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INTERNATIONAL NEWS

Japan industrial output rises for second month but retail sales fall again

Japan's factory output rose for a second straight month in July, signalling a gradual recovery from the blow delivered by the coronavirus pandemic.

But retail sales fell for a fifth straight month and at a somewhat faster pace, a worrying sign for private consumption, which accounts for more than half of the world's third-largest economy.

Monday's data underscored the fragility of an economy that suffered a record 27.8% contraction in the April-June quarter as the pandemic took a heavy toll on both domestic and external demand.

While analysts believe the economy has bottomed out after lockdowns were lifted in late May, they say any recovery will be modest amid worries about a second wave of infections.

Ministry of Economy, Trade and Industry (METI) data showed Japan's industrial output grew 8.0% in July from the previous month, versus economists' median estimate of a 5.8% gain and following a 1.9% increase in June.

It was the second straight month of gains after having hit its lowest level in May since the global financial crisis. But factory activity is still far from pre-pandemic levels.

Manufacturers surveyed by METI expect output to increase 4.0% in August and grow 1.9% in September.

METI raised its assessment on industrial output, saying it was picking up. Highlighting weak consumer demand, however, retail sales fell 2.8% year-on-year in July, worse than a 1.7% drop seen by economists in a Reuters poll and following a 1.2% drop in June.

Source: moneycontrol.com– Aug 31, 2020

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Indonesia encourages manufacturing sector to adopt Industry 4.0

The Ministry of Industry is aggressively encouraging Indonesia's manufacturing sector to immediately transform towards industry 4.0.

This step is part of the implementation of the Making Indonesia 4.0 road map, which will certainly bring benefits to the industrial sector, such as improving machine and equipment performance, production operation speed and product quality, and being compatible with health protocols, said the Muhammad Khayam, Director General-Chemical, Pharmaceutical Industry and Textile (IKFT), Ministry of Industry, Muhammad Khayam at the opening of the INDI 4.0 Technical Guidance and Assessment for the IKFT Sector.

Khayam said that the assessment of the Indonesia Industry 4.0 Readiness Index (INDI 4.0) aims to measure the readiness of companies in transforming towards industry 4.0, especially in the IKFT sector. In this assessment activity, he also explained about the implementation of industry 4.0 in the IKFT sector which has been developing with its various application systems.

For example, the textile manufacturer PT. Eratex Djaja who managed to save electricity, water, coal and greenhouse gas emissions after implementing industrial technology 4.0.

Khayam explained that on the first day there were 156 participants from the textile industry and non-metal mineral processing industries. He also said, according to the performance targets set by the Ministry of Industry based on the 2020-2024 RPJMN, one of the targets is that the number of IKFT sector companies with INDI 4.0 more than 3 could reach 11 companies by 2020 and as many as 21 companies in 2024.

In INDI 4.0, a score of 1-2 shows the initial readiness to implement industry 4.0, then a score range of 2-3 shows moderate readiness, and a score of 4 is those who have implemented industry 4.0.

Source: fashionatingworld.com– Aug 29, 2020

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US - EU mini trade deal: Gains for India?

Last week, the EU and US issued a joint statement on a tariff agreement between the two partners. In these troubled times of trade wars, this is nothing short of sweet music. Sweeter still is the fact that all countries, including India, can benefit from the reduction in tariffs.

The joint statement said that “United States Trade Representative Robert Lighthizer and European Union Trade Commissioner Phil Hogan today announced agreement on a package of tariff reductions that will increase market access for hundreds of millions of dollars in US and EU exports. These tariff reductions are the first US-EU negotiated reductions in duties in more than two decades." Being a high-level representation from both sides, it received all the eyeballs it aimed at. US President Donald Trump tweeted several times claiming a victory for the people of Maine with promise of many jobs to follow.

In this much touted deal, tariffs on only a few items have been slashed on MFN (Most Favoured Nation) basis by EU and US retroactively from 1 August, 2020. Therefore, the duty slashed will have to be available for exports from all WTO members. To remain WTO compliant, countries can reduce tariffs only on MFN basis (i.e., for all WTO members). To allow reduced duties only for each other’s goods, US-EU will have to enter into a free trade agreement (FTA), bringing down tariffs on almost 95% of the traded goods to zero.

The lobster, which seems the hero of the deal, got a zero tariff entry into EU after a well negotiated FTA with Canada. Canadian Lobster exports grew at a rapid pace after the FTA, so much so that the US exports were totally wiped out. Contrast this with the Indian industry, which has been unable to benefit from our FTAs.

Niti Aayog has cited ADB estimates regarding utilization of FTAs by Indian industry being among the lowest in Asia at 5%-25%. The zero duty access for lobster that Canada negotiated with EU is now, by definition, available to Indian industry. Similarly EU products such as prepared meals, certain crystal glassware, propellant powders and cigarette lighters will get into the US at half the earlier tariff rates. This is now also available to Indian industry.

While the commodities for tariff reduction have been carefully chosen by both sides, it remains to be seen whether both sides can ensure only each other's imports to benefit from this reduction. Both EU and the US are our traditional trading partners with billions of dollars in bilateral trade. Will the Indian industry seize this chance of a lower or zero duty market access into the two most sought after markets is what makes an interesting question.

Source: livemint.com– Aug 29, 2020

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More than 225 Gap and Banana Republic stores will close this year

Gap Inc. said in its quarterly earnings release on Thursday that it expects to close more than 225 Gap and Banana Republic stores globally this year, with more closures to come in 2021.

As of August 1, there were 1,643 Gap and Banana Republic stores. The 225 closures are net of new store openings. A number of these stores have already closed for good.

In total, Gap Inc. operates 3,814 store locations in 42 countries, including stores under the Gap, Banana Republic, Old Navy, Athleta, and Janie and Jack brands.

Executives said on the earnings call that since the closures are affecting the Gap and Banana Republic brands, many of the shuttering stores are located in malls.

They said the company would provide more details during a virtual investor meeting on October 22.

Gap Inc. has closed hundreds of stores over the last several years. In February 2019, it said it would close 230 Gap stores over the next two years, with about half of those closures happening that year. With Thursday's update on store closures, the company is downsizing its store fleet more than originally planned.

Gap Inc. reported a 13% comparable sales increase for the quarter. Net sales were down 18% while online sales grew by 95%. Athleta was a bright spot for the company, with net sales up 6% and comparable sales up 19%.

The Gap and Banana Republic brands struggled, however. Gap's net sales were down 28%, while Banana Republic's net sales were down 52%.

"Banana Republic continues to focus on taking action to adjust to consumer preferences and improve inventory mix as the shift to casual fashion during the stay-at-home requirements has left the brand's workwear assortment disadvantaged," the company said in its earnings release.

Gap Inc. temporarily closed all of its stores this spring in response to the coronavirus pandemic. It said Thursday that about 90% of its stores have now reopened.

Source: businessinsider.in– Aug 28, 2020

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Ethiopia’s Textile Industry Dealt a Big Blow

The largest childrenswear retailer in the US has cancelled millions of dollars’ worth of clothing orders from suppliers in Ethiopia because of the coronavirus pandemic, pushing companies into debt and leaving employees facing pay cuts.

The Children’s Place (TCP), which has more than 1,000 stores in the US and 90 around the world and had a turnover of $2bn last year, cancelled orders from Ethiopia in March and delayed payments by six months for orders completed in January and February, suppliers told the Guardian. Ethiopian workers are the lowest paid in the global garment supply chain.

