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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	Survey Projects Slight Decline for 2021 U.S. Cotton Acres
2	EU, China agree for Comprehensive Investment Agreement
3	Global FDI inflows drop by 49% in 2020 first half: UNESCAP
4	Year in Review: More Than 11,000 Fashion-Related Doors Shutter in 2020
5	Covid-19 Shipping Problems Squeeze China’s Exporters
6	After Digital Wage Push, Why Are Bangladesh Factories ‘Sliding Back to Cash?’

	NATIONAL NEWS
1	Exporters get some relief as Rlys moves empty containers free to CFS, ICD
2	India-US trade ties hit by tariff policies under Trump administration: US Congress report
3	Six-pronged plan suggested for double digit growth in textile & apparel sector
4	Gujarat textile industry sees jump in export orders
5	GST compensation shortfall: Tenth weekly instalment of ₹6,000 cr released to States, UTs
6	MEA warns of rising cyber frauds against exporters
7	Cargo volumes at dozen state-owned ports decline 8.8% during April-December
8	Skill development: Govt sees 51% jump in manpower trained at MSME Tool Rooms, Tech Centres in FY20
9	FDI equity inflow up 21% to $35.3 bn in Apr-Oct: DPIIT
10	Manufacturing PMI improves a bit to 56.4 in Dec
11	India may impose anti-dumping duty on viscose spun yarn
12	Lack of procurement centres hits cotton farmers in Andhra Pradesh

INTERNATIONAL NEWS

Survey Projects Slight Decline for 2021 U.S. Cotton Acres

Following a year of marginal prices, difficult planting conditions, hurricanes, drought and the overall social and economic malaise brought about by COVID-19, you couldn't blame cotton growers for questioning their prospects for 2021.

A bump in cotton prices back into the low 70 cent range at the end of the year eased some of the concerns. But equally rising prices for corn, soybeans, wheat and other grain crops are certainly making cropping decisions tough for the coming season.

That said, any predictions for 2021 cotton acreage at this point in time is still anyone's best guess. But we still wanted to give it our best shot.

Based on the results of the Cotton Grower Acreage Survey recently conducted with cotton growers and other industry sources, U.S. cotton producers appear set to plant 11,611,000 acres of cotton – upland and ELS combined – in 2021. That's roughly a 4.7% decrease from the 12,185,000 planted acres reported by USDA-NASS last June.

Certainly commodity prices will have a definite influence in acreage decisions. But for cotton, growers also have to contend with decreased global demand for cotton products driven by COVID-19, dialed down mill capacities, uncomfortably high cotton carryover stocks for the U.S. and the world, and continued export competition with Brazil and India.

Then there's China. To their credit, China continued to import healthy amounts of U.S. cotton during 2020, partly to meet the obligations of the Phase I Trade Agreement but also to ensure adequate supplies of cotton for the country's mills that aren't sourced from the country's Xinjiang region. Long standing rumors of forced labor practices in the region resulted in the U.S. blocking all cotton-related imports from Xinjiang in early December. How this decision will impact cotton trade with China in 2021 remains to be seen.

And in an industry that's already weather-weary, 2021 promises to be a La Niña year, which traditionally means hotter, dryer weather for areas of the Southwest that are still trying to recover from intense drought in 2020.

That's a lot to consider for this year's cropping decisions. But as our survey results show year after year, cotton growers tend to grow what they know best – more cotton.

State	2020 USDA Final	2021 CG Projected
Alabama	470,000	450,000
Florida	95,000	110,000
Georgia	1,230,000	1,110,000
North Carolina	370,000	350,000
South Carolina	190,000	180,000
Virginia	95,000	90,000
SOUTHEAST	2,450,000	2,290,000
Arkansas	500,000	400,000
Louisiana	200,000	180,000
Mississippi	520,000	500,000
Missouri	310,000	280,000
Tennessee	350,000	325,000
MID-SOUTH	1,880,000	1,685,000
Kansas	195,000	190,000
Oklahoma	640,000	550,000
Texas	6,615,000	6,500,000
SOUTHWEST	7,450,000	7,240,000
Arizona	132,000	130,000
California	205,000	200,000
New Mexico	68,000	66,000
WESTERN	405,000	396,000
TOTAL	12,185,000	11,611,000

Let's look at what respondents told us on a regional basis.

Southeast

In the Southeast, Georgia will continue to lead the way with a projected 1,110,000 acres. Overall, growers in Alabama, Florida, Georgia, the Carolinas and Virginia tell us they'll plant 2,290,000 acres of cotton – with only Florida indicating a slight acreage increase.

"Harvested acreage in 2020 will be down due to the damage from several hurricanes and tropical storms," reports David Wright of the University of Florida. "But prices will increase acreage slightly for 2021."

Mid-South

In the Mid-South, the survey projects 1,685,000 acres between Arkansas, Louisiana, Mississippi, the Missouri Bootheel and Tennessee. Mississippi will still lead the way with 500,000 projected acres, but overall, all states should see decreases.

"I heard that producers with gins that pay a good rebate were still thinking about being down 10% for next year considering the current prices of everything," says Bill Robertson, University of Arkansas Extension cotton specialist. "Gins with not as good rebates could see a bigger drop even with picker payments.

"Economists are thinking the rally on competing commodities has not finished," he adds. "We could be down 20 to 25% if corn and bean prices continue to improve. I'm guessing right now I would have to go with 20%

down in 2021 with the market forecast and hope it's not the 30% I have heard from some."

Other commodity prices also influence Tyson Raper's thinking.

Raper, University of Tennessee Extension cotton specialist, admits, "This is a shot in the dark, because things are very fluid at the moment. We should be down slightly from our 2020 acres. Grain prices during September hampered interest in increasing Tennessee cotton acreage for 2021, but some of that hesitation has subsided with more recent market shifts."

Southwest

As always, the Southwest region will lead the way in overall production acreage, thanks to that large West Texas cotton patch. And although total acres are projected to be down somewhat, growers in Kansas, Oklahoma and Texas will combine to plant 7,240,000 acres of cotton, based on the survey. Texas growers indicate plantings of 6,500,000 acres – not quite a 2% decrease from 2020.

"Dryness is going to influence Texas plantings," points out Dr. John Robinson, professor and Extension specialist/cotton marketing at Texas A&M University. "If you look at the drought monitor and draw a line from the eastern edge of the Panhandle down, everything west of that is in exceptional drought right now.

And La Niña is supposed to continue through May, right through planting time. The typical Texas farmer response to that is – even with an insurance price of 74 cents – we just don't have the alternative crops here. So agronomically speaking, you're better off planting cotton. And from an insurance standpoint, you're better off planting cotton.

"I wouldn't be surprised if we had 6 million acres at all," he adds. "And if we had 7 million acres, I wouldn't be surprised to see that either – planted with the expectation of 50% abandonment."

