty credit scrips under RoSCTL scheme. Further, in order to boost exports in MMF sector, Government has removed anti-dumping duty on PTA (Purified Terephtallic Acid), a key raw material for the manufacture of MMF fibre and yarn. To mitigate the effect of the COVID-19 pandemic on trade, this Ministry has taken up the various trade facilitation related issues raised by the industry stakeholders from time to time with the concerned Ministries for early redressal.

A special measure to alleviate the difficulties of beneficiaries under Amended Technology Upgradation Funds (ATUFS) was initiated in the Ministry of Textiles during the COVID pandemic. Under this measure, an option has been extended to the applicants, where the physical examination of the machineries by Joint Inspection Team (JIT) has been completed, to avail their subsidies released on submission of Bank Guarantee. The advance release of subsidy against bank guarantee is met from the regular budget allocation under ATUFS.

The Government of India has also announced a special economic package viz. Aatma Nirbhar Bharat Abhiyaan for boosting economy of the country and making India self-reliant. Relief and credit support measures have been announced for various sectors. The weavers & artisans can avail benefits of these relief and credit support measures to revive their businesses which have suffered due to lock down necessitated by Covid-19 pandemic.

Apart from the above special economic package, the Ministry of Textiles has taken following initiatives for the benefits of handloom weavers and artisans across the country: -

- To support the handloom and handicraft sectors and to enable wider market for handloom weavers/artisans/producers, steps have been taken to on-board weavers/artisans on Government e-Market place (GeM) to enable them to sell their products directly to various Government Departments and organizations.
- To promote e-marketing of handloom products, a policy frame work was designed and under which any willing e-commerce platform with good track record can participate in online marketing of handloom products. Accordingly, 23 e-commerce entities have been engaged for on-line marketing of handloom products.
- A social media campaign #Vocal4handmade was launched on the 6th National Handloom Day by the Government, in partnership with all stakeholders, to promote the handloom legacy of India and to ensure people's support for the weaving community. It has been reported that the social media campaign has resulted in renewed interest of the Indian public in handlooms and several e-commerce players have reported increase in sale of Indian handloom products.

The Ministry of Textiles has requested the Chief Ministers of all States and UTs to instruct their State Handloom Corporations/Co-operatives/Agencies to make purchases of the finished inventory available with the handloom weavers/artisans so as to put some ready cash in the hands of the weavers to enable them meet their household needs.

In the face of the unprecedented Covid-19 pandemic, it is not feasible to hold conventional marketing events such as exhibitions, melas, etc. To deal with this crisis, the Government endeavors to provide online marketing opportunities to our weavers and handloom producers.

Taking a step towards realizing "Aatma Nirbhar Bharat", the vision of our Hon'ble Prime Minister, Handloom Export Promotion Council has endeavored to virtually connect the Handloom Weavers and exportersfrom different corners of the country with the International Market.

With more than 200 participants from different regions of the country showcasing their products with unique designs and skills, THE INDIAN TEXTILE SOURCING FAIR was organized on 7, 10 and 11th August 2020. The show has attracted considerable attention of the International Buyers.

Design Resource Centres are being set up in Weavers Service Centres (WSCs) through NIFT with the objective to build and create design-oriented excellence in the Handloom Sector and to facilitate weavers, exporters, manufacturers and designers for creating new designs.

Apart from the above initiatives, Ministry of Textiles is implementing various schemes through the Offices of Development Commissioner (Handlooms) for overall development of handlooms and welfare of handloom weavers across the country. The Scheme details are as under: -

- National Handloom Development Programme (NHDP)
- Comprehensive Handloom Cluster Development Scheme (CHCDS)
- Handloom Weavers' Comprehensive Welfare Scheme (HWCWS)
- Yarn Supply Scheme (YSS)

Under the above schemes, financial assistance is provided for raw materials, purchase of looms and accessories, design innovation, product diversification, infrastructure development, skill upgradation, lighting units, marketing of handloom products and loan at concessional rates.

This information was given in a written reply by the Union Minister of Textiles, Smt. Smriti Zubin Irani in Rajya Sabha today.