According to a report by the NYU Stern Center for Business and Human Rights, the minimum wage for Ethiopian garment workers is $26 a month, compared with $95 in Bangladesh and $326 in China. Ethiopian suppliers claim that TCP has demanded retroactive rebates on products that had been shipped before the crisis. The Children’s Place is one of four leading US apparel brands sourcing goods from Ethiopia, alongside PVH, JC Penney and H&M. In its annual report last year, TCP cited Ethiopia as a “key sourcing region”.

The Worker Rights Consortium said at least seven factories in Ethiopia were producing clothing for TCP stores, employing about 15,000 workers. In 2016, the Ethiopian government opened its flagship Hawassa Industrial Park to help boost Ethiopia's economy through tax breaks for business and jobs for its growing population. Most of the country's garment workers are young women who have migrated from poor rural areas.

Source: iafrica.in– Aug 28, 2020

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Gap's decision to pivot and make face masks put $130 million in its registers

The apparel maker Gap Inc. pivoted its supply chain early on in the coronavirus pandemic to make face masks. And it is, quite literally, paying off.

The company said Thursday when it reported quarterly earnings that it brought in $130 million in sales during the period from its face masks. That includes sales to individuals and in bulk to businesses. The city of New York, the state of California and Kaiser Permanente are some of its clients, the company said.

During the quarter ended Aug. 1, Gap's total sales fell about 18% to $3.28 billion from $4 billion a year ago. Its online sales surged 95%. But those results were weighed down by the weakness at its stores, which were forced to shut for part of the quarter.

Each of Gap's brands — including its namesake banner, Banana Republic and Old Navy — currently has its own masks available in stores and online, in various patterns and colors.

Chief Executive Sonia Syngal said during an earnings conference call that Gap is currently the No. 1 search result on Google for "face mask style guide." She said Gap scaling this business is "the ultimate example of how we want to operate as a culture."

Early on in the pandemic, face masks were in short supply. A number of retailers such as Anthropologie and Madewell looked for opportunities to get involved, especially as the benefits of wearing face coverings became clearer. Some cities and states have rolled out mask mandates, since then, to try to curb the spread of Covid-19, which can be transmitted through respiratory droplets from person to person.

Gap shares climbed around 4% in after-hours trading Thursday, as the retailer reported better-than-expected sales and a narrower-than-expected loss for its fiscal second quarter. Its stock has fallen roughly 1% year to date.

The company's strong performance online helped Gap win 3.5 million new customers, up over 165% from a year ago.

Source: cnbc.com– Aug 28, 2020

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Chittagong port 58th of top 100 on Lloyd's List

Flourishing export of readymade garments continues to drive throughput

In terms of annual container handling, Chittagong port has moved up six notches to become the 58th busiest container port among 100 top ports across the globe, according to Lloyd's List — the world's oldest journal on ports and shipping.

The 2020 edition of Lloyd's List of One Hundred Ports was recently published, tallying up annual container throughput figures of the world's busiest port facilities in 2019.

The country's premier maritime port handled a total of 3,088,187 TEUs (twenty equivalent units) of containers in 2019, up from 2,903,996 TEUs in 2018, posting a 6.3% annual growth in container handling.

Lloyd's List said Chittagong port's flourishing export trade of readymade garments continues to drive throughput numbers.

The Chinese port of Shanghai, with a throughput of 43,303,000 TEUs, up from 42,010,200 TEUs, clinched top position in this year's chart.

A total of 24 Chinese ports are on the chart while two Indian ports — Jawaharlal Nehru Port and Mundra port — secured 33rd and 37th positions respectively.

The Sri Lankan Port of Colombo ranked 24th in the list.

Chittagong Port is now 27 steps ahead of Pakistan's Port of Karachi which secured 85th position.

Of the total goods shipped through Chittagong port, 27% was container shipped while the remaining 73% was shipped through general vessels (bulk, break bulk, and tanker).

Rear Admiral SM Abul Kalam Azad, chairman of Chittagong Port Authority (CPA), said the Shipping Ministry and port users also made contributions towards this achievement in growth.

"Apart from existing capacities, port expansion activities are also underway. Construction of Patenga Terminal, Bay Terminal, and Matarbari Port are in progress, which will help improve the port's ranking in future," said the CPA chairman.

Mahbubul Alam, president of Chittagong Chamber of Commerce and Industry (CCCI), said economic growth in the service and industrial sectors has been reflected in the growth of container throughput of the port.

"Container handling will soar in the days to come. That's why there is no alternative to improving the port's overall facilities," said Alam, also president of the Port Users' Forum.

Chinese ports continue to dominate in ranking

Like previous years, the supremacy of Chinese ports has remained unchanged this time around among the 100 busiest container handling maritime ports around the world.

Lloyd's List categorizes the top 100 container ports of the world into four groups — climbers, non-movers, fallers, and new entries.

In terms of annual throughput in 2019, as many as six ports of China have fallen into the non-movers group, 10 ports have been categorized into the climbers group, and seven ports have been grouped as fallers, while one port has been categorized under new entries.

Chinese ports grouped as non-movers include Shanghai, Shenzhen, Ningbo-Zhoushan, Guangzhou, Tianjin, and Xiamen.

The 10 Chinese ports categorized as climbers include Qingdao, Taicang, Rizhao, Yantai, Tangshan, Quanzhou, Zhuhai, Haikou, Jiaxing, and Mersin.

Hong Kong, Dalian, Yingkou, Lianyungang, Dongguan, Fuzhou, and Nanjing are the seven ports of China grouped as Fallers.

Jinzhou port falls under New Entries.

According to Lloyd's List, China's dominant position in the port sector shows little sign of fading. Containerized trade moving through China amounts to nearly 40% of the overall TEU total.

Source: maritimegateway.com– Aug 31, 2020

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Retail sales in the eurozone bounce in June

In June, retail sales in the eurozone bounce to February rates until closures end a recovery that started in May following record declines in March and April. According to Eurostat, the European Statistics Office, sales in the 19-country currency bloc increased by 5.7% in June from May. The gains were powered by spending on clothing and coal.

Nevertheless, the company continues to focus on the next phase of its environmental initiatives. The rise in sales was smaller than Reuters' 5.9% estimate but was largely offset by a rise in May sales. Eurostat stated that the shopping volume in May increased by 20.3%, revising its earlier estimate of 17.8%. The two consecutive revenue gains completely reversed the historic declines in March and April, when lockouts were imposed on many eurozone countries to prevent new coronaviruses from spreading.

In June the first annual raise since February was 1,3 percent over a year ago. Retail sales in Ireland, Spain and Italy increased by double numbers in June but declined in Germany and Austria again following large growths in May. Textiles, apparel and footwear sales in the Eurozone rose 20.4 percent a month following a record 224.1 percent rise in May.

Source: textilefocus.com– Aug 29, 2020

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Indonesian garment-textile unions, employers sign pledge

Four garment and textile unions and three employer associations in Indonesia recently signed a joint commitment to promote safety, health and welfare of workers and business sustainability. The declaration refers to the International Labour Organisation's (ILO) Call to Action in the Global Garment Industry, and commits to protect workers and employers from contracting COVID-19 and reduce unemployment and loss of income.

Both employers and unions pledge to implement ILO core labour standards, comply with occupational safety and health (OSH) regulations and engage with government and brands to maintain jobs and livelihoods of workers, according to a press release from the IndustriALL Global Union.

IndustriALL affiliate Garment and Textile Trade Union Federation (FSB GARTEKS) is among signatories of the declaration. The Indonesian Employers' Association (APINDO), the Indonesian Textile Association (API) and the Indonesian Footwear Association (APRISINDO) represent employers.

