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INTERNATIONAL NEWS

Italian Trade Fairs to Co-Locate Again for March Event

After a spring full of trade show cancellations, more than 16,000 fashion insiders gathered outside of Milan this September in person. Held at the Fiera Milano Rho, the event combined five shows into one four-day trade show.

This March, those five same groups plan on replicating the results they saw in the fall. The "#strongertogether" event will return to the Fiera Milano Rho from March 20 to 24.

The three-day HOMI Fashion & Jewels Exhibition, an event for bijoux, jewelry and wearable fashion accessories, will open the event on March 20. The following day, footwear-focused MICAM Milano, leather-centered MIPEL and the women's haut-à-porter fashion event TheOneMilano will kick off, all lasting through March 23. Lineapelle, scheduled for March 23 and 24, will close things out with a show focused on leathers, fabrics, accessories and components for fashion and design.

As in September, the organizers said, the events "will be held in perfect safety and full compliance with current legislation." The trade center, they noted, has undergone an organizational upgrading, adopted all the measures required to ensure safety and refined its guidelines for visitor flow management.

Of the September event's more than 16,000 visitors, more than 25 percent came from abroad, its organizers said. Looking to the scheduled March event, they said they are currently working with Italy's Ministry of Foreign Affairs and International Cooperation and the Italian Trade Agency to select buyers with "even greater precision."

Source: sourcingjournal.com - Nov 25, 2020

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National test standards for spacer fabrics in Germany

Germany has come out with its first national test standards for spacer fabrics, developed by the Institut für Textiltechnik of RWTH Aachen University (ITA), in a joint project NormATex (Standardisation for Spacer Fabrics). The project has been funded by the Federal Ministry for Economic Affairs and Energy (BMWi), within the WIPANO guideline.

Spacer fabrics are textile structures consisting of two textile cover surfaces and at least one spacer thread system. The cover surfaces are kept apart at a certain distance by the spacer thread. This structure gives spacer fabrics special properties that make them a substitute material for other, non-textile materials. As a result of their special properties, spacer fabrics differ from conventional, flat fabrics.

Until now, spacer fabrics have not been tested according to separate test procedures. This meant that important characteristics were not taken into account in the tests. Spacer fabrics have been tested according to standards for flat fabrics or other, non-textile materials.

However, these standards do not take into account the special requirements for testing spacer fabrics. Therefore, objective comparisons between spacer fabrics or with conventional flat fabrics or non-textile materials cannot be made.

In the documents of this series of standards, the special properties of spacer fabrics are given special consideration. This ensures the standardised testing of these properties and objective comparisons between spacer textiles among themselves, spacer fabrics and flat 2D-textiles, and spacer fabrics and non-textile materials will be enabled.

The developed standardisation document, Spacer textiles - Terms and definition, sample preparation, is the first standard of the new series of standards and contains specifications for the consistent marking and sample preparation of spacer fabrics. The document was prepared by the working committee in the DIN Textile and Textile Machinery Standards Committee under the chairmanship of ITA employee Christoph Peiner.

Documents on further standardised test methods for air permeability and thickness of spacer fabrics, and a publicly funded follow-up project focusing on further test procedures are being planned.

Source: fibre2fashion.com - Nov 26, 2020

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AfCFTA to provide business opportunities for African countries

The African Continental Free Trade Agreement (AfCFTA) will provide business opportunities that will enable African countries to lift citizens of the continent out of poverty post Covid-19, Department of Trade, Industry and Competition (DTIC) Trade and Invest Africa chief director John Rocha has noted.

He was speaking during a virtually held outward trade and investment seminar, held on November 25 and 26, which aimed to increasing bilateral trade and investment between Ethiopia and South Africa.

Rocha told the meeting that strengthening bilateral trade relations between South Africa and Ethiopia was a critical step that would be mutually beneficial to both economies, adding that South Africa's strategic relationship with Ethiopia rested on three pillars - industrialisation, infrastructure development and strengthening bilateral and intra-Africa trade.

Rocha added that the AfCFTA was a critical foundation upon which intra-Africa trade should be built, saying that it represented an opportunity for African countries to boost growth, reduce poverty and broaden economic inclusion.

"The value of South African exports to Ethiopia has decreased from R103-million in 2014 to a little over R90-million in 2019, while South Africa's imports from Ethiopia have decreased from R11-million to R10-million in the same period.

"South Africa's exports to Ethiopia are diversified, covering a number of the DTIC's Re-imagined industrialization policy sectors. This presents potential to increase the volume of the value-added products as well as investments in Ethiopia by South African businesses looking to expand their footprint into the larger market in East Africa.

"The composition of South Africa's exports to Ethiopia in 2019 indicates that there is a demand for and investment in industrial and agriculture sector inputs," said Trade, Industry and Competition Deputy Minister Nomalungelo Gina.

Ethiopia's State Minister of Trade and Industry, Ambassador Misganu Arega, urged South African businesses to consider lucrative opportunities his country has to offer, insisting that his country was embarking on economic reforms and had put systems in place to guarantee ease of doing business for investors.

"Our current bilateral relationship with South Africa is excellent, but we believe more can be done to improve it for the benefit of our people. For two years now, we've been engaged in implementing a massive economic reform programme, which we believe both countries can benefit from.

"Our efforts are anchored by a vision of building a prosperous nation and to create an economic environment that closes the income gap by creating opportunities and access to resource for all," he added.

