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INTERNATIONAL NEWS

EU strategy for textiles roadmap published

A roadmap setting out the European Union (EU) strategy for sustainable textiles was published early this month. The initiative, launched by the European Commission, notes that the strategy is aimed at shifting the EU to a climate-neutral, circular economy where products are designed to be more durable, reusable, repairable, recyclable and energy-efficient.

The strategy’s focus is the textile industry and its recovery from the pandemic-induced crisis in a sustainable way, and also to make it more competitive, applying circular economy principles to production, products, consumption, waste management and secondary raw materials. The initiative is likely to lead to legislative measures, including in the realm of waste textile products.

The initiative, intended to boost the EU market for sustainable and circular textiles, may lead to the setting of targets to significantly increase reuse and recycling efforts as well as green public procurement in the EU.

Actions will be proposed for a greener textiles environment, addressing weaknesses in sustainable production, sustainable lifestyles, and the presence of hazardous substances. Proposals will also be made to improve waste textiles collection and recycling in the member states.

As part of the proposal-launching process, the Commission will consult stakeholders including all industry players. These will include fibre, yarn, fabric or clothing manufacturers, small and medium enterprises and global companies, as well as suppliers, retailers and other service providers. The initiative has a feedback deadline of February 2.

Source: fibre2fashion.com– Jan 19, 2021
US PPE imports likely to rise in 2021: TexPro

The COVID-19 pandemic forced authorities in the US to increase PPE imports in 2020, and looking at the current situation it is very likely that PPE imports will further go up in 2021, according to TexPro. The US is one of the severely hit countries due to the pandemic, with daily reporting of over 0.2 million new cases in the last two months of 2020.

PPE imports during January-October 2020 witnessed a staggering growth of 312 per cent in terms of value to reach $16.5 billion, compared to the same period in 2020, according to data from TexPro.

In terms of trade partners, China emerged as a clear winner for PPE exports to the US and accounted for approximately 68 per cent of the overall imports in terms of value followed by other nations namely Mexico, Malaysia, Vietnam and Thailand, according to Fibre2Fashion's market analysis tool TexPro.

Looking at the current efforts to tackle the pandemic and its long-term effects, healthcare agencies in the US, as well as across the world, are preparing themselves for the long-term battle. It is very likely that these agencies will dedicate large chunk of their spending towards buying protective gears in order to keep their frontline workers battle ready for the upcoming challenges in the near future.

Click here to read the full article on demand for PPE in US

Source: fibre2fashion.com – Jan 19, 2021
Retailers may need to alter European supply chains: Fitch

Pan-European retailers may need to adapt their supply chains due to the Brexit trade deal, requiring extra investments and expenses, according to Fitch Ratings, which recently said supply disruptions caused by the implementation of new measures will likely lead to loss of revenue for retailers, in some cases temporarily, and some margin compression due to incremental costs.

Supplies to Northern Ireland are subject to a special protocol, which requires additional certifications and administrative procedures.

The Brexit deal keeps trade in goods between the European Union (EU) and the United Kingdom tariff-free, which is a much better outcome for retailers than a no-deal World Trade Organisation (WTO) scenario with tariffs on all trade.

However, any re-exports from UK warehouses of goods produced in third countries are subject to tariffs in the EU. Furthermore, new border checks slow down logistics. Many stores operated by UK retailers in the EU have been experiencing supply shortages since the new deal came into force at the beginning of the year. The most-affected product groups are those with a short shelf life, such as ready meals and some fresh fruit and vegetables.

Some Pan-European retail companies may need to make adjustments to their supply chains to avoid additional tariffs and accelerate the movement of goods, Fitch said in a press release. These may include broadening transportation modes, increasing warehouse capacity in the EU, if not already done so ahead of the Brexit deadline, and finding alternative suppliers.

Northern Ireland applies EU internal market and customs rules, meaning that shipments from mainland UK will soon become subject to new controls. The Northern Ireland protocol envisages a three-month grace period with simplified controls until March 31, so that retailers can adapt their supply chains to the new trading conditions.

Paperwork requirements have already increased and stores in the region have reported supply shortages in January. The heads of the largest UK retailers warned about a potential cliff edge at the end of the grace period when the full range of new rules is enacted. This could affect certain
retailers, depending on their presence in both Northern Ireland and the Republic of Ireland, the ratings agency said.

Retailers could experience loss of revenue as a result of supply disruptions, which, however, Fitch expects to be temporary and to ease within several months. Retailers could also incur costs due to emergency measures to reduce supply shortages.

Supply chain adaptation and increased certification requirements could lead to additional expenses and investment needs, although Fitch-rated retailers, especially those operating in the food segment, could accommodate those within their current ratings.

The outlook for the European retail sector is stable, supported by Fitch’s expectations of stable performance in food and improving performance in some non-food segments from the second quarter of 2021, despite logistical and supply disruptions affecting operators with a significant presence in the UK.

Fitch expects revenue dynamics among the segments to begin to converge towards end-2021, assuming the coronavirus starts abating across Europe in the spring, which will contrast with wide lockdown-driven divergences at the height of the pandemic.

