**INTERNATIONAL NEWS**

<table>
<thead>
<tr>
<th>No</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Global textile, apparel sector seek new growth path as COVID-19 halts exports</td>
</tr>
<tr>
<td>2</td>
<td>Global exports of cotton yarn expected to strengthen</td>
</tr>
<tr>
<td>3</td>
<td>China: Cabinet pledges support for foreign trade</td>
</tr>
<tr>
<td>4</td>
<td>UKFT to help shape future negotiations as Brexit nears</td>
</tr>
<tr>
<td>5</td>
<td>Indonesia: COVID-19 fallout exacerbates noncompetitive, outdated textile industry: Experts</td>
</tr>
<tr>
<td>6</td>
<td>Bangladesh considers another stimulus package for garment exporters</td>
</tr>
<tr>
<td>7</td>
<td>Dhaka wants New Delhi to forego ‘stringent checks’ on garments as both work on trade pact</td>
</tr>
<tr>
<td></td>
<td>NATIONAL NEWS</td>
</tr>
<tr>
<td>---</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Piyush Goyal urges India, ASEAN firms to together resolve differences, remove non-tariff barriers</td>
</tr>
<tr>
<td>2</td>
<td>Commerce Minister launches ‘prototype’ of National GIS-enabled Land Bank System</td>
</tr>
<tr>
<td>3</td>
<td>How long can the rupee “strength” continue?</td>
</tr>
<tr>
<td>4</td>
<td>Indian economy may have contracted by 25% in Q1: ICRA</td>
</tr>
<tr>
<td>5</td>
<td>Modi-Abe talks to focus on promoting Japanese investments in India, improving infra</td>
</tr>
<tr>
<td>6</td>
<td>Cotton yarn makers’ revenues fall to 6-year low, study shows</td>
</tr>
<tr>
<td>7</td>
<td>Centre proposes 2 borrowing options before States to meet GST compensation shortfall</td>
</tr>
<tr>
<td>8</td>
<td>Apparel retail sector may witness 45 per cent fall in revenues this fiscal: Report</td>
</tr>
<tr>
<td>9</td>
<td>E-commerce retail market may cross $100-billion mark by 2024 on back of these two key factors</td>
</tr>
<tr>
<td>10</td>
<td>‘GST compensation bill’ may double to ₹26,000 cr/month in FY20-21</td>
</tr>
<tr>
<td>11</td>
<td>Indian apparel retail likely to rebound in FY22: Ind-Ra</td>
</tr>
<tr>
<td>12</td>
<td>Flipkart’s Vocal for Local move: To promote Assam’s handloom, handicraft as PM pushes for Make in India</td>
</tr>
<tr>
<td>13</td>
<td>Innovation to have big impact on Indian agri sector next decade, says Omnivore report</td>
</tr>
<tr>
<td>14</td>
<td>Indian Carpet Expo receives overwhelming response of 364 buyers from 61 countries</td>
</tr>
<tr>
<td>15</td>
<td>Exports keep textiles sector afloat: Experts</td>
</tr>
<tr>
<td>16</td>
<td>Surat’s textile industry facing hardships due to labourers shortage</td>
</tr>
<tr>
<td>17</td>
<td>Gujarat govt seeks Rs 12,000-cr GST compensation from Centre</td>
</tr>
</tbody>
</table>
INTERNATIONAL NEWS

Global textile, apparel sector seek new growth path as COVID-19 halts exports

COVID-19 has led to a fall in global exports and the suspension of many businesses and production units across the world. Statistics from Vietnam Chamber of Commerce and Industry indicate, the country’s yarn exports declined 20.9 per cent from January to July 2020. Fabric exports decreased 40 per cent while export of processed textiles dropped 12.1 per cent.

Vinatex expects Vietnamese textile exports to further decline by 14 per cent to reach $32.75 billion in the second half of 2020. The country has hardly received any new orders for high-value-added products while orders for masks and protective clothing have dropped sharply due to sufficient international supplies.

Bangladesh cotton imports to increase on demand revival

Data from Bangladesh Textile Mills Association indicates, for the first time in over a decade, Bangladesh's cotton imports declined by 13.4 in FY 2019/20 reaching 7.1 million bales. After lockdown eased on May 30, Bangadeshi textile mills survived on the cotton stocks that had piled up pre-lockdown. A revival in downstream demand has led to large scale consumption of this inventory spurring further demand for country in the country.

Capacity of apparel mills in the country has recovered to about 75 per cent. As per the Bangladesh Textile Manufacturers Association, the country hopes to complete 75 per cent of its annual cloth orders by September and finish them all by end-2020.

Cambodia expects 20 per cent stable cloth orders in Q4

The dual pressure of epidemic and abolition of EBA has led to the closure of 250 textile and apparel companies in Cambodia. The abolition of EBA tariff preferential measures led to an exponential increase in the prices of Cambodian apparel exports to the EU and a subsequent decline in orders. GMAC expects only 20 per cent member companies’ orders to remain stable in the fourth quarter.
Myanmar seeks new development path

By June 21, almost 100 garment and textile companies in Myanmar closed, and over 4,000 workers lost their jobs. Now, 101 companies have resumed production and over 15,000 workers have returned to work.

The epidemic has dealt a major blow to the apparel industry in Myanmar. Most apparel companies in the country are seeking new development paths, such as the production of masks and other epidemic prevention materials.

Stable look for Indonesian textile and garment industry

Coronavirus did not have a serious impact on Indonesian economy with many textile and apparel mills bagging new domestic and international orders. Textile and apparel company PT PanBrothers’ growth rate in the second and third quarters increased by 20 per cent. The company registered an additional 15 per cent increase in orders from local apparel mills that produce garments for global brands.

Laos faces acute order shortage.

Apparel industry in Laos is highly dependent on imports, and the closure of ports due to the epidemic has had a significant impact on the supply of feedstock for the industry. This has led to an acute shortage of orders and increase in pressure for future development.

Thailand's textile and apparel mills cut output

As per National Textile Industry Federation of Thailand, insufficient orders have led to most Thailand textile and apparel mills reducing production, and some operating only four days a week. Some mills are also diverting to antibacterial products and exporting them to Japan

Source: fashionatingworld.com– Aug 27, 2020
Global exports of cotton yarn expected to strengthen

The global export of cotton yarns has reportedly declined 9.5 per cent from $14,565.80 million in the year 2017 to $13,182.02 million in 2019. Total exports dropped down 13.52 per cent in 2019 over the previous year. However, the exports is further expected to move up to $13,955.25 million in 2022 with a rate of 5.87 per cent from 2019.

The global import value of cotton yarns was $12,981.30 million in 2017, which decreased 11.71 per cent to $11,461.11 million in 2019, according to Fibre2Fashion's market analysis tool TexPro.

Total imports plunged 15.74 per cent in 2019 over the previous year and is expected to rise to $11,789.87 million in 2022 with a rate of 2.78 per cent from 2019.

