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INTERNATIONAL NEWS

ITMF Survey Shows Improved Outlook for Textile Makers

The International Textile Manufacturers Federation’s (ITMF) sixth “Corona-Survey,” conducted among its members and affiliated companies and associations from Nov. 20 to Dec. 14 about the impact the coronavirus pandemic on the global textile value chain, found sales expectations improved 4 percent compared with the previous survey taken in September.

The survey included 159 textile companies from around the world. Compared to the fifth ITMF Corona-Survey taken Sept. 5 to 25, the sales expectations brightened to a decline of 12 percent from 16 percent this year compared to 2019. The largest impact is now seen in South Asia, Europe, including Turkey, and Southeast Asia, while the least severe declines are expected in South America, Africa and East Asia, according to ITMF survey respondents. A 10 percent sales decrease was projected among North American companies.

For 2021 and the following years, sales forecasts improved slightly. On average, the companies are expecting a small improvement—a 3 percent year-over-year increase in the most recent survey compared to a 1 percent decrease that the companies said they expected during the September survey.

For 2022 and 2023, the outlook also improved to an 11 percent gain from a 9 percent rise, and a 15 percent hike from a 14 percent increase, respectively, in the November-December and September surveys. Sales forecasts for 2024—compared to the 2019 levels—were unchanged at an 18 percent gain for both surveys.

Asked what their company’s expected sales would be from 2020 to 2024 compared to 2019 levels, the largest increases were forecast by respondents from Southeast Asia at 30 percent, followed by South Asia at 21 percent, East Asia at 19 percent, North America at 18 percent, South America at 16 percent, Africa at 15 percent, and Europe, including Turkey, at 11 percent.

ITMF said the latest survey reveals that in the medium- and long-term, sales expectations did not change significantly. However, due to the reduced 10 percent sales decline projected in 2020, the industry is expecting to recover the losses incurred in 2020 by the end of 2022.
USA: How Can Apparel Build Back Goodwill with Suppliers and Factories in 2021?

The Covid-19 pandemic threw constraints on many areas of the apparel industry, but perhaps no greater tension was created than that between retailers and their suppliers. Amid the abrupt stop in demand, many retailers delayed or even canceled their apparel orders entirely, sticking factories with a bill that they could ill afford to pay.

While many relationships were damaged or even fractured entirely, the black swan event should serve as a lesson for all apparel retailers going forward in terms of how they must approach their relationships with those who produce their goods.

To get to the bottom of which retailers weren’t holding up their end of the bargain, the Worker Rights Consortium (WRC) in association with the Center for Global Workers’ Rights (CGWR) at Pennsylvania State University, tracked a list of major retailers and brands and their commitments to pay in full for orders completed and in production.

Names such as Adidas, H&M and Zara owner Inditex committed to pay suppliers in full for previously canceled finished and in-production orders, while companies like Lululemon and Uniqlo parent Fast Retailing paid for their committed merchandise orders up front.

The latter option is preferred by suppliers, as they would get their payment immediately, easing worry about paying their employees.

The situation and sentiment from the manufacturer side, however, was crystalized by Denim Expert Limited’s managing director Mostafiz Uddin from a Sourcing Journal summit panel last fall.

“During this pandemic, we have realized that partnerships are a marketing tool for brands and retailers,” he said. “And we talk a lot about partnerships, but I don’t see one single example of a true partnership.”
Last year, Uddin’s factory experienced a number of cancellations on finished and unfinished goods—both of which required raw materials that the factory purchased itself.

“When the pandemic started, they canceled all of their orders just by sending a letter—that’s all,” he said. “Millions and millions of dollars, raw materials, finished goods, unfinished goods—all just [canceled] in a simple e-mail. Obviously, our relationship is totally destroyed, the trust is broken, and it will take a lot of time to rebuild this relationship.”

Attention has since turned to another issue. An October report from the CGWR found that suppliers were asked to make their prices an average of 12 percent cheaper than last year, with the organization describing such practices as “leveraging desperation.”

The study, conducted in July and August, said 65 percent of suppliers reported that buyers have demanded price cuts on new orders that are bigger than the year-over-year reductions buyers usually ask for.

In the survey of 75 factories in 15 countries, suppliers said they had to wait an average of 77 days for payment, compared with 43 days before the pandemic, raising fears of further factory closures in an industry employing 60 million people worldwide.

“We are seeing a dramatic squeeze down of price, reduced orders and late payment,” said Mark Anner, author of the report and director of the CGWR. “This worries me for the wellbeing of the suppliers and the workers. This will affect the small and medium suppliers first. It’s a little hard to see right away the gravity of the crisis because the new order volume is being mixed with the pay up of old orders that were pent up. It’s hiding the new crisis, which is the decline in order value.”

In a conversation with Sourcing Journal, Ken Loo, secretary-general, Garment Manufacturers Association in Cambodia (GMAC), put the situation rather bluntly, “Prices are still no good, we are accepting quite ridiculous payment terms.”

In an era when social media is prevalent and technologies are available to build out transparency and sustainability, brands don’t have an excuse to put their head in the sand regarding the wellbeing of the workers, particularly those in the factories that had to handle both the order delays and facility closures.
“I think that the side issue that brands are going to need to address is not so much around the orders and order cancellations—we already know clearly that that needs to be addressed—is are they doing the right thing in terms of looking after workers’ safety,” said Chris Rogers, research analyst, global supply chains at global trade intelligence firm Panjiva. “Going into next year, there needs to be a holistic discussion between the brands and the manufacturers around safety of staff, and of course the usual topics like ESG, environmental footprint and so on.”

Alternative financing could help bridge payment gaps

For the brand-supplier relationship to continue evolving, especially as money remains tight, alternative solutions that otherwise might not have been relevant in the past may need to be considered. One such example, especially in the light of the rough financial climate, is the introduction of trade finance, particularly as companies that saw major supply chain disruptions seek out more flexible and faster sources of funding.

Firms offering vendor financing can provide funding to suppliers almost immediately and support longer payment terms for buyers. In some cases, these firms can finance payment terms up to 180 days. For small- and mid-sized apparel and footwear companies that are out of options with banks and might need funds in addition to those provided by the government, alternative financing can be an effective option to inject liquidity into their business in the short term.

“Alternative financing allows for quick and flexible funding, with advance payments on invoices provided within two days of invoice submission in some cases,” said Peter Maerevoet, chief financial officer at Tradewind Finance. “The requirements to qualify for funding are less rigid, and no collateral is necessary, which is especially beneficial for companies already struggling financially. Since alternative financing is not a loan, the fact that it does not have to be repaid can take the pressure off of a company experiencing tight cash flow. When demand does rebound, funding increases as the business generates more sales.”