Source: fibre2fashion.com– Jan 19, 2021
China: Polyester filament yarn price may inch down in short run

Price of polyester filament yarn kept rising for 2 months since late-Nov, 2020. Taking POY150D/48F as an example, price of it has increased by 1,300yuan/mt or 26% from 5,000yuan/mt to 6,300yuan/mt since late-Nov.

In the first month of increase, PFY price was mainly driven by downstream orders and ascending cost. Downstream buyers were active in chasing up and replenishing.

In the second month, downstream buyers were forced to restock for speculation with mounting feedstock cost but modest new orders. Price increase of PFY lacked strong momentum. Only new orders for fabric for home textiles were tolerable.

Actually, stocks of PFY were low now but price of PFY lacked upside stimulus. Recent increase was mainly driven by rising feedstock as downstream procurement has apparently weakened.

Sales of PFY have been lackluster for a period and price of PFY showed signals to head south. Actual trading price of Lianda and Tongkun was discounted by 100yuan/mt and other plants may successively cut price for promotion in later period. Price of PFY is expected to inch down in short run.
Sales and orders of fabric mills have apparently diminished recently. On one hand, the pre-holiday orders have come to tail-in stage; on the other hand, most post-holiday orders were in deadlock due to price issue. Fabric mills were reluctant to offtake under losses while fabric traders were unwilling to place orders under high price.

Operating rate of downstream fabric mills started descending obviously since last week as many non-local workers started returning to home for the Spring Festival holiday in advance, worrying the pandemic to affect their schedule. The run rate of downstream plants may reduce by 20% every week in the following 3 weeks.

Almost all downstream mills will suspend production by the first weekend in Feb. Around 5% of fabric mills do not intend to have holiday based on our survey, and around 10-15% of twisting units will not have holiday for this Spring Festival holiday.

As for the replenishment for the post-year production, 70-80% of downstream mills expect PFY price to reduce later or think current price to be high, adopting looking-on mindset and not restock for production after holiday now.

Only a small proportion of players start building up stocks for post-holiday production. If feedstock price declines moderately, downstream players may increase replenishing for the production after Spring Festival holiday and sales of PFY are likely to hike periodically.

Source: ccfgroup.com– Jan 19, 2021
Heimtextil, Techtextil & Texprocess postponed until 2022

Messe Frankfurt, the trade fair organiser, has announced that after consultation with customers, it has decided to postpone international physical trade fairs planned for April and May—Prolight + Sound, the International Consumer Goods Show, Heimtextil, Techtextil and Texprocess—as a result of regulations and travel restrictions that have been imposed.

“The coronavirus pandemic has taken centre-stage, and our plans have not escaped its impact. In light of the current situation, it would not be possible for us to satisfy our customers’ requirements for international trade fairs in April or May,” Detlef Braun, member of the executive board of Messe Frankfurt, said in a press release.

That is why Messe Frankfurt has decided, following close consultation with its customers and partners, to postpone the hybrid Prolight + Sound event planned for April and the three textile fairs Heimtextil, Techtextil and Texprocess scheduled for May, and to cancel the International Consumer Goods Show scheduled for April.

An annual spring event is essential for the trend-based order cycles in the entertainment, technology, consumer goods and textile industries, which means that postponing these events until the second half of the year would not serve the interests of exhibitors.

In addition, this is the time when industry participants normally shift their preparations into high gear, logistics lead time that is particularly essential for exhibitors at Techtextil and Texprocess, some of whom need to bring machinery to Frankfurt for their presentations. As a result of the current situation and ongoing travel restrictions, exhibitors are faced with huge uncertainties regarding who will be allowed to be present and their customer contacts, making it extremely difficult to commit to trade fair participation.

Due to the fact that physical events are not possible, Messe Frankfurt has created numerous digital offerings for its customers. Consumer Goods Digital Day on April 20, 2021, for example, offer customers the opportunity to get together at a digital location where they can engage in dialogue and obtain information.
“The content of the Digital Day will be focused on ways in which retailers can help their businesses, particularly since it has not been possible to hold any international flagship fairs in Frankfurt featuring the relevant presentation possibilities and supporting programmes since Ambiente 2020. This content will be supplemented by the opportunities presented by Nextrade, the first order and data management portal for the home and living sector,” Messe Frankfurt stated in the release.

“Nextrade also offers attractive possibilities for manufacturers of finished home and household textiles to present their products, as well as a frequently used channel through which they can promote business with retailers and traders. Additional digital information and content offerings are already being planned for Heimtextil, Techtextil, Texprocess and Prolight + Sound,” the press release said.

“The ongoing shutdown of retailers in our visitor countries has made relevant up-to-date information and solutions essential, and we are satisfying this demand with our digital offerings during this volatile time. As you know, we are also continuing to do everything in our power to make safe and successful trade fairs possible, because nothing can take the place of face-to-face encounters,” Braun said.

As a result, Heimtextil will now take place from January 11-14, 2022, followed by Christmassworld from January 28 - February 1, 2022, and Paperworld and Creativeworld from January 29 - February 1, 2022. Ambiente will be opening its doors from February 11-15, 2022 in its customary slot, followed by Prolight + Sound from April 26-29, 2022. Techtextil and Texprocess will then take place in the second quarter of 2022.