Source: fibre2fashion.com– Aug 31, 2020

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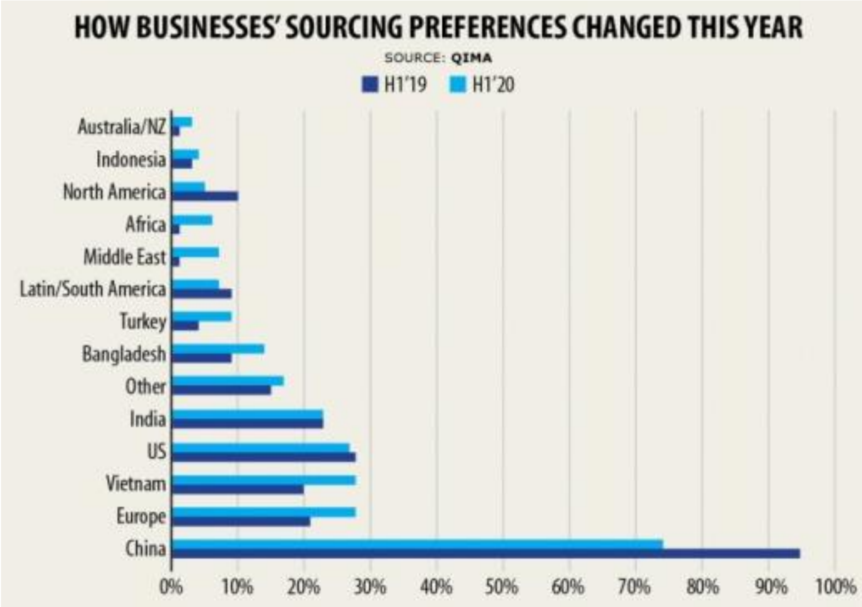
Bangladesh still among top sourcing destinations

Bangladesh remains one of the top sourcing destinations after China for international clothing retailers and brands even during the coronavirus pandemic because of its competitive prices, according to a new report by leading supply chain compliance solutions provider QIMA.

After Vietnam, India and Bangladesh, alternative sourcing options of choice are still largely countries in Asia, including Taiwan, which enjoyed overwhelming preference as a sourcing market among US-based respondents.

The survey named "Evolution of Sourcing in 2020" was conducted in July 2020 by Hong Kong-based QIMA.

It is said to be drawn on input from more than 200 businesses around the world across a variety of consumer product segments and built on previous QIMA research.



The report analyses the evolution of global sourcing in response to the ongoing Covid-19 pandemic, US-China trade tensions and other disruptions to global supply chains.

It says China is down, but not out.

Although China still takes the crown for global sourcing, its dominance is noticeably less dramatic compared to previous years, especially in industries such as textile and apparel, where supplier portfolio diversification has been a priority for a while now, the QIMA report said.

Nevertheless, 75 per cent of the respondents globally named China among their top three sourcing geographies, with 55 per cent reporting that Chinese suppliers accounted for over half the buying volumes in the first half of the year.

Vietnam continues with its upward trend, luring in Western buyers as an alternative to China.

Consistently ranking among China's regional competitors, Vietnam continues to reap the most benefits of the continued mass exodus of Western buyers from China, with 40 per cent of the EU respondents and almost as many US brands included Vietnam among their top sourcing regions.

This is in tune with Western brands not venturing too far from China.

The US and the EU brands are exploring sourcing options closer to home but are more likely to near-shore rather than re-shore.

For US-based companies, sourcing destinations closer to their home country continue to grow steadily, with the popularity of Latin and South America almost doubling compared with last year.

Meanwhile, the EU brands are increasingly turning to Turkey as a near-shoring destination as the latter was named among the top three sourcing regions by 30 per cent of EU respondents.

Diversification is on the top of the mind for global brands, but there are some noticeable nuances between regions.

The US brands are by far most likely to diversify sourcing, with 95 per cent of US-based respondents reporting plans to the effect, likely due to the pandemic and worsening geopolitical tensions between Washington and Beijing.

On the other hand, European buyers are not as ready to walk away from China, with only about half of the EU-based respondents reporting plans to seek suppliers elsewhere.

While China remains a key sourcing region, named among the top three sourcing geographies by three-quarters of respondents globally, its dominance is less dramatic compared to the findings of QIMA sourcing surveys of previous years.

In 2018-2019, more than 95 per cent of the respondents had listed China among their top 31 sourcing destinations.

The increasing share of the other in-demand sourcing regions in Asia, particularly Vietnam, India and Bangladesh, as well as home regions, is another way in which the long-term trend towards sourcing diversification is making itself known.

Among the "other" sourcing countries, Taiwan emerged an indisputable leader, reported by 6 per cent of respondents among their top three sourcing grounds, notably overwhelmingly among respondents headquartered in the US.

The other notable entries included, in descending order of popularity, Thailand, Cambodia, Malaysia, South Korea, South Africa, Japan and Pakistan.

Comparing the latest survey data against the findings of QIMA sourcing surveys conducted in 2019 and 2018 provides a glimpse into the evolution of the top three sourcing regions as indicated by the US and EU buyers.

Despite the continued importance of China for buyers based on both sides of the Atlantic, its popularity has been inching downward, even among EU-based buyers, which have been less affected by the fallout of the US-China trade war in recent years.

Vietnam consistently remains among China's regional competitors reaping the most benefits of the continued exodus of Western buyers from China. Some 40 per cent of EU respondents and almost as many US-based ones included Vietnam among their top sourcing regions.

Re-shoring and near-shoring have remained on the rise for US-based companies, with the growing popularity of the home region, and increased sourcing from Latin and South America.

In the rankings of top sourcing countries, the latter region almost doubled in popularity in the first six months of 2020 compared to the same period in 2019.

Meanwhile, respondents headquartered in the EU do not appear to be stepping up full-fledged re-shoring but are increasingly turning to Turkey as a near-shoring destination.

Some 30 per cent of the EU respondents named Turkey among their top three sourcing regions.

While reliance on China has decreased across the board, it remains a top-priority sourcing region for promotional products while toy businesses were more likely to view Chinese suppliers as a priority, compared to 2019.

In addition to Vietnam, traditionally a footwear powerhouse, brands and retailers continued to view Bangladesh as an important sourcing market for footwear.

Textile and apparel businesses have continued diversifying their supplier portfolio, with an ever-lowering reliance on China and a more even distribution between overseas sourcing in Asia and near-shoring.

While near-shoring remains more popular than re-shoring, textile and apparel companies were more likely to buy from US and EU-based suppliers in 2020 compared to last year.

Outside of being a go-to sourcing market for textiles, India is increasingly viewed as an important sourcing region by buyers from different industries.

"Work orders are coming back gradually. The inflow of work orders is better in August than in June and July," said Mohammad Abdus Salam, acting president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), over the phone.

But most of the work orders are leftover orders of April and May when the retailers and brands cancelled the work orders, he said.

Salam, however, said it was difficult to pinpoint what would happen in the near future because the rate of unemployment and inflation was increasing in the Western world. "So we are cautiously optimistic," he said.

Between 1 and 22 August, garment export from Bangladesh increased 45.8 per cent year-on-year to $2.4 billion, according to data from BGMEA.

Source: thedailystar.net– Aug 30, 2020

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NATIONAL NEWS

India, ASEAN trade ministers call for starting discussions to determine FTA review scope

Trade ministers of India and 10-member ASEAN countries have instructed their officials to start discussions for determining the scope of review of free trade agreement (FTA) at the earliest with a view to make the pact more user-friendly, simple, and trade facilitative for businesses.