The application process to receive trade financing is designed to be simple, so both the brand and the supplier can focus on running their business instead of navigating a potentially cumbersome situation. In particular, leveraging trade finance can strengthen areas like R&D by freeing up working capital for retailers and their supply partners, according to Maerevoet.
From oversight to empowerment

The increased burden of financial woes temporarily placed the ongoing issue of work conditions and worker safety on the back burner. But ultimately, this needs to be addressed as well.

While efforts to eliminate the policing aspect of inspections and factory audits have been rampant in recent years to move toward a more collaborative environment focused on continuous improvement, Michael Bland, senior director of Qima, says the problem has been a lack of data.

“How are you collecting whatever information you need on your products?” Bland said. “I can tell you in China, where I was based for about 12 years, that everything’s paper based at the factory, amazingly enough, even today. Certainly whatever you’re getting is just scattered e-mails throughout multiple staff at the retailer.”

Bland cited a report from the Business Continuity Institute that said Excel was still the software of choice for 46 percent of supply chain professionals, indicating that there is a significant need for an upgrade to a centralized system that collects inspection and audit data on a cloud server in real time.

Additionally, a focus on empowerment through training is key toward building two-way trust and ultimately making the production facility more self sufficient. With more e-learning modules now available to train factory workers and managers remotely on best practices, a better path forward can be seen as possible.

“It’s about making that training available and then nominating those people,” Bland said. “There could be one or two key people that you identify at a factory, you get them trained up and they become the nominated QC at that factory. They’re the one who’s responsible for it. You’re not only empowering that factory but you make a person feel empowered and motivated by giving them a title and a certificate.”

Source: sourcingjournal.com— Dec 30, 2020
75% of England Will Be Under Tier 4 Lockdowns by New Year’s Day

British Prime Minister Boris Johnson just added more sections of England to the toughest Tier 4 restrictions as the country battles a new, more contagious strain of the coronavirus.

The city of London and much of southeastern and eastern England were shut down the Sunday before Christmas for two weeks under a new emergency lockdown. Beginning midnight Dec. 31, the Midlands, North East, parts of the North West and parts of South West England will enter Tier 4 lockdowns.

Tier 4 is the toughest of the four-tier restriction model set earlier this month. It’s the tier that also has all nonessential retailers shut down, including beauty salons. In addition, there are limitations on how many people can meet in a public space, such as only those in the same household or with one other person. In the remaining areas that are in Tier 3, such as Liverpool, Cornwall, Herefordshire and North Yorkshire, most shops can stay open. Mixing of households are banned in indoor areas, but up to six people can meet in public areas.

According to Johnson at a Downing Street briefing Wednesday afternoon, the “virus is really surging.” The emergency lockdown nearly two weeks ago was expected to last for just two weeks. There was no indication on the duration of the new lockdown that begins midnight Thursday.

In other parts of the U.K., Wales and Northern Ireland were already in lockdown mode for nearly two weeks, along with mainland Scotland.

Earlier in the day, the U.K. approved the use of the Covid-19 vaccine from Oxford-AstraZeneca. The U.K. was the first to begin vaccinations using the Pfizer/BioNTech vaccine beginning the week of Dec. 7.

Matt Hancock, Health Secretary said that the approval can help U.K. accelerate the vaccine’s roll out, which he said should help people get their lives back to normal by the spring.

Source: sourcingjournal.com– Dec 30, 2020
Maersk Takes Steps to Address US Import-Export and Trucker Logistics Issues

In response to surging U.S. imports and the resulting equipment flow imbalances that have impacted the logistics sector, senior officials at Maersk said every component of the company’s integrated global logistics business model is working across the entire logistics spectrum to respond with solutions.

Maersk is also taking steps to address the concerns of the U.S. export community and the trucking industry feeling the impact during this already difficult time. The container freight giant noted that global trade patterns often result in limited availability of empty containers in the United States, which has a historic equipment imbalance of more imports than exports. This has been especially acute with U.S. import demand spiking during the COVID-19 due to changing consumer spending patterns.

“Maersk is working with the FMC (Federal Maritime Commission) chairman and commissioners, the Agriculture Transportation Coalition (AgTC) and Trucking Associations like the HTA on the U.S. West Coast, and the Association of Bi-State Motor Carriers on the U.S. East Coast to find new and better ways to serve their needs,” Soren Skou, CEO of A.P. Moller-Maersk, said. “As the global integrator of container logistics, we are confident we can find workable solutions that will alleviate supply chain pain points.”

FMC chairman Michael Khouri has discussed the particular challenges facing the U.S. export community with Skou and Maersk remains committed to taking actions to improve conditions for all supply chain participants, the company noted.

“We are working closely with the Agriculture Transportation Coalition and local trucking associations to address their concerns of equipment availability and detention and demurrage issues, with more intensive meetings planned in the months ahead,” Narin Phol, Maersk North America’s regional managing director, said. “These challenges require all participants to work together and we look forward to continuing our role in bringing much-needed solutions to the current issues. FMC Commissioner Rebecca Dye has the industry knowledge, relationships and credibility to sponsor the necessary industry solutions and we appreciate her leadership on this matter.”
Maersk said surging import cargo has also been causing challenges for local truckers in major ports such as Los Angeles/Long Beach. APM Terminals Pier 400 Los Angeles is the largest privately operated container terminal in the Los Angeles/Long Beach port and in North America. As such, it plays a pivotal role in the daily flow of cargo with the trucking community.

The Port of Los Angeles processed 889,746 Twenty-Foot Equivalent Units (TEUs) in November, a 22 percent increase compared with November 2019.

“Since August, monthly cargo volume has averaged almost 930,000 TEUs,” said Port of Los Angeles executive director Gene Seroka. “It’s unusual to see this kind of import activity this late in the year. But 2020 has been anything but normal. With consumers continuing to stay at home and purchase goods rather than services, we expect robust activity on our docks to continue for at least several months. To help stakeholders manage the cargo influx, the port has introduced new data tools for asset planning, provided additional land for chassis and containers, and is working with cargo owners large and small to prioritize their shipments.”

As a service to stakeholders, the Port of Los Angeles recently created several digital platforms. The Signal, launched in September, provides a three-week look at cargo coming into Los Angeles. The information, powered by the Port Optimizer, is updated daily at signal.portoptimizer.com.

The Return Signal, introduced in November, assists the trucking community to know when and where to return empty containers to cargo terminals throughout the San Pedro Bay complex. The Return Signal data is updated every five minutes and information can be filtered and easily customized. Data can be accessed at portoptimizer.com.

Maersk said the APM Terminals Pier 400 Los Angeles is focused on dual transactions that enable a trucker to return an empty container and pick up an import container for local delivery in the same trip. Around 65 percent of Pier 400’s gate transactions are dual transactions, and the goal is to increase this, enabling higher productivity trips for harbor truckers. Pier 400 has also offered late night, Friday gates and Saturday gates based on customer and trucker needs during the peak season.