Oklahoma State Extension Cotton Specialist Seth Byrd also expects a drop in acreage in his area.

"I think we'll see at least a slight dip in acreage," he says. "Many folks who may have made the move to cotton more recently will probably put at least a portion of those acres back into soybeans or sorghum due to the markets.

I do think many of those producers have gained a greater comfort level with cotton, and it may become part of a rotation for many who have tried it out for the first time in the last 3 to 4 years.

“However, Oklahoma still has a lot of folks who view themselves as primarily cotton producers, and many in this category have also increased acreage during recent years as well,” he notes. “That’s where we’ll see some of the stability for this new acreage level compared to where the state was 7 or 8 years ago. There are large areas of the state, particularly in the southwest and west-central areas, where cotton is still likely to be the most popular and successful choice.”

Western

In the Western states – where a high percentage of acres are generally reserved for seed production – Arizona, California and New Mexico all show slight decreases for a combined projected total of 396,000 upland and ELS cotton acres. California will continue to lead overall regional plantings with 200,000 projected acres.

Snapshot in Time

The Cotton Grower survey was conducted in November and early December, with responses coming to us from growers, ginners, consultants and other affiliated industry sources.

Other acreage projections will be coming in February from the National Cotton Council and in March from USDA-NASS, and we look forward to comparing our results with theirs. All of them – like the Cotton Grower survey – reflect a snapshot of the market situation and prevailing attitudes and thinking at the time of the survey.

Source: cottongrower.com– Jan 04, 2021

HOME

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EU, China agree for Comprehensive Investment Agreement

The European Union (EU) and China last week agreed in principle to the EU-China Comprehensive Investment Agreement (CAI) that was tentatively approved. It will be the most ambitious agreement that China has ever concluded with a third country and will ensure that EU investors achieve better access to a fast growing consumer market and compete on a better level-playing field in China, the EU said.

In addition to rules against the forced transfer of technologies, CAI will also be the first agreement to deliver on obligations for the behavior of state-owned enterprises, comprehensive transparency rules for subsidies and commitments related to sustainable development, the EU said in a statement.

There was a push from German Chancellor Angela Merkel to conclude the deal as Berlin held the EU presidency until the end of the year and Germany is the biggest European exporter to China.

The agreement, however, has reportedly disappointed the US administration, which expected the trade bloc to pay attention to the concerns over allegations of human rights abuse and forced labour by the Chinese government on minority Muslims. Even advisers to President-elect Joe Biden had reportedly signaled reservations about the pact and a desire for more input before it was concluded.

Matt Pottinger, President Donald Trump's deputy national security adviser, issued a statement before the agreement was finalized, saying, "Leaders in both US political parties and across the US government are perplexed and stunned that the EU is moving towards a new investment treaty right on the eve of a new US administration."

"There is nowhere for bureaucrats in Brussels or Europe to hide. We can no longer kid ourselves that Beijing is on the verge of honoring labor rights, while it continues to build millions of square feet of factories for forced labour in Xinjiang," Pottinger added.

Earlier, Bernd Lange, a German Social Democrat who chairs the European Parliament's trade committee, said the fact an agreement was near despite such concerns was 'clearly worrying'.

CAI binds China's liberalisation of investments over the last 20 years and prevents backsliding. This makes the conditions of market access for EU companies clear and independent of China's internal policies. It also allows the EU to resort to the dispute resolution mechanism in CAI in case of breach of commitments.

In addition, the EU has negotiated further and new market access openings and commitments such as the elimination of quantitative restrictions, equity caps or joint venture requirements in a number of sectors. "These are restrictions that severely hamper the activities of our companies in China. The overall package is far more ambitious than what China has committed to before," the EU said.

EU sensitivities, such as in the field of energy, agriculture, fisheries, audio-visual and public services, are all preserved in CAI, it said.

China will allow investment in the relevant land-based auxiliary activities, enabling EU companies to invest without restriction in cargo-handling, container depots and stations, maritime agencies, etc. This will allow EU companies to organise a full range of multi-modal door-to-door transport, including the domestic leg of international maritime transport.

Source: fibre2fashion.com– Jan 04, 2021

HOME

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Global FDI inflows drop by 49% in 2020 first half: UNESCAP

Though both foreign direct investment (FDI) inflows and outflows started to recover globally in 2019, with the former growing by 30 per cent to $1.5 billion and the latter increasing by 33 per cent to $1.3 billion, the COVID-19 pandemic has caused global FDI flows to drop by 49 per cent in the first two quarters of 2020 compared to the same period in 2019.

FDI is expected to remain low and below pre-crisis levels throughout 2021. The outlook beyond 2021 is highly uncertain and dependent on the duration of the crisis, the effectiveness of policy interventions to stimulate investment and navigate the economic effects of the pandemic, as well as geo-economic tensions.

Asia-Pacific's share in global FDI inflows dropped from 45 per cent in 2018 to 35 per cent in 2019, and its share in global FDI outflows decelerated from 52 per cent to 41 per cent.

Nonetheless, the region remained the largest source of global outflows for the second year running, according to a report titled 'Foreign Direct Investment Trends and Outlook in Asia and the Pacific 2020/2021' published by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

In 2019, China and Hong Kong were the largest FDI recipients attracting 38 per cent of total FDI inflows to the region. Japan was the largest source of investment from the region in 2019, responsible for 42 per cent of regional outward FDI.

The pandemic has accelerated the downward trend already recorded in recent years in greenfield FDI with the value of announced inbound greenfield investment projects from January to August 2020 dropping by 40 per cent from the average over the same period in 2019. Likewise, outbound greenfield investment project values declined 48 per cent over the same period in 2019.

Intra-regional greenfield investments as a whole have slowed in 2020 due to the pandemic, with announced intraregional greenfield investment values dropping 45 per cent to $35 billion in the January-August 2020 period compared to the same period in 2019, the report said.

FDI recovery rates are challenging to predict at this stage because they are dependent on the rate of overall socio-economic recovery, and consequently investment levels, within the region and socio-economic rate of recovery from countries outside of the region, it said.

On the bright side, the recent signing of the Regional Comprehensive Economic Partnership is expected to strengthen flows and lift investment prospects, especially for smaller and least developed countries in the group.

Source: fibre2fashion.com– Jan 04, 2021

HOME

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Year in Review: More Than 11,000 Fashion-Related Doors Shutter in 2020

Covid-19 has accelerated a retail apocalypse years in the making.

Retailers have been purging their store base since the Great Recession. Even after all those closures, they still have too many doors for current needs, especially in a world where even more consumers—newbies, if you will, to online shopping—have been forced to migrate to digital commerce during the coronavirus pandemic.

And with customers staying home in a world where social distancing remains the mandate, retailers have even less need for their mall-based stores. After all, why bother when those locations become nonproductive due to foot traffic shortfalls. And for retailers who were teetering on the financial cliff at the start of 2020, high debt levels and nonexistent cash flow from temporary store closures certainly didn't help.

