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IBTEX No. 274 of 2020 December 29, 2020

US 73.46| EUR 89.95| GBP 99.11| JPY 0.71

NEWS CLIPPINGS

INTERNATIONAL NEWS

US sanctions on Xinjiang cotton slammed

Calling move groundless, officials say global supply chain and consumers will feel impact

The United States' sanctions on the Xinjiang Production and Construction Corps in the name of "forced labor" are groundless and won't affect the healthy development of the corps, officials said.

"More than 70 percent of XPCC's cotton and 95 percent of its textile products have been sold domestically in the past two years," Sun Huantao, deputy director of the XPCC's Commerce Bureau, told China Daily in an exclusive interview at its headquarters in Urumqi, the capital of the Xinjiang Uygur autonomous region.

"We don't have much direct trade volume with the US. The US' latest sanctions on cotton and cotton products produced by the XPCC indeed have affected our businesses, but have had only limited impact," Sun said.

The XPCC, also known as Bingtuan, is a special provincial-level entity entrusted by the State to cultivate and guard China's border area in Xinjiang. It has administrative control of several cities as well as farms and industrial facilities.

In 2020, China produced 5.91 million metric tons of cotton, of which 87.3 percent came from Xinjiang, according to the latest figures released by the National Bureau of Statistics in December. In 2019, the XPCC produced more than 2 million tons of cotton, making it the key cotton producer in China.

On Dec 2, US Customs and Border Protection issued a withhold release, or detention, order that applies to all cotton and cotton products produced by the XPCC and its subordinate and affiliated entities, along with all products that are made in whole or in part from XPCC cotton, such as apparel, garments and textiles, because of concerns about "the risks of forced labor", the agency said in a statement.

In the days leading up to the withhold release order, Customs and Border Protection sent detailed questionnaires to US importers of apparel to obtain information on supply chains in Xinjiang.

"The sanctions have affected the exports of cotton and cotton products from the XPCC," Sun said. "It means that many foreign businesses will be unable to use good-quality cotton from the XPCC.

"Global businesses and consumers, particularly those in the US, are the real victims of the sanctions. It's a move of extreme trade protectionism and not in line with the principle of market-oriented economy. It will surely damage the international supply chain," Sun added.

To cope with the sanctions, the XPCC will further explore the domestic market, which is strong enough to support the healthy development of the corps' cotton industry, she said.

Han Yongjiang, spokesman for the XPCC's Human Resources and Social Security Bureau, said all workers' rights are fully protected in accordance with the law, and not a single complaint about forced labor has been received in recent years.

About 46.3 percent of employees in the corps' textile and apparel enterprises in 2020 are from ethnic groups, such as Uygurs. It also employees a large number of seasonal workers in the agricultural sector.

These seasonal workers can make an average of 6,000 yuan ($915) in two months, Han said.

"We have stepped up the inspections to ensure any action that violates the rights of employees of the XPCC can be punished in a timely manner. Also, employees from all ethnic groups can complain about possible misconduct via multiple channels, such as online, social media and by phone," he added.

"If we don't treat our employees with a better attitude or pay them well, they will quit. Their absence will severely affect the enterprises' operations. So accusing the XPCC of using forced labor doesn't stand, either factually or logically."

The US Customs and Border Protection's order follows the announcement in July by the US Office of Foreign Assets Control that it had designated the XPCC as a "specially designated national". This designation essentially prohibits people in the US from engaging in any transactions with the XPCC or any companies of which the XPCC owns more than 50 percent.

Xiao, the manager of a tomato sauce company in which the XPCC holds shares, felt the bite of the sanctions as early as mid-August, although the company doesn't directly export to the US, but mainly to European markets.

"Because we are on the sanctions list, we started to experience problems in international bank transfers. Also, one of our international shipping partners clearly told us they will no longer provide services to us for fear of being sanctioned by the US for doing business with us," said Xiao, who wished to give only her surname.

Because of the quality of tomatoes grown in Xinjiang, more than 90 percent of tomato sauce exported to other countries from China is produced there.

Xiao said, "Our business partners in Europe have asked us about the sanctions. If the situation deteriorates, the business ties that we've built over the years may be cut and will be difficult to reestablish."

Of the more than 300 tomato growers for the company based in southern Xinjiang, about 40 percent are locals from ethnic groups, including Uygurs. During the harvest season, the company also annually employs about 200 seasonal workers, mainly Uygurs.

"Many of them keep coming back to work for us, year after year, because we can provide them with a good working environment and good pay, as stated in their contracts. They even ask their families and friends to come along, so we have never had recruitment problems. I don't think they will introduce us to their loved ones if the seasonal workers are ever forced to work," Xiao said.

Source: chinadaily.com.cn– Dec 29, 2020

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US urged to extend Vietnam Section 301 probe comment time

Eight trade associations representing Vietnamese and South Korean investors and factories in Vietnam recently wrote to the Office of the US Trade Representative (USTR) to consider an extension of the comment period on the Vietnam Section 301 Investigation so that they can provide the latter with the most well-rounded and impartial comments and inputs.

Vietnamese consumers have enjoyed US goods and services and vice versa. This has entirely owed itself to the efforts by services and goods exporters and importers of the two countries, which is not related to Vietnamese government's monetary policies that are generally focused on domestic goals like inflation control and macroeconomic stability, the letter said.

"We would like to seek opportunities to collect and provide verifiable and comprehensive evidence to prove such fact to USTR, thus request USTR to reopen the comment period, allowing interested parties to appear at the hearing, and to defer the hearing and post-hearing comment deadline to a later date that deems to be appropriate for this significant matter," the letter said.

The associations include the Vietnam Textile and Apparel Association, the Handicraft and Wood Industry Association of Ho Chi Minh City, the Vietnam Leather Footwear and Handbag Association, the Vietnam Chamber of Commerce and Industry, the Vietnam Logistics Business Association and the Korean Chamber of Commerce in Vietnam.

USTR will investigate Vietnam's acts, policies and practices related to the import and use of timber that is illegally harvested or traded and those that may contribute to the undervaluation of its currency and the resultant harm caused to US commerce.

Source: fibre2fashion.com– Dec 28, 2020

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Traditional textile factory inaugurated in Bahrain

Bahrain recently inaugurated the Bani Jamra Naseej Factory in the village known for its traditional textile craft. The BD220,000 project offers three looms on which artisans can learn and weave—a significant change from the single loom that the village had to depend on earlier. Preserving handicrafts and traditional industries is a government priority.

“With this launch, we conclude a year of continuous cultural activities despite the great challenges and obstacles posed by the COVID-19 crisis, and the Bani Jamra textile factory reflects our efforts in a year laden with Bahraini cultural achievements,” said Bahrain Authority for Culture and Antiquities (BACA) president Shaikha Mai bint Mohammed Al Khalifa.

Shaikha Mai referred to the new factory as the “fruit of co-operation with the local community in order to upgrade the kingdom’s cultural infrastructure and promote sustainable development,” explaining that handicrafts have an important role in promoting local businesses, a newspaper in the Gulf region reported.

Numerous creative products, including those produced by the textile weavers of Bani Jamra will be showcased at Expo 2020 in Dubai, scheduled to start in October 2021.

While the village at one time had more than 50 looms, with one in three out of four homes, in recent years, younger generations of weaving families have gone on to work in oil and other industries.