India ($2,914.27 million), Vietnam ($2,808.10 million), China ($1,775.64 million), US ($1,217.10 million) and Pakistan ($1,109.93 million) were the key exporters of cotton yarns across the globe in 2019, together comprising 74.53 per cent of total export. These were followed by Indonesia ($582.24 million), Turkey ($521.92 million) and Hong Kong ($458.06 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by Vietnam (66.67 per cent) and China (7.82 per cent).

China ($4,947.40 million), Turkey ($568.79 million) and Italy ($525.42 million) were the key importers of cotton yarns in the globe in 2019, together comprising 52.71 per cent of total import. These were followed by Hong Kong ($432.92 million), South Korea ($426.06 million) and Vietnam ($413.27 million).

From 2016 to 2019, the most notable rate of growth in terms of import value, amongst the main importing countries, was attained by Italy (49.75 per cent) and Turkey (34.46 per cent).

Source: fibre2fashion.com– Aug 27, 2020
China: Cabinet pledges support for foreign trade

The State Council has pledged stronger support to foreign trade companies, especially smaller ones and labor-intensive businesses, as the country scales up efforts to mitigate disruptions to global trade from the COVID-19 pandemic.

Key policies include further amplifying the role of export credit insurance to shield exporters against the risks of orders being canceled and guiding financial institutions to bolster credit support to smaller foreign trade companies.

They were part of 15 measures unveiled in a document released by the General Office of the State Council on Aug 12 to stabilize foreign trade and investment.

In the document, the Cabinet vowed to offer more aid to the country’s labor-intensive exporters, including those in the textile, clothing, plastic products, furniture, toy and consumer electronics sectors, without specifying what the measures would be.

The value of China’s imports and exports totaled 31.5 trillion yuan ($4.6 trillion) last year, and its mammoth foreign trade sector employed 180 million people, according to the Ministry of Commerce.

The country’s foreign trade has beaten market expectations since April, with exports growing for four consecutive months. Exports were up 10.4 percent year-on-year last month, while imports rose 1.6 percent, according to the General Administration of Customs.

However, Ren Hongbin, assistant minister of commerce, has warned of an even more complex and challenging foreign trade environment in the second half of the year, with the pandemic still raging worldwide and global economic contraction hitting demand from overseas.

In a recent survey of businesses the ministry found that insufficient orders, impeded logistics, financing difficulties and unstable industry and supply chains are prominent factors troubling foreign trade businesses, Ren said.

A report released by the World Trade Organization earlier this month said travel restrictions and border closures imposed by countries could account
for a substantial increase in trade costs, with considerable delays in international maritime and land transport.

‘Many governments are trying to do as much as possible to keep trade flowing, but in some regions, travel restrictions have the potential to disrupt regional trade and livelihoods severely,’ the report said.

In the latest document, the Cabinet said it will come up with a list of key foreign trade businesses and help them solve operational problems. Authorities will further ease customs clearance and widen market access for imported oil, oil seeds, meat and dairy products, the document said.

Chen Geng, chairman of Fashion Flying Group, an outdoor garment maker based in Fuzhou, Fujian province, said orders dropped by 50 percent in the first half of the year but Europe, its main market, was now on the road of recovery.

‘The largest challenge we are facing is the lack of orders,’ he said. ‘Even though we are running below our production capacity, we had to subsidize our workers to ensure their income.’

Chen said labor costs accounted for 30 percent of the company’s expenses, and the subsidies had added to the pressure.

Under a government relief package issued this year, the company has been exempted from paying part of its contributions to social security funds and unemployment and occupational injury insurance until the end of the year. The government has offered the company 2.39 million yuan in subsidies to stabilize employment.

‘The government’s support came when we needed it most,’ Chen said, adding that he looked forward to more aid packages to help major trading businesses survive the challenging period.

Wu Jianneng, chairman of Your Like Power (Fuzhou), an exporter of power generators, said that in the first eight months of the year its exports were worth 15 million yuan, compared with 35 million yuan for all of last year.

He said he is concerned that without sufficient support from the authorities, the company’s supply chains could be cut in the face of the global downturn in trade.
'We hope that the government can provide higher subsidies for high-tech companies purchasing equipment, and offer higher appraisals of the value of factories as we try to obtain bank loans,’ Wu said.

Source: hellenicshippingnews.com– Aug 27, 2020

UKFT to help shape future negotiations as Brexit nears

The UK Fashion & Textile Association (UKFT) has been asked to represent the industry on the new trade advisory group (TAG) to the Department for International Trade (DIT) for British Manufacturing and Consumer Goods. UKFT will provide knowledge and insight of the needs of the UK fashion and textile industry to inform the UK negotiating position.

This assumes significance as UK's trade talks with countries including Japan, the US, Australia and New Zealand are likely to intensify in the coming days. Separately, UKFT is also representing the industry to the group negotiating with the EU.

“I am very pleased that UKFT has been invited to represent the industry on this TAG group, reporting directly to the Secretary of State. Exports are the lifeblood of many fashion and textile businesses and the right free trade agreements are essential to ensure that the industry thrives after Brexit.

Similarly, as consumers, we all depend on the right deals being done to make sure that we all have access to the goods we need at the same time as encouraging fair and sustainable trade. It is especially important that UKFT is involved on the manufacturing TAG as our exporters of UK manufactured goods are the ones who stand to win or lose the most,” said UKFT's international business director Paul Alger.

“This is about bringing business closer to the negotiating table and using their expertise to help secure the best possible deals that deliver jobs and growth across Britain. Talks with Japan, the US, Australia and New Zealand are entering their crucial latter stages, so it is only right that we step up engagement with vital industries to utilise their technical and strategic expertise,” said Liz Truss, Secretary of State for International Trade.
Separately from the TAG, UKFT is preparing its own updated guidance for members on trading with Europe after the end of the transition period, covering changes to tariffs, import and export documentation, labelling and more.

Source: fibre2fashion.com– Aug 27, 2020

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Indonesia: COVID-19 fallout exacerbates noncompetitive, outdated textile industry: Experts

The COVID-19 pandemic has aggravated the prevalent issues of competitiveness that have been battering the Indonesian textile industry, as people are buying fewer clothes due to declining incomes. Researcher Redma Gita Wirawasta at the Indonesian Textile Institute (Indotex) said that Indonesia's textile industry was less competitive than other countries' primarily because of high energy and logistics costs, low productivity, the multilayered value-added tax regime from the upstream to the downstream and low-tech machinery.

“These competitiveness issues have been around for a long time. [We don't have] enough competitiveness to boost exports,” she said at a virtual discussion on Wednesday. Redma added that the global market share of Indonesian textile products fell slightly to 1.58 percent in 2018 from 1.66 percent in 2009, citing data from the World Trade Organization (WTO).

Over the same period, the textile products of neighboring Vietnam and Bangladesh expanded respectively to 4.59 percent and 4.72 percent. Indonesia’s textile and garment industry contracted 14.23 percent year-on-year (yoy) in the second quarter as domestic and global demand slowed, compared to an annualized growth rate of 20.71 percent in the corresponding period in 2019, according to Statistics Indonesia (BPS).