Source: pib.gov.in – Sep 22, 2020

HOME

****

CAG pulls up DGFT on export sops, suggests automated foolproof system for trade promotion schemes

The Comptroller And Auditor General Of India (CAG) on Wednesday hauled up the Directorate General of Foreign Trade (DGFT) for giving export benefits worth Rs 172.72 crore in cases where services were misclassified under the Service Exports from India Scheme (SEIS) and for delaying export benefits worth Rs 5.52 crore to e-commerce exports by almost four years under the Merchandise Exports from India Scheme (MEIS).

It asked the directorate to review the procedure of granting MEIS/SEIS scrips and lay down an appropriate checklist for grant of scrips both electronically and in manual environment. It suggested the entire system of administration of Foreign Trade Promotion schemes to be automated by rolling out a fool proof system, duly mapped to Scheme provisions and also leveraging information already available in linked /base systems such as ICES, SEZ online so that it becomes Single Source of Truth.

Under the two schemes, the government provides duty benefits depending on product and country and rewards under the schemes are payable as duty credit scrips which can be transferred or used for payment of a number of duties.

As per a CAG report on the performance of the two export schemes, exporters got rewards worth Rs 172.72 crore in cases where the services were misclassified though actual services rendered were not specified in 37 cases, by placing reliance on Chartered Accountant (CA) certificates.

CAG suggested DGFT to insist on CA certificate on exact classification of service with Central Product Classification (CPC) code and the mode under which it falls, rather than simply stating the serial number of the list of eligible service so as to avoid ambiguity and bring in more clarity on eligible services.

“Invoking penal provisions may be made mandatory on shortcomings found in applicant’s declarations and CA certificates,” it said and favoured a mechanism wherein Jurisdictional Development Commissioners verify the validity of classification of service being reported by the service providers to different authorities (DGFT, RBI, Customs) for the same exports

The classification of services by various agencies (DGFT, RBI, Customs etc.) needs to be aligned to the Central Product Classification (CPC) code of UNSD to avoid any misuse of incentives which is based on CPC codes, it said.

In case of MEIS, it said the extension of the benefits to e-commerce exports worth Rs 5.52 crore was delayed by almost four years due to delay in amending the regulations and operationalization of e-commerce module.

“The substantial delays in issue of MEIS and SEIS scrips indicated failure of the automated system in achieving the objective of simplification of procedures and ease of doing business,” CAG said in its report and suggested DGFT to develop an inbuilt system for grievance redressal for ease of doing business.

It also suggested DGFT to commission a mid-term evaluation study of the achievements of such schemes introduced vis-à-vis the main objectives of the scheme.

Source: economictimes.com– Sep 23, 2020

HOME

****

Govt would act as a facilitator and support industry: SIMA

Textile Commissioner, Mumbai, Roop Rashi Wednesday put the onus on the textile industry to manage the Covid-19 crisis and challenges faced in value addition, as the Government would act as a facilitator and support the industry.

Addressing the 14th CEO Conference SIMS TEXPIN 2020, organised by Southern India Mills' Association (SIMA) virtually, Roop Rashi said that textile markets are strong domestically and the problem what the industry faces today due to COVID-19 will be shorter.

Stating that the structural issues on raw material will be addressed very soon she said that it is for the industry to utilise the opportunities, diversify, innovate, scale-up and build global brands.The role played by the medical textiles in the COVID-19 period for the benefit of the medical fraternity is marvelous, a SIMA release quoting the official said.

The official assured to consider lot of suggestions coming from the industry and said that there were certain procedural wrangles in the implementation of Technology Upgraadation Fund Scheme and need to be made industry-friendly. Roop Rashi also asked the industry to grab the space left by China, even as smaller countries like Bangladesh and Vietnam overtakes India in textiles & clothing exports, despite India having large production capacity.

Later, the 61st Annual General Meeting of SIMA re-elected Ashwin Chandran, as its for the year 2020-21. Similarly, Ravi Sam was re-elected as the Deputy Chairman and S K Sundararaman as the Vice-Chairman of the association for the year 2020-21.