Maersk also operates in the 2M Alliance, considered the easiest ocean carrier alliance with which to work by truckers, since the alliance consists of only two ocean carriers—Maersk and MSC—that each operate a single container terminal in the Southern California complex. This allows truckers
to efficiently pickup and return containers to two facilities located near each other.

Source: sourcingjournal.com— Dec 30, 2020

China: Textile firms to benefit from upgraded coal industry

Shanxi’s economic transformation that aims to upgrade its coal industry will lend new vigor to the local textile industry, insiders and officials said at the 2020 China Textile Conference held in Taiyuan, Shanxi province, on Dec 22-23.

The event, organized by the China Textile Industry Federation, attracted the participation of more than 1,000 delegates from throughout the country.

Sun Ruizhe, chairman of the CTIF, said China's textile industry is on a new track of growth with the development of new materials.

"Shanxi is renowned for its coal-mining industry and coal is one of the major resources for making synthetic fibers used in the textile industry," Sun said.

Shanxi is piloting comprehensive reform to diversify its economy and upgrade the traditional coal industry, said Wang Hongjin, chief of the Shanxi Department of Commerce.

The official said that in this transition, Shanxi’s coal industry is extending its value chain to cover more sectors and coal-based chemicals is one of them.

"Our manufacturers are making coal-based synthetic fibers and other materials to supply the booming textile industry in Shanxi and the rest of the country," Wang said.

The official said Shanxi has a long history in the textile industry.

"Shanxi is said to be the birthplace of Luozu, the legendary forefather of China's textile industry. And archaeologists found silk from 6,000 years ago at a site in Yuncheng city, showing the textile industry was not only a legend," Wang said.
According to the official, Shanxi’s silk products were sold in the international market via the Silk Road more than 1,000 years ago.

In the last century, Shanxi was a major exporter of textiles in China, with its export volume once ranked second in the country, according to Wang. He added that it is still a major base for textile machinery in the country.

"We are in the right time to develop a modern textile industry as we have abundant resources and a friendly business environment for the industry," Wang said.

He said one of the advantages for the development of the industry is that Shanxi has one of the lowest electricity prices in the country. This is a big draw to businesses who want to invest in Shanxi's textile industry.

Twelve large projects were signed between Shanxi’s local companies and investors from other parts of the country during the event. Investment totaled 100 billion yuan ($15.3 billion).

A 10-billion-yuan coal-based chemical fiber project signed between Huayang Group based in Yangquan, Shanxi province and Ruyi Group based in Jining, Shandong province, was the largest.

From the former Yangquan Coal Group, Huayang is now a comprehensive company featuring an industrial chain incorporating coal mining to chemicals and synthetic fibers.

Ruyi, meanwhile, is one of the leading textile companies in Shandong province.

"The project will be a win-win move as it can help us to build a complete chain from raw materials to final textile products," said Du Yuanshu, executive president of Ruyi.

Source: chinadaily.com.cn– Dec 30, 2020
UK’s Silk Industries’ Vanners Acquired Out of Bankruptcy

U.K. textiles firm Silk Industries Ltd. has been acquired by Robert Gawn, the owner of luxury leather goods firm Swaine Adeney Brigg, according to overseas reports.

Silk Industries does business under the trade banner Vanners. The company was founded in 1740 and is based in Sudbury, a hub known for its silk mills. The firm on Nov. 12 entered administration and later appointed KPMG Restructuring as its administrators. Following the appointment, 32 of the firm’s 64 employees were laid off, with the remaining staff staying on to fill existing orders.

Apparel Resources reported on Wednesday that Gawn had purchased the company. The report said that the company’s businesses include other textile products such as linen goods and upholstery filling.

Many British towns have a history in textile production. Lancashire is known as a cotton town, while Yorkshire has its wool weavers. There are six major towns that are part of England’s “Silk Route.” Sudbury is one of them, and it is the home of many long-established factories.

Suffolk News, which covers towns in the county such as Sudbury, said that Vanners was based at Gregory Mills in Weavers Lane. Textile production in general has been hard hit by the coronavirus pandemic as many work with high-end fashion designers to supply them with their silks and other woven fabrics.

Consumers across the globe are spending less time in the office as they transition to working from home, for those who can, and apparel needs have trended toward more casual styles. Hampering any kind of economic recovery, many countries are now in the midst of a second or third lockdown as they battle rising Covid cases.

Parts of the U.K. entered an emergency lockdown the Sunday before Christmas to combat a new strain of the virus, and nonessential retailers were closed the day after, best known as Boxing Day when retailers often have one of their biggest sales day of the year.

Source: sourcingjournal.com – Dec 30, 2020
Vietnam’s garment-textile turnover to reach $38-39 billion in 2021

According to Le Tien Troung, Chairman, Vinatex, Vietnam’s garment-textile export turnover is projected at $38-39 billion in 2021.

According to Truong, localities have supported the sustainable and clean production of the garment-textile industry which, he said, must follow global rules set for the supply chain.

Under the Government management, the sector has reduced non-production costs, especially those for logistics services through the national logistics network, and other non-tariff costs.

The Ministry of Industry and Trade has also helped businesses optimise new-generation free trade agreements (FTAs) through the issuance of guidance and the launch of a portal on those deals.

Vietnam has signed a total of 17 new-generation FTAs, he said, stressing that a number of countries like Japan have reached up to four pacts with Vietnam.

In 2020, Vietnam is the only among the world’s top five garment-textile exporters not to have to cease production.

Although Vietnam’s garment-textile export reached only 35 billion USD against the 39 billion USD recorded last year, the result is still remarkable given the global demand dropping over 22 percent.

Source: fashionatingworld.com – Dec 30, 2020
Brexit blues

India assumes importance, as UK explores trade and investment opportunities

Bringing to an end four-and-a-half years of suspense over the terms on which it would sever trade ties with the European Union, the UK has managed a ‘thin’ deal with the now 27-member bloc. A notable feature of the Christmas-eve deal is that it allows for free trade in goods, without tariffs or quotas, provided they are locally produced.

But for services, which account for 80 per cent of the UK’s economic output and 43 per cent of the UK’s exports to the EU, it seems a new set of barriers will crop up even as negotiations in this regard are expected to assume final shape later in 2021. British doctors, engineers, architects and other professionals now must register in each EU country where they wish to work. An exception, though, has been made for lawyers and accountants.

The movement of finance capital from the City of London to the continent may be impaired in the absence of clear market access provisions. The auto sector, which includes companies like the Tata-owned Jaguar Land Rover, will get tariff-free EU entry as long as 55 per cent of parts are UK- or EU-made. Several UK-based Indian pharma firms will get tariff-free access, though these companies face more paperwork.