He described his country as a place endowed with great diversity of plant, animal and microbial genetic resources and one of the fastest growing economies in the world with a 10% growth average over the past 14 years.
He highlighted textiles and apparel, an integrated sugar industry, agroprocessing and pharmaceuticals as some of the priority sectors the country had identified for industrial development.

Source: engineeringnews.co.za- Nov 26, 2020

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Vietnam's export products merely account for 2 percent of European market share

Groups of export products of Vietnam that have export advantages to this market are agricultural and aquatic products, processed foods, footwear, garments and textiles, and some high value-added product categories, such as electrical products, electronics, telephones, equipment, and machinery.

However, Mr. Bui Vuong Anh, Vietnam Trade Counselor in Germany, said that because Vietnamese exports accounted for only 2 percent of the total import turnover of the European market, the market room remains fairly large.

Enterprises need to understand the advantages, especially for commodities, such as agricultural and aquatic products, garments and textiles, and footwear, to increase quickly market share in this region. As for seafood products, enterprises should pay attention to warnings on the origins of the European Union (EU). Because the EU currently has been increasing the frequency of checking seafood products exported from Vietnam.

In another perspective, the trade counselors said that the EU has up to 28 countries. However, exports from Vietnam mainly concentrated in a few nations, namely Germany, the Netherlands, Italy, France, and Austria.

The fact that enterprises only focus on a few markets puts them at risk, especially when the market experiences fluctuations like the current Covid-19 pandemic. Therefore, it is necessary to consider expanding market share in this region.

According to the Trade Counselor in Sweden, Vietnamese enterprises can now immediately expand their market share to Northern Europe, and products with great potential are women's garments, seafood, footwear, raw coffee bean, and unshelled cashew nuts.

Source: sggpnews.org.vn– Nov 26, 2020

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Export value of Pakistani textile and apparel export increased by 3.78% to 4.76 billion USD in Jul-Oct

According to the data released by the Pakistan Bureau of statistics, export value of Pakistani textiles increased by 6.18% in October, and the textile and apparel export increased by 3.78% to 4.76 billion USD in Jul-Oct(4.58 billion USD in the same period of last year).

The export value of ready-made clothes increased slightly by 4.66%, and the quantity moved down by 45.43% year-on-year. The export value of knitwear increased by 12.30% and the volume moved up by 18.58%. The export value of bedding rose by 9.95%, and the volume dropped by 9.8%.

The export value of towel increased by 12.35% and the volume picked up by 9.49%. Cotton grey fabric exports decreased by 7.94% in value and 23.55% in volume. Cotton yarn exports value fell 54.56% and non cotton yarn exports dropped 19.20%.

Source: ccfgroup.com– Nov 26, 2020

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NATIONAL NEWS

ECLGS 2.0 scheme: Govt extends credit guarantee scheme to 27 sectors

The government on Thursday said it has extended the Emergency Credit Line Guarantee Scheme (ECLGS) to the health sector and 26 other sectors identified by the Kamath Committee.

The National Credit Guarantee Trustee Company Limited (NCGTC) has issued the operational guidelines for implementation of ECLGS 2.0 scheme, the finance ministry said in a statement.

The scheme was announced by the government earlier this month as part of the Rs 2.65 lakh crore Atmanirbhar Bharat 3.0 package. "Under ECLGS 2.0 entities with outstanding credit above Rs 50 crore and not exceeding Rs 500 crore as on February 29, 2020, which were less than or equal to 30 days past due as on February 29, 2020 are eligible," the statement said.

The loans provided under ECLGS 2.0 will have a five-year tenor, with a 12-month moratorium on repayment of principal, it said. "These entities or borrower accounts will be eligible for additional funding up to 20 per cent (which could be fund based or non-fund based or both) of their total outstanding credit (fund based only) as a collateral free Guaranteed Emergency Credit Line (GECL), which would be fully guaranteed by NCGTC," it added.

In addition to ECLGS 2.0, where no annual turnover ceiling has been prescribed, it has also been decided to extend ECLGS 1.0 to entities under ECLGS which had a total credit outstanding (fund-based only) of up to Rs 50 crore as on February 29, 2020, but were previously ineligible owing to their annual turnover exceeding Rs 250 crore.

All other existing criteria or terms and conditions remain unchanged, it said.

The scheme would be applicable to all loans sanctioned under ECLGS during the period from the date of issue of these guidelines by NCGTC to March 31, 2021 or till guarantees for an amount of Rs 3 lakh crore crore is sanctioned under the ECLGS (taking into account both ECLGS 1.0 and 2.0), whichever is earlier.

The modified scheme, while providing an incentive to Member Lending Institutions (MLIs) to enable availability of additional funding facility to the eligible borrowers, both MSMEs/business enterprises and identified sectors that supports MSMEs, will go a long way in contributing to economic revival, protecting jobs, and create conducive environment for employment generation, it said.

As on November 12, banks and financial institutions had sanctioned Rs 2.05 lakh crore to 61 lakh MSMEs. However, disbursements stood at Rs 1.52 lakh crore. Some of the sectors identified by the Kamath Committee for one-time debt restructuring included power, construction, real estate, textiles, pharmaceuticals, logistics, cement, auto components and hotel, restaurants and tourism.