Fashion wasn't exactly top-of-mind as consumers initially shifted their focus to purchases of essential items. Even when stores reopened, limited capacity was just one challenge. Many fashion firms had the wrong merchandise as consumers shifted their fashion focus to athleisure and more comfortable apparel.

As a result, retailers in 2020 were forced to realign their store network and cull doors that no longer fit strategies for 2021 and beyond, while those with too much debt on the books had no choice but to either shut down operations or file for Chapter 11 bankruptcy court protection.

So where are we now?

So far, there were more than 11,000 reported fashion store closures—11,060 to be exact—in 2020 by mid-December, and that's just for the banners that made news. That total surpassed the 9,300-plus stores that closed just in the U.S. across all retail categories in 2019. And there are many other nameplates globally that have not been accounted for. If the forecast of 100,000 retail doors that's been projected to disappear by 2025 comes to fruition, shopping centers and strip malls could look very different in the near future. That's especially true if we get close to the 20,000-25,000 stores that are projected to go dark this year.

Here are the fashion retail and apparel companies that announced store closures in 2020:
DSW

Number: 50 to 78

Backstory: Pointing to foot traffic challenges that may not reverse course for some time, DSW's parent Designer Brands said it plans a 10 to 15 percent reduction of its store base. With a current store network of 524 U.S. stores, that would mean closing 50 to 78 doors. It also operates 145 stores in Canada.

Francesca's

Number: 234

Backstory: The women's budget chain filed its Chapter 11 petition on Dec. 4 to sell the business to TerraMar Capital. The company operated 558 stores at the time of its filing, but had already closed 137 stores last month. Days after its filing, Francesca's said it would shutter another 97 stores.
Abercrombie & Fitch Co.

Number: 7 flagships

Backstory: The specialty chain, which includes its teen Hollister brand, began the year with 15 tourist-driven locations and decided to pare down to eight flagship stores back in 2018 as part of its store optimization strategy even before the pandemic began in 2020. As for its mall-based locations, it has about 50 percent of its store leases up for renewal over the next two years, so even more locations are likely to close.
Caleres

Number: 133

Backstory: The company said it will close 133 Naturalizer-branded stores by the end of fiscal 2020. On a conference call after reporting third-quarter results last month, executives said the brand had been revamped and that this was a good time to exit some locations because those doors were tied to a now outdated positioning strategy.
Furla USA

Number: 4, including one outlet location

Backstory: The U.S. subsidiary of luxury brand Furla SpA saw its wholesale accounts get impacted by the closure of nonessential retailers, as well as a slowdown in consumer purchases at its stores. Luxury brand have been hit hard as tourism declined because of the pandemic. The company filed its Chapter 11 petition to get rid of leases and lower its debt. Before the filing, it operated six full-price freestanding stores and eight outlet locations.
Chico's FAS

Number: 63 to 88, including 10 locations in Canada

Backstory: The women's specialty chain operates the nameplates Chico's, White House|Black Market and intimates concept Soma. In November, it said it closed 28 stores thus far and planned to close another 25 to 50 locations. The company's Canadian operations in August filed for bankruptcy, according to a regulatory filing with the Securities and Exchange Commission. The bankruptcy will result in Chico's exit from Canada, as well as the closure of four Chico's stores and six White|House Black Market doors in the Canadian market.
Gap Inc.

Number: 350

Backstory: The company's three main nameplates are its core Gap chain, Banana Republic and Old Navy. In October, it said it would close 220 Gap stores and 130 Banana Republic locations by 2023. The plan is to have 200 stores closed by the end of this year and another 75 locations in 2021. The balance of the targeted locations will close by the end of fiscal year 2023.
Carter's

Number: 200

The children's apparel chain is closing at least 200 doors, or 25 percent of its store fleet. About 60 percent will be close by the end of 2021, and 80 percent by the end of 2022.
Century 21

Number: 13

Backstory: This off-pricer has been a long-time fan favorite of New Yorkers and tourists. The retailer said it was forced to shut down operations after insurance providers elected not to pay $175 million under policies to protect against business disruptions during the pandemic. The retailer operated 13 stores.

American Eagle Outfitters

Number: 40 to 50

Backstory: The company, which also operates the Aerie intimates nameplate, plans to shutter 40 to 50 locations for the year, with about 250 leases set to expire. It also has another 250 store leases that will come up for renewal next year, which means that more store closures could be on the agenda in 2021.
Stein Mart

Number: 281

Backstory: The 281-door department store operator had already let go of most of its employees when it filed for Chapter 11 bankruptcy court protection. It had been on the watch list of credit analysts for a number of years. The company's intellectual property assets were sold to Retail Ecommerce Ventures for $6 million, a company that specialized in asset-light operations by owning retail business that sell online only. Recent acquisitions include Dressbarn and Pier 1.
Rent the Runway

Number: 5

Backstory: The company in August said it would close its five store locations to focus on online operations. It also plans to increase the number of drop-off locations.

Frye Company

Number: 16

Backstory: The company said it was closing all 16 stores, choosing to focus on its digital business.

Tailored Brands

Number: 500

Backstory: Too much debt on the books from its $1.8 billion acquisition of competitor Jos. A. Banks Clothiers Inc. in 2014 was a huge problem, exacerbated by a lack of cash flow when stores closed temporarily to help curb the spread of Covid. The plan was to close up to 500 stores, leaving it with a store base of 775 doors. The company exited bankruptcy on Dec. 1.

Click here for more details

Source: sourcingjournal.com– Dec 31, 2020

HOME

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Covid-19 Shipping Problems Squeeze China's Exporters

A logjam in the global shipping industry is testing the resilience of China's exporters, who have driven the country's economic recovery by churning out goods to meet surging global demand during the Covid-19 pandemic.

That demand in recent months has outpaced the capacity of a global shipping industry that has been slowed by pandemic safety measures. Chinese exporters have been paying sharply higher rates and struggling to find containers for their goods.

Chen Yang, who runs a textile trading unit at a state-owned enterprise in the southern city of Hefei, said the business, which mostly exports to the U.S., has weathered the pandemic and the China-U.S. trade war, but he expected to lose money in 2020 in part because of a sharp rise in shipping costs.

A 40-foot container arriving at the port of Charleston, S.C., in December cost Mr. Yang around $7,500, up from $2,700 in April, he said. He also has to book space on the vessel at least 20 days in advance, more than double the usual time.

"I have never seen anything like this in my 18 years of experience as an exporter," said Mr. Yang. "We've been operating at a loss since August."

The problem has been aggravated by a worsening imbalance in global trade. In November, China logged a record trade surplus of $75 billion, fueled by strong consumer demand from Western countries ahead of the holiday season for everything from electronic gadgets to furniture and bikes.