Source: fibre2fashion.com– Jan 19, 2021
The Australian Wool Innovation releases ‘Wool 2030’ strategy

The Australian Wool Innovation (AWI) has released its Wool 2030 strategy. The strategy represents the fulfilment of recommendation 1.3.4 from the 2018 Review of Performance of AWI by EY, to ‘Develop a ten-year wool strategy to inform AWI’s three-year Strategic Plans’.

AWI asked the Woolgrower Consultation Group (WCG) to provide oversight of the development of the Wool 2030 strategy. The WCG has a membership of 29 wool industry groups as well as a representative of the department of agriculture, water and the environment and the independent chair of AWI’s woolgrower industry consultation panel.

Each WCG member was asked to invite a ‘next generation’ counterpart to participate in Wool 2030, effectively doubling the size of the group. More than 800 woolgrowers helped write the report that was overseen by AWI’s Wool Consultation Group (WCG) and the Wool Industry Consultative Panel (WICP).

The key themes from the strategy include the need for better communication and understanding along the wool pipeline. Sustainability is a key attribute sought by today’s consumer, and Australian wool will continue to be promoted for its ‘natural’ advantages of being renewable, recyclable and biodegradable. Improved animal welfare will be also on focus. The Merino ewe will continue to be the cornerstone of the Australian flock, AWI said in a media statement.

The harnessing of new technology promises on-farm efficiencies and solutions to longstanding challenges such as wool harvesting and parasite control. People are also a focus of the plan, which envisions a united, cohesive industry that attracts younger generations.

Oversight of the plan will be provided by Wool 2030 steering group comprising an independent chair, and representatives of national woolgrower and stud breeder organisations and members from all sectors of the wool pipeline.

Source: fashionatingworld.com– Jan 19, 2021
Unlike popular belief cotton is not a water-intensive crop, say experts

Although denim industry engages in many wasteful practices and needs improvements throughout the supply chain experts feel cotton statistics claimed in most studies are both inaccurate and counterproductive. Transformers Foundation, a nonprofit organization for denim professionals seeking to make positive change, hosted a webinar featuring a panel of cotton experts who discussed the nuances that many global average figures fail to address.

The first claim by the World Wildlife Fund, which states that 2,700 liters of water are needed to make an average T-shirt, was contested by Simon Ferrigno, a freelance researcher and writer. Ferrigno said, this statistic is fairly meaningless. There is no global average, because there’s no global average cotton production. Since water is utilized in different ways depending on the region it’s impractical to calculate an average that’s used across the board. Throughout his research, Ferrigno has seen the statistic range from 2,000 to 20,000 liters of water needed to make a T-shirt.

Instead of numbers, Ferrigno notes the focus should be on whether or not the water that’s used in the process can be cleaned and repurposed for other needs. Ferrigno is of the opinion that water is not actually used; it’s borrowed. There is a total amount of water on the planet. We use that for cotton production or other uses, and it goes back into a water system.

It’s a concept used by mills as a way to significantly reduce water usage and make their products eco-friendlier. Vietnam-based denim manufacturer Saitex is known for its on-site water recycling methods, which remove indigo dye and leave behind water that is safe for human consumption—some of which is even repurposed to brew coffee.

Experts say the numbers are inaccurate as the complexities surrounding water recycling and how that affects calculations. The panellist noted that cotton is essential, as the crop employs millions of people and feeds numerous species. CIRAD, the French Agricultural Research Center for International Development, calculated more than 1,300 insect and animal species that feed on the crop and rely on it for survival.
Keshav Kranthi, head of technical at The International Cotton Advisory Committee, also explained that cotton is not as water-intensive as many sources infer, noting that the majority of cotton crops around the world rely on rainwater. Calling the crop resilient, according to him many farmers throughout water-deprived regions in Africa and India prefer to grow cotton as a result.

Source: fashionatingworld.com– Jan 19, 2021
UK: Jaeger to close 63 stores, concessions after M&S deal

UK fashion brand Jaeger will permanently close all standalone shops and axe more than 200 positions, its administrators recently announced. The retailer went into administration in November last year after being hit hard by the impact of COVID-19. The administrators said they have now completed a deal for the sale of the stock and supporting marketing assets of the brand to Marks & Spencer (M&S).

However, the purchase does not include Jaeger’s 63 stores and concessions, which will be permanently closed.

FRP Advisory, which is handling the administration process, said 22 Jaeger head office staff and 211 store staff have been made redundant. The majority of staff were furloughed. The remaining six head office staff and seven warehouse employees have been retained by the joint administrators to assist them in their duties, according to British media reports.

Richard Price, managing director M&S Clothing & Home said: “We have set out our plans to sell complementary third-party brands as part of our wider Never the Same Again programme to accelerate our transformation and turbocharge online growth.”

Source: fibre2fashion.com– Jan 19, 2021
‘Exploitative’ Brands Are Crushing Garment Workers and Suppliers

The first wave of Covid-19 dealt garment manufacturers a devastating blow. Now, with the pandemic resurging across North America and Europe, triggering further lockdowns and sending whole economies crashing into existential despair, the odds of their survival—let alone recovery—remain dim.

Brands and retailers in the global north are generally taking a wait-and-see approach to the coronavirus crisis, even as a number of them continue to amass profits.