The RBI had in August set up the committee headed by former ICICI Bank chairman K V Kamath for suggesting financial parameters to be factored in the resolution plans under the 'Resolution Framework for Covid-19 related Stress' along with sector specific benchmark ranges for such parameters.

Source: economictimes.com– Nov 26, 2020

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Anti-dumping duty on yarn imports from China, Thailand extended till year end

The government has extended levy of anti-dumping duty on imports of fully drawn or fully oriented yarn, spin drawn yarn or flat yarn of polyester, coming from China and Thailand, till December 31, 2020, according to a notification by the Central Board of Indirect Taxes and Customs (CBIC).

The duty was first imposed in October 2015 after the Directorate General of Trade Remedies (DGTR) had found that the imports were impairing local industry. The duty was then extended till November 30, last month, and now has been extended further by a month.

The Board added that the designated authority, in this case the Directorate General of Trade Remedies (DGTR), had sought for continuation of the anti-dumping duty after conducting a review of the same which was initiated in April this year.

"The designated authority has requested for further extension of the antidumping duty on the subject goods originating in or exported from the subject countries," the notification added.

In international trade parlance, dumping happens when a country or a firm exports an item at a price lower than the price of that product in its domestic market.

Dumping impacts the price of the product in the importing country, hitting margins and profits of manufacturing firms.

According to global trade norms, a country is allowed to impose tariffs on such dumped products to provide a level-playing field to domestic manufacturers.The duty is imposed only after a thorough investigation by a quasi-judicial body, such as DGTR, in India.

Imposition of anti-dumping duty is permissible under the World Trade Organization (WTO) regime. India and Vietnam are members of the Geneva-based organisation, which deals with global trade norms.

The duty is aimed at ensuring fair trading practices and creating a level-playing field for domestic producers vis-a-vis foreign producers and exporters.

Source: economictimes.com– Nov 26, 2020

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Govt moves to regulate shipping freight rates

The plan to regulate freight charges is one of the new provisions in the draft Merchant Shipping Bill, 2020

The Central government has decided to regulate freight charges levied by shipping firms for export, import and local transportation in a move that is bound to run into opposition from the carriers.

The plan to regulate freight charges is one of the new provisions in the draft Merchant Shipping Bill, 2020 prepared by the Ministry of Ports, Shipping and Waterways that seeks to repeal and replace the Merchant Shipping Act, 1958 and the Coasting Vessels Act, 1838.

"Every service provider or agent, in respect of any Indian ship or other ship operating in coastal waters, in relation to import, export or domestic transportation, shall specify the all-inclusive freight in the bill of lading or any other transport document, in such mode and manner as may be notified," according to the draft Bill circulated for public consultation.

Bill of lading

"No service provider or agent shall levy any freight charges other than the all-inclusive freight specified in the bill of lading or other transport document. The Central government may prescribe the terms and conditions for issuance of the Bill of Lading or any other transport document," it said. A government official said that shipping lines are not disclosing their freight to the customers; they quote a certain rate initially and later collect a different rate while invoicing.

This section will say that whatever you are charging you have to indicate in the document and then take. This will be largely for container shipping, he stated.

"To stop malpractices, regulation is required," he said. The move to regulate shipping lines comes at a time when the government has decided to de-regulate rates at the 12 state-owned major ports through the Major Port Authorities Bill, which is awaiting approval from the Rajya Sabha.

FIEO's plea

In October, the Federation of Indian Export Organisations (FIEO) had urged the government to regulate the shipping industry to "protect the EXIM sector from sudden and abrupt changes in freight rates".

The demand came after container carriers raised freight rates by as much as 40 per cent, depending on destinations, since July. India's trade which was dominated by imports witnessed a sudden surge in exports and a drastic reduction in imports from late June.

The recent reduction in India's imports from China had a major impact on the availability of containers for exports. This created a major imbalance in the equipment (containers) situation.

"As a result, the shipping lines which until July 2020 used to ship out empty containers from India, had to start repositioning empty containers into the country and move them inland to demand locations at a huge cost. This distortion in demand and supply, with its resultant impact on costs and rates, has not happened just in the case of India but for the rest of the world too," Sunil Vaswani, Executive Director, Container Shipping Lines Association (India), told BusinessLine in October.

Source: thehindubusinessline.com– Nov 26, 2020

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Ministry issues draft Merchant Shipping Bill with updated global norms

Move to ensure safety of vessels and welfare of seafarers

The Ministry of Ports, Shipping and Waterways has issued a draft of the Merchant Shipping Bill, 2020 with all updated International Maritime Organisation Conventions, to which India is a party.

It has provisions to ensure the safety and security of vessels, safety of life at sea, prevent marine pollution, provide for maritime liabilities and compensations, and ensure comprehensive adoption of India's obligations under International Conventions. Comments from public have been invited on the Bill, stated an official release.

To improve welfare of Indian seafarers on abandoned vessels and safety of such vessels, the Bill has provisions for repatriation of abandoned seafarers have been enhanced, in line with the Maritime Labour Convention regulations.

The Merchant Shipping Bill, 2020 has been drafted to promote growth of Indian shipping industry by incorporating the best practices adopted by other advanced countries such as the US, Japan, UK, Singapore and Australia, it added.

Ease of doing business

Specifically, to promote ease of doing business, the Bill does away with requirement of general trading licence for Indian vessels. It also enables electronic means of registration, and grants statutory recognition to electronic agreements, records, and log-books, in addition to electronic licenses, certificates and payments, stated the release. The Bill has clauses to increase India's tonnage and to make the vessel a tradeable asset.