Other disadvantages for UK citizens include the need for a visa for any stay over 90 days in an EU country. However, Britain appears to have won the right to make its own labour and environmental rules. However, the EU’s reserved the right to restrict market access if UK’s regulations diverge markedly.

The UK is a favoured destination for Indian firms (after the US, India was the second-largest investor in the UK in 2019-20). Indian industrialists spend several months there annually, focussing on the European market strategy. India’s software-services sector has a lot of UK business, but has been busy opening new European offices.

British Prime Minister Boris Johnson’s due to be the Republic Day chief guest, and an India-UK trade treaty will top his shopping list. On immigration, Britain’s now introduced a points system, which should make entry easier for Indian professionals.
India and the UK may strike a limited accord in 2021 covering sectors like pharma, fintech, petroleum and food. But any treaty will take up at least two years to conclude, and there’ll be familiar sticking points like the UK’s demand for lower Scotch whisky tariffs. The UK’s efforts to push the EU-Canada trade and investment pact as its negotiating framework has not met with much success so far. Its $15-billion trade with India generates a surplus of about $2 billion in India’s favour.

The UK’s outreach to the rest of the world will also be influenced by post-pandemic trade patterns. At $800 billion, the UK’s trade with the EU accounts for about half its total trade (43 per cent of its exports and 52 per cent of its imports in 2019). Now, the UK, EU and world trade are at an inflexion point.

Source: thehindubusinessline.com– Dec 29, 2020

UK signs free trade agreement with Vietnam: Trade Secretary Truss

The United Kingdom and Vietnam signed an agreement on free trade, Trade Secretary Elizabeth Truss said Tuesday. Earlier in the month, the country’s government announced signing a free trade deal with Singapore and concluded negotiations with Vietnam.

"Today our Ambassadors signed the UK Vietnam trade deal securing continuity for businesses," Truss tweeted, adding that the deal will gradually remove 99 per cent of tariffs. According to the VNA news agency, the ceremony took place in London and involved the ambassadors as the Vietnamese trade minister and high-level officials were unable to visit the UK over the situation with COVID-19.

The agreement will come into force on Friday and stipulates elimination of 99 per cent of tariffs within seven years. After the UK officially left the EU on January 31, it has been working to secure various bilateral economy-related deals with various countries amid the transition period, which will end this Thursday.

NATIONAL NEWS

Cotton textile exporters seek trade agreement with U.K.

The Cotton Textiles Export Promotion Council (Texprocil) has sought early completion of a trade agreement with the U.K.

Chairman of the council Manoj Patodia has said in a press release that the Central government should take immediate steps to have a free trade agreement (FTA) with the U.K.

“The visit of U.K Prime Minister Boris Johnson to India as chief guest at the Republic Day parade on January 26, 2021 presents just the opportune moment to formulate a comprehensive framework for commencing FTA negotiations,” he said.

The U.K. is one of India’s largest trading partners among the European countries in the textile and clothing sector, accounting for almost 24% of the textile and clothing exports to the European Union.

The U.K. has already signed trade agreements with 62 countries ahead of the end of the Brexit transition period on January 1, 2021, including Turkey, Canada, Singapore, and Mexico. It is therefore imperative for India to commence negotiations without delay.

He also appealed to the Government to simultaneously revive and expedite FTA negotiation with the EU, as it is one the leading markets for India’s textile and clothing exports. Countries such as Bangladesh, Pakistan, and Vietnam have an edge over India due to a zero tariff arrangement.

If there is a delay in India having a free trade agreement with the EU, Indian exporters may lose to competing countries that have duty advantage, he said.

Source: thehindu.com – Dec 31, 2020

HOME

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From pushing electric mobility to boosting textile sector, Niti Aayog charts 2021 reforms map

Accelerating electric mobility, enhancing the competitiveness of textiles industry, improving credit access for small and medium enterprises, and pushing water conservation measures will dominate Niti Aayog's to-do list in the new year as it seeks to further the government's reforms agenda for sustained economic growth.

As the think tank continues to work with various stakeholders to boost the country's economy, its Vice Chairman and economist Rajiv Kumar said the government has already used COVID-19 crisis for taking several steps to lay the foundation for a "rapid and sustained growth in the coming years".

While noting that these steps and reforms have to be further consolidated, Kumar asserted that Prime Minister Narendra Modi-led government is "certainly not protectionist" and has been continuously expanding the scope for Foreign Direct Investments (FDIs).

"In the next calendar year, the Niti Aayog will be looking at several areas for pushing the reform agenda forward. These will be broadly in the field of pushing the movement on electric mobility.

"... the second area that we will be working on is collaboration with the textile ministry in setting up mega textile firms which will improve the competitiveness of the textile industry, help us to expand our exports for both the fabric and the garment sectors," he told PTI in an interview.

Besides, he said the Niti Aayog will push forward the agenda on water conservation and better water use as well as look at the possibility of improving access to formal credit for small and medium enterprises because they will be one of the pillars for Aatmanirbhar Bharat.

According to him, Niti Aayog will work on creating a body of scientific and empirical evidence to examine the appropriateness of natural farming techniques in India whose proponents have claimed that this can bring down the costs dramatically and increase farmers' income also quite significantly.

Doubling farmers' income is a priority for the Union government.
"So, the Niti Aayog is now working closely with ICAR and other agriculture universities to have a body of empirical evidence through field trials to examine the benefits of natural farming," Kumar said.

The government think tank will also look at the possibility of mainstreaming the use of traditional medicine and promoting integrated medicine practices as has been done in several other countries.

"Because the efficacy of traditional medicine that is AYUSH has come out as being shown to be quite high in the COVID-19 pandemic period," he pointed out.

Niti Aayog is playing a key role in COVID-19 vaccine rollout and its member V K Paul is heading the National Expert Group on Vaccine Administration for COVID-19 (NEGVCAC).

Emphasising that steps have been taken to convert the COVID-19 crisis into an opportunity, Kumar said, "already the economy has bounced back, much better than what all of us had expected". He expects the country’s economy, which contracted in the first two quarters of the current financial year, to register a small positive growth in the January-March quarter.

"It will of course grow at very high rates in 2021-22 but beyond that also it will achieve its potential rate of growth which is estimated at 7-8 per cent," he said.

Noting that there is a need to focus on improving the global competitiveness of India's industry and achieve global scales, Kumar said those will require the continuation of the government’s efforts to reduce logistic costs and improve credit availability for all units, especially for small and medium enterprises.

"And continue on the focus of expanding infrastructure capabilities plus promote public private partnership, so as to give larger space for private enterprise for accelerating economic growth in the country," he opined.