“I work for a sourcing office and being an intermediary, we are directly witnessing the factories being destroyed over brands’ one-sided exploitative actions,” Bappy Nurul Muktadir, director of operations at Evelyn Textiles in Bangladesh, told Sourcing Journal. “As the orders get suspended indefinitely, and worse, canceled, factories face skyrocketing liability on top of repeated worker unrest for layoffs or shutdowns.”

Indeed, it’s the workers furthest upstream who are bearing the brunt of buying decisions, which are designed to protect corporate coffers to the exclusion of all else, experts say.

A survey of 50 leading brands, published in November by the Business & Human Rights Resource Centre found a “mismatch” between the industry narrative of building back better and the lack of policy development to adequately protect the people who make its clothes. More than half (29) stayed in the black, yet nine had yet not committed to paying for any orders they canceled or suspended at the onset of the pandemic.

Just one company—PVH Corp., which owns Calvin Klein and Tommy Hilfiger—had coaxed its suppliers to implement a “pandemic policy” to ensure vulnerable workers are not being disproportionately targeted for layoffs, though 25 said they had a pre-existing policy that covered this and seven said they had reiterated the same policy to their suppliers.

At the same time, brands are becoming savvier about their buying strategies, said Thulsi Narayanasamy, senior labor rights lead at the Business & Human Rights Resource Centre. Though retailers may no longer be recklessly canceling orders outright because of the public outcry they’ll
attract, they might be finding other ways to drive down prices—say, by paying 30 cents for a T-shirt they paid a dollar for the previous year, she told Sourcing Journal.

The fact that only three—Aldi Nord, Aldi Sud and Lidl—made it a new policy not to ask factories for price reductions or discounts relative to comparable items commissioned during the previous season offered a “clear indication that [brands] are getting around the issue of making a big news story out of it by driving the prices down quietly, directly with their suppliers, which means that suppliers are not in a position to be able to speak out about it,” Narayanasamy said.

The ability for corporations to unilaterally dictate the terms of engagement is indicative of the massive power imbalance between buyers and suppliers, particularly at a time when factories are hungry for orders that will keep their doors open. Already, business is stuttering: In Bangladesh, the world’s second-largest exporter of clothing after China, overall exports for ready-made garments tumbled 16.9 percent year over year in 2020, a state of affairs that Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, described as “unprecedented.”

“Brands are able to dictate the terms of production and the price point and they’re still able to do that,” Narayanasamy said. “So if they’re all driving the prices down, suppliers aren’t really in a position to push back on orders, because they’re already in such a precarious situation.”

When the Worker Rights Consortium and the Center for Global Workers’ Rights at Penn State University polled 75 factories across 15 countries last year, they found that 65 percent of suppliers reported that buyers have demanded price cuts on new orders steeper than the year-over-year reductions they typically request. More than half (56 percent) of respondents admitted they’ve accepted orders below cost, and the majority said they’ll probably succumb to the same sooner rather than later.

Suppliers said they now have to wait an average of 77 days after they complete and ship new orders before they receive payment, compared with a pre-pandemic average of 43 days. While only 34 percent of buyers took longer than 60 days before the outbreak, one in four buyers are currently imposing payment terms of 120 days or more.

“Brands are having more success extracting concessions because the [lower] order volume has placed suppliers in a position where they’re even more
desperate than usual to get whatever orders they can grab,” said Scott Nova, executive director of the Worker Rights Consortium. “Supplier brands are taking advantage of that to squeeze them on price, and the new surge in the virus is likely to worsen that dynamic.”

Nate Herman, senior vice president of policy at the American Apparel & Footwear Association, says that companies have learned from the “lessons” of the first wave and “recognize the importance of keeping partnerships with their suppliers.” While the trade group has not issued formal guidance to its members, Herman said it encourages them to “try and avoid the situation we ran [into] back in late spring and early summer.”

“Labor conditions are still a critical part of the way we determine sourcing,” Herman said. “We are finding new ways to monitor labor conditions—obviously that has become much more difficult with the pandemic and the restrictions on travel and social distancing, but we are finding innovative new ways to do that. And that’s still a key priority for the industry.”

But price gouging is not only a current reality—it was probably happening all along, Nova said. While trade data showed that apparel imports shrank by $16.1 billion from April through June in the United States and from April through May in the European Union, a closer examination of the numbers reveals that the downswing in import value is as much due to a decline in prices as it is to a downturn in order volume.

“If you look at quarterly reports, you see companies talking about the savings they’re going to derive within the supply chain,” Nova said. “No doubt that [discounts have] been a source of profit for brands and retailers taking advantage of suppliers’ desperation.”

Meanwhile, the situation for garment workers grows more dire as a soaring number worldwide are reporting growing hunger, increased food insecurity and spiraling debt. Hundreds of thousands, if not more, have lost their jobs or are facing furloughs, and those who have managed to retain employment have seen their incomes fall an average of 21 percent from $187 to $147 per month between March and August, according to the Worker Rights Consortium. Financial relief, promised by governments or multi-stakeholder initiatives such as the International Labour Organization’s Call to Action, is neither enough nor easy to mobilize. And that’s if it’s described in more than the most nebulous of terms.
Without government aid or deferments of stimulus repayments, Huq recently warned, Bangladesh’s garment sector could collapse because of the “deep plunge into uncertainty” wrought by the pandemic’s second wave. Brands, too, need to live up to their promises of social responsibility, especially as the downturn in exports is likely to continue through April, Huq said.