The factory the village previously relied on, for more than 20 years, consisted of a single loom placed in the centre of a cramped room.
The new factory was constructed with the involvement and input of the local community, and the inauguration was attended by the village’s dignitaries as well as representatives from the local charitable fund and sports club.

The weavers have started getting commissions from designers in Bahrain and regionally, and the factory will serve as a production hub, storefront and educational centre.

In addition to the gift shop at the factory, textile products weaved by Bani Jamra’s artisans will also be available for sale at the Al Jasra Handicrafts

Centre and the National Museum. A staff member will be on hand to explain the process to interested visitors, who can also learn from the weavers.

Source: fibre2fashion.com– Dec 28, 2020

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UKFT signs £7.4 billion FTA with EU

UKFT has signed a FTA with the EU, biggest market of the UK fashion and textiles industry. The FTA will enable UK to supply £7.4 billion worth of fashion and textiles to the EU every year besides helping it create thousands of jobs and hundreds of companies.

UKFT has urged the UK government to help the sector meet its current challenges and invest in its long term future. As per Nigel Lugg, Chairman, UKFT will be work with its members to help the industry maintain and grow its exports to the EU and the rest of the world.

The UK Fashion & Textile Association (UKFT) is the most inclusive network for fashion and textile companies in the UK. The association brings together designers, manufacturers, suppliers, agents and retailers to promote their businesses and the industry, both in the UK and throughout the world.

Source: fashionatingworld.com– Dec 28, 2020

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Mango to expand brick-and-mortar stores in the US

Spanish fashion retailer Mango is all set to enhance its bricks-and-mortar presence in the US.

As per Apparel Resources, the clothing retail giant plans to roll out 3 stores in the first quarter of next year.

Notably, the new stores will be opened in 3 major US shopping centres that are run by the renowned Simon Property Group.

The Spanish retailer strategically picked the three locations – Menlo Park Mall, Edison, New Jersey; Dadeland Mall, Kendall, Florida and Roosevelt

Field, Garden City, New York – to expand its 'Mediterranean' label to US consumers.

The retailer has been continuously putting efforts to improve its brand recognition in the US through digital and wholesale network and now the focus is on enhancing the presence of its physical stores.

Zachary Beloff, National Director of Business Development, Simon, said that Mango is a world famous brand and has a strong bricks-and-mortar future in the US.

Source: fashionatingworld.com– Dec 28, 2020

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USA: Curtailed by Covid, November Clothing and Footwear Spending Fell 4.9%

Consumer spending on clothing and footwear fell a seasonally adjusted 4.9 percent in November to $414.27 billion from $435.36 billion in October, the Bureau of Economic Analysis (BEA) reported in its Personal Income & Outlays report.

"The November estimate for personal income and outlays was impacted by the response to the spread of COVID-19," BEA said. "Federal economic recovery payments slowed as pandemic-related assistance programs continued to wind down."

This followed an earlier report from the National Retail Federation (NRF) and the Census Bureau that showed November retail sales dipped for the month as "consumers held back on spending…as virus rates spiked, states imposed retail restrictions and congressional stimulus discussions were gridlocked," NRF president and CEO Matthew Shay said.

Clothing and clothing accessory stores were down 6.8 percent month-over-month seasonally adjusted and down 19.2 percent unadjusted year-over-year, NRF reported. BEA's report showed personal consumption expenditures (PCE) for all products decreased 0.4 percent, or $63.3 billion, for the month. Real PCE, adjusted for inflation, also declined 0.4 percent. The PCE price index was unchanged.

Personal income decreased 1.1 percent, or $221.8 billion, BEA reported, while disposable personal income (DPI), a key barometer for retail sales, fell 1.2 percent, or $218 billion. Real DPI decreased 1.3 percent in November.

BEA noted that the decrease in personal income in the month primarily reflected declines in proprietors' income and government social benefits that were partly offset by an increase in compensation.

Within nonfarm proprietors' income, the decrease reflected a decline in Paycheck Protection Program (PPP) loans to businesses. The decrease in farm proprietors' income reflected a decrease in payments under the Coronavirus Food Assistance Program related to supporting farmers and ranchers impacted by Covid-19 as well as a decline in PPP loans to businesses.

Within government social benefits, "other" social benefits decreased, which primarily reflected a decrease in Lost Wages Supplemental Payments, a Federal Emergency Management Agency program that provides wage assistance to individuals impacted by the pandemic. Within compensation, the main contributor was an increase in wages and salaries in service-producing industries.

The $58.5 billion decrease in real PCE in November reflected decreases of $53.7 billion in spending for goods and $12.1 billion in spending for services. Within goods, the leading contributors to the decrease were spending for clothing and footwear, as well as motor vehicles and parts, according to BEA.

A notable offset was an increase in spending for food and beverages purchased for off-premises consumption. Within services, the decrease primarily reflected decreases in spending for food services and accommodations as well as in household utilities (electricity and gas).

Personal outlays decreased $66.8 billion in November. Personal saving was $2.22 trillion for the month and the personal saving rate–personal saving as a percentage of disposable personal income–was 12.9 percent.

Source: sourcingjournal.com– Dec 28, 2020

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Pakistan: PRGMEA urges government to abolish import duties on fabrics

Adeeb Iqbal, Vice Chairman, PRGMEA has urged the government to also abolish duties on the import of fabrics as well as the denim fabric in line with the import relaxation provided on import of cotton yarn, as value-added garment sector is facing severe shortage of basic raw material of fabrics, which may lead to a drastic decline in value-added textile export.

Iqbal said that the garment industry has received a huge number of export orders, however, exporters are unable to finalize them due to unavailability of fabric, especially the denim fabric in the country.

Iqbal said the removal Regulatory Duty on import of cotton yarn will accelerate the country's textile exports. He called for steps for the removal of hurdles hindering exports of garment sector.

According to him, non-availability of latest fabric locally hinders product development by the garment sector for export market, adding that foreign buyers were demanding new garments on G3, G4 and technical fabric raw material which are neither available nor produced by Pakistani weavers.

Source: fashionatingworld.com– Dec 28, 2020

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Pakistan's textile sector receives 6-mth export orders

Pakistan's textile businesses have received export orders for the next six months with the sector expanding production capacity to meet robust demand from foreign buyers, an industry official said on Monday.

Adil Bashir, chairman of All Pakistan Textile Mills Association (Aptma) said the textile sector is currently in the mode of rapid expansion to cater with increased orders and demands. "Exports orders for next 6 months are booked and despite COVID our exports have increased significantly compared to our regional competitors whose exports have shrunk," Bashir said in a statement.

Textile sector that accounts for more than 60 percent of total exports fetched $6 billion from abroad during the five months of the current fiscal year, up around five percent year-on-year, according to the Pakistan Bureau of Statistics.

Textile companies are making capital investments to increase production of fabrics with demand from value-added sector on a strong recovery path compared to stagnation couple of months back due to economic shutdown.

The growth was despite the global economic slowdown caused by the pandemic-related lockdown and waning consumer demand. However, the government's decision to keep businesses open is leading to benefits of orders diverted from closed economies, while US-China rift is also diverting orders to Pakistan.

Aptma appreciates and acknowledges the much-improved gas supply and pressures of gas and re-gasified liquefied natural gas (RLNG) to the export sector units in December.

"This sustained supply of gas / RLNG will maintain the momentum of enhanced exports as currently the sector is working at full capacity," said Bashir. "It is absolutely essential to sustain this momentum which is being facilitated by the textile policy currently under approval of ECC [Economic Coordination Committee of the cabinet], the regionally competitive energy tariffs and the sustained provision of gas / RLNG to the export sector."