Source: covaipost.com– Sep 23, 2020

HOME

****

Textile parks to be set up outside hub Tirupur

Shortage of labour in Tirupur, which rakes in Rs 60,000 crore annually through textile business, has prompted manufacturers and exporters to decentralize operations by setting up textile parks in other districts. Manufacturers expect this would cut production costs by about 10%.

Tirupur Exporters' and Manufacturers' Association (TEMA) has identified Ayakkaranpulam village in Vedaranyam taluk of Nagapattinam to set up the first such park. Similar parks would come up in Ramanathapuram, Tiruvannamalai, Tirunelveli, Tenkasi and Tuticorin districts in future, said TEMA president M P Muthurathinam.

Veda Textile Park would be set up on about 50 acres at a cost of Rs 120 crore, of which 67%, would be central and state government subsidies. In the first park, 36 exporters and manufacturers would set up units, which would employ 7,000 people, TEMA estimates.

The park will have cutting, sewing, packing and dispatching units. A skill development centre for workers and creche for their children will also be set up. "The state government has given its nod to the project and construction will commence in December," Muthurathinam said.

"Labour shortage is a permanent problem for the industry. We face high labour turnover. Guest workers, who are 40% of the workforce of 6 lakh people, keep changing companies. This puts manufacturers' delivery deadlines under pressure. Decentralisation will help us find a permanent solution to the problem," he said.

"It will be a win-win situation for industry and workers," said managing partner of DSP Knitting company, Banupriya Senthilkumar. She said industry would be able to save on accommodation and transport of workers. The cost cutting could be about 10%, she said.

"The textile park will also give employment to rural women," said Banupriya, who plans to start three units in the first park and employ 500 women.

P Shanmugasundaram of Essdee Knitting Mills Private Limited, who plans to engage 150 workers, said, "By reducing cost of manufacturing, we will have a competitive edge."

Source: timesofindia.com– Sep 24, 2020

HOME

****

UP govt earmarks 77 acre for Noida textile hub; aims Rs 900-cr investment

The Uttar Pradesh government has earmarked more than 77 acres for the proposed Noida Apparel Export Cluster, aiming to get private investment worth Rs 900 crore in the infrastructure project.

This follows Chief Minister Yogi Adityanath's plan to develop UP as a global garment hub with the state looking to tap the lucrative international textile supply chain by providing a competitive avenue to the marquee buyers, who are currently procuring textile and fabrics from China.

The proposed Noida textile hub, comprising nearly 55 manufacturing and export units, is expected to generate employment for more than 100,000 people.

According to UP handloom and textile minister Sidharth Nath Singh, the state was poised to emerge as the most attractive investment destination in a gamut of sectors owing to the abundant presence of skilled, semiskilled and unskilled workers and labourers, largest consumer base and high 'Ease of Doing Business' matrix.

He informed the state was also planning to establish Integrated Textile Park across the state, for which the government had invited expression of interest (EoI) from private players.

"So far, six developers have evinced interest in setting up such Parks at Agra, Meerut, Gautam Budh Nagar (Noida), Chandauli, Jhansi, Kanpur and Gorakhpur districts," Singh added.

The officials have been directed to earnestly pursue these proposals with the private developers, who would be expected to submit respective detailed project report (DPR) based on the request for proposal (RfP) document to be floated by the state government.

Recently, a delegation of Agra-based industrialists representing 300 textile manufacturers met the UP minister of State for Textiles Chaudhary

Udaybhan seeking suitable land for setting up textile and apparel units in Agra

The government has also expedited the process of identifying land for the proposed textile parks in the state for mass employment generation and faster economic growth at the local level. The state is looking to employ the skilled and semiskilled migrant workers, who were forced to return to UP following Covid-19 lockdown from top textile manufacturing centres, including Surat, Ludhiana etc.

Source: business-standard.com– Sep 24, 2020

HOME

****

Lower House passes three labour Codes

The Lok Sabha on Tuesday passed the three labour Codes, including the Industrial Relations (IR) Code 2020, which contains a clutch of industry-friendly proposals.

The Social Security Code proposes to extend, in a phased manner, social security benefits to all employees and workers in the country (around 50 crore at last count), including those in the unorganised sector.