“Covid is a great test for relationships,” she told Sourcing Journal. “Brands and retailers are in a better position to absorb uncertainties than us. Therefore it’s time we think about collaborative approaches to inset the shock element in their sourcing decisions. In brief, the whole sourcing model has to hit a reset button cushioned by empathy and understanding.”

To mitigate the suffering, labor groups such as the Clean Clothes Campaign are asking brands to share their wealth—literally—by publicly committing to a “wage assurance” guaranteeing that all workers making and handling clothes in their supply chains receive the full wages they are owed in accordance with labor laws and international standards.

Remake, a grassroots group, is asking 12 brands that have collectively raked in more than $1 billion in profits during the pandemic—Adidas, Amazon, Asos, Gap, H&M, Levi Strauss, Lululemon, Primark, Under Armour, Uniqlo owner Fast Retailing, Nike and Zara owner Inditex—to earmark 1 percent of their net revenue for garment worker relief. Remake also wants them to pay out 10 cents more per unit of apparel into a severance guarantee fund.

“Time is really of the essence,” said Ayesha Barenblat, founder and CEO of Remake. “And there’s really an urgency for brands to be committing to a wage assurance and to paying up. Covid has cracked wide open the hypocrisy of the love fest that the industry has around sustainability without actually being representative of the people that are most impacted.”

Source: sourcingjournal.com– Jan 19, 2021
Pakistan: Cotton output plunge poses threat to exports: PCGA

The continued and massive decline in the output of cotton crop is posing serious threat to the country’s textile exports.

Addressing a press conference on Monday at Karachi Press Club, Dr Jassu Mal, Chairman, Pakistan Cotton Ginders Association (PCGA) said that Pakistan was the fourth largest producer of cotton in the world however cotton production in the country has declined to a lowest level due to inconsistent policies.

“The cotton cultivation area has witnessed over 33 percent decline during the last few years and the cotton crop has come down to its lowest level in the last three decades, reaching 0.5 million bales from 1.5 million cotton bales,” he added.

He also informed that currently over 60 percent of ginning industry is completely closed due to lower cotton production in the country.

He said that the massive decline in production is a complete failure of government policies and lake of concentration to the cotton crop. “If the government does not take serious steps for increase in cotton crop, Pakistan will be completely deprived of cotton cultivation and accordingly textile exports,” he warned.

He demanded the federal and provincial governments to take serious notice of the worrisome situation in agriculture sector. “The government should formulate a special policy to modernize the cotton industry,” he suggested.

The decline in cotton crop has not only affected cotton growers but also cotton ginners, spinning weaving industries, textile and export sectors. Chairman PCGA urged the federal and provincial government to take serious on the massive decline in the cotton crop to save the country’s textile industry.

“The government should set up a Cotton Control Board on an emergency basis and set a target of 20 million cotton bales. Cotton crop zoning must be implemented in its true spirit,” he suggested.
Jassu Mal said that the government should also announce the cotton support price before the start of the cotton season to encourage the growers for cultivation of cotton crop.

In addition, new verities of cotton should be introduced to get more crop yield. PCGA chairman also urged for facilities like textile sector and concessional power tariff for ginning factories.

He said that due to the low level of cotton production, a total some 8 billion would be imported to meet the domestic industry demand and it will cost 3 billion dollar foreign exchange. India, Bangladesh, Brazil, Sudan and other countries have surpassed Pakistan by supporting and modernizing their cotton industry, while Pakistan is still relying on old technology, he maintained.

Source: brecorder.com– Jan 19, 2021
Cotton prices in the global market have increased by four percent since the beginning of 2021 on US Department of Agriculture (USDA) projecting lower opening stocks, production and ending stocks this season (October 2020-September 2021), raising hopes of the commodity exports from India.

“Going by current trends, India’s cotton exports can touch 65 lakh bales (170 kg each) and it can help reduce the country’s huge carryover stocks from last season,” said Rajkot-based raw cotton, yarn and spinning waste trader Anand Poppat.

However, Cotton Association of India (CAI) President Atul Ganatra said export demand is currently slow due to novel Coronavirus (COVID-19) lockdown in Europe and few more countries. His association has pegged exports at 54 lakh bales this season.

On January 19, cotton in New York quoted at 81.29 US cents (Rs 47,075 a candy of 356) per pound for delivery in March against the previous close of 80.70 cents. Cotton for May delivery ruled at 82.60 cents (Rs 47,850/candy) and July delivery at 82.91 cents (Rs 48,025), all up over the previous close. In comparison, India’s Shankar-6 variety, a benchmark for exports, was quoted at Rs 43,400-43,600 a candy.

On MCX, cotton for delivery next month was traded at Rs 21,420 a bale (170 kg), which converted to candy is Rs 44,856. “Prices in Indian markets are steady. We have seen a correction by Rs 500-800 last week,” CAI’s Ganatra said.