The issue was discussed during the 17th ASEAN-India Economic Ministers Consultations meet held virtually on August 29, an official statement said on Sunday.

Commerce and Industry Minister Piyush Goyal stated that the review of FTA in goods has been "inordinately delayed", and requested to start the full review before the end of this year.

"The ministers from India and ASEAN countries instructed the senior officials to start the discussions to determine the scope of the review at the earliest to, inter-alia, make the free trade agreement more user-friendly, simple, and trade facilitative for businesses," the statement said.

The review will make the agreement modern with contemporary trade facilitative practices, and streamlined customs and regulatory procedures, it added.

Goyal highlighted that the pact has to be mutually beneficial and a win-win for all sides. He also expressed the need to strengthen rules of origin provisions, work towards removal of non-tariff barriers and provide better market access to Indian businesses.

Goyal and Tran Tuan Anh, Minister of Industry and Trade of Vietnam, co-chaired the consultations.

It was attended by trade ministers of all 10 ASEAN countries -- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

The Association of Southeast Asian Nations (ASEAN)-India trade in goods agreement was signed on August 13, 2009 and came into force on January 1, 2010.

Source: economictimes.com– Aug 30, 2020

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Govt may run export scheme till Dec, but with more checks

In a bid to provide relief to lakhs of exporters, the Piyush Goyal-led commerce ministry has suggested fresh steps to hand out export incentives under the Merchandise Exports from India Scheme (MEIS), while seeking to limit the outgo and check possible frauds.

The Rs 5,000-crore plan will see benefits under MEIS capped at Rs 2 crore per exporter on exports made between September and December. There will be no change in the coverage of MEIS and the applicable rates, a source familiar with the proposal shared with the revenue department told TOI.

To prevent misuse of the scheme by fly-by-night operators, who make claims based on the new importer-export code (IEC), the commerce department has proposed that all such identification numbers obtained on or after a specified date will be ineligible to submit claim for exports made from September 1. From January, a new export incentive scheme kicks in.

The idea is to ensure that till that time a restricted MEIS will cover nearly 98% of the exporters who claim MEIS benefits. “The commerce department wants to protect the smaller players so that they remain unaffected by the changes,” said a government source. The proposal sent to the revenue department, which has capped MEIS claims at Rs 10,000 crore, is based on an analysis of claims for 2018-19.

The 2%, who are left out, may not be impacted significantly as they are large exporters, an officer said. A large number of exporters have factored in the benefits while negotiating the price of their consignments.

An advance notice of four months prior to the end date of MEIS will provide certainty for future pricing decisions, the commerce department has argued.

Exporters are complaining that the revenue department's decision is a fresh blow to their business at a time when orders have fallen sharply due to the coronavirus pandemic, leaving many battling for survival. "Genuine exporters should be protected and allowed to claim benefits for exports during these four months, while also avoiding the possibility of fraud," said a source.

Source: timesofindia.com– Aug 31, 2020

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India's exporters are on the edge

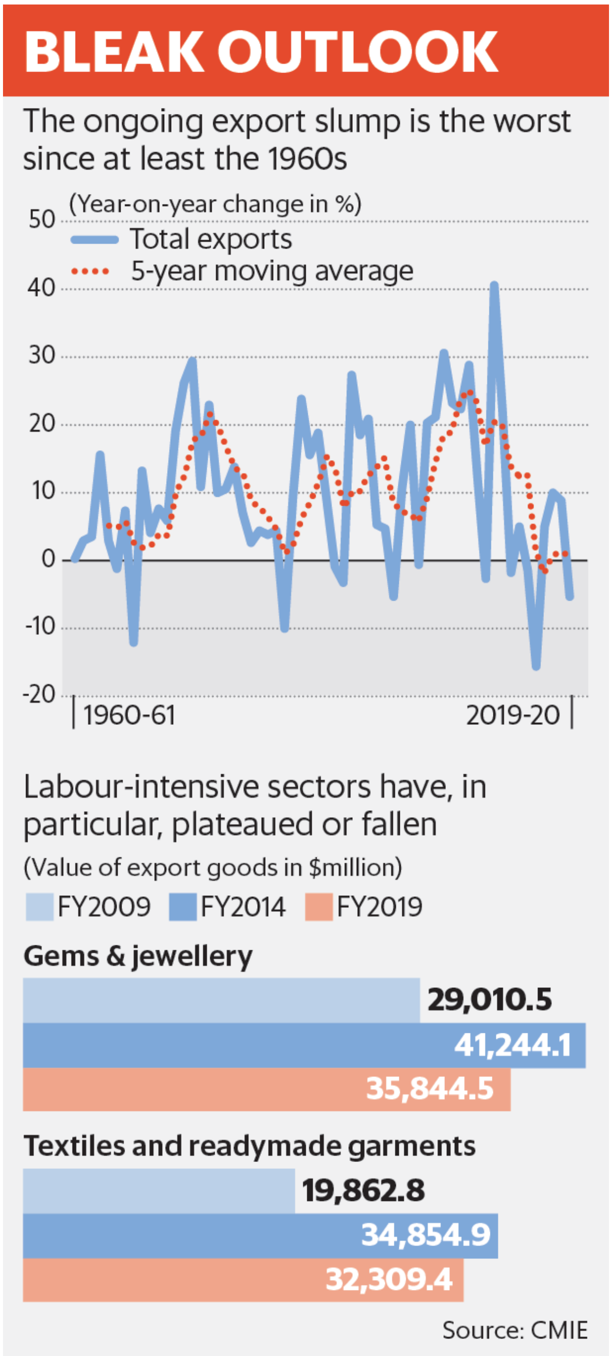
When Sunit Jain heard about a virus ravaging Wuhan in late January, he booked a ticket to see potential clients in the US, Chile and Peru. The Jaipur-based exporter of home linens, garments and paper products sensed an opportunity as Chinese factories closed due to a strict lockdown. "I was hopeful that the pandemic would benefit us in India, but that is not how it panned out," Jain said.

He is glad he didn't go as he would have been stranded in Latin America, but that is the only good fortune his business has had in 2020. US retailers such as Neiman Marcus, Saks Fifth Avenue and Pier 1 Imports have all filed for bankruptcy. Jain's Ratan Textiles now finds itself competing against deeply discounted prices—set at liquidation sales—of such companies. For Jain, it sometimes feels as if the skies have fallen in. Speaking the day after a huge downpour brought Jaipur to a standstill, he said, "It's been quite an unfortunate year. My personal goal is to keep the team intact. And to survive till March."

Businesses worldwide are reeling from the collateral damage of the covid-19 pandemic, but for export-oriented firms reliant on a narrow band of commodities—ranging from jewellery to garments and leather—these are the worst of times. These goods also happen to be primarily produced by India's labour-intensive small and medium-sized industries.

In textiles and apparel, which has been among India's top 10 export items, the dwindling number of large retailers in the US has left domestic firms heavily dependent on contracts from discount stores and the exacting demands of fast fashion companies.

Unexpected local challenges have amplified the pain. Freight containers have been in short supply because the huge drop in imports has meant fewer containers are arriving at Indian ports. Production costs have also gone up as factories grapple with a shortage of skilled migrant workers.



The larger problem is that for the past five years or so, the country's most labour-intensive export industries have either not grown appreciably or have actually declined. Capital-intensive exports, from engineering goods to electronics to refined petroleum products, have done somewhat better. The Reserve Bank of India recently estimated that gems and jewellery and real estate are the sectors with the highest quantum of bad loans, about 25%.