Major U.S. ports imported 2.21 million 20-foot containers in October, up 17.6% from a year earlier and setting a record since the National Retail Federation began tracking imports in 2002. Container freight rates from Asia to the U.S. surged to a record in September and rates from Asia to Europe reached a 10-year high in December.

Pandemic-related safety measures have lowered efficiency at ports, leading to delivery delays and containers getting stuck all over the world. In November, only half of global carriers managed to stay on schedule, compared with 80% a year ago, according to a service-reliability index from Sea-Intelligence.

The average turnaround time for containers returning to China was up to 100 days in December from the more typical 60 days, according to the China Container Industry Association.

“The logjam is completely unprecedented, both in terms of the scale of the surge and the duration,” said Tan Hua Joo, a Singapore-based consultant at Liner Research Services.

While economists say that shipping problems haven’t derailed China’s solid recovery yet, they pose a challenge to sustaining the export growth that has driven it.

China’s official manufacturing purchasing managers index, a gauge of China’s factory activity, suggested that growth slowed in December. A subindex for new export orders edged down from the previous month to 51.3%, though still in expansion territory.

China’s rapidly appreciating currency, the yuan, which has risen more than 8% against the U.S. dollar in the past six months, is also eroding the profit margins for Chinese traders, most of whom still accept payments in U.S. dollars.

Bruce Pang, head of macro and strategy research at China Renaissance Securities, said that high shipping costs would likely remain a major headache for most Chinese exporters until the Lunar New Year holiday in February, when most factories will close for at least two weeks.

"It will certainly strain cash flow for some smaller exporters, especially those trading in low-margin goods," said Mr. Pang. Many manufacturers have been reluctant to expand capacity and are cautious about taking new orders, he added.

Tony Chen, a toy exporter in the southern Chinese city of Shantou, said many of his clients in the U.S. and Europe have told him to halt delivery, because the hefty logistics costs have eroded their profit margins.

"It has been very frustrating," he said, adding that he has stopped accepting new orders from customers in recent weeks because he can't guarantee when he will be able to deliver.

In early December, China's ministry of commerce vowed to increase production of containers to ease the supply shortage, as well as monitor the shipping market more closely to stabilize costs.

But fixing the problems won't be easy. China International Marine Containers (Group) Co., the world's largest container producer, told investors in November that its factories are fully booked until the end of March. More than 95% shipping containers are built in China.

Churning out more container boxes could lead to a glut down the road, but some say that is the only viable option to ease the shortage now.

"You are damned if you do and you are damned if you don't," said Charles Du Cane, commercial director at Seastar Maritime Ltd., which operates dry bulk vessels. "The real solution to all of this is to deal with the pandemic and the global logistics system."

The logistics challenges are also prompting some exporters to rethink their supply chains. Shenzhen Xuewu Technology Co., an e-cigarette producer based in the southern Chinese city of Shenzhen, sells mostly to consumers abroad.

While 90% of its vaping products are shipped by air, those rates had risen by about 30% in December compared with a year earlier, with the shortage of shipping containers forcing more exporters to send their goods by air, said Fiona Fu, who leads the company's overseas logistics. Logistics costs now account for about 5% of the company's overall costs, up from 1% to 2% before the pandemic, she said.

Demand in existing markets such as Canada and Southeast Asia has grown during the pandemic as more people spend time indoors, according to Derek Li, co-founder of Shenzhen Xuewu. That has accelerated the company's plan to source more products locally to reduce reliance on exports from China.

"We want to be closer to our consumers as well as be subject to less pressure in logistics," said Mr. Li, "We won't let the pandemic stop us from expansion."

Source: wsj.com– Jan 04, 2021

HOME

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After Digital Wage Push, Why Are Bangladesh Factories 'Sliding Back to Cash?'

Mere months after Bangladesh's garment industry embraced digital wages for workers at the height of the coronavirus pandemic's first wave, factories are backsliding to cash payouts, a new study has found.

Despite a "massive shift" to digital payments in May, Microfinance Opportunities, in collaboration with the South Asian Network on Economic Modeling (SANEM), found that mobile banking's higher transaction costs coupled with workers' unwillingness to receive digital payments have halted and even rolled back progress.

Not all factories behaved the same way, however. Several were already digitized, others never digitized and some digitized and then reverted to cash. One "striking driver" of a factory's response to the digitization trend, the report found, is whether it is brand-facing—that is, it appears on a brand's supplier list or is named as a supplier to a brand on the open-source Mapped in Bangladesh or Open Apparel Registry platforms—or not.

Brand-facing factories are more likely to have paid their workers digitally before May 2020, and if they weren't doing so, were more likely to transition from cash to digital between April and May, the report said. Though factories in both categories have since turned back to cash, nearly 75 percent of those that are brand-facing were still paying digitally in September compared with 40 percent of their non-brand-facing counterparts.

Before the pandemic, Bangladesh lawmakers, in partnership with the Bangladesh Garment Manufacturers and Exporters Association, were pushing to bring 90 percent of the South Asian nation's 3.6 million garment workers under a digital wage system by 2021. Using digital and electronic payments instead of cash has the "potential to empower workers" by improving their access to financial services, savings, credit and insurance, according to the United Nations-based Better Than Cash Alliance, a multi-stakeholder initiative that includes fashion retailers such as Gap, H&M, Marks & Spencer and Zara owner Inditex.

Nonprofit BSR's HERproject initiative also found evidence that digital wages can help factories increase business efficiency by reducing processing costs and lost worker production time, prevent wage theft and promote financial inclusion and economic empowerment for women.

"So our data present[s] a puzzle: why are factories sliding back to cash? We need to do more work on this, but one possible explanation is that many factories never fully abandoned cash, they simply added digital payments to their cash processes," Microfinance Opportunities and SANEM's study said, noting that workers have been reporting some payments in cash and others digitally. "This was especially the case in July when many workers received their regular salaries digitally but other, Eid-related payments in cash."

The data suggests that policy makers who seek the digitization of payments through third parties should not assume that factories are able or willing to make the shift, "even if incentives are high," the report said, noting that the government's stimulus package to support temporarily laid-off workers during the country's Covid-19 lockdown in April was distributed digitally, giving the trend its temporary boost. Nor should it be a given that the benefits of digitization will be "immediately apparent," particularly if digital payments are being made in conjunction with cash payments rather than completely replacing them.

The groups, which conducted the study under a project known as the "Garment Worker Diaries," obtained their results by surveying 1,377 workers employed in factories across the main industrial districts of Chittagong, Dhaka City, Gazipur, Narayanganj and Savar between April and October.