Raw cotton prices are tending to regain after a drop in prices. In Gujarat Rajkot district’s Dhoraji agriculture produce marketing committee yard, raw cotton ruled at Rs 5,680 a quintal on January 19 against the previous close of Rs 5,655.

Prices had topped Rs 5,700 a quintal on January 5 against the minimum support price of Rs 5,515 this season.
In its recent outlook for the cotton market, the USDA projected lower production in the US, Pakistan, and Mali. It said it would more than offset the higher production in Greece, Turkey and Australia.

In fact, the higher production in Turkey has been revised lower from a 16 percent increase to four percent. It said consumption estimates for China, the world’s largest consumer, and Turkey have been increased.

China could import as much as 135 lakh bales, the USDA said.

India, the world’s largest producer whose production has been pegged at 377 lakh bales by the US agency, could export nearly 64 lakh bales, it said. Poppat concurs with this outlook.

“We have to wait and watch if Indian cotton exports pick up,” CAI’s Ganatra said.

Poppat said that one reason for the current rise in global prices was speculation. “Open interests in cotton have increased with many speculators going long (betting prices will rise further). This follows reports of China’s textile exports being higher than last year,” he said.

“Chinese textile firms are importing yarn from Bangladesh and Pakistan since their pipeline is empty. In India, yarn prices have stabilised after a rise during December and early part of 2021,” he said.

While Ganatra expects cotton prices to rule steady, Poppat said chances were bright for a rise in the rates as also exports soon.

“Right now, exporters can avail of stocks from the Cotton Corporation of India (CCI), which is saddled with huge inventory. This is keeping prices on a leash, particularly since the CCI has fixed a cap for daily sale. If the cap is removed, prices can increase,” Poppat said.

Since October till the start of this week, 28-30 lakh bales of cotton have been exported. “There are clear records of these exports. This makes exports of 65 lakh bales a possibility,” the Rajkot-based trader said.

If the cotton futures in the global market rise another 3-4 cents, it could tend to push up Indian prices, he said, adding that prices in Gujarat were lower than in Maharashtra.
But the export demand would not affect the domestic spinning sector, which has two to 2.5 months inventory, Poppat said.

Ganatra said it would be good “at some point” if cotton and yarn rates rule stable for the Indian industry.

Poppat, however, sees premiums for quality cotton increase soon. “The availability of quality cotton is a little lower,” he said.

In view of export prospects being good, he expects cotton carryover stocks to drop to 85 lakh bales this season against 125 lakh bales last season. CAI has, however, projected the carryover stocks at 113.50 lakh bales.

The carryover stocks estimate is on the back of India’s cotton production being pegged at 358.50 lakh bales by CAI against 360 lakh bales last season. The Ministry of Agriculture, in its first advance estimate of commercial crops for 2020-21 season (October-September), has projected cotton production at 371.18 lakh bales.

Carryover stocks are higher as the textile industry had to shut during the COVID-19 lockdown.

Source: moneycontrol.com – Jan 19, 2021
Centre may allocate ₹10,000 cr for new duty drawback scheme

Govt may not be able to provide the entire ₹70,000 cr needed for RoDTEP scheme amid fund crunch

The Centre may need ₹60,000-70,000 crore for the new duty drawback scheme for exporters, which replaces the Merchandise Exports from India Scheme (MEIS). However, the central government may not be able to provide for the entire amount in the FY22 budget, former commerce secretary G.K. Pillai, who heads the committee to decide the reimbursement rates, said.

The new Remission of Duties and Taxes on Exported Products (RoDTEP) scheme came into effect on 1 January, but the rates are yet to be finalized. Exporters will receive retrospective benefits once the rates are firmed up.

"The government just does not have the money this year. I think they are giving only ₹10,000 crore for RoDTEP (in the Budget). My estimate is it may need ₹60,000 -70,000 crore. You will know how much they finally allocate within two weeks," Pillai told Mint. Finance minister Nirmala Sitharaman will present her third budget on 1 February.

Pillai said the committee has already submitted its first report to the commerce ministry and the RoDTEP rates for priority sectors such as textiles, engineering and auto-components will be notified this week. "On other items, we are still working. We hope to submit the report by mid-February," he added.

Without disclosing the rates for the priority sectors, Pillai said for some items, the reimbursement rates will be higher than the MEIS rates, but in a large number of items, it will be lower. "MEIS has flat rates while RoDTEP factors in the embedded taxes in the inputs and products that are exported," he added.

Pillai said RoDTEP is still work in progress and initially exporters should not expect to get what they wish for because most companies don’t even maintain the data for how much tax they pay. "That creates problem for calculations. Now that companies are aware, in the next couple of years, it will get fine tuned and the rates will only go up. For the industry, whatever
they get is a bonus because they are assured of getting it year after year," he added.

According to existing rules, goods and services tax (GST) and customs duties for inputs required to manufacture export products are either exempted or refunded. However, certain duties are outside the ambit of GST, and are not refunded to exporters, such as value-added tax on transportation fuel, mandi tax and duty on electricity for manufacturing.

RoDTEP will create a mechanism to reimburse such central, state and local taxes, which are not being refunded under any other mechanism. The refund would be credited to an exporter's ledger account with the customs, and will be used to pay basic customs duty on imported goods. The credits can also be transferred to other importers.