On the government's disinvestment programme, Kumar said the Niti Aayog has recommended sale of stakes in several CPSEs (Central Public Sector Enterprises) and that the Union Cabinet itself has approved more than 20 such proposals.
"So it (stake sale in CPSEs) is very much on the cards and has been on the cards for this government," he added.

Disinvestment process is progressing for various CPSEs, including Air India and BPCL.

To a query about India's decision not to be part of the Regional Comprehensive Economic Partnership (RCEP), Kumar said Modi government is certainly not protectionist because it has continuously expanded the scope for FDI and made it under the automatic route for most areas.

"Walking out of the RCEP was done because it was clearly seen that until we have improved our competitiveness, for which now the government is taking very active steps, joining the RCEP under the condition it was offered would not have served the national interest," he pointed out.

According to him, India walking out of the RCEP is certainly not moving away from the country's commitment to take a greater part in global technology, financial, goods and services flows.

The Niti Aayog Vice Chairman also noted that India still continues to have nine Free Trade Agreements (FTAs) and is negotiating 19 FTAs with various countries. "But we have to be very cognizant of which agreement serves our national interest and which does not," he stressed.

In efforts to boost economic output, the Niti Aayog played an active role in formulating the Production Linked Incentive (PLI) scheme for ten key sectors.

This year, it came out with a draft model Act and rules for states on conclusive land titling with an aim to reduce litigations and ease the land acquisition process for infrastructure projects.

Also, the Niti Aayog released a draft report titled 'Guiding Principles for the Uniform National-Level Regulation of Online Fantasy Sports Platforms in India'.

Source: economictimes.com– Dec 30, 2020
India’s exports may decline in 2020-21 to $290 billion, rise to $350 billion next fiscal: FIEO

Order booking position improving for processed food, pharma, medical products, technical textiles, electronics, plastic, chemicals

India’s exports in 2020-21 may decline around 7.3 per cent to $290 billion compared to $313.36 billion in the previous fiscal due to a sharp fall in the first and second quarters induced by Covid-19 disruptions. But things may improve substantially next year, as per estimates made by the Federation of Indian Export Organisations.

“Looking into the extremely good order booking position for food including processed food, pharma, medical and diagnostic products, technical textiles, chemical, plastics, electronics and networking products, we should endeavour to take exports to $350 billion in 2021-22,” said S K Saraf, President, FIEO, in an official release.

While the target for 2021-22 may look ambitious, it is definitely achievable if supply side challenges are addressed, he said.

The World Trade Organisation (WTO), in its recent forecast, has projected a 9.2 per cent decline in the volume of world merchandise trade for 2020, followed by a 7.2 per cent rise in 2021.

On India’s exports strategy, Saraf said that it should be two pronged. While focus should be on sectors where major imports are happening, efforts should also be made to boost traditional sectors, which are important for exports as well as employment.

There exists a lot of scope for increasing exports as India’s share in the major contributors to global trade, which consists of electronics & electricals, machinery, automobile, pharmaceuticals and medical equipment, is less than 0.9 per cent. “It is very satisfying that the Production Linked Incentive (PLI) scheme is rightly focusing on these sectors. Once we create production capabilities in these products, pushing exports at a brisk pace should not be a challenge,” Saraf said.

He added that both for attracting exports-led FDI and exports, India requires robust free trade agreements with some of its major partners like the US, the EU and the UK, which should be prioritised.
India’s goods exports declined 17.76 per cent in April-November 2020-21 to $173.66 billion, as per figures circulated by the Commerce & Industry Ministry.

Source: thehindubusinessline.com– Dec 30, 2020

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**Labour codes to herald new wave of reforms in 2021; job creation likely to be major challenge**

The implementation of four labour codes in one go from April 1 next year will usher in a new wave of reforms in industrial relations and also help in attracting more investments but employment generation will remain a key challenge in 2021.

This year has also been a challenging year for the workforce as well as for employers due to the outbreak of the COVID-19 pandemic. The government imposed a nationwide lockdown from March 25, which had an adverse impact on economic activities and resulted in exodus of migrant workers from large cities to their homes in the hinterland.

Many migrant labourers lost their jobs and it took months for them to return back to their work places from their native places. Bharatiya Mazdoor Sangh (BMS) Research Wing Head and former General Secretary Virjesh Upadhyay said that firstly, India will have to face a big challenge in terms of restoring jobs of a large number of workers who lost their livelihood due to the pandemic.

“Secondly, creating new jobs would not be a cake walk because employment generation would be badly hit due to sluggish economy, automation and new concepts like Work From Home (WFH) evolved during the pandemic,” he told PTI.

He is of the view that the government has done what it could have done in 2020 to provide relief to employees and employers. Now, the policy makers would also have to think about tweaking new labour codes set to be implemented in 2021 considering the new normal in view of the pandemic effect on the overall economy, he added.
According to him, the overall consumption in the economy would not improve unless people have jobs and merely boosting production would not alone help the economy to return to pre-COVID-19 levels. However, during the pandemic, the central government was successful in getting Parliament’s approval for three labour codes on Industrial Relations, Social Security and Occupational Health Safety & Working Conditions (OSH) this year.

The Code on Wages was approved by Parliament last year and its rules have been firmed up. But the implementation of the rules for Code on Wages was held back because the government wanted to implement all four labour codes in one go.

The government notified draft rules for the three codes for seeking stakeholders’ feedback this year and the deadline for submitting the feedback will end in the first week of January.

The Ministry of Labour & Employment had also called a tripartite meeting for deliberations on the rules on the codes of wages and industrial relations on December 24. The next tripartite meeting is scheduled for January 12 to deliberate on codes on social security and OSH.

“We want to implement the four labour codes in one go from April 1, 2021. The deadlines for receiving feedback on codes on industrial relations, social security and OSH would be over by January,” Labour Secretary Apurva Chandra told PTI.

With the implementation of these four codes, Chandra said the government wants to create a conducive environment for investors as well as to provide better social security to workers and protect their rights. He also said that the main focus of the ministry would be to implement Aatmanirbhar Bharat Rojgar Yojana (ABRY) with an outlay of Rs 22,810 crore to boost fresh hiring and successful implementation of four labour codes in 2021.

The labour codes would not only provide social security to organised sector employees but also to informal sector workers like gig and platform workers. This means that the entire workforce of over 50 crore in the country would get social security coverage under the new legal framework from April onwards.
Gig and platform workers are those who are not on the rolls of an organisation and they are not entitled to get various social security benefits.

“I wish New Year 2021 will usher in a new era of development in the country and also ensure wage security, healthy and safe working conditions, social security and harmonious industrial relations consequent upon enactment of the new labour codes. It will be a year of hope, prosperity and growth for our 50 crore workforce as well as for our industry as both share a symbiotic relationship,” Labour Minister Santosh Gangwar told PTI.