The textile industry contracted more deeply than the manufacturing industry, which shrank 6.19 percent yoy in the second quarter this year. Director general Dody Widodo for resilience, zoning and international industry access at the Industry Ministry said at the same discussion that the textile industry had failed to improve its competitiveness because businesses did not update their machinery and equipment in the previous decade. “Because the machines are old, productivity remains low,” he said.
The continued use of outdated machinery corresponded with the investment data, which showed that the majority of investment funds had been channeled toward developing new buildings and not to upgrading machinery and equipment, economist Faisal Basri of the Institute for Development of Economics and Finance (Indef) said at the discussion.

Machinery and equipment investment fell 12.87 percent yoy in the second quarter of the year as the pandemic caused the Indonesian economy to contract for the first time since the 1998 Asian financial crisis. The economy contracted 5.32 percent in the second quarter as household consumption and investment declined in the fallout from the COVID-19 health emergency.

In addition to shrinking investment, the health crisis also caused household spending on clothing, footwear and garment maintenance services to decline at an annual rate of 5.31 percent. It is the third deepest annualized decline in spending, after restaurants and hotels, and transportation and communications.

“From the demand side, household spending is declining not only because of falling incomes, but also because of behavioral changes,” noted Faisal. “Budgeting for savings and investments is rising.

People [are preferring] to save because the government is incapable of managing the virus.” Economists and epidemiologists have slammed the government response to the COVID-19 health emergency as untimely and lacking focus.

Meanwhile, the government had shifted its focus to recovering the economy even as infections continued to surge without any signs of slowing down, founder and executive director Hendri Saparini of the Center of Reform on Economics (CORE) Indonesia said separately on Aug. 21.

Source: thejakartapost.com – Aug 27, 2020
Bangladesh considers another stimulus package for garment exporters

The Bangladesh government may consider another stimulus package for garment exporters such that they can pay workers’ wages of August, said Finance Minister AHM Mustafa Kamal.

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

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

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

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

Garment factory owners are in deep worry about carrying out various activities, the future of the industry and how to pay wages to the workers, said the joint letter, which was also sent to the prime minister's principal secretary. Garment factories in Bangladesh faced order cancellations or suspensions worth more than $3 billion since the pandemic took form.

Subsequently, earnings from apparel shipments in the immediate past fiscal year fell to its lowest in a decade of $27.8 billion. The amount is 18.5 per cent lower than in fiscal 2018-19.

Source: fashionatingworld.com— Aug 27, 2020
Dhaka wants New Delhi to forego ‘stringent checks’ on garments as both work on trade pact

India and Bangladesh have decided to expedite their proposed Comprehensive Economic Partnership Agreement (CEPA) even as Dhaka has made certain demands that New Delhi believes will be “difficult” to meet, ThePrint has learnt.

While the joint feasibility study is yet to be completed, Dhaka has sought ‘special treatment’ under the CEPA, similar to what Delhi accords Nepal and Bhutan, according to Indian government sources.

The CEPA is an advanced form of a free trade agreement that will ensure preferential and even tariff-free access to goods, services and investments in both countries. Although India does not have a CEPA with Nepal or Bhutan, it does offer concessions in goods and services from those countries.

According to the sources, Dhaka is keen to get tariff-free access into the Indian markets for its readymade garments and removal of non-tariff barriers such as stringent checks on standards.

Dhaka, the sources said, has told New Delhi that it follows global standards when it comes to readymade garments that it exports across the world, including leading destinations of the US and Europe. Hence, India should not put additional measures on scrutinising the imports from that country.

The talks on a CEPA have been going on informally since 2018, in the backdrop of increasing Chinese investments in Bangladesh and also due to the fact that some of the previous trading arrangements have become dysfunctional. These include the South Asian Free Trade Area (SAFTA) — a free trade arrangement under the South Asian Association for Regional Cooperation (SAARC).

The CEPA dialogue

In January this year, both sides had held extensive talks on having the deal that will boost two-way trade and investments. The meeting was held between both the Ministries of Commerce, led by Commerce Secretary Anup Wadhawan from the Indian side while the Bangladeshi side was led by his counterpart, Jafar Uddin.
Sources said the formal round of talks will begin by the middle of next year.

“India and Bangladesh should sign the CEPA at the earliest for the benefit of both countries. This will give a major push to India’s ‘Neighbourhood First’ policy and will further strengthen ties with Bangladesh,” said Prabir De, professor, Research and Information System for Developing Countries (RIS), a policy research institute based in Delhi, where he also serves as the coordinator of the ASEAN-India Centre.

“This will also help Bangladeshi investors to invest in India directly rather than routing it through other countries. The CEPA can also prove to be beneficial for India strategically in countering Chinese influence there,” he added.

According to sources in Bangladesh, the CEPA should also take into account Dhaka’s long-pending demand on the sharing of Teesta river waters.

Both sides have set a deadline of December to sign the CEPA protocol, after which formal negotiations on the trade will begin, a Bangladesh official, who didn’t want to be identified, told ThePrint.

New Delhi is increasingly getting concerned of Beijing making rapid inroads in the economic development of Bangladesh, which is why India is also keen to start formal talks on the CEPA and conclude it soon.

**The need for a CEPA**

Bangladesh is gradually moving from the status of a ‘Least Developed Country’ (LDC) to a ‘Developing Country’ and will need more and more free trade agreements to enjoy tariff-free access in India.

At present, since Bangladesh has LDC status, it enjoys duty-free access for its products entering India under SAFTA.

“The CEPA between India and Bangladesh can help promote bilateral trade between these two countries. As Bangladesh will graduate out of the LDC status by 2024, to maintain the duty-free market access in India, Bangladesh needs to sign a free trade agreement with India. Also, as SAFTA is dysfunctional, the CEPA, with a built-in bilateral FTA, will be an achievement,” said Selim Raihan, professor (economics), Dhaka University, and Executive Director, South Asian Network on Economic Modeling.
“The CEPA will encourage the inflow of Indian investments into Bangladesh,” Raihan added. “However, keeping in mind the differences in the sizes of these two economies and the levels of development of these two countries, there should be some special provisions to safeguard Bangladesh’s interests in the CEPA.”

Bilateral trade in goods between India and Bangladesh fell 7.82 per cent to $9.45 billion in the 2019-2020 financial year as compared to the $10.25 billion in 2018-19 fiscal, according to the Ministry of Commerce and Industry.

On the other hand, Bangladesh already enjoys tariff-free access on more than 90 per cent of its products exported to China.

Source: maritimégateway.com– Aug 28, 2020
NATIONAL NEWS

Piyush Goyal urges India, ASEAN firms to together resolve differences, remove non-tariff barriers

Business communities of India and ASEAN should work to resolve their differences, remove non-tariff barriers, ensure sanctity of rules of origin and open markets to expand two-way trade, Commerce and Industry Minister Piyush Goyal said on Thursday.

Addressing the ASEAN-India Business Council, Goyal said both the sides need to work together to further this relationship as two-way trade is witnessing signs of decline from USD 81 billion to USD 77 billion, “probably the first time we saw a 5 per cent de-growth”.

