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1. **COMMERCE MINISTRY RESTARTS COVID-19 HELPDESK TO RESOLVE IMPORT, EXPORT ISSUES**

The Commerce Ministry restarted its COVID-19 helpdesk to help resolve issues of exporters and importers related to international trade such as customs clearance delays and banking matters amid rising coronavirus cases. It was first started in April 2021. The Directorate General of Foreign Trade (DGFT), an arm of the Ministry, took this initiative to monitor the status of exports and imports, and difficulties being faced by trade stakeholders in view of the surge in COVID-19 cases. "DGFT has operationalised a 'COVID-19 Helpdesk' to support and seek suitable resolutions to issues arising in respect of international trade," the Directorate said in a trade notice to all exporters, members of trade, export promotion councils and commodity boards. The helpdesk will look into issues relating to import and export licensing, customs clearance delays and complexities arising thereon, import/export documentation, and banking matters. "Helpdesk would also collect and collate trade related issues concerning other ministries/departments/ agencies of central and state governments and will coordinate to seek their support and provide possible resolution," it said. Stakeholders can submit information on the DGFT website about their issues on which support is required. The status of resolutions and feedback may be tracked using the Status tracker under the DGFT Helpdesk Services. E-mail and SMS would also be sent as and when the status of these tickets are updated. The country reported 90,928 fresh coronavirus infections, the highest in over 200 days, that pushed its caseload to 3,51,09,286, according to the data of the Union Health Ministry. As many as 91,702 new infections were reported on June 10 last year.

(Source: The Economic Times)

2. **WALMART, FLIPKART PARTNER WITH UTTAR PRADESH GOVT TO SUPPORT AND UPLIFT MSMES**

Under this initiative, Walmart and Flipkart will team up with the Export Promotion Bureau to digitise small businesses and also help them sell their products in the global market. US giant Walmart and ecommerce platform Flipkart have signed a Memorandum of Understanding (MoU) with the Export Promotion Bureau, Government of Uttar Pradesh, to create a budding ecosystem for local micro, small and medium enterprises (MSMEs). Under this initiative, the two companies will together team up with the state government to digitise small businesses and also help them sell their products in the global market through online channels. Commenting on this development, Sidharth Nath Singh, Minister of MSME, Investment and Export, Textile, Khadi and Gram Udyog, Government of Uttar Pradesh, said, "MSMEs from Uttar Pradesh are being recognised the world over, registering record exports this year. With schemes like Ubharte Sitaare and ODOP, the Government of Uttar Pradesh is at the forefront of developing a vibrant ecosystem for the

MSME sector in the state, helping them boost exports and venture into new markets." He further added that this collaboration "shall provide our guidance and support required to strengthen MSMEs to achieve greater success through the programme." Jagjeet Harode, Senior Director and Head – Marketplace, Flipkart, further added that the ecommerce giant's partnership with the Government of Uttar Pradesh on the ODOP scheme has been a huge success, registering 52 percent quarterly growth since January 2020, across various product categories. Nidhi Munjal, Vice President of International Partnership Services, Walmart noted that they aim to triple exports from India to \$10 billion annually by 2027 and want to continue to help Indian small and medium businesses in finding a place in the international market. Walmart Vriddhi Supplier Development Programme (Walmart Vriddhi) was launched in 2019 with the aim of training 50,000 MSMEs and equipping them with the skills, knowledge and technology to become future-proof. In the past, it has organised various seminars and workshops for MSMEs. It also provides various learning platforms with the help of e-institutes set up in Panipat and Agra. According to research firm IBEF, India is home to about 6.3 crore micro, small and medium enterprises (MSMEs). They form the backbone of the Indian economy, contributing 48 percent to India's exports, making them a major revenue generator for the country.