While the government decided to curtail gas quota for RLNG-based power plants to 240 million metric cubic feet per day (mmcfd) from 350 mmcfd, export-oriented and consumer sectors have been put on the priority list.

Bashir said there have been isolated cases of low pressure and supply problems in mixed feeders and Aptma has taken up these issues with the petroleum division who have assured us of all-possible assistance to remove any bottlenecks.

Aptma appreciates the role of ensuring that the export sectors are provided gas / RLNG at sustained pressures despite the huge surge in demand and diminished domestic production this winter.

Source: thenews.com.pk– Dec 29, 2020

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Bangladesh: Registered trade unions in RMG increase, not their activities

The number of registered trade unions in the country's readymade garment (RMG) sector has increased significantly in last seven years, but most of which are allegedly non-functional, industry insiders said.

There were only 132 registered trade unions in 2012 which rose to 945 until August 2020, according to official data.

After the Rana Plaza building collapse, the registration of trade unions increased mainly due to the global pressure, they added.

Labour leaders, however, alleged that despite the significant rise in union numbers, each year a good number of registration applications were rejected on various grounds while the registered unions in many factories have no existence at present.

The government at the 340th session of the governing body of International Labour Organization (ILO) held last month provided the trade union registration figures.

It said 37 per cent of the unions applied for registrations in the RMG sector were rejected in 2014. The rejection rate was 45 per cent, 33 per cent and 30 per cent in 2015, 2016 and 2017 respectively.

The success rate of union registration has gone up after the government had adopted the standard operating procedures (SoPs) in 2017, officials said, adding that the legal changes to simplify the union registration process also encouraged many to apply.

More than 80 per cent of the unions were registered in 2018, they said. The success rate fell to 73 per cent last year. In 2020, the rate of registration rejection was only 14 per cent, they added.

When asked, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said the rise in union registration clearly indicates the commitment of the government and the industry to allow freedom of association to be manifested through the right to join a trade union.

Talking to the FE, Babul Akhter, general secretary of Bangladesh Garment Industrial Workers' Federation, said that though the number has increased significantly, most of them are not active or functional.

Of the 945 unions, there are a good number of unions that have no existence as the factories were closed, he said.

Besides, there are many unions shown registered in the RMG sector, but they are not export-oriented ones, he said, explaining that unions were registered in washing or printing units or garment factories like tailoring in Keranigonj.

There are at best 100 operational RMG factories that have registered unions and only 30-45 out of them are capable to bargain and negotiate with the factory managements, he noted.

"It is because of the owners' unwillingness as they do not support union activities while the Department of Labour does not play an impartial role," he said, alleging that the aggrieved unions do not get any support from the government's agency in case when they were terminated or face any problems due to unionism.

After the Rana Plaza building collapse, the number increased significantly as the factory owners and government allowed unions only because of global pressures.

A significant number of unions were formed by the garment factory owners after the largest industrial accident, he said, adding most of those unions were only in papers to avoid the international pressure.

Source: thefinancialexpress.com.bd– Dec 29, 2020

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Pakistan: Cotton sector cries for policy focus

The Cotton Vision 2015, launched in 2011 during the tenure of Pakistan Peoples Party (PPP) government, had envisaged that cotton production would jump from 10.6 million bales to 20 million bales in 2015 – or even earlier. That did not happen.

In fact, the cotton production in 2015 tanked to 10 million bales or just half the targeted volume. This speaks volumes about the quality of "visions" that policymakers continue to present to please the government of the day.

The recently released State Bank of Pakistan's annual State of the Economy report for FY20 includes a graphic depiction of the sorry state of affairs in the cotton sector. Quoting Federal Committee on Agriculture's statistics, an infographic in the central bank report shows comparative outputs and yields of two major crops – sugarcane and cotton.

The sugarcane output shows a slow but steady rise from the year 2000 to 2020. During the 2000s, the additional output gain each year is less noticeable. But from FY11 (when agriculture was devolved fully as a provincial subject through the 18th Constitutional Amendment) to FY20, the output gains become all the more noticeable.

On the other hand, between 2000 and 2010, the yearly increase in cotton output remained quite appreciable (except for in FY10 when widespread floods hit the country). This trend continued through 2011, then dipped in the next two years, again rose to the 2011 level in 2014 and has since been on the decline.

The fall in cotton harvest is both because of a decline in the area of cultivation as well as drop in the yield, the details of which have been given in the SBP report.

An important question is why provincial and federal governments failed to notice a consistent decline in cotton output, in the area under cultivation and in the yield? Had they abandoned the Cotton Vision 2015?

When policymakers themselves make such a mockery of their own visions, all the stakeholders naturally and conveniently forget what they were supposed to do to meet collectively the operational targets and timelines of those visions.

They focus, instead, on immediate gains even if that leads to the collective failure of those targets and, in turn, cause irreparable loss to the economy. This has been happening in Pakistan for decades and, sadly, there are no signs this will not happen again.

So, let's not pin much hopes on any vision or strategy being presented to the nation for the revival of cotton sector. Just keep your eyes focused on the operational results year after year – the area under cotton cultivation, its actual output and per hectare yield.

According to the SBP report, FY20's cotton output fell to 9.1 million bales against 9.8 million bales in FY19 despite a 6.5% increase in the area under cultivation. The culprit was a 12.5% fall in the yield.

Why? Had the provincial and federal governments remembered the dos and don'ts of the Cotton Vision 2015, they would have kept their eyes focused on ways to consistently boost the cotton yield.

This is because of such a lack of policy focus that the cotton sector continues to suffer from serious operational inefficiencies. And, as we see cotton production squeezing at the cost of expansion in sugarcane output, we can also say the cotton sector is suffering due to the unjust preference accorded to sugarcane – a fact that the Sugar Commission probing price hike in 2020 also highlights.

Regardless of whether the cotton sector is suffering more from inadequate policy focus and faulty implementation of policies or due to over-reliance on sugarcane, the economic damage done to the textile sector is huge.

That's why textile exports are growing too slowly and show no growth at all when the economic situation is not so favourable.

Below par growth

In addition to the inconsistent supply of cotton, three other things keep growth of textile sector low and below potential, exporters say. These include political instability, lack of consistency in policies and energy sector woes.

A leading textile exporter and Federation of Pakistan Chambers of Commerce and Industry's former vice president Dr Mirza Ikhtiar Baig told this writer that these three factors discouraged enough investment in the textile sector by domestic and foreign investors which, in turn, took a toll on export earnings.

"But as we speak, perhaps the three main impediments to growth in textile exports are political instability, political instability and political instability," he remarked.

"Perhaps, our politicians don't realise that political stability is what the private sector always looks at before investing in any industry. And, sans sufficient investment, no industry can fully exploit its output and export potential," he said.

In the first four months (Jul-Oct) of current fiscal year, textile exports went up 3.8% to $4.76 billion with a massive shortage of cotton which necessitated costlier imports of raw material.

Exporters believe overall textile exports in the full fiscal year ending in June 2021 can still rise past $14 billion and even touch $15 billion. But to make that happen, both the government and the opposition must refrain from divisive politics and political confrontation and focus on addressing the issues that impede growth of textile manufacturing and exports.