The Occupational Safety, Health and Working Conditions Code deals with the duties of the employer in respect of workplace safety and working conditions, and makes issue of employment letter a must for all employees, a move that will promote formalisation of employment.

The key proposals in the IR Code that will ease labour law rigidities are the following: A much larger segment of firms – as the Bill becomes law, those with workers up to 300 as against 100 now will be able to resort to closure and retrenchment without prior government permission (the state governments are to be authorised to allow this via notification), endorsement by law of the already-in-force full-benefit fixed-term employment scheme that gels with the business pattern of industries that witness seasonal spurt in activities; requirement of mandatory 14-day notice for strikes and lock-outs will now apply to all units, not just public utility firms; proliferation of trade unions to be curbed, as only those unions with support of more than 51% of the workers on the muster roll of the unit concerned will have the right to labour terms with the management. All the three codes have been vetted by the Parliamentary standing committee.

The Code on Wages Bill, 2019, which proposes universalisation of minimum wages, was passed by Parliament last year. The Modi government had announced its plan to amalgamate 44 central labour Acts into four codes in 2014, with the aim of simplifying the laws and ensuring a conducive and harmonious environment for doing business.

The new IR Code also seeks encourage resolution of disputes through tripartite negotiations. Definition of 'strike' is also being amended to include 'mass casual leave' within its ambit. Concerted casual leave on a given day by 50% or more workers will be treated as strike.

IR code and OSH Code, however, give both the Centre and the states power to exempt any establishment from "all or any of the provisions" of the codes "in the public interest." Already, nine states namely Andhra Pradesh, Assam, Haryana, Jharkhand, Madhya Pradesh, Rajasthan, Uttarakhand, Uttar Pradesh and Gujarat have raised the limit for units with right to resort to closure and lay-offs through state laws; the IR Code protect such amendments.

Introducing the three Bills in Lok Sabha on Saturday, labour minister Santosh Gangwar said: "These codes will also bring the industrial peace and harmony in the country which will immensely help the country in bringing much needed economic growth and will help in employment generation. They will also help promote investment and will create harmonious industrial relations in the country".

"We need to universalise social security. Schemes will be framed for unorganised workers, gig workers and platform workers and the members of their families for providing benefits relating to ESIC. Establishments will be allowed to join under the Employees' Provident Fund Organization (EPFO) and Employees' State Insurance Corporation (ESIC) on voluntary basis even if they have less than the mandatory employee threshold of 10 and 20 respectively," he said on Tuesday.

Source: financialexpress.com– Sep 23, 2020

HOME

****

CA associations urge FM to extend due date for income tax returns filing to March 31, 2021

Associations of Chartered Accountants have written to Finance Minister Nirmala Sitharaman seeking an extension in the deadline for filing income tax returns as well as other compliances due to the continued lockdown in a number of States and difficulties in working from home.

"It is recommended that the due date for filing of returns for all the taxpayers for Assessment Year 2020-21 be extended to March 31, 2021 and the due date for filing the tax audit report also be extended to February 28, 2021," they have written in their representation, adding that the timeline for filing all the reports and certificates under the Act which fall due along with or in connection with the ITR filing due dates may also be extended to March 31, 2021.

"This will also mean taxpayers availing moratorium will get an extended time for payment of interest and claiming the deduction under section 43B of the Act in Assessment Year 2020-21," they further said.

The government had earlier extended the the deadline for filing income tax returns from July 31 to November 30.

The representation has been sent by Bombay Chartered Accountants' Society, Chartered Accountants Association, Ahmedabad, Chartered Accountants Association, Surat, Karnataka State Chartered Accountants Association and Lucknow Chartered Accountants Society.

Lockdowns, curbs

The associations have pointed out that many States are still under lockdown and there are restrictions on the number of people who can come to office to work.

"Majority of the CA firms who carry out audits are small and medium sized firms having limited resources to work remotely and work from home," they have further said.

The letter also points out that the return filing utilities have been released recently in some cases while for others, they have not yet been released.

Meanwhile, the associations have also sought an extension in the due date for filing Transfer Pricing audit report and returns of these tax payers as well to early next year.