Source: sourcingjournal.com– Jan 04, 2021

HOME

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NATIONAL NEWS

Exporters get some relief as Rlys moves empty containers free to CFS, ICD

Centre also explores ways to address shortage

Exporters struggling to cope with the container shortage in the country are somewhat relieved after Indian Railways issued orders for free movement of empty containers from the ports to the container freight stations (CFS) and Inland Container Depot (ICD) where they can be loaded for exports.

The Centre is also trying to ensure that not too many empty containers are taken out of the country by ships to other destinations, such as China, which may offer higher prices, so that the domestic shortage is alleviated to some extent.

“The container shortage is worldwide and not exclusive to India. Things have improved on the Western side of the coast as shipping lines have brought containers from outside. But in the Eastern coast the shortage is still there and efforts are on to improve the situation,” said Ajay Sahai, Director General, FIEO.

The Covid-19 pandemic has led to disruption in movement of goods as there is rise in demand for certain kinds and drop in others leading to erratic distribution of containers and inadequate availability for exports at many points.

The Indian Railways decision to move empty containers from ports, where the shipping lines unload them, to CFS, ICD and hinterland areas, free of cost for use by exporters has helped significantly, said Sahai. “This is a very good move and is helping the export-import community. If the service was not provided, the shipping companies would have tried to load it on exporters,” Sahai said.

Another way being explored to address the shortage is by restricting shipping lines from taking away a large number of empty containers, after unloading import shipments in India, to other destinations such as China for getting better prices.

"The logistics section of the Commerce & Industry Ministry and the Directorate General of Shipping had taken up the matter and some exchanges happened with the Port Authority of India on the matter of possible restrictions on empty containers being taken out of the country. Now, the chairman of each port is likely to take a decision on the matter," an official tracking the matter told BusinessLine.

Plea for regulatory body

Several export bodies have petitioned the government for a regulatory authority for the shipping sector similar to other sectors like real estate. "Countries like Sri Lanka have such authority. The whole idea is to at least have some standard checks and balances so that there is more transparency, cost effectiveness and certainty for export-import trade," FIEO pointed out in an earlier letter sent to the Commerce Ministry.

As per estimates made by the organisation, the export-import community remits $40 billion as shipping charges every year.

Source: thehindubusinessline.com– Jan 04, 2021

HOME

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India-US trade ties hit by tariff policies under Trump administration: US Congress report

Under the Trump administration, US-India tensions have increased over each side's tariff policies, a Congressional report has said, noting that the two sides have also held concerted negotiations to address these trade frictions.

The bipartisan Congressional Research Service (CRS), in its latest report, pointed out that India's recent tariff hikes on cell phones and other telecommunication goods went up from zero per cent to 15-20 per cent in the last few years.

"Under the Trump administration, bilateral tensions increased over each side's tariff policies. In general, India has relatively high average tariff rates, especially in agriculture. It can raise its applied rates to bound rates without violating its commitments under the WTO (World Trade Organization), causing uncertainty for US exporters," said the CRS report, which is prepared for the members of Congress ahead of trade decisions.

The United States and several other countries have requested to join various WTO dispute consultations against India, related to its technology tariffs, also questioning its compliance with the WTO Information Technology Agreement (ITA).

"India opposes the 25 per cent steel and 10 per cent aluminum national security-based 'Section 232' tariffs that the Trump Administration imposed in 2018. India repeatedly delayed applying planned retaliatory tariffs against the United States in hopes of resolving the issues bilaterally," it said.

After India lost its eligibility for the US Trade Preference Program, India imposed higher tariffs of 10 per cent to 25 per cent, affecting about USD 1.32 billion of US exports, such as nuts, apples, chemicals, and steel, the report stated, adding that the two sides are challenging each other's tariffs in the WTO.

"Under the Trump administration, the United States and India held concerted negotiations to address trade frictions. A potential trade deal could include partial restoration by the United States of India's GSP (Generalised System of Preference) benefits in exchange for certain market access commitments according to press accounts," CRS said.Yet, the long expected limited trade deal has not materialised to date, the report said.

Negotiations under prior administrations on a Bilateral Investment Treaty (BIT) are stalled due to differences on approaches on investor protection.

On the government-to-government trade policy, the CRS listed a set of key issues. Main among them was what aspects of bilateral trade relations would change or remain the same under a President-elect Joe Biden-led administration.

President Donald Trump, a Republican, is set to be succeeded by Biden, a Democrat on January 20 after he won the November 3 presidential election.

Other key issues were, what trade issues should the United States and India prioritise in future talks, the potential for broader trade agreement negotiations, will India and the United States renegotiate entry into the Regional

Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), or potentially seek other ways to engage on regional issues, and are there opportunities for the United States and India to bridge differences on multilateral trade issues.

Noting that India and the US have signed defense contracts worth more than USD 20 billion since 2008, up from USD 500 million in all previous years combined, the CRS said the future big deals are the purchase of an Integrated Air Defense Weapon System, valued at nearly USD2 billion, and 30 MQ-9B Sky Guardian drones worth more than USD 3 billion.

"India is eager for more technology-sharing and co-production initiatives, while the United States urges more reforms in India's defence offsets policy and higher Foreign Direct Investment caps in its defence sector. India's multibillion-dollar deal to purchase the Russian-made S-400 air defense system may trigger US sanctions on India under the Countering America's Adversaries Through Sanctions Act, the CRS said.

Source: financialexpress.com– Jan 04, 2021

HOME

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Six-pronged plan suggested for double digit growth in textile & apparel sector

Stronger focus on US market for apparel among measures suggested

The Coimbatore-based Indian Texpreneurs' Federation (ITF), which represents the entire value chain of the textile sector, has suggested a six-pronged strategy to achieve double digit growth in the textile and apparel sector, with the theme '2021-A year of progress for Indian Textile & Apparel Sector'.

As the Indian textile and apparel sector bounced back strongly after the turbulence caused by Covid-19, it hopes to achieve stronger growth in 2021. "As a sector, we are doing $35-37 billion exports (average of last few years) of all products put together. If all goes right, we can reach double-digit growth. We can make 2021 a year of progress for the Indian textiles and apparels sector," Prabbhu Dhamodharan, Convenor, ITF told BusinessLine.

As the Indian textile sector has staged a strong recovery and is gunning for big growth in the post-Covid era, ITF has outlined six key areas that need stronger focus to achieve their growth objectives.

Firstly, there should be a stronger focus on the US market for apparels. The Indian home textile sector was the biggest gainer in volume terms in the US market in the first 10 months of this year. Efforts should be made to repeat the success for Indian apparel.

Vietnam's FTA with the EU will intensify the competition for India in that region. At the same time, a level playing field with our top three competitors in the US market in terms of duty, combined with a quick economic recovery and consumption in the US, makes a compelling case for the Indian apparel sector to focus on the US market for immediate growth.

"We need to intensify efforts and focus at all levels, including the government, cluster and firm level, to grab our share in the US market in apparels," he said.