To promote India as a bankable shipping jurisdiction and avoid situations leading to wreck, the proposed Bill seeks to introduce for the first-time statutory framework for regulating maritime emergency response against maritime incidents, said the statement. The provisions seek to provide for time effective implementation of response mechanisms in order to prevent such incidents from becoming a wreck or catastrophy.

To strengthen the investigation and adjudication of claims arising out of collision of vessels, assessors may be tasked by the High Courts to present their findings on the degrees of fault of each vessel, said the statement.

To make India an active enforcement jurisdiction, the Bill incorporates powers of the Director-General to take action against vessels that are unsafe, and pose a threat to safety of life at sea and environment, and includes a procedure for appeal from detention orders.

The Bill also encourages active enforcement of pollution prevention standards. Central Government has been granted the power to mandate compulsory insurance or such other financial security, for pollution damage.

Source: thehindubusinessline.com– Nov 26, 2020

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Concern being replaced by optimism as economy shows signs of recovery

Concern about the depth of India's recession is slowly being replaced by optimism that a recovery is taking hold.

A slew of indicators from car sales to services sector activity notched higher last month, while alternative data signal robust demand in an economy that's primarily driven by domestic consumption.

Data due Friday will likely show gross domestic product declined 8.2% in the three months through September, according to economists surveyed by Bloomberg. While that pushes Asia's third-largest economy into its first technical recession in records going back to 1996, it's a sharp recovery from the record 24% contraction the previous quarter.

The improvements are expected to continue, with some analysts seeing the country returning to growth as soon as this quarter. The recovery from the lockdown has been stronger than expected, Reserve Bank of India Governor Shaktikanta Das said Thursday, signaling ahead of next week's rate decision that policy makers will keep their supportive stance.

"While the farm sector remained the bright spot, supported by a good monsoon season and subsidized inputs, we think the recovery likely spread wider across the economy and is on the verge of becoming entrenched," Rahul Bajoria, the Mumbai-based chief India economist at Barclays Plc, wrote in a report to clients.

That improvement coincides with a drop in India's daily virus cases, which have tapered off to half of its peak of more than 97,000 infections a day in mid-September.

"With cases rising elsewhere, India has fallen off the top in terms of fastest growing cases as well as deaths," said Bajoria, who sees positive growth this quarter and a full-year contraction at 6.4% -- milder than the RBI's forecast for a 9.5% decline.

The RBI has been doing the heavy lifting on providing stimulus to the economy, having cut interest rates by 115 basis points so far this year, infused liquidity and transferred billions of rupees in dividend to the government. But its support has been stymied by inflation that's surged well above the central bank's 2%-6% target band.

For its part, the government expanded fiscal stimulus to 15% of the economy, with most measures related to credit guarantee programs.

What Bloomberg Economics Says...

"We expect the recovery to moderate as inadequate fiscal stimulus, delayed monetary easing and fresh headwinds to exports counter strength in the rural economy and a boost from further lockdown relaxation."

-- Abhishek Gupta, India economist

There is continuous improvement, according to State Bank of India economist Soumya Kanti Ghosh. The third quarter numbers could be even better, in line with the trends seen in economies globally, he said.

--With assistance from Tomoko Sato.

Source: business-standard.com– Nov 27, 2020

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India' yarn exports increase mere 1 per cent in October

India's yarn exports increased a meager 1 per cent to $289 million in October 2020 from the corresponding period last year. Bangladesh was the largest importer of spun yarns with 11 per cent increase in value of imports, followed by China. These two markets accounted for about 35 per cent of total yarn shipment during the month.

Export of cotton yarns however, declined to $238 million. Yarns were shipped to 78 countries at an average price of $2.72 a kg. Bangladesh was the top cotton yarn market, followed by China, Peru, Portugal and Vietnam.

Export of 100 per cent man-made fibers reached 7.49 million kg. These mainly included export of 3.23 million kg of polyester yarn, 2.07 million kg of viscose yarn and 1.76 million kg of acrylic yarn.

The export of polyester yarn was worth $6.6 million. The US was the largest market followed by Brazil and Turkey. Export of viscose spun yarns reached $6.39 million. These were exported at an average unit price of $3.08 a kg. Bangladesh was the largest importer of viscose yarn, followed by Turkey and Iran.

Blended spun yarns worth $33 million were exported in October, including 10.2 million kg of PC yarns and 2.3 million kg of PV yarns. Peru was the largest importers of PC yarn from India followed by Peru while Turkey was the largest importer of PV yarns from India followed distantly by Brazil.

Overall, the export of basic textiles comprising fibers, spun and filament yarns increased by 22 per cent YoY to $575 million. It accounted for about 2.3 per cent of total merchandise exported from India during the month.

Source: fashionatingworld.com– Nov 26, 2020

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Stable, predictable policies key to attract Swedish investments: Klas Molin

The Swedish Ambassador to India also calls for pragmatic view on being local firmin the context of global supply chain

A number of initiatives from smart grids to joint research expeditions in polar science are under way as part of the India-Swedish innovation partnership that the Covid-19 pandemic has not been able to derail, says Swedish Ambassador to India Klas Molin.