While noting that ₹1,01,308 crore refunds from April 1 to September 8, 2020 have been issued by the Income-Tax Department, the letter has also called for further steps to ensure quick release of refunds.

"When there are reliefs granted by ITAT or High Court and no further appeal is filed or relief is granted by Supreme Court, the order giving effect are not passed by AOs and refunds are pending because of that," they have called for faster release of the funds.

Source: thehindubusinessline.com– Sep 23, 2020

HOME

****

Gujarat assembly passes 4 labour bills

Four bills of the labour and employment department that watered down existing provisions of The Industries Disputes Act, 1947 and the Factories Act, 1948, in favour of employers and industrial establishments were passed by the Gujarat state assembly yesterday. The state cited economic circumstances arising out of the pandemic for making the changes.

The opposition Congress party walked out during discussion on the The Labour Laws (Gujarat Amendment) Bill, 2020.

The first bill tabled by state minister for labour and employment Dilip Kumar Thakor was The Industrial Disputes (Gujarat Amendment) Bill, 2020. The bill allows industrial establishments with less than 300 workers to shut shop or retrench or lay off employees without seeking prior permission from the state government.

The minister pointed out that as per the existing provision of Section 25K of the Industrial Disputes Act, 1947, industrial establishments with not less than 100 workers need to take prior permission of the state government before effecting layoff, retrenchment and closure. This has been now amended to cover industries employing 300 workers, according to Indian media reports.

"We have seen that similar changes brought by states like Rajasthan, Madhya Pradesh and Andhra Pradesh have yielded good results. The changes will attract more business and investments into the state and thus will create more job opportunities," Thakor said.

The government had introduced an ordinance in this regard in July 2020. The bill was passed by a voice vote, despite opposition by members of the Congress party who said that the state government needed to stand with workers instead of employers.

The three other bills included The Contract Labour (Regulation and Abolition) (Gujarat Amendment) Bill, 2020, which revised the existing threshold limit of workmen employed by contractors or establishments covered under The Contract Labour (Regulation and Abolition) Act, 1970 to more than 50 employees. Earlier, units with 20 or more employees were covered under the Act.

The Factories (Gujarat Amendment) Bill, 2020, waters down the definition of factory under the Factories Act, 1948.

"Due to increase in manufacturing activities by small units in the state, the existing threshold limit of 'ten' and 'twenty' is proposed to be amended by 'twenty' and 'forty' respectively so that establishing of small manufacturing units be promoted resulting in creation of more employment opportunities," the minister said.

Source: fibre2fashion.com– Sep 23, 2020

HOME

****

Container shortage crisis spreads to India delaying exports

A container shortage in India is causing long delays for exporters, especially on US trades.

Earlier this month, The Loadstar reported the operational impact from the creeping equipment shortage in Asia – dominant headhaul traffic has caused empties to pile-up at ports in the US and Australia, for example, prompting carriers to plead for the swift return of used import boxes.

According to New Jersey-based Worldwide Logistics (WL), the equipment shortage has spread to India, partly due to a drop in import volumes from China after trade restrictions were imposed by the government.

"The shortage is most critical at Inland Container Depots (ICD) but also evident at port-side locations," the forwarder noted. "Cargo volume from India to the US is extremely strong, as US importers look to replenish inventory depleted during the shutdown period in India, in response to Covid-19."

WL said most direct and transhipment services to the US east and west coasts from the major gateway ports of Nhava Sheva (Mumbai) and Mundra were impacted, with transhipment further exacerbated by the tight space from Asian transhipment hubs. "There is limited new container manufacturing in India which would otherwise serve to alleviate some of this pressure," it added.

As a result, WL said carriers had begun to offer guaranteed space surcharges of US$750 per container, similar to the 'no-roll' premiums found on the deepsea trades over the past couple of months. Rakesh Pandit, CEO of Conbox Logistics, agreed the container shortage was particularly acute at inland terminals.

"The shortages are bigger if shippers have to plan their cargo from dry-ports of central and western India," he told The Loadstar. "There is waiting period to get bookings and containers for one or two weeks on certain sectors, such as pharmaceutical companies who have to wait almost two weeks to get bookings for US ports.