Secondly, it is time to focus on value addition with new capex. Using the low interest regime and easy liquidity, combined with robust demand visibilities due to post-Covid opportunities, it is time for the Indian textile & apparel sector to step up efforts in terms of new capex investment at various stages of the value chain, with a single focus on value addition with the goal of a 20 per cent increase in per product revenue.

Thirdly, the Indian apparel sector should use the forthcoming PLI scheme as the stepping stone for much-needed product diversification and innovation in the MMF (man-made fibre) space, and build scale to attract global buyers.

Other key areas include focus on technology adoption and digitalisation with Industry 4.0 strategies, development of an agile mindset and focus on discipline in credit cycles.

The industry is currently managing the trade well, with sufficient liquidity due to infusion of funds in the system with the Central Government's ECLGS scheme.

The sector needs to utilise the opportunity to maintain financial discipline, to work on shorter credit terms across the value chain to improve business performance and sustain the recovery momentum, he said.

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

Source: thehindubusinessline.com– Jan 04, 2021

HOME

****

Gujarat textile industry sees jump in export orders

After an increase in purchases by domestic buyers, the textile industry in Gujarat is now witnessing encouraging export demand from Europe, USA, Australia and New Zealand.

The textile industry went through a tough period from April to July 2020 following the Covid-19. Now, however, demand is high on both the domestic and international fronts.

"From August, textile units started functioning again amid scattered orders from domestic buyers. By Diwali, most textile manufacturers got many orders from all across the country.

Not only were manufacturers able to exhaust unsold inventory, but also the entire textile value chain, especially in Ahmedabad and Surat, experienced unprecedented business opportunities," Gaurang Bhagat, president of the Ahmedabad-based New Cloth Market, said.

He said that from December 2020, home textile, cotton and synthetic fabric manufacturers started getting exports orders too.

Bhagat, who is also the trade committee chairman of the Gujarat Chamber of Commerce & Industry (GCCI), claimed that some importers from the US, Europe, Australia and New Zealand have decided to source textiles from Indian suppliers instead of China, Pakistan and Turkey.

He said the industry is also benefitting from the textile exhibition FABEXA 2020, in which participants from 52 countries took part. Organisers were forced to hold the exhibition online, but the efforts seem to be translating into real business, Bhagat said.

Sanjeev Sancheti, CFO Welspun India, said that domestic textile players are getting extra export business as global brands are finding it risky to depend on suppliers from a single country due to the pandemic. “China being the dominant supplier is obviously losing some part of supply to India. This new situation is advantageous for smaller textile players. Welspun, being a big company, already has long-term supply orders. However, we are expecting a significant upside in the flooring textile space,” Sancheti said.

Anand Prakash, general manager of Ahmedabad-based Nandan Terry, said his company recently received export orders till June this year. “Retailers in Europe, US and other markets have run out of stock and need to create inventory for four to five months, which is a huge quantity. Suppliers in Pakistan and Turkey have capacity restrictions. In the case of China, there is a trust deficit due to the outbreak of coronavirus. Hence, the Indian textile industry is benefitting,” Prakash said.

Source: financialexpress.com– Jan 05, 2021

HOME

****

GST compensation shortfall: Tenth weekly instalment of ₹6,000 cr released to States, UTs

The Finance Ministry has released the 10th weekly instalment of ₹6,000 crore GST compensation shortfall to States. Out of this, ₹5,516.60 crore has been released to 23 States and ₹483.40 crore to Delhi, Jammu & Kashmir and Puducherry), the Union Territories with Legislative Assemblies, who are members of the GST Council.

The remaining five States, Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim do not have a gap in revenue on account of GST implementation. Now, more than 50 percent of the estimated GST compensation shortfall has been released, an official release said.

The central government had set up a special borrowing window in October 2020 to meet the estimated shortfall of ₹1.10 lakh crore in revenue arising on account of implementation of GST. The borrowings are being done through this window by the central government on behalf of the States and UTs.

The amount has been borrowed this week at an interest rate of 4.1526 per cent. So far, ₹60,000 crore has been borrowed by the Central Government through the special borrowing window at an average interest rate of 4.6892 per cent.

The centre has also granted additional borrowing permission equivalent to 0.50 per cent of Gross States Domestic Product to the States choosing Option-I to meet GST compensation shortfall to help them in mobilising additional financial resources.

Permission for borrowing the entire additional amount of ₹ 1,06,830 crore has been granted to 28 States under this provision, the release added.

Source: thehindubusinessline.com– Jan 04, 2021

HOME

****

MEA warns of rising cyber frauds against exporters

The external affairs ministry has cautioned the commerce ministry against rising cyber frauds against Indian exporters, which are causing a spike in bilateral trade disputes.

This has prompted the Directorate General of Foreign Trade (DGFT) to issue an adisory to exporters to put in place adequate security protocols to ward off such frauds. Cyber frauds are the latest in a series of adversities—from a Covid-induced fall in shipments to an acute container shortage and a drastic cut in official benefits — to hit exporters this fiscal.

In a trade advisory for export organisations, traders and regional authorities on Monday, the DGFT said: “The ministry of external affairs has informed that email spoofing/phishing cyber frauds are causing increased bilateral trade disputes.

Though this is registered as a cybercrime in the respective jurisdictions of the country, the authorities cannot do much to reverse the transaction. The victims end up being the Indian exporters who after supplying the goods, have neither the goods in their possession nor have received payment for it.”

The DGFT said after examining the matter, it found that such issues can be largely tackled by implementing security protocols such as sender policy framework, domain keys identified mail and domain-based message authentication reporting & conformance. It has also asked its regional authorities to sensitise exporters through outreach programmes. The exporters should have better passwords and they could confirm bank details by another channel such as a secure voice line.

A contraction in merchandise exports narrowed to 0.8%, year on year, in December from 8.7% in the previous month, according to a preliminary estimate released by the commerce ministry on Saturday. But imports rose at a faster pace of 7.6% in December, the first increase since February, driving up trade deficit to a 25-month high of $15.7 billion.

Source: financialexpress.com– Jan 05, 2021

HOME

****

Cargo volumes at dozen state-owned ports decline 8.8% during April-December

Containers alone dip by 10.99 per cent

The country's dozen state-owned ports handled a combined 477.755 million tonnes (mt) of cargo during April to December, 8.8 per cent lower than the 523.844 mt in the same period last year.

Barring Mormugao Port Trust, all the other 11 ports continue to suffer from volume declines triggered by the Covid-induced demand destruction. However, the extent of volume decline year-on-year has been reducing since July, suggesting a recovery in India's external trade, according to the Ministry of Ports, Shipping and Waterways.

Petroleum, Oil and Lubricants (POL) cargo comprising crude oil, petroleum products, LPG and LNG, other liquids, thermal and steam coal, coking coal and containers continue to suffer volume declines during the April to December period compared to last year.