(Source: SMB Story)

3. BANKS TURN CAUTIOUS ON SRI LANKA EXPOSURES

As Sri Lanka grapples with a severe foreign exchange crunch, high street banks in India have turned cautious and selective about their exposures to the island nation. Several institutions have reduced discounting letters of credit (LC) - the basic instrument for financing trade - issued by many Lanka lenders while others are giving credit to exporters based on the standing of the party, amount, the tenor of the credit, and standing of the bank issuing LCs. Given the long trade relations, Sri Lanka's dependence on imports and expectations of credit lines (from India and other countries), and possible currency arrangements, bankers hope that the country would be able to tide over the crisis in the medium term. At the beginning of December, Sri Lanka's forex reserves were just enough for a month of imports. "We have not put a complete embargo on discounting export bills to Sri Lanka. It's done on the basis of limits available with LC issuing banks," said a senior official of the State Bank of India, the country's largest lender. Among other large banks, HDFC Bank was going slow on handling LCs for exports to Sri Lanka, Axis that has financed many Indian companies with exports to Sri Lanka is being selective, while ICICI Bank has cut limits for Sri Lanka along with some of the other smaller countries for quite some time now. IndusInd, said an official of the bank, is closely monitoring the developments and has been selective in the transactions undertaken. "There is nothing wrong with banks in Sri Lanka. But when the payment falls due, there may not be enough dollars available in the forex market there," said a banker. India's total exports to Sri Lanka was \$3.2 billion in 2020. Oil, ships, boats, pharmaceutical products, sugar, iron and steel, cotton and machinery are among the top export items. Under the normal trade finance arrangement, an exporter is paid by its bank which discounts the bill after documents like shipping bills, commercial invoices, and bills of lading are submitted to the bank. The bank is paid after a certain time - the credit period which could be up to six months (or a year or more for capital goods) - by the importer's (here, the Sri Lankan buyer's) bank. Banks discounting bills have turned edgy as Sri Lanka is starved of dollars and the Sri Lankan central bank may not be in a position to supply dollars when importers' banks have to make payments to exporters' banks in India. Payments against sight bills, where (under normal circumstances) funds are transferred within five working days, are

taking more than a month, said an official with a leading export promotion organisation. Some exporters, said an official of a consumer goods company, are giving 6 to 7-month lines of credit to distributors who undertake exports to Sri Lanka. Though large MNC banks like HSBC, Citi, and Standard Chartered, which have a long presence in Sri Lanka, continue to extend trade finance with certain precautions, they have the comfort of dealing with their respective Lanka office as the counterparty. "Some banks are simply not giving any credit, but are simply operating on a collection basis. They are releasing money only after receiving it from the bank in Sri Lanka," said a mid-sized exporter. Banks as well as Indian exporters are awaiting the \$1.5 billion line of credit. Of this, it is understood that a \$500 million line would be issued by Exim Bank of India to Sri Lanka very soon. "Negotiations are on between India and Sri Lanka over how the money would be used. In all likelihood, the use could be restricted to import of oil and other essentials by Lanka," said a banker. Exim Bank has so far extended 11 credit lines to Sri Lanka aggregating to over \$2.12 billion. Since tourism - which suffered badly after the Easter terror attack and the Covid-19 pandemic - has been the prime source of hard currency for Sri Lanka, banking circles think the country may have to enter into other arrangements if a balance of payment problem persists. "Maybe, the kind of deal that exists between India and Nepal. If tourists from India can spend the Indian rupee in Sri Lanka, it would ensure a supply of rupees that could be used to buy stuff from India. But this may have central banking and regulatory implications and can be put in place only after the pandemic is over and travel restrictions are lifted," said another person.

(Source: The Economic Times)

4. MINISTRY FOR REMOVAL OF IMPORT DUTY ON COTTON

The Textile Ministry has taken up with the Ministry of Finance the need for removal of 10% import duty on cotton. Textile Secretary Upendra Prasad Singh held a meeting with representatives of the textiles and clothing sector to discuss the issue of rising raw cotton and yarn prices. "I will propose some measures to the authorities to consider," he told *The Hindu*. "We have already taken up this (need to remove the import duty on cotton) with the Ministry of Finance," Mr. Singh added. The Ministry also urged the textile mills to consider the present situation and take the required steps so that yarn prices are under control. The garment exporters in Tiruppur district of Tamil Nadu announced a two-day strike on January 17 and 18 demanding measures to control the prices of cotton and yarn.

(Source: The Hindu)