"Shipments planned in large volumes like marble, rice and other agro commodities are also getting delayed," Mr Prakash added. He said the current ocean freight market was experiencing spiralling costs caused by shipping lines implementing increased surcharges, blank sailings and rolled cargo. For example, reefer rates to the US have increased 25%-30% to $4,000-$4,500, and, with further increases expected in October, the rate could soon breach $5,000.

"Shipping lines are also changing ocean freight rates very frequently – within seven days, instead of maintaining them for a month which was the case previously," he explained.

Furthermore, he said there was a lack of government support for exporters rocked by lockdowns. “Exporters are finding it hard to execute orders due to a lack of government support in the form of stimulus or financial aid. They’re also at the mercy of bankers, who aren’t supportive in the current market situation,” Mr Prakash claimed.

On the import side, he noted the market sentiment in India is very negative, with many businesses afraid the Covid situation will continue for another year. “There is low demand for almost all products within India, so import growth will not be huge in coming months,” said Mr Prakash.

Indeed, according to the Indian Ports Association, port volumes between April and August plummeted 25% year-on-year to 3.2m teu. And, similar to India’s airfreight market, export volumes are gaining in share over imports.

Source: theloadstar.com– Sep 23, 2020

HOME

****

‘D2C approach lets MSMEs reach consumers directly, get direct feedback unlike traditional export market’

Technology for MSMEs: Across the globe, the Covid-19 pandemic has been described as ‘unprecedented’. The world is in agreement that the crisis at hand requires utmost attention, government support, public-private partnerships to enable businesses to navigate through the storm.

The Indian economy has recorded its steepest contraction over the April-June quarter of the current fiscal year, stalling activity, investments, consumption, therefore resulting in job and income losses. One of the vital sections of the business community is our micro, small and medium enterprises (MSMEs) who are facing the brunt of this crisis.

As we know, the MSME sector is the engine of growth, supporting millions of direct and indirect jobs, contributing to around 40 per cent of India’s exports, earning valuable foreign exchange for the country. The recent NITI Aayog export preparedness index 2020 also highlights the importance of exports, MSME and role of the Central Government and states in growing exports and supporting this sector.

The government has made strenuous efforts to put the economy back on the growth track with a special focus on MSMEs. In May, Finance Minister Nirmala Sitharaman announced a Rs 3.7 lakh crore stimulus package, enabling MSMEs to seek emergency credit from banks and RBI aggressively rolled out various measures to ease liquidity and access to credit for the sector. While these efforts will enable MSMEs to survive through the crisis, the real key to long term sustainable growth of the sector which contributes close to 30 per cent towards our GDP is through digitalization, finding new opportunities to grow internationally and increasing their consumer base.

The pandemic has resulted in a significant shift in the way consumers purchase goods and services. The fear of transmission is prompting consumers to move away from brick & mortar and adopt online shopping. Traditionally, most MSMEs in India have business models which were unable to cater to the evolving needs of consumers. On the other hand, studies have shown that MSMEs that have gone digital-to-consumer (D2C) have seen their businesses grow by 30 per cent.

A digital-first culture must be embedded into a business's DNA to keep ahead of the changing times. This will also enable them to serve customers who prioritize safety over everything else. The next step in the revival of our economy must be to propel MSMEs to sell across borders. Many other economies are showing green shoots of recovery. Here lies an opportunity to take an early lead for our local businesses to leverage demand from global consumers. During the peak of the pandemic, there has been a tremendous uptick in B2C exports by several MSMEs which is a positive sign and must be leveraged further.

So how does international demand link back to digital presence? According to the International Chamber of Commerce, MSMEs that use online platforms are five times more likely to export than those who do not. Research also indicates that companies which are connected to global value chains and international consumer communities are more productive and are more likely to succeed. Now, MSMEs through digital adoption can take their stores to global consumers. A D2C approach allows MSMEs to reach the consumer directly, realise better value for the products/services, build their own brand and get direct feedback which is hard in a traditional export market.

Source: financialexpress.com– Sep 23, 2020

HOME

****