The minister also said that the Code on Wages, universalising the right of minimum wages to all 50 crore workforce was already enacted in 2019. As a part of legislative reforms, codification of existing central labour laws into four labour codes is now a reality. These legislative reforms are in sync with the transformed work environment and seek to achieve the objective of securing the basic rights of the workers as well as catalysing employment generation by simplifying the complex compliance structure of present labour laws.

According to Gangwar, implementation of the labour codes will ensure ease of living for the workforce as it will universalise wage security, social security and safe working conditions to a large extent.

The minister also said the labour ministry has taken various initiatives like four all India surveys on migrant workers, domestic workers, employment generated by professionals and transport sector. These surveys would help to create an online database of unorganised workers, including migrant workers, and collection of all statistical returns under the four labour codes by the Labour Bureau.

Director General of the Labour Bureau D S Negi said data collection work on the four surveys would begin by March and final reports would come out in October, which would help policy makers to design schemes, initiatives and interventions appropriately in sync with the need of the hour.

The lag in the data collection and its reporting has been an issue in the country as such a situation often misleads policy makers while taking calls on issues that need to be seen in the context of present times.

The government has also taken many initiatives to help workers affected adversely due to COVID-19. These steps include allowing withdrawal of non-refundable advance from employees’ provident fund accounts,
providing 50 per cent of three months’ wages to insured persons who lost their jobs during the pandemic under ABVKY (Atal Bimit Vyakti Kalyan Yojana) and launching of ABRY to boost fresh hiring.

All said and done, how far the measures will help restore jobs and create fresh employment will have to be seen in 2021.

Source: financialexpress.com— Dec 30, 2020

National action plan for toys industry, mega textile park scheme under consideration: Govt

The government on Wednesday said a national action plan for the country’s toys industry has been prepared with collaboration of 14 central ministries involving need-based interventions for overall development of the sector in 13 identified handicrafts toy clusters.

As part of the initiative to promote the domestic toy industry, a National Toy Fair is proposed to be held between February 27 and March 3, 2021, the textile ministry said.

The ministry said a scheme and a Mega Integrated Textile Region and Apparel (MITRA) Park, in over 1,000 acres of land with state-of-the-art infrastructure, common utilities and R&D lab, are under consideration.

So far, 59 textile parks have been sanctioned under the Scheme for Integrated Textile Parks, out of which 22 have been completed.

The ministry also stated that it is developing an e-commerce platform through Digital India Corporation, Ministry of Electronics and Information Technology, to provide direct marketing platform to the handicraft artisans.

“In the first phase, the artisans/weavers from 205 handicrafts/handlooms clusters are being selected throughout the country for uploading the handicrafts/handlooms product on portal,” the ministry said in its Year-End Review.
During the calendar year 2020, the Cotton Corporation of India (CCI) has made a record procurement of around 151 lakh bales under minimum support price (MSP) operations, around 290 per cent higher as against the procurement of 38.43 lakh bales a year ago, it said.

CCI has disbursed an amount of Rs 39,500 crore to 30 lakh cotton farmers towards procurement of cotton under MSP operations, which is around 265 per cent higher than the disbursement of Rs 10,800 crore in the previous year, the ministry said.

The ministry also highlighted the concerted efforts to achieve self-sufficiency in the manufacturing of personal protective equipment (PPE) kits amid the COVID-19 pandemic. It said, “With development of a new industry valuing Rs 7,000 crore with 1,100 PPE manufacturers producing a peak of 4.5 lakh units per day, India becomes second-largest PPE manufacturer in the world.”

Prior to March 2020, PPE body coveralls required for use of health professionals, suitable for COVID-19 pandemic were not manufactured in India.

Besides, for promoting silk mark products on e-commerce platforms, the Silk Mark Organisation of India entered into an agreement with Amazon for online promotion of the 100 per cent pure silk products with ‘Silk Mark’ by the Authorized Users of Silk Mark.

“Further, discussions are also being held with Flipkart, for the online promotion of products of Silk Mark Authorized Users on their platform,” stated the ministry.

Elaborating upon other major initiatives for the textile sector during the year, the ministry observed that a National Technical Textiles Mission was approved with a total outlay of Rs 1,480 crore.

The mission will aim at an average growth rate of 15-20 per cent per annum, taking the level of domestic technical textile market size to USD 40-50 billion by 2024.

Moreover, in support of the Atmanirbhar Bharat initiative, necessary steps were taken to manufacture Automatic Reeling Machine (ARM) package indigenously by involving local machinery manufacturing industries at a
competitive price challenging the import of ARMs particularly from China, it stated.

The Indian textile sector is the sixth-largest exporter of textiles and apparels in the world. Its share in mercantile exports is 12 per cent and is the second-largest employment generator after agriculture.

Source: financialexpress.com – Dec 30, 2020

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International brands turn to India for garments, home textiles

Tiruppur gets huge orders for winter garments

A garment exporter in Tiruppur who supplied about 25 styles of winter garments last year to an international brand is, this year, working on samples for 62 styles. Though winter garments are not the mainstay of Indian knitwear exporters, more brands have turned to India this year.

Recently, the Ministry of Textiles and a group of garment exporters took part in a meeting with a leading international retailer who is looking at scaling up sourcing from India on a large-scale.

The demand for sewing machines by Tiruppur garment makers is almost triple the usual volume installed, says a machinery dealer.

These are among the many indications that international brands and retailers are looking more at India now to source their garment and home textiles requirements.

The orders on hand are 25% more than the capacity available, says M. Nachimuthu, president of Karur Textile Exporters' Association. There are orders that are diverted from China and hence this spurt in demand for home textile exports, he says.

Garment orders coming in now are for the winter season and this is not a traditional area for Tiruppur garment exporters. Winter garments are mostly made of blends and the demand this year is huge for these products, adds Raja M. Shanmugham, president of Tiruppur Exporters' Association.
Many international brands were sourcing in India and are now looking at more suppliers and larger volumes. They are looking for manufacturers, giving samples, and estimating whether the Indian exporters can meet their requirements. “Garment exporters should not be complacent now. They should gear up to tap the opportunities coming in,” Mr. Shanmugham said.

“There are positive sentiments towards India. Brands are asking for meetings with garment exporters. Walmart had one and more are expected. The potential is especially huge for manmade fibre garments, though India is known for supply of cotton garments,” said A. Sakthivel, chairman of Apparel Export Promotion Council.

The demand is high from buyers in the U.S. and the European Union. And they are looking at a wider range of products, some of which are new to Indian garment exporters. “But, we need to see how this demand is sustained,” adds an industry source.