Container volumes declined 10.99 per cent to 6.706 million twenty-foot equivalent units (TEUs) from 7.534 million TEUs a year ago.

Jawaharlal Nehru Port Trust handled 3.222 million TEUs during April-December, lower than the 3.778 million TEUs last year.

Container volumes at Chennai Port Trust grew to 1.066 million TEUs during the nine months of FY21 from 9,60,000 TEUs in FY20.

Cochin Port Trust also recorded higher container volumes at 4,78,000 TEUs from 4,66,000 TEUs during April-December of FY20.

Thermal and coking coal plunged 16.43 per cent and 12.13 per cent respectively during the period to 55.164 mt and 36.963 mt respectively from a year ago.

Iron ore including pellets jumped 28.64 per cent to 50.662 mt during the period compared to 39.382 mt last year.

Finished and raw fertiliser cargo witnessed an increase between April and December, registering 5.19 per cent and 12.96 per cent growth respectively to 8.080 mt and 5.578 mt respectively from a year earlier.

POL cargo declined 16.71 per cent to 148.269 mt from 178.006 mt from a year ago.

Mormugao Port Trust handled 14.530 mt between April and December from 11.777 mt a year ago, clocking a growth of 23.38 per cent.

Paradip Port Trust has re-bounded with volumes almost reaching the levels seen during the nine months of FY20. The port located in Odisha handled 82.441 mt between April and December 2020 from 83.617 mt compared to the previous year, a decline of 1.41 per cent.

Source: thehindubusinessline.com– Jan 04, 2021

HOME

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Skill development: Govt sees 51% jump in manpower trained at MSME Tool Rooms, Tech Centres in FY20

Skill, Labour, Talent for MSMEs: MSME Ministry's 28 Tool Rooms and Technology Development Centres in the country engaged in providing tools, trained workforce, and consultancy services in tooling and related areas have seen a jump of 51 per cent in the number of people trained or skilled in the financial year 2019-20 from the preceding FY. From 1,69,556 manpower trained in FY19, the number increased to 2,56,170 in FY20, according to the data sourced from the MSME Ministry's Development Commissioner (MSME) — Skill Development Management Information System. The growth rate was also up from a 37.6 per cent jump in trained personnel during the FY18-19 period.

Tool Rooms or Technology Centres provide precision tooling along with new technologies including CAD/CAM, CNC machining for tooling, vacuum heat treatment, rapid prototyping, etc. apart from providing skilled manpower. The existing centres cater to markets such as footwear, electronic system design and manufacturing (ESDM), aerospace, auto parts, sports goods, glass, fragrance and flavour, etc. located in cities and towns including in Bhubaneswar, Jamshedpur, Kolkata, Ahmedabad, Ludhiana, Chennai, Bhopal, Bengaluru, Pudi, Rohtak, Guwahati, etc.

The total skilled workforce strength in FY19 was out of 1,99,073 manpower being trained out of which 29,517 were in-progress during the financial year. Likewise, the total manpower receiving training in FY20 stood at 2,80,655 out of which 24,485 were in-progress trainees.

For FY21 so far, 46,980 was the total reported number of trainees at these 28 Tool Rooms and Technology Development Centres out of which 39,028 were trained and 7,952 were in-progress, according to the latest data as of January 4, 2021, on the Skill Development MIS.

MSME Minister Nitin Gadkari in August 2020 had said that the government is setting up 15 new Technology Centres along with upgrading the existing 18 such centres to assist MSMEs in their technical upgradation and also to create skilled manpower required to make India a manufacturing hub. However, the government is now looking to lease these centers to engineering institutions for practical training to the youth towards research and innovation.

“We already have a lot of technology centers in the country and till now we have invested Rs 6,000 crore in it. But now we are planning to give technology centers on a lease basis to engineering colleges, IITs, polytechnic colleges, and industry associations for them to understand what exactly practical training is needed in that area.

We need to develop products, designs and it is the need of the hour,” Gadkari had said in December during a webinar organised by a pro-entrepreneurship alliance of organisations — Global Alliance for Mass Entrepreneurship (GAME).

Source: financialexpress.com– Jan 04, 2021

HOME

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FDI equity inflow up 21% to $35.3 bn in Apr-Oct: DPIIT

Foreign direct investment (FDI) equity inflows into India grew by 21 per cent to $35.33 billion between April and October of this fiscal from $29.31 billion during the same period in the previous, according to the Department for Promotion of Industry and Internal Trade (DPIIT), which recently said total FDI rose by 11 per cent to $46.82 billion during the period from $42.06 billion in April-October 2019.

Sectors that attracted maximum foreign inflows include computer software and hardware, services, trading, chemicals and automobile. The country attracts maximum funds from Singapore, the United States, Mauritius, the Netherlands, the the United Kingdom, France and Japan.

In the last one year, the government has eased FDI policy in several sectors including insurance intermediaries and defence. "26 FDI applications marked to DPIIT have been disposed of in 2020," it added.

The department also said total 84 plots admeasuring nearly 554.73 acres have been allotted to companies with investment to the tune of over ₹6,100 crore. Nine companies have also started their commercial production, DPIIT said. An investment clearance cell (ICC) to facilitate and support businesses through a one-stop digital platform–the central single window system--is being set up and the platform is planned for launch with select states by April 15.

"This national portal will integrate the existing clearance systems of the various ministries/departments of Government of India and state governments without disruption to the existing IT portals of ministries," DPIIT said.

It added that DPIIT now aims to develop the first annual 'Industrial Park Rating System 2.0' that would widen its coverage and aim to bring in qualitative assessment further to the pilot phase.

Under this exercise, the assessment of industrial parks including private industrial parks with introduction of qualitative indicators for assessing these parks will be undertaken this year.

Source: fibre2fashion.com– Jan 04, 2021

HOME

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Manufacturing PMI improves a bit to 56.4 in Dec

Falling employment remains a concern

Manufacturing activities expanded further in December as the Purchasing Managers' Index (PMI) moved a tad higher to 56.4 in the last month of calendar 2020. It was 56.3 in November.

However, the bad news is that job shedding continued for nine months. This is significant as the manufacturing sector is considered the biggest job multiplier in the economy. Manufacturing has a share of over 15 per cent in the Gross Domestic Product (GDP).

Manufacturing PMI is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses.

The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The headline PMI is a weighted average of the following five indices: New Orders (30 per cent), Output (25 per cent), Employment (20 per cent), Suppliers' Delivery Times (15 per cent) and Stocks of Purchases (10 per cent).

Broad-based recovery

Pollyanna De Lima, Economics Associate Director at IHS Markit, said the latest PMI results for the Indian manufacturing sector continued to point to an economy on the mend, as a supportive demand environment and firms' efforts to rebuild safety stocks underpinned another sharp rise in production. It's important to emphasise the broad-based nature of the recovery, with marked expansions in both sales and output noted across each of the three monitored sub-sectors.