Self-reliant India

Against this backdrop, the Narendra Modi-led government's push for a self-reliant India is potentially the most complicated problem of all for small and mid-sized exporters. Changing import regulations and tariffs effectively push up the price of imported inputs, often needed for export items. From 21 September, just as firms complete shipping crucial Christmas orders in this calamity of a year, they will start facing the compliance nightmare of having to certify the origin of imported inputs.

The new rules are similar to those of the Trump White House. They may be legitimately aimed at preventing Chinese goods from being routed in via Asean countries, but India's companies could face sourcing problems. The combination of a Modi government focused on import substitution and the continual rethink of the strategy on free trade agreements, while the rupee remains overvalued, could result in the liquidation of many labour-intensive export firms this year. In the past five years, leather exports have declined from $6.2 billion to $4.8 billion, textiles and garments from $34.8 billion to $32.3 billion and gems and jewellery from $41.2 billion to $35.8 billion.

These trends remained broadly in place in July, the most recent month. Gems and jewellery exports declined by 50% year-on-year and leather and man-made yarn by about a quarter, though cotton yarn and handloom products grew by 7%. The irony is that India desperately needs these industries to flourish, along with construction and tourism. These industries use much more labour than a chemical plant or a machine manufacturer.

In a 2018 article, former NITI Aayog chairman Arvind Panagariya compared Reliance Industries Ltd.'s employees and total assets with those of Shahi Exports, India's largest apparel manufacturer. He found that for an equivalent investment, Shahi created 252 times as many jobs as RIL did. India needs to create jobs at a record pace to arrest the growth of what is already the largest cohort of under-employed labour in the world; according to a McKinsey & Co. report released last week, India needs as many as 90 million to 145 million additional non-farm jobs by 2030.

"One of the salient characteristics of Indian economic policy is that while Reliance may enjoy a terms-of-trade advantage, labour-intensive industries are 'dis-protected'," said Sebastian Morris, a professor of economics at the Indian Institute of Management in Ahmedabad.

The FTA puzzle

For Rajendra Gupta, a supplier of glass vases and platters to retailers such as Armani's home division and Crate & Barrel, the good news has been the return of US buyers who had been lost to Chinese manufacturers six years ago. A US buyer told him recently that glassware from India is more "creative". Yet, the win over China is tempered by having to deal with the higher cost of compressed natural gas needed for his Firozabad factory as well as the high cost of soda ash, a principal ingredient for glass-making.

"Soda ash is much cheaper in other countries. The US is a major producer," said Gupta. "But the government wants to boost the domestic market (for soda ash). That is the only thing the government is thinking of." In a classic example of small, labour-intensive factories being disadvantaged in order to protect large companies, the major producers of soda ash in India happen to be Tata Chemicals, Gujarat Heavy Chemicals Ltd. and Nirma. In March, the commerce ministry launched an investigation into whether Turkey had been subsidising its soda ash exports to India.

The trade liberalisation that started in the 1990s ushered in 25 years of steady reduction in tariffs and regulations. India, it seemed, had turned its back on the export pessimism of the 1950s and 1960s, which had painted the global environment as one stacked against exports from developing nations. But over the past couple of decades, India signed a number of free trade agreements (FTAs), including with Asean. However, India's tariffs still remain the highest among major economies in Asia.

Over the past year or so, the Modi government has questioned whether regional free trade agreements work at all. In November, India abruptly decided it would not join the Regional Comprehensive Economic Partnership, a grouping that will account for 40% of global trade. Japan and Australia, seeking to balance China, reportedly sought to draw India back into the RCEP discussion this year, but without success. Commerce minister Piyush Goyal recently criticised many of the FTAs reached between 2009 and 2011 as having left India open to foreign goods but "without reciprocal entry". According to a global database on trade actions, in the past two years, India has made 233 protectionist interventions in the form of licensing rules, tariffs or other barriers.

Muscular mercantilism

This muscular mercantilism creates problems for most exporters who need imported components or inputs. Furniture makers, for instance, rely on China for adhesives and sanding paper. Furniture maker Jaswant Meel says, "We are confused." But Meel reports better than expected demand for end tables and writing desks in the US as more people are starting to work from home. A shortage of trucks has meant that freight carriers have hiked charges from ₹28,000 to ₹34,000 per truckload to get his firm's products from Rajasthan to the port in Mudra. His negotiations with US buyers have been difficult because they know "the domestic Indian market is asleep. Exports are the only game in town."

Across the country in Tirupur, garment factories are struggling to substitute imported textiles made of man-made fibre, labels and lace trimmings with local variations. "China's are definitely cheaper and the quality is better," reports V. Elangovan, a buyer based in Tamil Nadu.

“I don’t know if we can manage without (imports) when we are already being hammered by Bangladesh." In June, China allowed tariff exemption for 97% of goods from Bangladesh, drawing the two countries closer together.

Elangovan cites a South Korean garment manufacturer with 50,000 workers in Bangladesh as an example of the economies of scale its gigantic factories offer relative to India’s much smaller units. Bangladesh’s FTA with the European Union and lower wage costs are also an advantage. In India, meanwhile, garment exporters are facing delays in routine reimbursements from New Delhi to compensate for fuel taxes and other central and state government levies. “Bangladesh will only get stronger," predicts Elangovan, who is opening a buying office in Dhaka.

Even though the Modi government is alert to the challenge that exports need to increase at a time when domestic consumption is anaemic, the belief that governments can micromanage industrial development never goes out of fashion in India. On 26 August, the Centre released a report that assesses the export preparedness of different states. This month, the government said smartphone giants Foxconn, Winstron and Samsung as well as component makers are likely to shift about a tenth of global production to India over the next five years with about 60% slated for exports. Electronics products such as computers and phones often have components that cross borders multiple times, however. This could prove a challenge for customs clearances and ports in India.

Still, such government-led industrial policy initiatives succeeded in South Korea and Singapore a few decades ago because incentives and tariff protection were “conditional and time-bound" and were withdrawn if companies missed the prescribed goals, says Anu Madgavkar, a partner at McKinsey & Company and co-author of a study on outperformers in per capita income growth over 50 years. The top seven were all from East Asia. India belonged to the next cohort of countries where per capita GDP growth had grown rapidly over a shorter time period—between 1995 and 2015.

Those two decades coincided with a period of trade liberalisation in India. The problem for labour-intensive exporters in India is that their relatively small size means they are overlooked by successive Indian governments when decisions are made on the merits of, for example, a free trade agreement with the European Union, which, along with the US, is India’s largest trading partner. An FTA with the EU, a work-in-progress from 2007 till discussions stalled in 2013, would benefit garment exporters competing against Bangladesh, but is deadlocked in part because it would hurt automotive companies and, absurdly, wine producers in India.

“The government has to map why business is going to other countries," says Ratan Textile’s Jain. Panagariya, a renowned trade economist, told BOOM last week that India should pursue an FTA with the EU.

IIM’s Morris is more pessimistic. He believes the lacklustre export performance over the past few years is because India’s smaller exporters have been squeezed between China and Asia’s new export-led economies. This daunting challenge has been made worse by a succession of tariff increases in the past four budgets and new non-tariff barriers.

In Surat, jewellery manufacturer Dinesh Navadia, buoyed by a pick-up in demand in August for products priced between $300 and $500, dismisses the huge drop in India’s gems and jewellery exports in July as an aberration, but reports that production costs have gone up by 20-25%.

Perennially struggling with ever-changing Indian government regulations, inflation and an overvalued rupee as well as severe competition from Vietnam and Bangladesh means that “medium and small businesses are always firefighting; they have little money to upgrade," worries IIM’s Morris. He credits them with resilience, but his conclusion is sombre. “They are on the decline," he says.