With huge demand, investments are also taking place, mostly for expansion of existing capacities. The current trend is expected to continue at least for six more months, said a machinery dealer in Tiruppur.

Source: thehindu.com – Dec 31, 2020

Kailash R Lalpuria, Executive Director & CEO of Indo Count Industries Ltd. in an interaction with Shweta Papriwal, Editor, indiainfoline.com

Mr. Kailash R Lalpuria, Executive Director and CEO of Indo Count Industries Ltd. is a Chartered Accountant and has more than 37 years of experience in the Textile Sector. His expertise includes Strategic Growth of Organisation, Planning Joint Ventures, Developing Overseas Sales Team, and Contribution in overall Value Chain, New Areas of Business Development, Commercial Aspects of Export Business, Sales & Marketing and Customer Relationship Management. His entrepreneur skills to conceptualize business has established Indo Count as a successful enterprise.

Indo Count is among the few textile companies that have weathered
traditional challenges faced by the sector and emerged as one of the largest exporters of home textiles.

In an interaction with Shweta Papriwal, Editor, indiainfoline.com, Mr. Kailash R Lalpuria, Executive Director and CEO of Indo Count Industries Ltd said, “The Industry is witnessing a significant trend in terms of increasing migration of consumer preference towards value-added categories including Health & Wellness”.

Indo Count’s performance has been excellent during the last quarter. The Company has improved on the average quarterly volume. How do you see this trend going forward and what is your sustainable EBITDA margin guidance?

We have guided for annual sales volume of 72-75 mn meters. For H1FY21, we have already achieved 32.66 mn meters and we are confident to deliver on our guidance on the back of robust demand from our end markets. Our sustainable margin guidance of 15-17% is on the back of

**Increase in volumes** - We have improved on our average quarterly run-rate which brings lot of cost efficiencies. The volume increase is on the back of increased traction in demand for Home products as Home is becoming the center stage. There is clearly China + 1 strategy playing out which is recognizing capabilities of Indian Home textile players like Indo Count

**Better Product Mix** - With the migration towards value added categories of health, hygiene and wellness along with our R&D capabilities and innovations in these product categories, we expect better product mix with increased margin profile

**Better RM Prices** - We are fairly covered on the fluctuations in the cotton prices which should act as a cushion to any further price increase

We believe all these factors along with increased traction in demand for Home products will lead to sustainable margin profile of 15-17%

**Do you see a structural shift in people’s preferences with “HOME” becoming a center stage?**

Consumers haven’t been able to spend in the ways that they normally did in the past. There’s less spend on travel, restaurants and entertainment which has redirected a lot of their spending towards purchases of goods, especially things that they use to make their home environment more aesthetic and conducive to overall well-being. Also, various factors like work from home
culture, focus on health and hygiene products along with the changing lifestyle will lead to a long-term shift in people’s preferences for Home products.

Can you elaborate on the recent brand launches and developments in the space of Health, Hygiene and wellness?

The Industry is witnessing a significant trend in terms of increasing migration of consumer preference towards value-added categories including Health & Wellness. Products which offer operational performance and sustainability along with fashion and utility are gaining faster momentum. In order to address these evolving customer preferences, we have launched products that offer better sleep and hygiene homes under the “Wholistic brand”. On the performance bedding side, we have launched products made of Sustainable material under “Sleep Rx™” performance brand. We have also announced exclusive partnership with Archroma in India which uses plant-based dyes for our products over conventional petroleum-based solutions.

With Indo Count’s good hold on the Sheet Set side, what are your plans on the Fashion / Utility and Institutional Side and what is the contribution of these segments to your overall portfolio. How big is this opportunity for Indian Suppliers?

Home Textile Size of US market at Retail is $ 28bn in which bed linen is $ 14bn i.e. 50%. The market comprises of Sheet Set (28%), Fashion (36%), Utility (25%) and Institutional (11%). India has a strong presence of ~50% on the Sheet Set side. On the Fashion, Utility and Institutional side, currently China is a dominant player in this category and India is still at a nascent stage. Rationalization of duty structure in Man-made fiber (MMF) by Indian Government will lead to level playing field against China where the cost difference is currently 20-25%. We believe China +1 Strategy will also help shift these product categories to India. Indian Home Textile Industry stands to gain on this potential shift of these product categories.

At Indo Count, we had already pre-empted the benefits of entering the larger segments of fashion, institutional and utility bedding in 2016 and had made strategic investments in building our capabilities. Benefits of this strategy had started to flow from Q2FY20 and we now expect this momentum to continue in quarters to come. As of H1FY21, Fashion, Utility and Institutional contributes 15% of our portfolio.
How is the “China + 1 Strategy” playing out for domestic home textile players?

On the back of the Covid-19 situation, many brands are expected to reduce dependence on a single geography. India is expected to be a preferred partner due to availability of cotton, skilled labour, manufacturing capacities and capabilities. Also, the government support under “Atmanirbhar Bharat” has uplifted confidence of domestic manufacturers. The “China + 1” strategy has already started playing out in consumer durables and to some extent in the pharmaceutical sector. With India being the second largest home textile exporter after China, we expect domestic manufacturers to benefit for long term from this structural shift.

Do you foresee Retail consolidation in your main market of US? How will this benefit Indo Count?

We expect consolidation from many small retailers to few large retailers due to their higher financial capabilities and increased capacities to process larger orders. With this consolidation, companies with focused solutions and faster go to market approach will stand to gain market share. We believe, our strong relationships and higher capabilities with large retailers along with our significant investments in creating backend infrastructure, our credibility as consistent and innovative supplier partner to our customers across the globe will greatly enhance our positioning in the market.

What is your current duty structure and any additional government incentives excepted in near term?

Currently, incentive structure comprises of Duty drawback of 2.6% and Rebate of State and Central Levies and Taxes (RoSCTL) of 8.2%. The government is expected to announce Remission of Duties or Taxes on Export Products (RoDTEP) scheme which aims to reimburse the taxes and duties incurred by exporters such as local taxes, coal cess, mandi tax, electricity duties and fuel used for transportation, which are not exempted or refunded under any other existing scheme.

The implementation of the scheme would make India a WTO-compliant exporter in the international market. However, since there is no notification from the government on the new scheme, it is early to comment now.
With your Net/Debt equity historically lowest at 0.06x, what are your plans on maintaining this ratio?

At Indo Count, on the back of continuous efforts, we have been able to reduce and repay our debt. We believe in sweating our exiting capacities and only then look for expansion plans. We have sufficient capacity for growth for FY22. We are currently on the drawing board to address and assess future capex plans.