"Once again, the survey brought the bad news of falling employment. However, the trend for jobs is at least moving in the right direction as the rate of contraction softened to the weakest in the current nine-month period of reduction," she said.

Further, the latest available official data pointed to a 3.5 per cent annual increase in manufacturing production during October, when the PMI Output Index had strengthened considerably. In the two months since, growth lost some momentum and the official results are likely to show a similar pattern. But, "when we combine the latest three months, we see that the performance of the manufacturing industry for the third quarter of fiscal year 2020-21 was notably better than in the second quarter. The three-month PMI average rose from 51.6 to 57.2," she said.

Covid-19 impact

A report accompanying the survey result highlighted that employment decreased in December, thereby stretching the current sequence of job shedding to nine months. Companies stated that government guidelines to have employees working only on shifts and difficulties in finding suitable staff were the key factors causing the latest fall in payroll numbers. However, the pace of contraction was moderate and the weakest in the current downturn period.

Input cost inflation accelerated to a 26-month high in December, with panellists noting increased prices for chemicals, metals, plastics and textiles. Output charges were lifted in response to rising cost burdens, but here the rate of inflation was only marginal.

Indian manufacturers maintained an upbeat view that output will increase in the coming year. However, the degree of optimism weakened to a four-month low as some firms were concerned about the lasting effect of the Covid-19 pandemic on the global economy.

Source: thehindubusinessline.com– Jan 04, 2021

HOME

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India may impose anti-dumping duty on viscose spun yarn

The Directorate General of Trade Remedies (DGTR) under India's ministry of commerce & industry has recommended imposition of anti-dumping duty on import of viscose spun yarn. In its investigation, the DGTR has found that the domestic industry has suffered material injury caused by dumped imports of viscose spun yarn from China Indonesia and Vietnam.

"The product under consideration is viscose spun yarn containing 85 per cent or more by weight of artificial viscose staple fibre, other than sewing thread, not put up for retail sale," the DGTR said in its final findings.

Viscose spun yarn under tariff headings 55101110, 55101210, 55101190, 55101290, 55109010, and 55109090 originating in or exported from China, Indonesia and Vietnam will attract duty ranging from $0.25 per kg to $0.80 per kg for five years from the date of Notification to be issued by the Central Government, the DGTR said in its final findings.

Reacting to the development, Palladam Textile Association & Erode Viscose Fabrics Manufacturers Association spokesperson, said, "In recent months the demand for viscose fabric has seen sharp increase due to growing usage in womenswear like kurtis.

The production of viscose-cotton blended yarn is currently limited to a few spinning mills in and around Erode. These spinning mills are able to meet only 50 per cent of the domestic demand, which has resulted in rise in imports.

"Viscose spun yarn prices which were around ₹145 per kg, have today increased to ₹220 per kg due to the announcement made by the government. Now it is not the right time to impose anti-dumping duty on viscose spun yarn."

In a representation to the Central government, the associations have said that the imposition of duty will lead to closure of over six lakh units resulting in job loss to over 15 lakh workers.

Source: fibre2fashion.com– Jan 04, 2021

HOME

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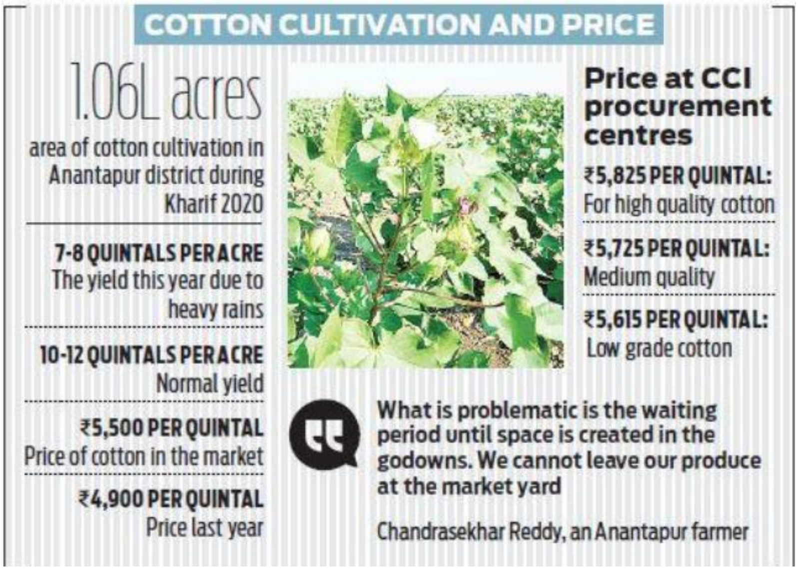
Lack of procurement centres hits cotton farmers in Andhra Pradesh

Cotton farmers of Anantapur, who suffered due to vagaries of nature earlier, are now suffering due to lack of procurement centres in the district. The district has two cotton procurement centres in Gooty and Tadipatri, while Rythu Bharosa Kendras (RBKs) are limited to registering the names of the cotton growers.



Cotton is cultivated in 1.06 lakh acres in the district during Kharif 2020 and the yield has come down due to heavy rains. As against the normal 10 to 12 quintals per acre, the yield this time was seven to eight quintals only.

However, with the prices of cotton having increased in the market, the farmers are hopeful of covering their losses. As against Rs 4,900 per quintal, the cotton price in the market on an average is Rs 5,500 per quintal. The cotton procurement commenced in the state nearly one month ago.

The Cotton Corporation of India (CCI), which opened two procurement centres, is paying Rs 5,825 per quintal for high quality cotton and Rs 5,725 per quintal for medium quality and Rs 5,615 for the low grade cotton to the farmers. But the farmers cannot go directly to the CCI procurement centres and sell their produce.

They have to get their names registered with the RBKs and only after getting an alert on their mobile phones, they can go to the procurement centres. The farmers have to wait for their serial number and the produce will be procured depending on availability of space in the warehouse of the CCI procurement centres.

As the process takes two to three days, the farmers sell their produce to middlemen for lesser prices. Despite good cotton prices in the market, only middlemen appear to be gaining profit.

In the last one month, CCI procurement centres procured 10,000 qunitals, while the total produce in the district is around 10 lakh quintals. It is learnt that there is no space in warehouses to store cotton in large quantities, a reason for slow procurement.

“Expenses for travel and transportation of cotton bales are negating our profit. We will stand to benefit if the procurement takes place in our village. What is problematic is the waiting period until space is created in the godowns. We cannot leave our produce at the market yard,” said Chandrasekhar Reddy, a farmer from Othakallu village in Gooty mandal.

CCI commercial executive Sharat said the procurement commenced one month ago. “The procured cotton is being sent to the spinning mill in Adoni of Kurnool. The procurement will continue till March,” he said.

Source: newindianexpress.com– Jan 04, 2021

HOME

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