He said India and ASEAN (Association of Southeast Asian Nations) have not been able to harness the full trade potential for various reasons, but now is the time to expand trade, address concerns and resolve differences.

Goyal said the business council meeting is a good forum to discuss concerns and best practices, share ideas, and flag the problems.

“It is important that businesses on both sides work to resolve differences, work to create a more valuable and trusted regional value chains, remove the non-tariff barriers on both sides, ensure sanctity of rules of origin, and open markets to expand trade because in my humble view, as they (people) say in hindi, ‘taalee do haath se bajti hai’ (It takes two hands to clap)”, he said.

“We will have to work together and we can create a resounding sound which will be heard by the whole world. But if each one of us only remains committed to themselves and does not look to further this relationship, our trade which is already seeing signs of falling from USD 81 billion to USD 77 billion...can at times move into the downward spiral,” Goyal added.

The minister said the two sides have not yet been able to start the review of free trade agreement in goods.

He added that businesses can play the role of a bridge to help resolve the issues “amicably and quickly”.

He said problems that do not resolve in a quick time frame have the risk of expanding and “sometimes growing beyond control, beyond repair”. So businesses of both the sides should work together, embrace each other, and embrace each others’ problems to resolve them.

The two-way trade has increased from USD 57 billion in 2010 to only USD 77 billion in about nearly 9-10 years, which does not present an exciting picture, Goyal said.

Source: financialexpress.com— Aug 27, 2020

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**Commerce Minister launches ‘prototype’ of National GIS-enabled Land Bank System**

*Hopes to have all States/UTs on board by December 2020; System to be used for land identification*

A prototype of the National GIS-enabled Land Bank System was e-launched by Commerce and Industry Minister Piyush Goyal on Thursday for six States based on which land can be identified for setting up industries.

“This is a prototype only and will be developed further with inputs from States, to make it an effective, transparent mechanism of land identification and procurement,” an official release quoted the Minister. Other States and Union Territories were likely to be on board by December, he added.

The e-launch took place at a virtual meeting Goyal had with the industry ministers of States, UT administrators and senior officers of the Central and State governments.

The GIS-enabled Land Bank System is being developed by integration of Industrial Information System (IIS) with State GIS Systems. IIS portal is a GIS-enabled database of industrial areas/clusters across States. More than 3,300 industrial parks across 31 States/UTs covering about 4,75,000 hectare land have been mapped on the system.

Information available includes that of forests, drainages, raw material heat maps (agricultural, horticulture, mineral layers) and multiple layers of connectivity.
The initiative is being supported by Invest India, National Centre of Geo-Informatics, National e-Governance Division, Ministry of Electronics & Information Technology and Bhaskaracharya Institute for Space Applications and Geo-Informatics.

**District push**

On the approach of ‘One District One Product’, Goyal said States should identify products with a market potential for import substitution and export accentuation, and establish forward and backward market linkage channels. He assured the Centre’s help in packaging, branding and global marketing of such products.

For promotion of districts as export hubs, the Minister said that States/UTs have been requested to identify products unique to each district, and requested them to integrate with their district level exports strategies which feed into the State level export strategies.

Source: thehindubusinessline.com– Aug 27, 2020

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**How long can the rupee “strength” continue?**

On August 24, the rupee broke out the ascending triangle pattern it has been inhabiting since its all-time low of Rs 76.77 hit on April 21. Since then, strong FPI flows (of $9.9 billion), huge FDI (reportedly north of $20 billion), and, of course, a decline in the trade deficit have combined to force the rupee higher. RBI has been actively intervening preventing rupee strength beyond Rs 74.70 (the horizontal line defining the flag), till this week, when it seemed to give up the battle.

What is, perhaps, significant is that RBI is trying not to communicate too much concern about inflation. The MPC minutes from the August meeting noted that headline CPI, which at 6.1% (provisional) was marginally above the top end of RBI’s target; it also tried to play down the households’ 3-month forward inflation expectations, by pointing out that they were lower than the 12-month forward expectations. Indeed, anecdotal evidence shows prices, particularly for essentials (including food) rising quite sharply and, on the ground, people are beginning to get a little alarmed.
The market, of course, knows all this, as a result of which yields climbed as much as 30 basis points at their peak. Further, the fact that the August 14 auction of the benchmark 10-year debt had to be rescued by underwriters, and that the cutoff yield for the longer term bonds auctioned on August 21 were higher than expected, also point in the direction of firming interest rates.

The sharp and sudden jump in the rupee may reflect that same reality. While RBI has come back in to try and prevent further substantive gains, it remains to be seen whether they will—or, indeed, be able to—push the rupee back down into the triangle.

The weekly average of portfolio inflows, while down from recent peaks, are still more than twice the average since April. Further, with global yields extremely attractive, there are many Indian companies, particularly in the financial sector, that are looking to tap these markets—indeed, at a webinar a couple of weeks ago, a senior SBI officer said he expected fresh FDI flows in the range of $20-30 bn over the next few months.

Thus, we could be entering another round of continuing rupee strength—Nomura, for instance, has set a year-end target of Rs 72.80.

During the current phase, the rupee has only recovered 3.5% of its last decline (from Rs 68.33 to Rs 76.77), by far the lowest recovery on record. The average recovery the rupee has shown in episodes of “strength” was 13.4%, which, if expressed today would take it to around Rs 67.50. That is certainly an extraordinarily tall order, despite the ongoing global babble of a substantively weaker dollar.

Nonetheless, it is certainly possible that the rupee may stay steady to strong for a while longer. It has already been in that mode for 126 days. The average period of rupee strength was 172 days, and, if the rupee were to replicate that, it could stay above ground till October this year.

Exporters who have been losing premium for four months already need to come up with a sensible strategy to protect their earnings, keeping in mind, of course, that business forecast risk is still the biggest issue in most businesses. On the other side, importers should continue to thank their lucky stars that the trauma anticipated when the rupee last collapsed has not come to pass. Again, with premiums quite attractive, a reasonable hedge out to three months would be sensible—never look a gift horse in the mouth.
Indian economy may have contracted by 25% in Q1: ICRA

India’s gross domestic product (GDP) may have contracted by 25 per cent in the April-June quarter, according to analysts. While ratings agency ICRA pegged the contraction and the gross value added (GVA) at basic prices in year-on-year (YoY) terms in the first quarter at around 25 per cent each, Barclays estimated the economy to have contracted by 25.5 per cent in that quarter.

The drag is primarily on account of three key production sub-sectors accounting for 45 per cent of the economy—manufacturing; construction; and trade, hotels, transport, communication and services related to broadcasting, ICRA said. These segments will be the worst affected in the official set of numbers to be announced by the government on August 31, say analysts.

Barclays said the rural economy, government spending and essentials will likely be the only sectors mitigating some of the decline. While the worst will be over in the June quarter, growth is likely to remain weak going forward as well, and estimated the 2020-21 GDP to contract by 6 per cent, it was quoted as saying by a news agency report.