**Concerns related to second wave of Covid is visible in countries like US and Europe. What kind of impact has the second wave of Covid has had on your business?**

Our customers are the big box retailers. Along with the in-store experience, these retailers are selling online or offering store pick-up to ensure safety of customers. We believe as people have now adopted to the new normal, the option to purchase online and offline has led to a new demand environment. These retailers follow a high level of disciple and safety measures for the overall wellbeing of their customers and employees. Despite higher restriction on movement of goods in certain regions, we don’t see any significant impact in our operations.

**Your outlook on Cotton prices**

Cotton prices recently bounced back following a steady fall driven by the pandemic’s effect. We expect cotton prices to remain steady from here. Our average Indian cotton procurement rate is around Rs.41,000 / Candy levels.

Source: indiainfoline.com– Dec 30, 2020
Cabinet approves ₹3,005-cr project for Paradip port

Will enable handling of large vessels

A proposal to develop a part of Paradip Port, involving an investment of ₹3,005 crore to enable handling of large vessels was approved by the Cabinet Committee of Economic Affairs on Wednesday.

Minister for Port, Shipping and Waterways Mansukh Lal Mandaviya, told media persons after the CCEA meeting, that on commissioning of the project, it shall cater to the requirement of coal and limestone imports besides exports of granulated slag and finished steel products considering the large number of steel plants in the hinterland of Paradip Port.

In another move, the Minister said ports in India have started making money by selling dredged sand after cleaning the sand from salty-water by using indigenous technology.

Meanwhile, the proposed project at Paradip Port envisages construction of Western dock basin with facilities to handle cape size vessels by the selected BOT concessionaire with an ultimate capacity of 25 MTPA (million tonnes per annum) in two phases of 12.5 MTPA each.

The estimated cost of the project is ₹3,004.63 crore. The project cost includes development of the new Western Dock on build-operate-transfer (BOT) basis and capital dredging by the selected concessionaire at a cost of ₹2,040 crore and ₹352.13 crore respectively, said a release.

Also, Paradip Port will invest ₹612.5 crore towards providing common supporting project infrastructure like breakwater extension and other ancillary works to facilitate handling of cape size vessels.

Source: thehindubusinessline.com– Dec 30, 2020
India’s cotton yarn export decline 7.5 per cent

As per a Textile Beacon report, India’s cotton yarn exports declined 7.5 per cent in volume to 87 million kg and 7 per cent in value to Rs 1,755 crore during the first eight months of 2020-21. Compared to exports during the same period of 2019-20, volume increased 8 per cent while value realization in rupee terms increased slightly, implying worsening of the rupee value against the dollar.

Shipment of cotton yarns to 70 countries in November increased 2 cents to $2.74 a kg, from previous month and 1 cent from a year ago. Export to China managed to remain just above November 2019 levels, while that to Bangladesh declined by 32 per cent. Exports to Peru and Vietnam almost doubled their imports of Indian cotton yarn while Portugal reduced them by 15 per cent. Shipment of spun yarns totaled 110 million kg worth Rs 2,160 crore in November.

Shipments declined 6 per cent than November 2019 in terms of volume and 7 per cent down in terms of their value in dollars. China once again was the largest importer in spun yarns with its import value increasing by 6 per cent, followed by Bangladesh. Together, these two markets accounted for about 41 per cent to total yarn shipment during the month.

Source: fashionatingworld.com— Dec 30, 2020

Global supply chain shift to benefit India: FICCI

Almost 70 per cent respondents to the FICCI-Dhruva Advisors Survey, said shifting of global supply chains from China may benefit India by moving a fair share of manufacturing operations to India.

The vaccine may also boost Indian businesses, said 74 per cent participants, says a SRTEPC report. However, to capitalize on these opportunities, India needs to strengthen its manufacturing ecosystem, says Uday Shankar, President, FICCI.

Under the Aatmanirbhar Bharat package, the government has introduced several measures that have been well received by the industry.
Around 45 per cent of surveyed companies rated the latest set of announcements made under Aatmanirbhar Bharat package 3.0 as 'good to excellent'. To overcome the challenges posed by travel restrictions, 64 per cent firms plan to use a mix of travel and virtual meetings even after the situation becomes normal.

Nearly 40 per cent reported operating at capacity utilization level of over 70 per cent, vis-a-vis 30 per cent of the companies in August 2020. Almost 50 per cent companies reported an increase in their order books and about 40 per cent said their exports have increased.

However, the survey results show businesses continue to face challenges on account of weak demand, managing costs, and financial liquidity, states Shankar. Hence, survey participants expect both government and RBI to continue with their support measures even next year. They expect the upcoming budget to prioritize growth-oriented measures, including a cut in direct tax rates.

Dinesh Kanabar, CEO, Dhruva Advisors LLP, says, the Union Budget 2021-22 is one of the most anticipated Budgets and the government should introduce new growth-oriented measures and tax cut proposals.

Source: fashionatingworld.com– Dec 30, 2020

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Transporters against e-way bill validity period reduction from Jan 1

Transporters' apex body AIMTC on Tuesday said it is against reduction of E-Way bill validity period from January 1, and said that the move will disrupt supply chain and create chaotic condition.

The All India Motor Transport Congress (AIMTC) is the umbrella body of transporters that represents about 95 lakh truckers and entities.

Acute adversities are faced by this sector and "there is yet another impractical scenario created from the government vide amendment in rule ...vide notification no 94/2020-Central Tax dated 22-12-2020, wherein the E-Bill validity period is halved. The said amendment is ill-informed, and ill-conceived."
It is bereft of any consideration of the ecosystem of the road transport sector and is notified without any consultation with the stakeholders," the AIMTC said in a statement.

It said this amendment may result in disrupting the smooth flow of supply chain and create chaotic conditions by impacting even essential supplies including medicines and perishable items.

"The New Amendment in Section 138 (10) of the CGST halves the time period that is allowed for delivery of material. This is not as per ground realities and does not take into consideration the circumstantial reasons of delay and will open a pandora box leading to unforeseen conditions, disruptions and large number of non-compliances leading to disruption of smooth flow of supply chain," the AIMTC said.

It said different category of commercial vehicles carry cargo ranging from 500 kg to 42,000 kg and have different speed and different operating conditions.

Under the circumstances it said "validity of E-way Bill of one day for every 200 kilometer travelled is not practical... It takes transporters at least 4-5 days to collect goods from various agencies/suppliers and then carry it to the destined place" and cited various reasons like logistics challenges.

"Entire policy needs to be reviewed and need detailed deliberations in light of amendments in MV ACT, 1988 and mandatory FASTag from 01-01-2021. The reviewing of the permissible transit time in terms of e-way bill validity requires a detailed discussion and deliberation with all stakeholders for smooth & better compliance of legal procedures," it demanded.

It urged the government to do away with the amendment and restore the previous system of validity of bill for one day for every 100 km.