In the first quarter of current fiscal year, the textile sector's production rose 2.08%. For keeping up with export growth momentum, a sustained increase in output is a must. But that may become elusive if the opposition parties remain on streets and stage wider protests including shutter-down strikes.

Source: tribune.com.pk– Dec 28, 2020

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Bangladesh: Big blow for the big industry

For many, 2020 has been a year of despair. The unprecedented effects of Covid-19 have jolted economies and supply chains worldwide with Bangladesh being no exception.

As a major player in the garments sector, Bangladesh has been severely affected by the coronavirus fallout.

Primarily, the supply of raw materials to local garment factories was disrupted when China—Bangladesh's main source for such goods—halted all shipments between March and April due to the coronavirus outbreak.

But despite all the gloom and doom, Bangladesh's apparel exporters hope for brighter days ahead with the arrival of a Covid-19 vaccine that would save both lives and businesses.

They also look forward to fresh investments that would help add to their nearly $750 billion contribution to the industry's global value chain.

During the March-April period, the garments sector faced order cancellations and delays worth about $3.18 billion.

The government had imposed a nationwide 'general holiday' between March 26 and May 30, when all economic activities across the country were shut down.

However, garment factories were allowed to continue operations if they had sufficient work orders from international buyers or if they wanted to produce Personal Protective Equipment (PPE).

But the sector plunged into deeper troubles when numerous international buyers offered lower prices and deferred their payments at a time when restrictions on movement caused delays in shipment.

As a result, many workers lost their jobs as the factory owners were forced to shutter their units following a drastic fall in production.

Besides, amid the threat of a second wave of Covid-19 infections, exporters received 30 per cent fewer work orders for next season (December to March) compared to the pre-pandemic levels.

What followed were heated protests at major industrial hubs such as Ashulia, Gazipur, Savar, Narayanganj and Chattogram, where terminated workers took to the streets with a demand to get their jobs back.

At the same time, PPE production breathed new life into the sector as the demand for such items has gone through the roof amid this time of crisis.

"It has been extremely difficult for us to battle the coronavirus fallouts as the economic uncertainty worldwide had a negative effect on us," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The BGMEA chief highlighted three important issues that could prove crucial for the sector's future growth and sustainability.

First, the sector needs product diversification, including the production of man-made fibres.

Second, the workforce needs to be reskilled so that they can cope with the advent of modern technology.

Third, Bangladesh needs to be branded as a shining example for the global garments sector, Huq said.

Around 300 small-and-medium garment factories were shut down in Dhaka and Narayanganj, affecting the jobs of roughly 48,000 workers, according to BGMEA data.

Of the closed factories, not a single one has reopened yet, said BGMEA Director Md Rezwan Selim.

The Daily Star could not independently verify the exact number of displaced workers but Selim, who is responsible for monitoring labour affairs, said the majority of these workers had been re-employed following the return of work orders and capacity expansion at certain factories.

The small and medium enterprises (SME) did not get funds from the government's stimulus packages in a timely manner due to the stringent conditions placed on the benefit and also because they were engaged in subcontracting, according to Selim.

Around 1,200 SMEs are in big trouble as they either lack the work orders or financial strength to deal with the lower price pressure from buyers because of the absence of funds from the stimulus packages.

The Covid-19 fallout also forced the garment sector to adopt new policies for the first time in its four-decade history. For instance, factory owners disbursed about Tk 3,000 crore to their workers every month through various mobile financial services (MFS) in a bid to maintain social distancing.

"Making sure that the workers were paid through MFS was an important achievement since registering so many people with the system within such a short period of time was truly remarkable," said MA Razzaque, chairman of Research and Policy Integration for Development (RAPID).

Although the stimulus package for wage support in the export industry was an effective policy response, perhaps more proactive support measures could be considered for the informal sector workers and other vulnerable groups, he added.

If the world economy recovers fast in 2021, then Bangladesh's garment sector would benefit from it as well. "I would also like the Biden administration to smooth over our existing trade disputes while the World Trade Organisation could renew its commitment for multilateralism," said Razzaque, also the research director of the Policy Research Institute (PRI).

2021 will be a significant year for Bangladesh as it will celebrate its 50th year of independence and qualify for graduation from a least developed country (LDC).

Razzaque went on to say that 2021 should be a year where promoting the country's export competitiveness will be a top priority.

"A clear LDC graduation action plan should be formulated alongside a much bigger push for export diversification in 2021," he said.

Meanwhile, the global outlook depends on how fast developed countries in the west manage to vaccinate their population. "I also hope foreign direct investment will also pick up," Razzaque added.

On the export front, Bangladesh's garment shipments fell to $0.37 billion in April, the lowest monthly total in the country's history since 1978, when the first consignment of formal woven shorts were shipped.

However, exports started recovering following the arrival of a stimulus package totalling Tk 10,500 crore for paying the wages and allowances of garment sector workers.

According to the Transparency International Bangladesh, the textile and garment sectors have received about Tk 62,887 crore as stimulus funds from the government and private organisations.

In the January-November window of 2020, Bangladesh's total garment exports stood at $24.83 billion, a 17.64 per cent year-on-year fall from $30.15 billion, according to data from the Export Promotion Bureau (EPB).

However, shipments of knitwear items are on the rise following a change in the global fashion sense amid Covid-19, when most people prefer comfy clothes to stay at home with.

Of the total earnings from garment shipments in July to November, $7.13 billion came from knitwear items, which registered 4.8 per cent year-on-year growth.

Meanwhile, woven items fetched $5.75 billion, a decline of 8.29 per cent, according to EPB data.

Kutubuddin Ahmed, chairman of Envoy Group, said he has no plan to expand his business next year as he is now trying to make his business more sustainable by recycling yarn and other wasted clothing items.

"We thought that the business would return to normalcy by December but then the second wave started in the UK and all business with the country got subsequently halted. We may be optimistic but the reality is different."

Source: thedailystar.net– Dec 29, 2020

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NATIONAL NEWS

Container shortage affecting shipment schedules: TEXPROCIL

The Cotton Textiles Export Promotion Council (TEXPROCIL) on Monday said shortage of containers is making it difficult for exporters to complete scheduled shipments despite sharp rise in export orders.

Exporters face shortage of containers not only at the gateway ports but also at the inland container depots (ICDs), TEXPROCIL said in a statement.

It takes more than two weeks for the exporters to get the containers for shipments of cargos whichis resulting in delays and non-fulfilment of terms and conditions as agreed with the overseas buyers, TEXPROCIL Chairman Manoj Patodia said.

Many exporters are holding export orders for shipments till March 31, 2021, and the delay in shipments in many cases are leading to cancellation of orders. If the issue is not resolved on a priority basis, exporters of textiles and clothing may lose business by an estimated 20 per cent, Patodia added.

Source: business-standard.com– Dec 28, 2020

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Govt may extend MEIS for exporters as RoDTEP rates still being fixed

The RoDTEP scheme aims at refunding indirect taxes paid by exporters on inputs, and would also replace the popular Merchandise Export from India Scheme (MEIS) that is incompatible with WTO norms istock.com/ugurhan Scheme may run till March 31, 2021

The Centre my decide to extend the popular Merchandise Export from India Scheme (MEIS) for exporters by another three months, till the end of this fiscal, as the new Remission of Duties or Taxes on Export Products (RoDTEP) scheme is not yet ready for all sectors.