In an e-mail interview with BusinessLine, Molin talks about a range of issues, including the need for policy stability and predictability to attract more Swedish investments, the importance of an India-EU free trade agreement and the Sweden-India Nobel Memorial week. Excerpts:

How are you celebrating the ongoing Sweden India Nobel Memorial week amid the pandemic and what are the initiatives planned, especially in the area of business?

The Sweden India Nobel Memorial week, which is now in its 13th year, was instituted in memory of inventor-philosopher Alfred Nobel and celebrates innovations, creativity and entrepreneurship. Like everything else in the new normal, this year, it will take place entirely on a digital platform.

To begin with, the Sweden India Nobel Memorial Quiz for college students is live on www.swedeninindia.com. There will be a series of Nobel Lectures this year called 'SHE STEM! Women leading the way' and a number of events planned under 'Sweden India Health Talks'.

We are also envisaging a virtual interaction between Swedish Trade Minister Anna Hallberg and the 200+ Swedish companies in India, where the Minister would give her outlook on global trade and investment scenario, and more specifically trends for Sweden and Swedish industry in the ongoing pandemic.

A few virtual workshops and B2B meetings will be held with Swedish and Indian cleantech companies under the Innovation Accelerator, which focuses on the business of renewable energy and energy efficiency.

India and Sweden have in place an innovation partnership, and last December, during Swedish King Carl XVI Gustaf's visit, a number of initiatives were signed. What is the progress?

Since Prime Minister Narendra Modi's visit to Sweden in 2018, the innovation partnership has become one of the flagships of our relations with India. In fact, one of the only three partnerships Sweden has on global innovations is with India. Last December, during the State Visit, a Protocol of Cooperation was signed between the Department of Science and Technology of India and the Swedish Energy Agency. A jointly funded call in the area of smart grids was announced in March 2020. It will open for applications in end-November.

An MoU was signed between the Ministry of Earth Sciences of India and the Ministry of Education and Research of Sweden on cooperation of polar science. In September 2020, the Swedish Polar Research Secretariat participated in the international webinar on 'Managing Polar Oceans Sustainably' jointly with the Indian Ministry of Earth Sciences. Both sides are also in discussion about joint research expeditions, once the Covid-19 situation improves.

Has the Covid-19 pandemic affected collaboration between the two countries?

I am extremely pleased that despite Covid-19, research and innovation funding agencies in our countries have undertaken several joint workshops in 2020. As a result, a joint call on 'circular economy' is in the works. Both countries also announced a call on projects involving Artificial Intelligence for advancing healthcare in India and Sweden.

Swedish furniture company Ikea waited many years for a favourable FDI policy for single brand retail before it opened its first store in Hyderabad. Are Swedish companies looking for further changes in India's FDI policy?

Transparency and flexibility regarding FDI is one part of it, but one also needs to look at start-ups and smaller establishments. It is important that the investment can be put into use, which means seamless approvals, licences, collaborations between the Centre and the states.

Swedish companies such as Volvo are doing business in India for decades. What policy changes are needed to attract more investments from Sweden?
Almost all the Swedish majors are present in India. Several medium-size companies have also established business here. To attract more investments from Sweden, stability and predictability in the policy landscape is important, so that companies can plan ahead. Clarity on retrospective taxation in India and a pragmatic view on what it means to be a local company with reference to 'Atmanirbhaar Bharat', taking into consideration the potential for the global value chains in making India a hub for export is also important.

The proposed India-EU free trade pact (BTIA) has been languishing for long. Is Sweden interested in taking the negotiations forward?

We firmly believe that an FTA would be mutually very beneficial. There is still some work to be done in calibrating expectations and scope on both sides. This year's EU-India Summit agreed upon a high-level economic dialogue. Hopefully, this will pave the way for resumption of negotiations.

Source: thehindubusinessline.com– Nov 27, 2020

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Indian fabric to replace Chinese clothing for military uniforms

Defence Research and Development Organisation (DRDO) is helping Indian textile industries produce yarns to end the reliance on imports of Chinese and other foreign clothing for making military uniforms.

Director of Directorate of Industry Interface and Technology management (DIITM) at DRDO, Dr Mayank Dwivedi said that for Indian army's summer uniform alone, the approximate requirement of the fabric is 55 lakh metres and if all the requirements of Navy, Air Force and Para Military forces are added then the requirement may go well beyond 1.5 crore metres per annum.

"We're following our Prime Minister Narendra Modi's call for Atmanirbhar Bharat or self-reliance in all the products in India and particularly in defence products. If these yarns and fabric are manufactured in India for the purpose of uniform making for the armed forces, then it will be big achievement as it will help us move one step ahead towards Atmanirbhar Bharat," Dr Mayank Dwivedi told ANI.

The advanced fabrics can be used for future requirement of the parachute and bulletproof jackets as well.

The DIITM Director further said that the scope of technical textiles such as glass fabric, carbon fabric, aramid fabric and advanced ceramic fabrics is enormous in defence application. Some industries in Ahmedabad and Surat are manufacturing advanced fabrics being used in defence applications.

In a recent digital interaction organised by Confederation of Indian Industries (CII) with the industries of Surat on September 17, the challenges faced by the textile industry were projected. During the interaction, Dr Dwivedi had talked about opportunities in the areas of textile in the defence sector. He expressed his views on various possibilities of advance textile material and fabric used in the Indian Armed Forces.