Manufacturing volumes are likely to contract by 40.7 per cent YoY, the construction sector by gross value added growth 45 per cent, ICRA said. The revenue expenditure of a small set of state governments for which data is available shows an expansion of 18.5 per cent in the first quarter of 2020-21, the rating agency said. It added that coupled with a 9.7 per cent growth in the Government of India's non-interest revenue expenditure in the first quarter of this fiscal, this would support the overall economic performance in the quarter.

The agriculture sector will come at five per cent in the first quarter of 2020-21 as against the 3 per cent growth in the corresponding quarter of the previous financial year.

Source: fibre2fashion.com– Aug 28, 2020
Modi-Abe talks to focus on promoting Japanese investments in India, improving infra

Looking out to shift some of its investments from China, Japanese Prime Minister Shinzo Abe is likely to discuss options to help the 200-odd investment projects from his country facing delays in India due to Covid-19 disruptions in his video conference with Prime Minister Narendra Modi proposed next month.

The focus of the India-Japan Summit, which may take place around September 10, will also be on strengthening digital partnership between the two countries, removing hurdles identified by Japanese companies in India — including inadequate infrastructure — cooperation to tackle Covid-19 contingencies and bringing down the bilateral trade deficit suffered by India.

“Japan has proposed September 10 for the Indo-Japan Summit but the date is not yet finalised as industry associations are working on parallel seminars which need to be firmed up. The Japanese seem very keen to increase investments in the country as they believe that India holds a lot of export potential and could be one of the alternatives to China,” an official in the know told BusinessLine.

The summit, initially planned in Guwahati on December 15-17 2019, was postponed due to protests against the anti-Citizenship Amendment Act (CAA) in Assam.

Japanese investments

Interestingly, earlier this year, the Japanese government earmarked $2.2 billion of its economic stimulus package to help its manufacturers shift production out of China to re-organise its supply chains after the Covid-19 disruptions. Of this, about $2 billion was allotted to companies for shifting production back to Japan and about $21.5 million to Japanese companies to start production outside China.

Tokyo then carved out a special subsidy package of about 100 million yen (approximately $1 million) to grant financial assistance to 10 companies, including automobile major Suzuki Motor Corp and optical device manufacturer Olympus Corp, for investing in innovative solutions in India in tie-ups with Indian IT firms.
Japan was the fourth largest investor in India, after Mauritius, Singapore and the Netherlands, accounting for cumulative foreign direct investments of $33.5 billion in the 2000-20 period, accounting for 7.2 per cent of India’s total inflows.

“There have already been Secretary-level talks between India and Japan on removal of various identified hurdles for Japanese investors and the talks between the Prime Ministers is expected to give the growing partnership between the two nations a bigger push,” the official said.

In a recently study, the Japan External Trade Organisation (JETRO) pointed out that there were just a little over 5,100 Japanese companies in India, whereas Japanese companies in China exceeded 33,000. In the 10-member ASEAN, there were around 13,000 Japanese companies.

Earlier this month, Commerce and Industry Minister Piyush Goyal assured that a focussed group of key officials will resolve Japanese investors’ concerns on logistics, customs clearance, export procedures and quality issues as more than 200 investment plans of Japanese companies are stuck in India, including factory construction and production-line expansion.

Source: financialexpress.com– Aug 27, 2020

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Cotton yarn makers’ revenues fall to 6-year low, study shows

With demand tepid in both domestic and export markets, revenues of cotton spinners are set to decline by 30% to 35% in the current fiscal, hitting a six-year low in India, according to a report by CRISIL. The situation of spinners in Gujarat, which is home to at least 150 spinning units and contributes 15% of the production of cotton yarn in India, is no different. Hit by dwindling demand, spinning units are operating under capacity.

Gujarat has an installed capacity of 35 lakh spindles. “Currently, we are operating at 80% of installed capacity and even lower at some units. There is no demand in the market as a result of which order books of cotton yarn manufacturers are hurt and their revenues are low. This is likely to adversely hit the entire industry’s revenues by the end of the fiscal,” said Dr Bharat Boghara, chairman, All Gujarat Spinners’ Association (AGSA).
“Due to the Covid-19 pandemic, inventory losses and lower profitability is expected to result in moderation in credit quality of cotton spinners this fiscal,” according to the study by CRISIL.

Domestic demand for cotton yarn, which accounts for over 70% of overall demand, has been impacted because of slack in end-user segments such as readymade garments (RMG) and home textiles, according to the report.

Cotton yarn exports have also been materially affected because of fewer orders from China and Bangladesh, which account for over half of India’s exports, the study says. In fact, 60% of Gujarat’s total production of cotton yarn is exported and the majority of that is sent to China. “Revenue from exports had already wound back by a third last fiscal, with China increasing procurement from other countries, predominantly Vietnam, according to CRISIL,” the study said.

The study also mentions that the decline in yarn offtake since Covid-19 troubles began in February 2020 has meant the current fiscal began with higher inventories of 4-4.5 months compared to 3-3.5 months on average in the past two fiscals. With demand likely to revive only from the second half of this fiscal, inventories will remain high in the first half.

Source: timesofindia.com– Aug 28, 2020

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Centre proposes 2 borrowing options before States to meet GST compensation shortfall

The cess that you pay on automobiles, aerated drinks and tobacco products will be around beyond June 30, 2022, when it is supposed to end. This is a direct fallout of the solution suggested at Thursday’s the GST Council meeting, which discussed the imbroglio between the Centre and the States over the issue of compensation cess.

Briefing the media after chairing a five-hour GST Council meeting, Finance Minister Nirmala Sitharaman said that the fall in GST collections is due to an ‘act of God’ and that States have been offered two options to borrow and make good the shortfall. The Centre will stand guarantee for these borrowings and part of it could be counted under the additional 0.5 per cent of Gross State Domestic Product borrowing under the FRBM Act.
“The Centre will work with the RBI to facilitate borrowing so that the interest rate does not vary,” she said. The Centre also made a distinction between revenue lost due to the implementation of GST and the slowdown arising out of the Covid-19 crisis. It said its legal obligation was only to compensate States for losses arising out of the GST rollout.

Proposal details

Giving details about the two options, Finance Secretary Ajay B Pandey said that of the ₹2.35-lakh-crore compensation shortfall, only ₹97,000 crore relates to GST implementation, in other words the normal shortfall due to rate cuts or lower returns filed.

The balance is due to the effect of Covid. So, under the first option, States can borrow just the ₹97,000 crore and retain their compensation entitlement, while under the second option, they can borrow the entire ₹2.35-lakh crore and repay the sum using the cess collected during the transition period. In both the options, the repayment of principal and interest will be linked to the compensation cess receivable. This means cess could be levied beyond five years.

Under the first option, there will be a special window by the RBI. Under the second, the RBI will facilitate borrowing through the open market. States have to come back with their views within seven days, and the final decision will be taken by the GST Council.