"The rates under the new RoDTEP scheme are being worked out for a handful of products at a time. Since it is a labourious process, it is taking time. The government is therefore, weighing the option of extending the MEIS scheme till the end of the on-going fiscal so that the RoDTEP committee has some more time to work out the rates," an industry official tracking the development told BusinessLine.

A final decision is yet to be taken, the official added.

The Centre had fixed a timeline of doing away with the MEIS by December 31, 2020, and introducing the new RoDTEP scheme on January 1, 2021.

The MEIS is being withdrawn by the government as a dispute settlement panel at the World Trade Organisation ruled against it following a complaint by the US. The scheme was highlighted as one flouting WTO rules as it was identified as an export subsidy (as payments under the scheme were not strictly calculated on the basis of input taxes) and the dispute panel stated that India should revoke it.

The RoDTEP scheme is expected to be more acceptable at the WTO as the reimbursement rates are based on actuals and is minutely linked to all input taxes and duties paid by exporters. These include embedded taxes, such as local levies, coal cess, mandi tax, electricity duties and fuel used for transportation, which are not exempted or refunded under any other existing scheme.

A three-member RoDTEP Committee, under former home and commerce secretary GK Pillai, was constituted in July 2020 to work out the modalities for calculation of taxes at the Central, State and local levels, borne on the exported product. Auto, textiles and steel were the three sectors the committee initially focussed on.

"As Indian exporters are continuing to face a rough time worsened by Covid-19 disruptions in global demand and increased protectionism, a continuation of the MEIS for some more time could give them a little comfort," the official said.

The new five-year Foreign Trade Policy is to be implemented from April 1, 2021, and introducing the RoDTEP at that time could be a good idea, he added.

Adequate funding for the new RoDTEP scheme is another area of concern for the government at the time of the on-going pandemic.

India's exports declined by 17.76 per cent to $173.66 billion in April-November 2020-21 compared to the same period last year.

Source: thehindubusinessline.com– Dec 28, 2020

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CCI requests farmers to bring cotton crop in phased manner

Faces heat from farmers over daily ceiling in procurement process

Facing farmers' anger over a daily ceiling for cotton procurement, the Cotton Corporation of India (CCI) on Monday tried to pacify them with an assurance to continue procurement while requesting them to bring their crops in a "phased manner".

In an official appeal to farmers on Monday, the CCI management requested the district administration and Agricultural Produce Market Committee (APMCs) to regulate kapas (raw cotton) arrivals in market yards in such a way that fair average quality (FAQ) grade of kapas brought by farmers can be sold, weighed and billed on the same day so that farmers need not stand in long queues and face difficulty in selling their produce.

The CCI management has also appealed to all cotton growers to bring their crop in a phased manner as per the advice of the respective APMCs.

The Centre has fixed the Minimum Support Price (MSP) for season 2020-21 of ₹5,825 per quintal for the long staple variety of cotton. At Rajkot markets, cotton prices quoted at ₹5,425 a quintal on Monday.

The nominated nodal agency of the Government of India for undertaking procurement of cotton under MSP, CCI came under fire from farmers and political leaders for restricting daily procurements at its centers.

After farmers across cotton-growing regions including Gujarat, Punjab and other parts faced difficulty in selling their crop at the procurement centers due to daily limit set by the CCI, the Central body came up with its appeal to farmers citing the heavy rush of cotton arrivals as a reason of trouble for farmers.

CCI said that it has opened 440 MSP procurement centers at 140 districts in 11 cotton-growing states under 15 branch offices.

"So far CCI has procured 352 lakh quintals of kapas in a period of three months as against 130 lakh quintals in the corresponding period of last year. Current MSP procurement is around 300 % more than last year," a CCI statement said.

"Due to unregulated heavy kapas arrivals in market yards, the farmers are facing hardship and compelled to wait in long queues for days together in selling their produce and processing capacities are also under tremendous pressure," it said while assuring farmers that CCI will remain present for procurements till September 30, 2021, and shall procure entire FAQ grade kapas from farmers to save them from distress sale in case of a fall in the prices.

Source: thehindubusinessline.com– Dec 28, 2020

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Finance Ministry releases weekly instalment of Rs 6,000 crore to meet GST shortfall

The Finance Ministry on Monday released the ninth instalment of Rs 6,000 crore to the states to meet GST compensation shortfall, taking the total amount of fund released to Rs 54,000 crore.

The Centre had set up a special borrowing window in October 2020 to meet the estimated shortfall of Rs 1.10 lakh crore in revenue arising on account of implementation of GST.

The Ministry of Finance in a statement said it has released the ninth weekly instalment of Rs 6,000 crore to the states to meet the GST compensation shortfall.

Out of this, an amount of Rs 5,516.60 crore has been released to 23 states and an amount of Rs 483.40 crore has been released to the three Union

Territories (UT) with Legislative Assembly (Delhi, Jammu & Kashmir & Puducherry) who are members of the GST Council.

"The amount has been borrowed this week at an interest rate of 5.15 per cent. So far, an amount of Rs 54,000 crore has been borrowed by the Central Government through the special borrowing window at an average interest rate of 4.74 per cent," the statement said.

The remaining five states, Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim do not have a gap in revenue on account of GST implementation, an official statement said.

The borrowings under the special window have been done in 9 rounds and the amount borrowed so far was released to the states on October 23, November 2, November 9, November 23, December 1, December 7, December 14, December 21 and December 28, 2020.

In addition to providing funds through the special borrowing window to meet the shortfall in revenue on account of GST implementation, the Centre has also granted additional borrowing permission equivalent to 0.50 per cent of Gross States Domestic Product (GSDP) to the states to help them in mobilising additional financial resources.

Permission for borrowing the entire additional amount of Rs 1,06,830 lakh crore (0.50 per cent of GSDP) has been granted to 28 states under this provision, the statement added.

Source: financialexpress.com– Dec 28, 2020

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Textile and apparel exports in H1 down by 29%

India's overall textile and apparel exports in H1 have witnessed a decline of 29 per cent amongst which exports of filament and apparel have shown the highest dip of 49 per cent and 39 per cent, respectively.

The fabric export witnessed negative growth of 34 per cent, while home furnishing was also on down side by 16 per cent. Only fibre segment saw growth, in this time period, which was 23 per cent.

At the same, India's textile & apparel imports were also down by 52 per cent in H1, FY 21 compared to H1, FY 20.

In Q2 FY21, however, exports of fibre have shown a significant recovery of 78 per cent Y-o-Y due to the increase in cotton exports amidst US ban on purchase of cotton products from China.

On home textiles front, exports witnessed a steady recovery in Q2, led by high hygiene and wellness consumption across the US and EU territories.

Data is shared by leading consultancy firm Wazir Advisors' Wazir Textile Index – H1 FY21. The textile sector performance update report also says that as compared to H1 FY20, the textile index has seen a drastic drop in sales and EBITDA (Earnings before Interest Tax Depreciation & Amortization) in H1 FY21 owing to the COVID-19 pandemic.

There is decrease in overall sales by 36 per cent and in overall EBITDA by 58 per cent for the top companies. At the same time, raw material cost and manpower cost also decreased by 36 per cent and 23 per cent, respectively, during the same period.

The Index is based on 10 leading companies of textile and apparel sector namely Arvind, Vardhman, Welspun India, Trident, Raymond, KPR Mill, Filatex, RSWM, Sutlej and Nahar Spinning having total turnover of around Rs. 40,000 crore.