"We are working to make technical textile for rocket motors and composite structure for the missile system. We are using technical textile in bullet-proof jackets as well. Similarly, I shared the idea of making blends like nylon 6,6 yarn, lycra fibre, viscose, polyester to make army uniforms at the CII webinar in the Surat industry recently. For a particular requirement of the Indian armed forces, the uniform can be made in a much better way," Dr Dwivedi told ANI.

The major application of advanced textile is required in the uniform worn by the Indian Armed Forces as well as all their accessories such as bags, shoes and tents which are used by the Forces. It was emphasised that the use of advanced textiles blends using yarns of polyester/ nylon 6,6 / cotton/polyurethane/rayon will enhance operational capabilities and comfort of Indian Armed Forces.

Pointing towards the initiative and the participation of Indian companies, he said, "In the webinar, more than 200 companies were interested in getting into this business. Bindal Silk Pvt Ltd, Lakshmipati Group among a few others were present and wanted to take up this initiative. This will not only boost the economy of the country but also generate lots of employment and eventually give a boost to the GDP also."

Source: livemint.com– Nov 26, 2020

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Rationalise GST rate structure to check GST fraud

It has been more than 40 months now that the GST has been implemented in India. As has happened with tax reforms in most large economies, India too witnessed turbulence in the initial years of its implementation. Added to that turbulence was the Centre and states being at loggerheads on the GST compensation issue and delays in releasing the funds to the state governments. After a lot of persuasion, the states finally agreed to the Centre's proposal, and without referring the matter to any of the judicial courts', accepted either of the two options tabled by the latter. Kudos to them!

Of late, there has been a plethora of cases unearthed by the central and state GST enforcement authorities, involving fraud relating to fake bills and claiming of input tax credits. Within a matter of days, around 50 persons have been arrested and around 650 cases have been booked. While the amounts involved in these unearthed fraud cases aggregate to crores of rupees, it remains to be seen as to how much of it will ultimately get recovered from the fraudsters. It is commendable that the government at both the levels—Centre and the states—has started to truly enforce the GST law and book criminals involved in such illegal activities. Better late than never!

The genesis of the GST fraud lies in not only the fraudulent intentions of the scamsters but also in the very structure of the value-added tax (VAT). There are two prominent methods of VAT mechanism, most popular being the credit-invoice method.

Under this method, all sales by businesses are taxable, but sellers pass invoices on to the VAT-registered business taxpayers, who purchase goods and/or services from the seller. These purchasers, in turn, claim a credit for the taxes paid (input tax credit), but then pay VAT on the full value of their sales.

The result is that there are no net taxes on the sales done between the registered VAT businesses, while the full value of the final sale to the end-consumer bears the tax. Indian GST law follows the credit-invoice method. The other method of VAT, which is very rarely used, is the subtraction-method—sometimes referred to as a business transfer tax.

In this method, the VAT-registered businesses pays tax on the difference between the value of their sales and the value of their purchases from other businesses. As with the credit-invoice VAT, the sum of all the amounts subject to tax, without exemptions, is equal to the value of final sales. It is not that VAT/GST frauds don't happen in other parts of the world, but this scale and size is perhaps seen only in India. Given the high rates of GST, the arbitrage to evade GST and claim false credits is a huge incentive for the fraudsters.

The countries with a very low VAT rate do not seem to have this problem on a large scale. Adding to the problem is the sheer number of GST registrations in India. As on June 30, around 123.11 lakh businesses were registered for GST purposes, out of which, only 53.29 lakh were registered in the erstwhile indirect tax regime (prior to July 2017). This means that there is a whopping 131% increase in the tax base over a period of three years! Do the tax collections reflect such buoyancy? The answer is NO.

No wonder then that, in the meeting of the Law Committee of the GST Council held recently, a decision was taken to initiate systemic tightening of the GST registration process. The Law Committee has suggested measures which will be taken on precise identification of potentially riskier taxpayers based on very well defined parameters run on the automated environment. It is hoped that this would impact the ease of doing business for genuine taxpayers.

Thus, stricter enforcement of the GST law is in the offing which the honest taxpayers should not be really worried about. While the GST Council will certainly unleash the steps taken for curbing the fake invoices frauds, it is about time to further rationalise the GST rate structure and move towards a two-rate structure, which in the long run will not only simplify the GST system but also supplement the government's efforts to rein in the frauds.

Increasing the tax base by including oil&gas, electricity and other such sectors kept outside the ambit of the GST into the GST net and further pruning of GST exemptions will ensure that the GST revenues are stable and there is enough fiscal room for making the GST structure simpler and wider.

Source: financialexpress.com– Nov 26, 2020

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Gujarat ginners back to work in full swing

A spurt in demand from cotton yarn makers, coupled with fresh arrival of cotton from farms, has pumped fresh oxygen into the ailing ginning industry in Gujarat, and most of the closed ginning mills have resumed functioning in full swing.

A couple of months ago, almost 80% of the 1,000-odd ginning mills in Gujarat were either closed or partially functioning. The Covid-led slowdown, sluggish domestic and exports demand, and inadequate supply of cotton had forced most ginners to shut operations.

Ahead of Diwali, fresh orders from spinners started pouring in. At the same time, fresh cotton started to arrive in the mandis. As a result, nearly 80% of the ginners have resume operations.