Call for Central borrowing

Bihar’s Deputy CM Sushil Kumar Modi said either option will help the States resolve their fiscal problems. He did acknowledge that an additional 0.5 per cent relaxation under the FRBM will cover the first option easily but not the second. However, the Congress said it favoured the Centre borrowing for the States.

According to government data, for April-July 2020, the total GST compensation to be paid is ₹1.5-lakh crore. The total compensation requirement for this fiscal is estimated at ₹3-lakh crore, of which ₹65,000 crore is expected to be collected through cess and the balance is the shortfall. Compensation is provided through cess levied on some products under the 28 per cent GST rate category.
“Considering the current scenario of the economy, the States might be left with no other option but to request the Council to consider increasing the cess or including more products or extending the levy of cess by some more years. Approaching the RBI instead of the market to avoid making the interest yield dearer to the States seems logical,” said Divakar Vijayasarathy, founder and Managing Partner, DVS Advisors LLP.

Source: financialexpress.com— Aug 27, 2020

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**Apparel retail sector may witness 45 per cent fall in revenues this fiscal: Report**

The apparel retail sector is likely to witness a 40-45 per cent decline in revenues during 2020-21, and a demand recovery is expected in the festive season this year if COVID-19-related fears subside, according to a report by India Ratings and Research.

The rating agency said it expects companies in the apparel retail sector to weather the near-term demand volatility and sluggishness through effective liquidity management, while also improving their competitive advantage.

"Ind-Ra expects the apparel retail sector revenues to fall 40-45 per cent in fiscal 2020-21... (It also) expects a demand recovery from the second half of 3QFY21 during the festive season, assuming that COVID-19 related fears will subside," the rating agency added.

Ind-Ra said a continued countrywide lockdown beyond the second quarter of 2020-21 or a prolonged impact of the COVID-19 pandemic will lead to a further downward revision of revenue estimates.

"The 2020-21 fiscal will see a sharp recovery year-on-year with a lower base effect and new store openings as the organised sector's share continues to grow," it said.

Ind-Ra said that by the third quarter of the current financial year, it expects overall sales of the apparel retail sector to touch around 85 per cent of the pre-COVID-19 levels. "Consumer behaviour patterns such as 'revenge buying' may play out and support revenues," it noted.
The rating agency said it expects pre-COVID-19 level demand in the apparel retail sector by the fourth quarter of 2020-21, with the impact of COVID-19-led demand erosion gradually declining, and economic recovery accelerating. The lower base effect due to COVID-19 would also support year-on-year quarterly revenues, it added.

Source: timesnownews.com– Aug 27, 2020

E-commerce retail market may cross $100-billion mark by 2024 on back of these two key factors

The e-commerce retail market, which stood at USD 30 billion in 2019, is expected to cross the USD 100-billion mark by 2024, driven by an increasing set of suppliers selling online and change in buying behaviour of consumers, among others, according to a white paper released on Thursday.

The rise of online fresh groceries sales along with growing numbers of prepared food delivery companies entering this space could propel category growth by five times in the next five years, according to the paper jointly prepared by global professional services firm Alvarez & Marsal (A&M) India and CII Institute of Logistics.

According to the white paper, titled ‘Enabling the next wave of e-commerce in India through supply chain innovation’, some of the key evolving models for e-commerce include order to store for apparel; dark store for FMCG/grocery and meat/pharmaceuticals; store to customer deliveries for FMCG grocery and omnichannel presence for retailers.

The Indian retail landscape has seen a momentous change over the past 10 years with the overall industry growing to USD 915 billion in 2019, it said. The paper added that e-commerce retail, which accounted for less than USD 1 billion in 2010, has grown to more than USD 30 billion in 2019.

It attributed the growth of e-commerce over the last decade to internet penetration, smartphone adoption and category expansion. The paper also said categories like electronics have been led by the horizontal marketplaces, while penetration in groceries, furniture, pharmacy and cosmetics have been led by specialists.
“E-commerce retail (B2C) market to be more than a USD 100 billion opportunity by 2024,” the white paper said adding that with just around 3 per cent penetration of e-commerce in 2019, the market continues to ride its next wave of growth given the significant headroom available.

E-commerce penetration in retail in mature markets like the US and China has reached around 15 per cent and around 20 per cent, respectively, by 2019; while in India, it could reach around 6 per cent by 2024, it added.

“While the bulk of e-commerce volumes come from top-30 cities, over 60 per cent of e-commerce volumes are likely to come from tier-II and tier-III cities in the next five years, It is an imperative for e-commerce businesses to build their seller base and delivery reach in smaller towns,” said A&M India Managing Director Manish Saigal.

Operating models for e-commerce will evolve depending on various factors including customer requirements and changing buying behaviours and the availability of appropriate technology and logistics partners, the paper said.

The next wave of anticipated online retail growth drivers for categories such as fast-moving consumer goods (FMCG), groceries and apparel will be through social media, chat engines and artificial intelligence bots, it added.

Source: financialexpress.com— Aug 27, 2020

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‘GST compensation bill’ may double to ₹26,000 cr/month in FY20-21

The monthly compensation requirement under the Goods and Services Tax is estimated at ₹26,000 crore during FY 2020-21, against ₹13,775 crore during FY2019-20

“There is a huge gap between collection of cess and its payment to the States/UTs. It’s an enormous amount which needs to be compensated through the Compensation Fund under GST Act year-on-year basis at an increase of 14 per cent annually per annum for two more fiscal years,” an
informed source said. So far, the Centre has paid compensation for three fiscal years to the States/UTs since the rollout of GST in July 2017.

The total compensation released by the Centre for 2019-20 is ₹1,65,302 crore, whereas the cess collected for the same period was ₹95,444 crore. Therefore, the government has paid, on an average, monthly compensation cess of about ₹13,775 crore to the States/UTs in the last fiscal year 2019-20, while it was able to collect only an average of ₹7,953.6 crore a month.

**Existing provisions**

The Goods and Services Tax (Compensation to States) Act, 2017 provides for compensation to the States for the loss of revenue arising on account of implementation of GST. Compensation will be provided to a State for five years from the date on which the State brings its SGST Act into force. For calculating the compensation amount in any financial year, 2015-16 will be assumed to be the base year for working out the revenue to be protected. The growth rate of revenue for a State during the five-year period is assumed to be 14 per cent per annum.

According to sources, one needs to underline that “...arising on account of implementation of goods and service tax...” The Covid-19 and the slowdown impact causing loss of revenue is not on account of implementation of GST. It’s a force majeure situation, which has to be collectively resolved by the Centre and the States, according to the true spirit of the GST Act under the federal framework of the Constitution. It is not just the Centre’s responsibility, sources said, while adding that the GST Council will have to put its collective decision-making mechanism at work to resolve this critical issue.

It may be noted that the Attorney General has also said that there is no obligation on the Centre under the GST laws to compensate for the loss of revenue on account of natural disaster, Covid, or economic slowdown, etc as they are not related to GST implementation. Hence, the GST council has to decide how to meet the shortfall under such circumstances and not the Centre.