Source: textilevaluechain.in– Dec 28, 2020

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Can the new IR Code be a game-changer?

Easing the norms of 'hire and fire' for firms will not change things significantly for both workers and industry

Amid criticism and protests by Opposition parties and trade unions, Parliament recently passed The Industrial Relations Code, 2020 (IR code).

The trade unions have billed the code as "anti-worker" since it contains specific provisions that are considered against workers' interests. The government and industry have termed the code as “historic” and transformative.

An underlying philosophy of labour policies evolved in the post-Independent India was to treat the worker as a weaker partner vis-à-vis industry. Legislative provisions were enacted to safeguard the interests of the industrial workers.

However, after the Indian economy was liberalised in 1991, it has been realised that specific provisions in the Indian labour laws are not in sync with the demands of the globalised world, thereby hampering industrial growth.

Two provisions in the Industrial Disputes Act, 1947 (IDA) were considered market-distorting. First is Section 9A, which requires the employer to issue three weeks’ written notice to workers of any change in their working conditions, such as changes in work shift and department. Second is Chapter V-B, which makes it mandatory for the industries employing 100 or more workers to obtain government permission for layoff and retrenchment of workers and closure of their business, and issue notice and compensation to laid-off and retrenched workers.

Contrasting views

According to industry, these provisions have hampered its interests by denying it the freedom to adjust the deployment and size of the workforce and exit the business.

The other consequences are the stunted size of firms as staying below the size of 100 workers drops firms off the radar of Chapter V-B, increased use of machinery and subcontracting leading to loss of formal jobs, replacement of regular workers with contract labourers, and low level of foreign investment in the manufacturing sector.

On the other hand, trade unions argue that stringent labour laws are socially necessary. Since workers in India do not have adequate social security, it is not desirable to allow the industry to follow a “free hire and fire” labour policy as it would rob off the “right to livelihood” from those who lose employment.

The other grounds on which the unions oppose a free hand to the industry are the flexibility enjoyed by the industry in practice due to increased use of contract labour and sub-contracting; declining trade union strength and labour strikes; and absence of strong evidence for a positive employment effect of flexible labour laws.

Notably, the empirical evidence on the impact of labour market regulations on industrial performance and employment in India and elsewhere has been inconclusive. The conflicting evidence underscores the dilemma facing the government in resolving the issue.

However, OECD Economic Surveys: India 2007 reported that the provision to obtain government permission for layoff and retrenchment of workers makes India's labour law unusual compared with global practice. In its absence, the stringency of India's labour laws applicable for regular workers would fall to the OECD and China average.

Currently, India is the only country in the emerging group of 20 countries requiring employers to obtain prior government permission for workforce reductions.

The IR code

The IR Code has attempted to address this lacuna by applying the provision of prior government permission for lay-off, retrenchment, and closure only to industries employing 300 or more workers against the present threshold of 100 or more workers. The code has also allowed the government to raise the threshold to above 300 by notification.

However, the requirements for issuing notice and paying compensation to the laid-off and retrenched workers have been retained at the present level of firms employing 100 or more workers.

This reform measure implies that industrial establishments using less than 300 workers need not have to obtain prior government permission for layoff and retrenchment of workers and closure of their establishment. As a result, more firms are expected to get the freedom to hire and fire workers and exit the business.

However, an analysis of the Annual Survey of Industries, 2017-18 data on the distribution of factories in operation by the size of employment and workers reveals that raising the size threshold for government permission will not have a far-reaching impact on workers and industry.

With the increase in the threshold to 300 or more workers, the percentage of factories requiring to obtain prior government permission for lay-off, retrenchment, and closure would reduce from the present level of 19.07 per cent to roughly around 10.87 per cent. This implies that even without the changes proposed in the IR code, the percentage of factories requiring prior government permission for lay-off, retrenchment, and closure would remain low at 20 per cent.

The workers who are protected from the threat of hire and fire will reduce from 77.75 per cent of the factory workers to roughly around 64.89 per cent, implying that due to reforms, only about 13 per cent of the workers will lose protection from the threat of lay-off, retrenchment, and closure. Around 65 per cent of the factory workforce still enjoy protection.

The reason is that roughly 65 per cent of factory workers are employed in factories with an employment size of above 300 though such factories constitute only around 11 per cent of the total number of factories.

More importantly, about 77 per cent of the gross industrial value added (GVA) originates in factories employing more than 300 workers. These facts reveal a heavy concentration of workers and GVA in a relatively low number of factories with an employment size of over 300. This lends credence to the argument that Chapter V-B of the IDA has not allowed more industrial firms to grow and exploit economies of scale.

Also, since the changes proposed in the IR code regarding the hire-and-fire rules do not apply to industrial establishments employing more than 300 workers, the overall gains to the industry and the pain inflicted on the workers will be only marginal compared to the present situation.

Source: thehindubusinessline.com– Dec 28, 2020

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Joe Biden as US President may review 'mini deal' with India

A "limited" trade deal between India and the US, which was on the verge of conclusion before the US Presidential polls last month, is unlikely to see the light of the day at least before the second half of 2021, a source told FE.

The deal was expected to cover an annual goods trade of about $13 billion, or roughly 15% of the bilateral shipments (in FY20). "With Joseph Biden at the helm of affairs in the US, there would be a fresh review of the deal. It may be pushed back to the second half of the next year, or even further," the source said.

"However, the good thing is that the scope of the deal can be expanded in this process to include more products," he added. Despite differences over offers, both India and the US negotiated the mini deal for months, before the American election purportedly slowed down the process. The US was the largest single market for India, with goods exports worth $89 billion in FY20. This deal was expected to be followed up with talks for a free trade agreement (FTA).

At an event this month, US Trade Representative Robert Lighthizer said while both the sides were not far away from the mini deal, "keeping in mind obviously we have a political change going on over here... that is going to be a bit of a set back". "...there is going to be some change and my guess is that it will slow things up," he added.

FE had first reported on November 18 that the deal would be delayed, as the new administration could review even the settled issues.

Under the "limited" deal, India has been pushing the US for a complete restoration of duty benefits for it under the so-called Generalised System of Preferences (GSP). This will mean duty-free Indian exports of $6-6.5 billion a year (but the potential tariff forgone by the US was only $240 million in 2018).

However, the US wanted India to import farm and dairy products of equivalent amount ($6-6.5 billion) to restore the GSP benefits. New Delhi was willing to grant greater access in farm items, including cherries, alfalfa hay and pork, but was reluctant to pledge farm/dairy imports in such high volumes without reciprocity. Instead, it wanted to buy other American goods, mainly oil and manufactured products.

Also, as sources had earlier told FE, India might consider opening up its dairy and poultry sectors partially if it got a good deal from the US in textiles and garment and pharmaceuticals. In garments, for instance, the US import duties for India currently range between as much as 16.5% and 32%.

India is learnt to have offered to reduce tariffs on high-end bikes like Harley Davidson and sweeten its initial offer on easing price caps in medical equipment. India was also willing to resolve certain non-tariff measures, such as certification process for some dairy products.

However, the US was still unimpressed and its focus of negotiations, before the American election, increasingly shifted to selling more farm goods to India.

For its part, New Delhi has been critical of stringent US patent protection laws and various steps by the Food and Drug Administration (FDA), which have dented India's exports of pharmaceutical products. This is among the important non-tariff barriers that India wants the US to remove.