“The entire textile value chain is experiencing unprecedented demand. The spinning industry is witnessing a bullish trend following heavy demand of cotton yarn in domestic as well as export markets,” Bharat Boghara, president of the Spinners Association of Gujarat, said.

Currently, around 50,000 bales (170 kg per bale) are being processed at ginning mills across Gujarat.

Overall demand has resulted in a price hike, said Avadhesh Sejpal, president of the Saurashtra Cotton-Seeds-Oil Cake Brokers Association. “Cotton prices were hovering around Rs 40,000 per bale in October. Post Diwali, prices are at around Rs 41,500 to Rs 42,500 per bale,” he said.

Farmers are also happy with the way things are going as they are getting a healthy rate for the yield. They are getting Rs 900 to Rs 1,200 per 20 kg in the open market as per the quality of their produce. The government has fixed a minimum support price (MSP) of Rs 1,155.

This year, India’s cotton production is projected at around 3.7 crore bales. Farmers in Gujarat have focused on groundnut this year, which will impact cotton production in the state by 10%. But cotton sowing has increased in other Indian states, sources said.

Source: financialexpress.com– Nov 27, 2020

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Polyester weavers oppose duty extension

The powerloom weaving sector is bracing for the increase in the polyester yarn prices in the coming days with the union finance ministry extending the levy of the anti-dumping duty on the polyester filament yarn imported from China, which is the main raw material for Surat's textile sector.

Industry sources said that about 80% of the yarn used in the manufacturing of fabrics in Surat consist of polyester filament yarn. The monthly consumption of polyester yarn in is pegged at 90,000 tonne. The yarn is supplied by the yarn spinning companies in Surat, Silvassa and Vapi.

Sources said that the Directorate General of Trade Remedies (DGTR) had conducted the sunset review of the anti-dumping duty on polyester filament yarn and concluded that the dumping of yarn from China is causing injury to the domestic industry and recommended the continuation of the duty.

Ashish Gujarati, president of Pandesara Weavers Association (PWA) said, "Removal of the anti-dumping duty on polyester filament yarn has been our long pending demand. Due to the extension of duty on imported yarn, the local spinners would increase the yarn prices. At present, the powerloom industry is operating at 70% capacity in wake of the coronavirus pandemic."

Source: timesofindia.com– Nov 27, 2020

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Cotton arrival hits decade-high of 3,10,000 bales after domestic prices jump 25 percent

Raw cotton prices have increased about 25% to Rs 5,000-6,000 per quintal in two months following a rise in international prices. This has led to farmers rushing to the markets, taking the daily arrivals to 310,000 bales on Monday, highest in a decade, said the Cotton Association of India (CAI).

Total cotton arrivals in the market till November 21 amounted to seven million bales, one million bales more than in the year-ago period, according to the CAI.

"After having a sluggish market for three years, there are many positive indicators that support a firm trend in cotton prices. Cotton supply will not be surplus this year, as demand is reviving while supply will be smaller than expected earlier," said Pradeep Jain, president, Khandesh Ginning and Pressing Association.

Cotton prices also received support from the increase in prices of cotton seed used to produce oil, which moved upwards in tandem with prices of the edible oil complex.

“Along with other reasons, increase in prices of cotton seed by about 10% has supported the increase in cotton seed prices,” said Atul Ganatra, president, CAI.

The government agency Cotton Corporation of India has begun cotton procurement in 10 states, which led to an increase in open market prices. The minimum support price for long staple cotton is Rs 5,825 per quintal for kharif 2020.

Increase in prices may hit exports in the short term.

“India shipped 7 lakh bales in October. We were expecting to export 8-9 lakh bales in November which may decline to about 5-6 lakh bales as our prices have increased,” said Ganatra.

However, Bangladesh, the biggest buyer of Indian cotton, will continue to buy Indian cotton. “Thanks to the shortest lead time due to the proximity of the two countries, Bangladesh will continue to import Indian cotton," said Sultan Riaz Chaudhury, president Bangladesh Cotton Association.

Source: economictimes.com– Nov 25, 2020

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Laboured codes

Draft Rules for 3 labour codes need clarity, to improve compliance and industrial relations

In the past one month, the Centre has notified Draft Rules for three labour codes passed during the monsoon session of Parliament – Industrial Relations (IR) Code, Social Security Code (SSC) and Occupational Safety, Health and Working Conditions (OSHWC) Code. These codes have been billed as a transformative exercise in improving industrial relations in India. Transformative or otherwise aside, the Draft Rules should have been more precise and ironed out ambiguities.

Take, for instance, the IR Code Draft Rules which should not have been notified without prescribing a time-frame for the adjudication process for an industrial dispute. If the purpose of the new law which subsumes the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946, is to ensure that existing statutes are implemented smoothly, a stricter and prescribed time frame to cut out long adjudication processes is a prerequisite.

Then there are omissions such as the failure to define a Model Standing Order as had been mandated in the Industrial Employment (Standing Orders) Central Rules. The SO is a statutory force that defines categories of employees – permanent, temporary, casual, fixed-term etc. It lays down tenure of probation and conditions for regularisation as also shift working, types of leave, termination of employment, specific acts of misconduct et al. Although Section 29 (1) of the IR Code refers to the Model Standing Order, the Draft Rules fail to define it. Similarly, regulations prescribing the rights of the recognised unions need to be clearer.