Source: livemint.com– Aug 30, 2020

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FIEO concerned over freezing of exporters' bank accounts, seeks govt's help

Apex exporters body FIEO has expressed concerns over freezing of bank accounts of some exporters by the Enforcement Directorate (ED) without giving any warning, hearing or reasons, and has sought Commerce Ministry's intervention in the matter.

In a letter to Commerce Secretary Anup Wadhawan, Federation of Indian Export Organisations (FIEO) President Sharad Kumar Saraf said freezing of bank accounts without any investigation is against the principles of natural justice and is causing irreparable damage to exporters.

"I regret to bring to your attention that of late the Enforcement Directorate is freezing the bank account of exporters without giving them any warning, hearing or reasons for freezing the account," Saraf said in the letter.

Citing two recent cases, he said it appears that the government of Brazil had sent a message to Indian Ministry of External Affairs (MEA) that they are carrying out some investigation against a former Governor and they suspect that about 67 parties in India could be involved in supporting that Governor in money laundering.

Accordingly, he said, the MEA had directed ED to freeze bank accounts of 67 parties and most of them are "established exporters".

He added that the MEA neither asked any clarification or details of the case nor did they seek any clarification from the concerned parties.

"Sudden freezing of bank accounts has seriously affected the business of most of these parties," Saraf said, adding that "our government is taking action against a simple message of foreign government without taking the details or giving the party an opportunity of presenting their case".

In another case, Saraf said, a message was received from the government of Saudi Arabia regarding some investigation being done by them and they informed that one of India's reputed export houses has received money as payment of exports which could be proceeds of crime.

The ED freezed the bank account of that export house also without any warning or investigation, he said.

"By freezing the bank accounts we are only harming our own citizens and national interest without any benefit to us. On the other hand, we have examples of foreign governments not supporting us in case of our investigations and extradition," Saraf said.

When asked about the matter, he told PTI that the federation has sought intervention of the Commerce Ministry as such incidents impact exporters at a time when they are battling the COVID-19 pandemic.

Source: business-standard.com– Aug 30, 2020

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India seeks stronger rules of origin as it urges ASEAN for FTA review

India has pitched for stronger provisions in the rules of origin, removal of non-tariff barriers and better market access in the existing existing Free-Trade agreement (FTA) with the the Association of Southeast Asian Nations (ASEAN), arguing the changes should kick off sooner rather than later.

At the 17th Asean-India Economic Ministers Consultations held virtually on Saturday, Commerce and Industry Minister Piyush Goyal reiterated India's consistent position that the review of the current FTA, in effect since 2010 has, has been inordinately delayed.

Goyal batted for closer engagement towards finalisation of the scoping exercise, before the ASEAN-India Leaders' Summit scheduled in November 2020, and to start the full review before the end of this year. He said the review should make the Free Trade Agreement more user-friendly, simple, and trade facilitative for businesses.

EXPORTS TO ASEAN CONTINUE TO LAG ($ bn)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Exports	31.81	25.13	30.96	34.20	37.40	31.54
Imports	44.71	39.90	40.61	47.13	59.32	55.36
Total trade with bloc	**76.52**	**65.03**	**71.57**	**81.33**	**96.72**	**86.9**

Commerce and Industry Minister Piyush Goyal said the review should make the FTA more user-friendly, simple, and trade-facilitative

Now, all sides have decided to direct senior officials to, "start the discussions to determine the scope of the review at the earliest", a statement by the the government said on Sunday. "The review will make the agreement modern with contemporary trade facilitative practices, and streamlined customs and regulatory procedures," it added.

The Ministers also reaffirmed their commitment to take collective actions in mitigating the economic impact of the pandemic and resolved to ensure macroeconomic and financial stability. Crucially, the nations pushed for strengthening supply chain connectivity, particularly the unimpeded flow of essential goods and medicines in the region, in compliance with World Trade Organization rules.

Long time coming

The FTA with the 10-nation Asean bloc (Indonesia, Thailand, Singapore, Malaysia, The Philippines, Vietnam, Myanmar, Cambodia, Brunei and Laos) came into effect on January 1, 2010. Last year, in September, both sides agreed to review the agreement amid criticism from the domestic industry that the deal was helping imports rise much faster than exports.

Trade with Asean, which had consistently seen the best growth for Indian exports sank 10 per cent in 2019-20. Exports to the bloc stood at $31.54 billion, down by more than 15 per cent from $37.4 billion in 2018-19. Imports however remained much higher at $55.36 billion, albeit reducing from $ 59.32 billion, a 6.6 per cent fall. Imports from the region had recently been on the upswing since 2018-19 due to Chinese shipments being moved through the region, particularly Vietnam, government estimates say. But the latest pandemic and India's skirmishes with China along the Ladakh border has now restricted the flow.

“The government has critically analysed a wide number of tariff lines after consulting with industry bodies, and prepared its future vision of the deal may be asked to provide their input. All that is left now is to negotiate our position with the Asean,” a senior government official said.

India believes the deal has been instrumental in connecting Indian businesses to their South East Asian counterparts and domestic industry needs to better utilise the concessionary rates available to them. But the cost of such access has also been heavy.

According to a study by the NITI Aayog, the utilisation rate of regional trade agreements (RTAs) by Indian exporters is very low (between 5 per cent and 25 per cent). Sectors where trade deficit has worsened account for 75 per cent of India’s exports to Asean, while trade surplus sectors have also shown only marginal improvement, it had added.

Also on Saturday, industry body Ficci, as the Indian secretariat of ASEAN India Business Council (AIBC) recommended an open approach to collaborate and increasingly operate in the services sector, a core component of economies in the region which has been hit hard by the pandemic. This comes in the backdrop of India-ASEAN trade target of US$ 200 bn trade by 2022, which now looks difficult, Ficci said.

recommended to the ministers that ASEAN should consider introducing business travel cards with at least 90 days validity. Sangita Reddy, Co-Chair AIBC (India) said for special incentives for Indian pharmaceutical companies should be introduced for setting up plants in dedicated ASEAN zones.

Source: business-standard.com– Aug 31, 2020

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Despite lifting of export curbs on PPE suits, few takers in city

Five days after the Centre lifted the restrictions on the export of personal protective equipment (PPE) suits, there seems to be lukewarm response to the development as there are hardly any local units who are willing to export. Several reasons like resumption of routine business of units which had started the PPE manufacturing as additional business, inability to travel abroad to get orders and losses incurred during the last few months are being blamed for the situation. Going by the response of the Ludhiana manufacturers it seems that government's decision of allowing unrestricted export of PPE suits has come a bit late and there will hardly be any takers from here.

According to Akhil Seth of Versatile Group, an approved PPE kit manufacturer, "As of now we have no plans to export PPE suits as firstly we do not know till when the demand of PPE suits will remain and secondly as we have to carry on with our routine businesses as well, where already there are lot of challenges like shortage of labour, etc.

So we cannot risk our manufacturing capacity during the labour shortage to manufacture PPE suits and we instead want to keep focus on what we were doing regularly. Moreover sudden fall of demand for PPE suits in June had wreaked havoc on us as the situation had led to dumping of huge stocks of

PPE suits and we had to face very tough time in tackling this situation. So, now no one wants to take such risks and face similar situations as we are happy in what we are doing presently.”

Speaking on the issue, Harish Dua, president of Knitwear and Apparel Exporters Organisation, said “It is too late now for the PPE exports from India. Our company was approved by government for manufacturing and sale of PPE suits but we are not interested to export PPE suits.