In September, commerce and industry minister Piyush Goyal had said Lighthizer and he had agreed that "we can look to finalising (the limited deal) before the (US) election, or otherwise soon after the election".

The importance of an India-US FTA, or at least this limited deal, has grown after the conclusion of the China-dominated RCEP pact in November. India pulled out of the RCEP talks, as it believed no deal was better than a raw deal.

Source: financialexpress.com– Dec 28, 2020

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US ban, surge in orders leads to yarn shortage in India

Various factors including a ban on Chinese cotton by the US, a sudden surge garments orders, additional stocking up by brands and increased exports to Tirupur's competitors including Vietnam and Bangladesh have led to yarn shortage for garments exporters.

However, Tirupur Exporters Association (TEA) has alleged that mills were withholding yarn supplies impacting the export business. As per Raja M Shanmugam, President, Tirupur Exporters Association, the current decision of mills will certainly impact garment exports and lead to job losses.

However, mills have refuted these allegations. According to Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation (ITF), the current yarn shortage is mainly a result of sudden inventory buildup by companies across the value chain, both in exports and domestic markets in the textile sector. He views this a temporary phase and urges exporters not to panic on the availability.

P Nataraj, Managing Director, KPR Mills also advises exporters to stop diverting or hoarding cotton yarn.

Source: fashionatingworld.com– Dec 28, 2020

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Can gain much more than what we lost in 2020: Export community pins hope on 2021 for a revival

For the Indian exporting community, 2020 is a year they would want to forget quickly. With global trade in doldrums and manufacturing units in disarray, the year has been a relentless ride against all odds.

During April-November 2020-21, India's exports dropped 17.76% to $173.66 billion, while imports fell 33.55% to $215.69 billion, according to official estimates. A recent set of official data also showed India's trade deficit touching a 10-month high of $9.87 billion in November.

Now, as businesses prepare to bid goodbye to the year, the pertinent question is what 2021 looks like for the country's exporting fraternity?

For a majority of stakeholders that ET Digital reach out to, the worst of the turbulent phase is now a thing of the past, and things are looking up here on.

“2021 is a year of hope and optimism for the exporting community, as we all expect that the worst effect of COVID-19 will vanish from the globe. We are confident that a V-shape recovery will be witnessed in world trade and we will gain much more than what we lost in 2020. Fortunately for us, the decline in exports in the 3rd and 4th quarter of 2020 has been largely addressed with a few months of positive exports. Since the first and second quarter have been pretty bad, we may end the financial year 2020-21 with exports around $290 billion,” says Ajay Sahai, Director General & CEO, FIEO.

Sahai is optimistic that looking into the extremely good order booking position for food including processed, pharma, medical and diagnostic products, technical textiles, chemical, plastics, electronics and networking products, exporters should attempt to take exports to $350 billion. This, according to him, looks, “Ambitious but definitely achievable, if exporters can address supply side challenges.”

Asked if he believes the business optimism that the exporting sector had pre-Covid is back, Sahai maintains that the recent economic and trade indicators definitely point to the same. However, he adds that the moot issue is whether these are reflections of pent up demand, following the lockdown, or a sustained trend.

India’s one key foreign exchange earner sector is its textile and apparel industry.

With the more infectious Coronavirus strain (and its many variants now) being reported in many parts of the world and the subsequent re-imposition of lockdowns in many markets, the exporting sector is once again forced to adopt a cautious approach before firing on all cylinders.

“We are also not confident whether we are through the second or third waves in the cities. We have to wait for some more months to reach a definite conclusion. The litmus test will be the sale trends for Christmas and New Year. If sales pick up, we will liquidate inventories, pushing further demand and order, thus pushing both exports and domestic economic activities,” underlines Sahai.

Cautious optimism

India's one key foreign exchange earner sector is its textile and apparel industry. The country, being the largest producer of jute, the second largest producer of cotton, silk and cellulosic fibre, the third largest producer of raw cotton and the fourth largest producer of synthetic fibre, is today recognized as one of the best sourcing destinations for apparels. Apparel Export Promotion Council (AEPC) Chairman A Sakthivel is of the view that the pandemic has unleashed many never-before opportunities to the textile exporting fraternity. With green shoots of recovery clearly in sight, Sakthivel sees India to emerge as a hub for medical textiles, technical textiles, and manmade fibre (MMF) based garments.

"For the last three months, we have been seeing a positive sentiment towards India. There has been an increase in exports compared to last year. This corona crisis turned out to be an opportunity as we grew our production of medical textiles, technical textiles, and also MMF based garments. India became the second largest manufacturer of Personal Protective Equipment (PPE) in the world in a matter of months since March early this year. The Council is working on the expansion of MMF products in India's apparel export basket," Sakthivel says.

The $120 billion worth Indian electronic markets is another key foreign exchange earner for the country.

Echoing AEPC's assertion, Rajendra Agrawal, Managing Director, Donear Industries, Ltd is betting big on the untapped potential of the MMF segment. "The demand for essential products - especially MMF - is on the rise. We could base this on consumer mindsets still opting for basics and low ticket prices compared to niche, higher end ones. Overall, 2021 promises to be an encouraging year for the textile fraternity with it resuming normalcy," he says.

However, despite optimism, the sector is falling behind competitors, including Bangladesh, Cambodia and Pakistan because of duty disadvantage (e.g. 9.6% in the UK- bound exports), Sakthivel presses for a duty parity to double India's apparel exports to markets such as the UK in the next two years. He pitches for a priority discussion on FTA during UK PM Boris Johnson's upcoming visit to New Delhi. Early negotiation of the FTA or the Comprehensive Economic Partnership Agreement (CEPA) will help in generating employment in and increasing exports from the MSME sector, Sakthivel adds.

ICT and auto push

The $120 billion worth Indian electronic markets is another key foreign exchange earner for the country. According to Sandeep Narula, Chairman, Electronics and Computer Software Export Promotion Council (ESC), Worldwide ICT segment is mostly insulated from the onslaught of COVID-19 since many people have switched over to digital medium. In his view, the Indian electronics export has been on an upward curve for the last couple of years. "The figures for this fiscal will be out soon. My gut feeling is that there may not be any significant drop this year since in the last quarter of the current fiscal, exports can pick up since electronic units are working to the near normal. In the software sector, some large Indian IT outsourcing companies have got good contracts and they could execute the contracts in hand well in time because of the new normal of work from home," Narula says.

He adds the government has come out with several schemes to give a critical push to the ICT sector, particularly the electronics hardware, which are now perceived as a fast-growing segment not only for cutting down the heavy imports but also for generating exportable surplus.

On the same lines, the country's auto and its components manufacturing sector is "cautiously optimistic" about near to mid-term future prospects. According to Automotive Component Manufacturers Association of India (ACMA) although the sector is still not out of the woods, that for the first time, the industry witnessed a trade surplus with auto component exports at $5.2 billion and imports at $5 billion gives some clues to what's coming over the horizon.

On the industry's outlook for the near to mid-term future, Deepak Jain, President, ACMA, says, "Despite concerns of another wave of the pandemic, the industry is cautiously optimistic about the prospects of the Indian economy and the automotive sector for FY 2021-22. Companies have mostly recovered and are back to moderate financial health, post the lockdown. Financially healthy and growth focused companies are also actively focusing on CAPEX and acquisition/merger opportunities."