The rebate will have to be claimed as a percentage of the Freight On Board value of exports. A monitoring and audit mechanism, with an information technology-based risk management system will be put place in to physically verify the records of the exporters.

RoDTEP is based on the principle that taxes and levies borne on exported products must either be exempted or remitted to exporters. The new scheme is not like the MEIS, which was an export incentive scheme, and is considered to be in violation of multilateral trade rules and has been challenged by the US at the World Trade Organization.

Source: livemint.com – Jan 19, 2021
Shri Piyush Goyal addresses 1st National Conference of States on Logistics

Union Minister of Railways; Commerce & Industry; Consumer Affairs and Food & Public Distribution Shri Piyush Goyal today said that National Logistics Policy, which is under consultation, along with the National Logistics Council and State Logistics Coordination Committee, will work as a template for better coordination and integrated development for logistics centre.

Addressing the 1st National Conference of States on Logistics, he said that Logistics team in the Ministry of Commerce and Industry is trying to integrate various means of transport, documentation & stakeholders through technology platforms, into a much-simplified way of working, which will enhance the Ease of Doing Business.

Lauding the cooperative spirit in today's conference, Shri Goyal said that this will truly give confidence to our business community & stakeholders in logistics that Center & States are working as team. He said that Logistics is about ensuring customer satisfaction, and the associated infrastructure required to achieve that is what logistics is all about.

The Minister said that Logistics is all about 5R's: Getting the Right product - In the Right condition - At the Right place - At the Right time - To the Right customer. Describing Logistics as the lifeline of the nation's economy & industry, he said that in the midst of the lockdown, we were able to ensure that not a single person had to suffer for want of food grains, power, essential commodities

Shri Goyal said that in India, we have $200 billion logistics ecosystem. A good part of it is supported by the Indian Railways. “We are making massive efforts to bring down the cost of logistics & expand the scope of service that Railways provide. Using COVID crisis as an opportunity, Railways reoriented its pattern of working. A zero-based time table was created. Yesterday, on 18th January, the average freight speed train speed was 46.77 kmph as compared to 22.47 kmph last year in the same period.”

The Minister said that in the first 18 days of January this year, the average freight speed train is 97% higher as compared to the same period last year. He said that DFC are corridors which will only carry freight transport, increasing the speed exponentially and bringing down the cost while adding
huge capacity to be able to transport volume goods & small parcels. “By 2022, we will have both, the Eastern and Western Dedicated Freight Corridors ready and will serve the people of India. Prime Minister Shri Narendra Modi inaugurated the first 650 km of dedicated freight corridor, on both, the Eastern and the Western fronts. By March we will have another 350-400 km of DFC ready.”

Shri Goyal said that India has been able to demonstrate to the world its resilience & capacity to face adversities. He said that all the statistics that are coming out show the new India is going to surpass all previous records in terms of growth, realise our vision to make India a self-reliant economy & truly achieve our rightful place in the world. He said “India under leadership of PM Shri Narendra Modi has demonstrated that this disruption will only mean a difficulty which we will convert into opportunity.”

Source: pib.gov.in– Jan 18, 2021
India, Japan sign agreement on movement of ‘skilled workers’

Consultations on rollout of scheme for 14 sectors to start soon: Japanese officials

India and Japan have signed a Memorandum of Cooperation (MoC) on a basic partnership framework for operation of the ‘specified skilled worker’ (SSW) system under which the Japanese government accepts foreign nationals who have a certain level of expertise and skill.

“The two governments will hold consultations in the near future to prepare for the implementation of the SSW system with India,” a Japanese official told BusinessLine.

The memorandum was signed by Japanese Ambassador to India Suzuki Satoki and Foreign Secretary Harsh Vardhan Shringla on Monday.

SSW is a new status of residence created in Japan in April, 2019, to accept foreign nationals who have a certain level of expertise and skill. Indian nationals with certain professional and language skills will be eligible to work under the SSW system.

“There are 14 specified industry fields that fall under SSW and workers and professionals in those sectors could be eligible,” the official said. These are: nursing care (caregiving); building-cleaning management; machine parts and tooling industries; industrial machinery industry; electric, electronics and information industries; construction industry; shipbuilding and ship machinery industry; automobile repair and maintenance; aviation industry; accommodation industry; agriculture, fishery & aquaculture; manufacture of food and beverages; and food service industry.

Interestingly, there are no fixed quotas for each country under the system. “The contract is made on a business-basis and it is difficult to say how many Indian nationals can come to Japan under SSW as of now. They need to satisfy the minimum required criteria,” the official said. Vietnam, at present, has the highest number of nationals working under the SSW system in Japan, he added.
“...Prime Minister Narendra Modi has placed high priority on quickly operationalising this MoC. I am also informed that Prime Minister Suga (Yoshihide), when he was Chief Cabinet Secretary, was one of the prime movers of the SSW programme to address the needs of Japan’s skilled labour market. With an early operationalisation of this MoC, both our countries can synergise our strengths and have mutually beneficial outcomes,” Shringla said at the signing ceremony.

Can stay for 5 years

Satoki, also speaking at the signing ceremony, said that the MoC will open new opportunities for Indian nationals to get employment in Japan.