**Amendment rejected**

It may be noted that when the GST debate was going on in Parliament, an amendment by the Congress member KC Venugopal to pay the
compensation from the Consolidated Fund of India, was rejected by Parliament.

Even the then Finance Minister (now late) Arun Jaitley categorically stated that compensation to the States due to shortfall in GST implementation cannot be paid from the Consolidated Fund of India. However, if required, market borrowing could be an option to compensate, which can later be repaid through the collection of cess.

Source: thehindubusinessline.com– Aug 27, 2020

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Indian apparel retail likely to rebound in FY22: Ind-Ra

Apparel retail sales in India will see a sharp recovery year-on-year in FY22, with a lower base effect and new store openings as the organised sector's share continues to grow, according to a latest report by India Ratings and Research (Ind-Ra). The Fitch Group company expects 40-45 per cent decline in the revenues of apparel retailers in the current fiscal.

While the profitability will be affected in FY21, apparel retail companies have "focused on cash preservation by taking a multi-pronged approach. They have undertaken additional borrowings to manage cash losses while deferring their capital expenditure and dividend payments to conserve liquidity," the report said.

Ind-Ra expects companies in the apparel retail sector to weather the near-term demand volatility and sluggishness through effective liquidity management, while also improving their competitive advantage by increasing the operational efficiencies and controlling costs.

It expects a demand recovery from the second half of Q3 FY21 during the festive season, assuming that COVID-19 related fears will subside. "However, the household income would continue to be under pressure throughout FY21. Given the growing presence and profitable portfolio of large retail players, Ind-Ra believes that robust sales growth in FY22 will lead to strengthening of the financial profile, closer to levels seen in FY19 and FY20," the report adds.
Post COVID-19, the shift to organised from unorganised would accelerate, as small players would find it difficult to sustain operations, given lower footfalls, apprehension among customers related to store hygiene and sanitisation, and credit crunch, making the business unviable, according to Ind-Ra.

In Q1 FY21 (April-June 2020), revenues were below 20 per cent of the pre-COVID levels. Players with exposure in value retail and to tier-2 and tier-3 cities were marginally placed than retailers primarily in metros, driven by more relaxations in lockdowns and down trading from lower consumer income levels.

The upward sales trend witnessed in June 2020 was slowed down by intermittent lockdowns across the country, and the pandemic spreading to non-metro cities as well in Q2 FY21.

Despite about 80 per cent of stores being open as of August 2020, the clothing retail sector could only witness a slow-but-incremental recovery with the prevalence of social distancing norms to prevent the spread of virus, leading to reduced footfalls in stores, and prioritisation of spends towards essentials and low-ticket discretionary items amidst a squeeze on income levels. Ind-Ra said it expects sales of around 45 per cent of the pre-COVID levels during the July-September quarter.

Ind-Ra expects a meaningful recovery in Q3 FY21, driven by the pent-up festive and wedding season demand, even as social distancing norms and slowing economy continue to be a drag. Overall, Ind-Ra expects sales to touch around 85 per cent of the pre COVID-19 levels. Consumer behaviour patterns such as ‘revenge buying’ may play out and support revenues during the quarter.

During Q4 FY21, Ind-Ra expects pre-COVID-19 level demand to be achieved, with the impact of COVID-19 led demand erosion gradually declining, and economic recovery accelerating. "The lower base effect from the COVID-19 impacted March 2020 would also support year-on-year quarterly revenues," the report said.

Source: fibre2fashion.com– Aug 28, 2020
Flipkart’s Vocal for Local move: To promote Assam’s handloom, handicraft as PM pushes for Make in India

Flipkart has inked an agreement with the Assam government to promote the state’s local artefacts and handloom products on its e-commerce marketplace as the government continues to push for Make in India and supporting domestic manufacturing.

Flipkart, which runs Samarth to promote handicraft and Indian handloom products, will help Assam’s local artisans to showcase their hallmark products to millions of customers across the country.

“The Assam government and Flipkart both will focus on creating avenues to increase business and trade inclusion opportunities for these underserved segments of the society, thereby adding further thrust to the government’s initiative to build a self-reliant Bharat,” the Binny Bansal and Sachin Bansal founded company said in a statement.

With the government raising its pitch for Vocal for Local and Make in India, major ecommerce players such as Snapdeal, Flipkart and Amazon have all been ramping up their offerings on their respective platforms dedicated to showcase works from local artisans. Flipkart runs Samarth, while Snapdeal has Pride of India and Amazon’s platform for indigenous items is called Karigar.

Flipkart has been expanding the reach of its Flipkart Samarth programme to provide market access to the artisan and weaver community across India, by leveraging technology and innovation, Rajneesh Kumar, Chief Corporate Affairs Officer, Flipkart group, said. “Through this partnership, local artisans, weavers and handicraft makers will enjoy dedicated benefits under the Flipkart Samarth programme that will further boost their growth and prosperity,” he said.

Under its Samarth program, Flipkart said that it is supporting the livelihood of more than 6,00,000 artisans, weavers and micro-enterprises across India. Meanwhile, Flipkart also recently tied up with a Nepal e-commerce website Sastodeal to sell Indian products in Nepal. The move will give a boost to Indian MSMEs as they will be able to leverage the rising online shopping population in Nepal. Under the deal, Sastodeal will list over 5,000 products from Indian MSMEs.
Innovation to have big impact on Indian agri sector next decade, says Omnivore report

Venture capital firm Omnivore on Thursday launched its report on “The Future of Indian Agriculture and Food Systems: Vision 2030,” which explores how new technologies, demographic trends and climate change will impact the country’s agri and food systems over the next decade.

The report highlights eight key trends that will drive the future of agriculture in India, with the critical caveat that climate change could negate this positive direction if not reckoned with.

The key trends are: Precision agriculture and automation creating a “farm of one”; Biotechnology will produce tastier, more nutritious, and eco-friendly crops; Farms & farmers will be connected, digitised, and smart; Farmer-consumer intimacy will improve value for both; Majority of rural jobs will be of higher value and non-agro; More fresh greens, harvested and delivered, on-demand; Diversity, quality, and sustainability of food sources will increase; Food will increasingly (and scientifically) replace medicine.

Paradigm shift

The report points out the need for investment in horticulture, dairy, poultry, aquaculture, and food processing. It anticipates a future with significant advances in farm mechanisation and automation, including farm robots taking over labour-intensive tasks and reducing drudgery.

The report further notes that India’s agricultural workforce in the future will be smaller, younger, and more gender diverse, and will move towards higher productivity jobs. Beyond encouraging more women entrepreneurs, the rural non-farm economy will become actively digitised, stimulating a mass entrepreneurship movement around agricultural technologies.

Jinesh Shah, Managing Partner, Omnivore, said, “India’s agri-tech sector is witnessing a paradigm shift catalysed by digitisation and rural smartphone penetration. Spearheading this change are agri-tech start-ups who are driving a transformation in Indian agriculture towards profitability,
resilience, nutrition, and sustainability. Our ‘Vision 2030’ report clearly shows that innovation, technology, and agri-tech entrepreneurship will deliver tremendous growth in the next decade.”