The auto sector could gain from the tailwinds of green shoots now visible, provided it's offered the right set of policy interventions, the industry believes. To boost the sector's exports share, ACMA's key recommendations to the government include — an early implementation of Remission of Duties or Taxes on Export Products (RoDTEP) scheme. Worth mentioning is the new scheme, a WTO-compliant one, is to replace the existing MEIS scheme for exporters.

The industry body also bats for ease in Customs Administration of Rules of Origin under Trade Agreements Rules, 2020, Release of funds against MEIS scrips for FY 2019-20 and 9 months of the FY 2020-21, i.e. from 1.4.2020 to 31.12.2020, and continuation of Export Promotion Capital Goods Scheme in the new Foreign Trade Policy 2021-2026.

Source: economictimes.indiatimes.com– Dec 28, 2020

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Pandemic effect: Apparel export in Noida down by 32% this year

Due to the coronavirus (Covid-19) disease outbreak, apparel export from Noida has gone down by about 32% in 2020, as compared to last year. According to officials, even the national apparel export has suffered a loss of over 20% due to the pandemic.

Lalit Thukral, the president of Noida apparel export cluster (NAEC), said that due to Covid-19, the export of apparel between January and November this year has suffered a decline of ₹8,000 from 2019's tally for the same period.

"Apparel trade, which is integrated with the global value chain, has suffered a lot in both imports and exports due to disruption caused by the pandemic. There has been a severe impact on order position of exporters, global apparel consumption, working capital, raw material and pending refunds. The apparel export from Noida has come down to ₹17,000 crore between January and November this year, as compared to ₹25,000 crore last year for the same span of time," he said.

He added that overseas buyers and buying houses were either cancelling or postponing confirmed orders indefinitely right from the first day of lockdown in India. "Though the situation was improved to a large extent after the union textile minister's appeal to do "commerce with compassion", the fresh lockdown in the UK and other European countries once again worsened the situation for exporters," Thukral said.

According to data provided by the apparel export promotion council (AEPC), textile and apparel exporters suffered a severe fall of 91% in the month of April this year as compared to the same month last year – the nationwide lockdown was announced from March 25, 2020.

AEPC is the official body of apparel exporters in India.

AEPC chairman, A Sakthivel, said that after the continuous fall in export for five months, the sector witnessed a positive shift in September-October. "India's apparel exports rose by 10.22% in September this year to $1,190 million, from $1,079 million a year ago. Similarly, it rose by 6.3% in October 2020 to $1,177 million from $1,107 million a year ago. The recovery from the huge fall of April this year to a 10% rise in September corroborates the industry's belief that the apparel sector is already on its path to a V-shaped recovery," he said.

Source: hindustantimes.com– Dec 28, 2020

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Retailers report 13% dip in November sales

The festival season helped sales of appliances, apparel and packaged food and grocery November, but total sales remained 13% lower year-on-year, according to findings of a survey by Retailers Association of India (RAI).

The 10th edition of RAI's survey was conducted among 68 retailers during November. The findings pointed to a steady month-on-month recovery in retail businesses across India even as sales in November fell 13% on year. To be sure, last year Diwali was celebrated in October.

The survey covered categories such as electronics, quick service restaurants, food and grocery, apparel and footwear, among others.

Retailers are moving towards 2021 with cautious optimism, said RAI, especially amid reports of the new strain of coronavirus in the UK along with night curfews and restrictions in India.

For the full year, several retail categories are expected to report a decline in business. The industry is hopeful of achieving about 85% of pre-pandemic level business only in the next six months, RAI said in its statement.

“While the festive and the muted wedding season aided some recovery for certain segments, the lack of inbound travel of non-resident Indians during the winter has had a negative impact on sales," Kumar Rajagopalan, CEO, Retailers Association of India (RAI) said. India’s retail industry is estimated at $854 billion.

November was marked by Diwali festivities and also coincided with the wedding season. Consumer durables and electronics category continued to recover with a sales growth of 12% (y-o-y) while food and grocery retailers too indicated growth of 5%, as per the survey.

Apparel and clothing retailers have remained under pressure with sales down 12%. In October, apparel and clothing sales were down 30% year-on-year. QSR sales were down 25% in November compared to a year ago period, while that of beauty and personal care retailers fell 29% during the period. The category had reported a 55% dip in sales in October.

Jewellery sales showed a 21% decline compared to a 45% dip in October.

Dwindling footfalls in stores and lack of consumer appetite on spending discretionary items has hit business across categories. In the first half of the current financial year, RAI said, a sample set of 30 listed retail companies showed sales de-growth of 54% year-on-year. In fact, this fiscal, organised apparel retailers are expected to report a 40-45% decline in revenue, India Ratings and Research (Ind-Ra) had said in a November research note.

“Apart from the pent-up demand that resulted from the lockdown, the festive season too played a crucial role in making up for most of the lost sales in the early months of the lockdown. The post-festive period will be even more critical for making that growth sustainable," said Pradeep Bakshi, managing director & CEO, Voltas Limited. The period between March and June typically accounts for over 50% of its room air-conditioners.

Levels of recovery, however, differ across regions. Western and eastern India are indicating a slower recovery with sales down 18% and 17% y-o-y, respectively, while northern and southern regions are both progressing at -9%, RAI said in its survey.

Source: livemint.com– Dec 28, 2020

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Direct CCI to remove daily ceiling on cotton purchase: Harsimrat to PM Modi

Former Union minister Harsimrat Kaur Badal has sought Prime Minister Narendra Modi's intervention to direct the Cotton Corporation of India (CCI) to do away with the daily ceiling on cotton procurement.

The Bathinda MP said apprehensions of farmers were already coming true in Punjab with the CCI imposing daily ceilings on procurement of cotton and effecting a four-time reduction in its purchase.

"Even though you have made repeated statements about the continuance of minimum support price (MSP), your inability to specify anything regarding assured government purchase at MSP is already having an adverse effect on government departments," said Harsimrat.

The SAD leader added that the CCI was throwing cotton farmers to the mercy of private players by announcing a daily purchase ceiling of 12,500 quintals against daily arrival of 50,000 quintals of cotton in mandis across seven districts of Punjab.

She urged the Prime Minister to issue a clear directive guaranteeing government procurement of all agricultural products listed under the MSP system. This is the need of the hour as even a government department like CCI, which has a mandate to procure cotton on MSP, was abdicating its responsibility, added the Bathinda MP.

"If CCI can do this, what can farmers expect from private players?" she questioned. She also asked the Prime Minister to bring in a simultaneous legislation making it mandatory for private players to procure farmers' produce at rates not less than the MSP.

Even though cotton arrivals had peaked, especially in the Malwa region, the CCI announced that it would stagger purchase by restricting buying to only 12,500 quintals per day across 22 purchase centres, said Harsimrat. She added that this would not only result in overcrowding at mandis with farmers competing to get their produce procured first, but would also result in corrupt practices, besides distress sale of cotton to private players.

“As per the present schedule fixed by CCI, purchase season will extend till September next year. Small farmers can neither store their produce nor wait for so long. They will be forced to sell cheap to private players,” said Harsimrat.

The former union minister pointed out that the situation in major mandis of Bathinda, Abohar, Mansa and Maur was precarious. Therefore, she requested the Prime Minister to intervene and direct CCI to take back its arbitrary orders immediately and purchase the entire cotton arriving in mandis across the state. She also warned of an agitation by the SAD to ensure justice to cotton growers in case the Prime Minister failed to ensure smooth procurement of cotton.

Source: timesofindia.com– Dec 28, 2020

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