The crux of this exercise was to streamline and amalgamate 100 State laws and 40 Central laws across industries, as also to expand the umbrella of labour protection beyond the organised sector.

Much has been made of the Social Security Code (SSC)'s extension to the 'gig' and 'platform' workers whereas they do not figure either in the IR Code or the OSHWC Code. What this arguably means is that they are entitled to social security but not labour rights.

To avail themselves of social security, they have to update their particulars on a portal. The Rules insert ambiguities in critical areas where the Code itself is quite clear like nomination of representatives of the workers and employers of the unorganised sector to the National Social Security Board (NSSB). While Section 6(2)(i)(ii) of the SSC provides for "compulsory" nomination, the Rules make it discretionary.

The lack of clarity in the OSHWC Draft Rules over what constitutes "spread-over" hours (which can be interpreted as the total hours that can be spent at the workplace, including working hours, overtime and intervals) is a serious lacuna, as it could translate into disputes in the event of negotiations on hours worked.

The Labour Minister has already said that he is open to suggestions. The leadership should steer the rules towards simplifying compliance and improving labour market governance.

Source: thehindubusinessline.com– Nov 26, 2020

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Govt to consider two proposals for setting up free trade and warehousing zones on November 27

The government on November 27 will consider two new proposals for setting up free trade and warehousing zones (FTWZs) in Maharashtra.

The proposals will be taken up for consideration by the highest decision making body for SEZ (special economic zones) Board of Approval (BoA) in its meeting on November 27, according to an office memorandum of the department of commerce.

NDR Infrastructure Pvt Ltd has proposed to set up an FTWZ in Raigad, Maharashtra, over an area of 50.98 hectares (125.96 acres), with a total proposed investment of Rs 700.81 crore.

According to the memorandum, the developer has already procured 117.6 acres of land and for the remaining 8.36 acres they have done agreements for sale.

Similarly, Karanja Terminal & Logistics Pvt Ltd too has sought in-principle approval for setting up of an FTWZ in Raigad, Maharashtra over an area of 50 hectares, with a total proposed investment of Rs 528 crore.

The objective of these zones is to create trade-related infrastructure to facilitate the import and export of goods and services with freedom to carry out trade transactions in free currency.

Further the BoA would also consider five proposals seeking more time to execute their SEZ projects. An SEZ unit Indo UK Healthcare has sought extension of LoA (letter of appproval) for one year till March 9 next year.

An SEZ unit Indo UK Healthcare has sought extension of LoA (letter of appproval) for one year till March 9 next year.

Wockhardt Ltd, a unit at Shendre, Aurangabad, Maharashtra has sought extension of validity period of LoA for oral solid dosage for human usage for a period of one year upto October 24, 2021.

SEZs are exports hubs which contribute to about 20 percent to the country's total outbound shipments.

The commerce ministry is taking steps to revive investors interest in these zones.

Exports from such zones grew by about 14 percent in 2019-20 to Rs 7.97 lakh crore.

Source: moneycontrol.com– Nov 27, 2020

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E-tailers gross ₹58,000 cr in festive sales

Electronics, home categories saw an uptick while fashion sales dipped, says report

E-tailers led by Flipkart and Amazon grossed a bumper ₹58,000 crore ($8.3 billion) in sales in the mega e-commerce festive season sales that began on October 15 and ended on November 15, registering a 65 per cent y-o-y growth and comfortably cruising past pre-festive sale forecasts. Last year, e-tailers grossed ₹35,000 crore ($5 billion) in sales.

This festive season saw the number of shoppers nearly double to 88 million, of which 40 million shoppers were from Tier-II-plus cities. Overall spend per customer dropped to ₹6,600 from ₹7,450 last year due to the huge influx of first-time, Tier-II city shoppers who typically spend lesser than their metro counterparts, reveals a report from RedSeer Consulting.

Mobile phones continued to dominate across all products, contributing to 46 per cent of the overall GMV, followed by electronics and appliances which contributed 29 per cent fuelled by new launches, affordability related to deep discounts, bank offers and smart upgrade plans offered by brands.

The fashion category was marginally down to 13 per cent from 16 per cent last year, owing to Covid-related restrictions on going out and limited number of people allowed at weddings and other festive celebrations. Long-tail categories like home, home furnishings and personal care have done better than ever due to high demand for upgrading work-from-home/study-from-home environment and the need for personal hygiene.

Growth factors

Factors like high pre-sale awareness and anticipation driven by impactful advertising campaigns, wide selection across categories, seamless supply chain planning which enabled minimal product stock outs, along with multiple affordability constructs, helped Flipkart and Amazon to drive growth this festive season.

"The overall growth story has been very bullish this festive season. We had forecasted $7 billion of sales, but the actual figures surpassed our expectations, showing how comfortable consumers have become with shopping online even in this pandemic-hit year. As per our estimates, Flipkart Group emerged as the leader during the whole festive month with 66 per cent share of the total sale" said Mrigank Gutgutia, Director at RedSeer Consulting.

Stating that it is very clear that e-commerce has become more mainstream, he said: "This festive season sale has proven that with the right assortment, at the right prices, delivered quickly to the safety of customers' homes, the value proposition of e-commerce is very powerful. Thus it is imperative for brands and sellers to shift their focus to online quickly and enable a seamless online experience for the customer in order to thrive in a post-Covid world."

Source: thehindubusinessline.com– Nov 26, 2020

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