**Ag-tech start-ups**

Another striking trend that the report points out is Khet to Kirana: the increased demand for traceability and transparency in the food supply chain for both the farmer and the consumer. With middle-class driving the consumption trend, the growing concern for food hygiene, nutrition, and sustainability will increase awareness about labels and food hygiene. Over 90 per cent of kirana stores across the country will be digitised by 2025 and be linked to modern traceable logistics which will further benefit the transparency of supply chain between the farmer and consumer, it said.

“Vision 2030 is Omnivore’s effort to cut through the noise and hear the signal of the future. We believe the decade ahead of us will be the most transformative for Indian agriculture and food systems since the Green Revolution. Agritech entrepreneurs will be the MS Swaminathan and Norman Borlaug of this period revolutionising the lives of 130 million farmers, their families and rural communities across India,” said Mark Kahn, Managing Partner, Omnivore.

Source: thehindubusinessline.com– Aug 27, 2020

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**Indian Carpet Expo receives overwhelming response of 364 buyers from 61 countries**

The first Virtual Edition of 40th India Carpet Expo has received an overwhelming response from around 364 overseas buyers from 61 countries and 191 Buying Representatives from across the world, an official spokesman said Wednesday evening.

Hurray for the domestic carpet industry! He said the 5-day Indian Carpet Expo, which concluded Wednesday at New Delhi emerged as Asia’s biggest handmade carpet show with its ever growing global patronage.

He said Indian Carpet Expo, an exclusive trade fair for handmade carpets and other floor-coverings was organized by Carpet Export Promotion
Council. He said this initiative of Carpet Export Promotion Council (CEPC) was aimed at to bridge the gap between Indian products and demand of handmade carpets and floor coverings across the globe in post pandemic era.

The first virtual Edition of 40th India Carpet Expo has received overwhelming response from around 364 overseas buyers from 61 countries and 191 Buying Representatives from across the world.

During the Expo, Council organized 2 webinars for benefit of the participants and Member-Exporters. First Webinar was held on 14th August, 2020 on New Techniques of Packaging for Carpet Industry in association with Indian Institute of Packaging, Mumbai keeping in view the fact that in the changing scenario of world business packaging of product is an important segment for the quality business.

Dr Tanweer Alam, Director (I/c), Indian Institute of Packaging, Mumbai made a presentation on “New Techniques of Packaging for Carpet Industry”. Nowadays packaging is a combination of Science and Art & Technology and can increase the brand value of the product and is considered as silent salesman of any product.

Praveen Kumar, Director, Department was the chief guest on the first Webinar. Meanwhile, the second Webinar was conducted on August 19 on Colour, Design & Trends Forecast in association with National Institute of Fashion Technology (NIFT), National Institute of Design (NID) & Buying Agents Association (BAA) keeping in view the fact that Colour and Design forecast plays an important role in the present market scenario and help the manufacturers and Exporters to assess the requirement of the consumers/ market and their taste.

Experts from National Institute of Fashion Technology, National Institute of Design, CEO & Creative Director of prominent Sourcing Company, Editor of Carpet Magazine in Germany made their presentation during the event.

For the first time Council organized “Design Awards 2020” in the first Virtual Exhibition on Indian Carpet Expo through video conferencing with a view to appreciate and recognize the hard work of participants especially the younger generation in the industry for their participation in the event organized by CEPC.
About 6 Members Selection Committee/ Juries of eminent Designers and Professors besides eminent personalities in the field of Fashion and designing selected the awardees. It has emerged once again undisputedly that Indian Carpet Expo has established as Asia’s biggest Handmade carpet show with its ever growing patronage from buyers all over the world. Members COA were very happy on the success of the First Virtual Expo.

Chairman, CEPC mentioned that Council is going to organize similar exhibition in the end of September 2020. Sanjay Kumar, Executive Director, CEPC acknowledge the support and guidance of all COA Members especially Umesh Gupta, Senior Most Committee Members for success of the Virtual Expo.

Ravi Capoor, Secretary (Textiles), Union Ministry of Textiles, visited the Virtual Exhibition and opined that this Virtual Exhibition is going to help our Artisans, Weavers and Exporters in big way. He further discussed that the Virtual Exhibition will create tangible impact while development of business relationship with overseas buyers.

Source: dailyexcelsior.com– Aug 27, 2020

Exports keep textiles sector afloat: Experts

Contrary to the textile industry’s expectations that apparel exports will be hit due to Covid-19 and that the domestic market will keep the sector afloat, it is actually the exports business that has come to its rescue, said industry experts.

Speaking at the CII Make in Telangana conclave’s session on ‘Opportunities & challenges in textile & apparel sector: scaling & reaching,’ Rahul Mehta, managing director, Creative Garments Private Limited, said “When Covid hit, the general expectation was that exports would be severely impacted…but exports are picking up and they are still down by 30-40%.

However, the domestic market is in a bad shape...due to lockdown.”

Source: timesofindia.com– Aug 28, 2020
**Surat’s textile industry facing hardships due to labourers shortage**

The textile industry in Gujarat’s Surat continues to face difficulty in business due to shortage of labourers. The production capacity in textile industry is around 40-50% currently amid coronavirus pandemic. Labourers went back to their native towns in Odisha and Bihar due to fear of COVID-19 which has affected the business of textile industry.

Industry owners are facing hardships due to lack of work staff. Speaking to ANI, President of South Gujarat Textile Processors’ Association, Jitubhai Vakharia said, “The production capacity is around 40-50% right now.” There are over 14,600 active cases of coronavirus in Gujarat.

Source: in.news.yahoo.com – Aug 27, 2020

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**Gujarat govt seeks Rs 12,000-cr GST compensation from Centre**

The Gujarat government on Thursday said the state is supposed to get a compensation of Rs 12,000 crore from the Centre under the Goods and Services Tax (GST) Act.

Though the state is in dire need of "financial assistance" in the form of GST compensation, Gujarat Deputy Chief Minister Nitin Patel said the Centre's hands are also tied due to its dwindling cess revenue.

Patel, who holds the finance portfolio, took part in the crucial GST Council meet via video conference on Thursday. "The main agenda of this meeting, attended by finance ministers of all states, was to find out a way to compensate states for the revenue shortfall due to coronavirus.

"Gujarat is supposed to get Rs 12,000 crore towards GST compensation," Patel said in a statement. "Though we need money to smoothly run the state, the Centre says its difficult to pay this time," said Patel.

He added that the total GST compensation figure for all states comes to around Rs 3 lakh crore.
Under the Central GST Act, states are entitled for a compensation for any loss of revenue in the first five years of GST implementation from July 1, 2017.

"Till now, the Centre was using cess revenue on luxury items to give us compensation. But this time, chances of compensation from that source are less because the Centre's cess revenue has also taken a hit," said Patel.

The options deliberated at the GST Council meeting included the Centre taking loan to pay compensation to states, said Patel.

States have been asked to revert with their suggestions in seven days, he said.

Source: outlookindia.com– Aug 27, 2020