We have lost the opportunity as the ban and restrictions on the export of PPE suits was enforced for a very long time and it covered the period when the demand for the same was maximum in other countries as the number of cases was very high at that time. So during the peak demand countries like China and even Bangladesh encashed this opportunity, which could easily prove to be a gamechanger for the Indian PPE manufacturers.”

Dua added that, “No doubt, there is still some demand abroad for PPE suits but for that purpose the interested exporters will have to do proper marketing in the target countries which, is only possible through physical visit or sending samples to the probable buyers. But at this time due to travel restrictions and other related factors it’s not possible. Moreover, already a large number of manufacturers from Ludhiana who had started making PPE suits as an additional item have winded up the operations due to losses they incurred after the rates and demand fell.

According to Narinder Mittal another PPE suit manufacturer from city, “Lifting of curbs from export of PPE suits sounded as a great news to us but so far we have not been able to find even a single overseas buyer.

All those who had been contacting us earlier when the export from India was banned have fulfilled their requirements by procuring the PPE suits from our neigbouring countries and they are of the view that the demand will remain stagnant now and they already have enough stocks with them for coming months. I think the ban remained for a very long period and it would have been in the best interest of the country and manufacturers had it been lifted in June itself when the local demand tumbled.”

Stats about Ludhiana manufacturers

More than 110 certified manufacturers in Ludhiana who have approval from government labs like SITRA, DRDO, etc.

Close to 200 non-certified manufacturers and traders of PPE suits in Ludhiana

Total production capacity of manufacturing 2-3 lakh pieces per day in the city while the national production is 5 lakh pieces per day.

Out of 17 lakh pieces of PPE suits, order worth Rs 204.17 crore placed by HLL (government of India enterprise) with Punjab-based manufacturers. Of these, 7 lakh pieces order was bagged by Ludhiana-based firms.

Source: timesofindia.com– Aug 31, 2020

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India explores defence exports to Africa, focus on making India resilient for business opportunities

India explores defence exports to Africa, focus on making India resilient for business opportunities

India-Africa trade having multiplied and diversified in the last 16 years, the focus is on making India resilient for business opportunities in Africa. Speaking at the webinar on `Making Africa Resilient for Indian Business', organized by industry body FICCI, Rahul Chhabra, Secretary, Economic Relations, Ministry of External Affairs (MEA), has said, "The Free Trade Agreement has been negotiated within Africa and it is just a matter of time before it will be implemented and it will be a game-changer."

Once the FTA is in place, it will open great opportunities for those Indian businesses who are desirous of setting up their base there.

"India could play by working on the entire business value chain, covering aspects like capacity building, training and aligning with the strategies the industry is chalking out, for enhancing India's presence in Africa," he said.

Mentioning Prime Minister's 10 guiding principles for deepening India's engagement with Africa, which will help in Africa's economic growth, according to him "India's partnership with Africa is based on a model of cooperation, which is responsive to the needs of African countries and India is ranked as the third-largest export destination in Africa."

Importance of Trade Agreements

Speaking on condition of anonymity, a top diplomat said "A Comprehensive Economic Partnership Agreement can be a game changer but we should make it truly partnership based without preaching Africa that it is to their benefits. We must believe that African people can see the benefits and we should focus comprehensively on creating win-win economic Partnerships."

Defence Exports to Africa

The Defence Attaches in the Indian missions across the globe especially in South America, Africa and Indian Ocean Region (IOR) are identifying what indigenous defence platforms can be exported. "The Ministry of External Affairs and the Ministry of Defence after consultation with other agencies have drawn up a list of friendly nations and the items that can be exported," said a source.

Several countries in Africa, in the Indian Ocean Region as well as South America, have been identified and the government has plans to organize virtual calls and interaction to understand what is the requirement in these countries.

As has been reported by Financial Express Online earlier this year at the DefExpo in Lucknow, the first-ever India-African Defence Ministers' conclave was organised where the Defence Ministers, as well as top officials, were present from the African missions.

Source: financialexpress.com– Aug 30, 2020

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Simplifying compliance: GSTN launches auto-drafted ITC statement GSTR-2B for July

Goods and Service Tax Network (GSTN) on Saturday launched GSTR-2B for the month of July 2020 as an auto-drafted input tax credit (ITC) statement. The launch of this GSTR-2B is expected to reduce the time taken for preparing return, minimise errors, assist reconciliation and simplify compliance relating to filing of returns.

Put simply, GSTR-2B is an auto-drafted ITC statement which will be generated for every registered person on the basis of information furnished by his suppliers in their respective GSTR-1, GSTR-5 (non resident taxable person) and GSTR-6 (input service distributor).

It is a static statement and will be available for each month on the 12th day of the succeeding month, an official release said. The data in GSTR-2B is reported in a manner that allows taxpayers to conveniently reconcile ITC with their own books of accounts and records.

It may be recalled that the GST Council had at its meeting held on March 14, 2020 recommended the adoption and implementation of the incremental approach of linking the present system of filing of GSTR-3B and GSTR-1 and other significant changes like enhancements in GSTR-2A and its linking to GSTR-3B.

One such enhancement that the Council recommended was the introduction of an auto-drafted input tax credit (ITC), which would aid in assisting/determining the input tax credit that is available for every taxpayer. This is now sought to be accomplished with the launch of GSTR-2B.

Meanwhile, GSTN has clarified that GSTR-2B for the month of July 2020 has been made available on the common portal on trial basis. Since, this is the first time the statement is being introduced, taxpayers are advised to refer to GSTR-2B for the July month only for feedback purposes.

Abhishek Jain, Tax Partner, EY told BusinessLine: "There were discussions on these linkages from a long time and were awaited by both industry and Government. These linkages would definitely aid the Government in checking tax evasion and also help industry in verifying the credits proposed to be availed by them".

Source: thehindubusinessline.com– Aug 29, 2020

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Trade restrictive measures amid COVID-19 must be temporary, transparent

Economic and trade ministers of 18 countries, including India, the US, and China, at the East Asia Summit agreed that trade restrictive measures taken to address the impact of coronavirus pandemic must be transparent and temporary, according to a statement.

The ministers also emphasised that trade measures in view of COVID-19 should not create unnecessary barriers or disruptions in the global and regional supply chains, the statement released after the eighth East Asia Summit Economic Ministers' Meeting (EAS-EMM), held virtually on August 28, said.

Economic ministers from 10 ASEAN-member countries, Australia, China, India, Japan, Korea, New Zealand, Russia and the US took part in the meeting.

Commerce and Industry Minister Piyush Goyal participated in the deliberations.

According to the joint statement, the ministers recognised the importance of facilitating essential movement of people across borders, without undermining each country's efforts to prevent the spread of the virus, to stabilise the trade and investment.

"The ministers agreed that any trade restrictive emergency measures put in place to address the impact of COVID-19 must be targeted, proportionate, transparent, temporary, consistent with WTO (World Trade Organisation) rules and do not create unnecessary barriers to trade or disruption of global and regional supply chains," it said.

It added that the participating countries exchanged views on how to accelerate economic growth, maintain supply chains and market stability, and strengthen the economic resilience of the EAS region post COVID-19 pandemic.

They also discussed the importance of harnessing the opportunities of digital economy.

“The ministers reiterated their support for the necessary reform of the WTO. The ministers will continue to work together to realize a free, fair, transparent, non-discriminatory, predictable, and stable trade environment, and affirmed the importance of agreed upon rules in the WTO, which can enhance market predictability and business confidence,” it added.

India and ASEAN (Association of Southeast Asian Nations) are key trading partners. They have implemented a free trade agreement to boost bilateral commerce.

Source: financialexpress.com– Aug 29, 2020

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SIMA urges removal of anti-dumping duty on VSF

Removing the anti-dumping duty (ADD) on viscose staple fibre (VSF) will make domestic VSF prices aligned with global VSF prices, making the entire Indian VSF textile value chain globally competitive and boost production and exports of these products, the Southern India Mills’ Association (SIMA) has said. SIMA has urged the government to remove ADD on VSF.

The growth of the Indian textiles and clothing (T&C) industry, especially in the manmade fibre (MMF) space, has been stagnant in recent years mainly due to lack of global competitiveness in the MMF / filament yarn prices, SIMA chairman Ashwin Chandran said in a press release.

The entire cotton value chain in India remains globally competitive, but cotton is used only for one fashion cycle in a year (Spring/Summer) globally and for the remaining seasons, the world predominantly needs MMF T&C materials.

Indian MMF products account for 20 per cent of the total T&C exports, whereas, in China and other textile exporting countries it is 80 per cent. "India is not able to make any progress in MMF T&C exports due to the raw material price disadvantage despite being the second largest producer of MMF in the world," Chandran said.

"Small countries like Bangladesh, Vietnam, Sri Lanka, etc are able to increase their exports manifold in recent years and have surpassed India due to the cost advantage of MMF even though they do not produce the raw material but have access to them at international prices. Hence, making MMF available at international prices is a basic structural issue to be addressed by the government to improve the global competitiveness of Indian textile and clothing exports," Chandran added.

Consequent to the continuous pleas made by the industry, the government made a bold move to remove ADD on PTA, a major raw material for polyester staple fibre and also rejected the proposal of ADD on PSF and MEG, and thereby created a level playing field in the polyester segment.

"However, the next important MMF raw material viz VSF (HSN Code: 55041000) is still given undue protection by way of ADD that seriously affects the entire VSF textile value chain. VSF attracts ADD of $0.103 to $0.512 per kg for the imports even from countries like Indonesia," according to Chandran.

Source: fibre2fashion.com– Aug 29, 2020

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Indian textiles minister proposes machinery challenge

Stressing on the need to upgrade textiles machines, especially in the jute sector, Indian textiles minister Smriti Irani recently proposed to organise a Grand Machinery Challenge for the sector to throw up new technologies. She was speaking at the virtual awards ceremony function of the the Textile Grand Challenge 2019 organized by the ministry.

The ministry organized the competition with support from the National Jute Board and the Start-up India Team of the department for promotion of industry & industrial trade (DPIIT).

The aim of organising the competition was to bring forward innovative ideas by start-ups and entrepreneurs for development of cost-effective and low-weight carry bags using jute biomass, jute plant-based bio-polymer and cotton fibre waste to phase out plastic bags.

It is also an initiative towards ‘Atmanirbhar Bharat’ and ‘Make in India’, under which innovative solutions were sought for alternative to plastic bags using domestic natural fibres, according to an official release.

A total of 67 entries were received for the challenge out of which three—two for ideas on alternative for single-use plastic bags and one for an idea on alternative for multi-use plastic bags—were awarded.

The winners are Awega Green Technologies, Pune; Dhriti BioSolutions, Mysuru; and Sakthi NonWovens, Chennai.

Source: fibre2fashion.com– Aug 29, 2020

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Gujarat: With demand for textile goods on the rise, industry grapples with shortage of labour

When Anupam Mishra – a skilled worker of fabric printing – returned from Varanasi to Surat after having left in April during the lockdown, he resumed work at the dyeing and printing mill he was previously employed at, for the pre-lockdown wages of Rs 350 per day. Eventually, another mill offered him Rs 500 per day and he took up the new job.

With the demand for printed fabric rising in view of the upcoming festival of Diwali along with the marriage season, the textile industry in Surat is struggling to regain its lost momentum as nearly 10 lakh labourers had left the city owing to the lockdown.

Now employed at Kirtida Silk Mills, Mishra told The Indian Express, “I know that there is a major demand for labourers, so it is good to take advantage of the situation and earn more money. In dyeing and printing mills, labourers are not permanent… The (new) company owner will also think that I am supporting them during a critical situation.”

In order to facilitate the return of labourers, the South Gujarat Chamber of Commerce and Industry has made a representation to the Union Ministry of Railways to restart train services from Odisha and add more trains from Uttar Pradesh and Bihar.

President of Southern Gujarat Textile Procession Association, Jitu Vakhariya said, “At present, around 60 percent of dyeing and printing mills – out of a total of 350 mills in Surat – are running at 50 percent capacity. Some mills are running only day shifts. The major reason is the shortage of workforce.

We are also receiving a good amount of orders from southern India. To meet the demand of upcoming festivals and the marriage season, we are paying textile labourers more. We give them salaries every three-four days, so that they can purchase ration and meet other expenses. Some factory owners are also providing ration kits to labourers who have returned only recently. We will also also request BJP MPs to intervene and speak to the Union Railways Ministry on our behalf.”

Currently, three to four trains run from UP to Surat per week. Three trains from UP run daily to Surat and Ahmedabad, while one train runs from Bihar via UP to Surat five times a week. Earlier this month, some textile industries got back labourers from UP and Bihar via flights to operate Jacquard looms that simplify the process of manufacturing textiles and can weave patterns on fabrics.

Labour contractor Kamran Usmani, who has a contract with five mills, said, “Textile labourers who had gone back to their native places in UP, Bihar and Odisha are ready to return as they don’t have other work, but they do not have the facility to do so. We are investing our own money to bring them back via luxury buses. I have brought labourers back from Varanasi, Prayagraj and Banda districts in UP and some from Chhapra and Gaya in Bihar via 15 private luxury buses. Dyeing and printing mill owners also share the financial burden. For a single passenger, we are spending between Rs 1,500 and Rs 2,500.”

“During the lockdown, over 450 trains were run free of cost from Surat to UP, Bihar, Odisha, etc. If same the number of trains are run from such states to Surat, labourers will happily return and our labour shortage problems will also be solved.”

Source: indianexpress.com– Aug 29, 2020

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Tamil Nadu ranks 3rd among best states for all exports: CM Palaniswami

Tamil Nadu ranked third nationally among the best states for all exports, Chief Minister K Palaniswami said.

The state's share in automobile exports stood at 46 percent and 19 percent in terms of garments and electronics exports, he said.

"Tamil Nadu ranks third in the (Niti Aayog's) Export Preparedness Index 2020 and the list is based on four aspects, including government policy, conducive climate for trade, export environment and export status," the Chief Minister said.

He wrote on Twitter that Gujarat topped the list followed by Maharashtra in the EPI 2020. The report of the first Export Preparedness Index (EPI) 2020 was released by Niti Aayog in partnership with the Institute of Competitiveness, on Wednesday.

According to the report, six coastal states-Gujarat, Maharashtra, Tamil Nadu, Odisha, Karnataka and Kerala- feature in the top ten rankings, indicating the presence of strong enabling and facilitating factors to promote exports.

The report pointed out that at present, 70 percent of India's exports have been dominated by five states- Maharashtra, Gujarat, Karnataka, Tamil Nadu and Telangana.

The report aims to identify challenges and opportunities besides encourage a facilitative regulatory framework. The index ranked states on four key parameters policy, business ecosystem, export ecosystem and export performance.

On the policy parameters, Maharashtra topped the index followed by Gujarat and Jharkhand, while on business ecosystem parameters, Gujarat was ranked number one followed by Delhi and Tamil Nadu.

Source: moneycontrol.com– Aug 31, 2020

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