The MoC sets a framework between the governments of Japan and India to allow information sharing and problem solving in order to protect Indian nationals coming to Japan as SSW and facilitate a smooth implementation of the SSW system, the official said.

“Once foreign nationals get the status of SSW, they are entitled to stay and work in Japan up to five years. As the foreign nationals are expected to have a certain level of expertise and skill as well as basic language proficiency, only those who pass relevant exams are entitled. Accordingly, the two governments will hold consultations,” the official added.

Japan is already running a scheme called ‘Technical Intern Training Program (TITP)’ with India since October 2017 for training and skill development. “Those who completed a certain level of TITP can also transition to the status as SSW, without taking exams on expertise or Japanese language,” the official said.

Source: thehindubusinessline.com– Jan 18, 2021

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Pradip Tripathi gets additional duty of textiles secretary

Pradip Kumar Tripathi, an IAS officer of 1987-batch of Jammu & Kashmir cadre, has been given additional charge of Secretary, Ministry of Textiles, with immediate effect.

Since June 1, 2020, Tripathi is serving as Secretary, Ministry of Steel. Tripathi will serve the textiles ministry till the appointment of a regular incumbent or until further orders.

Prior to his appointment as Secretary, Ministry of Steel, Tripathi had served as Special Secretary and Establishment officer in Department of Personnel and Training (DoPT).

Arvind Kumar Sharma, who was given additional charge of Secretary, Ministry of Textiles, at the beginning of this month, took voluntary retirement (VRS) to play a bigger role in the government outside the civil service. He is among the 10 candidates fielded by the Bharatiya Janata Party (BJP) for the Legislative Council election in Uttar Pradesh.

The post of Secretary, Textiles is vacant since Ravi Kapoor's Central deputation ended on December 31, 2020.

Source: fibre2fashion.com – Jan 19, 2021
Budget Byte: Export needs budgetary support for overall economic growth

Strategic incentives through the Budget may help boost exports.

Exports fall stronger than the economy as a whole, share in GDP dips

Exports’ share in GDP falling slowly over time, likely declined further in Dec quarter

Important assumption: For Q3, nominal GDP growth assumed at 0%

Assuming nominal GDP grows 0% in Q3

Low oil price phase

India’s exports are losing their share in gross domestic product (GDP). And for a considerable period, low oil prices were a key reason for this. But it also means that non-oil exports slogged during that phase.

Into the pandemic, exports improved in Q2, but may not have risen greatly in Q3, assuming no change in quarterly GDP from last year’s level.

India’s exports fell fastest among emerging nations, need strong Budget boost
This performance, the IMF estimates, could be the worst among select emerging economies in 2020.

For a well-rounded economic recovery, exports are crucial, but are limited by a new wave of Covid-19 that is affecting global demand. Strategic incentives through the Budget may help boost exports.

Lee, Wrangler to transform India biz to omni-channel entities

American jeans brands Lee and Wrangler are planning to transform their India businesses into omni-channel entities to drive growth, as the company that owns the brands aims to double its sales here over the next two years by extensively focusing on online channels.

US-based Kontoor Brands is moving its Lee and Wrangler business from a fully owned Indian subsidiary to a franchise model, and has recently signed a licensing deal with Bengaluru-based Ace Turtle, which mainly provides ecommerce solutions to traditional retailers.

People in the know said Kontoor is looking to shut a chunk of the India stores. The focus will now be on rapid growth of fashion products online, even as an increasing number of Indian consumers are purchasing online amid the pandemic.

“Our decision to partner with Ace Turtle in India is part of a strategy to adapt to a market that is increasingly online and ensure our much-loved brands are accessible to customers across the country through a combination of ecommerce and physical stores,” said John Gearing, managing director - Kontoor Brands Inc Asia Pacific. “The Indian retail market is evolving at immense speed and through this partnership, Lee and Wrangler gain a range of new and enhanced distribution channels, both online and offline.”

The partnership comes at a time when fashion and lifestyle brands including Puma, Levi’s and Jack & Joes have reported more than doubling of their online businesses, as consumers avoided malls and high streets amid fears of contracting Covid-19. Retailers said the pandemic has leapfrogged their online sales by five years and much of the growth is there to stick.

“Kontoor and our thoughts were very much aligned that the future of retail is omni-channel,” Ace Turtle chief executive Nitin Chhabra said. “So, we are changing the distribution to more towards omni-channel rather than offline and online distributions acting in silos. Now our stores will also become fulfilment centres for online orders.”
In the coming months, Ace Turtle will upgrade store technology to expose the brick-and-mortar inventories on the upcoming Lee and Wrangler webstores, as well as on ecommerce sites like Flipkart, Amazon and Myntra.

Lee and Wrangler currently source almost 90% of their apparels from within India and Ace Turtle plans to increase local sourcing to about 95% within a year. The supply chain will be ramped up towards omni-channel retailing with a quick turnaround time as per online demand.

As part of the restructure, Ace Turtle plans to do away with zonal and regional managers, and store managers will have direct reporting to the headquarters in Bengaluru.

Source: retail.economictimes.indiatimes.com– Jan 18, 2021
Amazon partners with Startup India, others to boost e-commerce exports from India

Amazon on Tuesday said it has partnered with Startup India, Sequoia Capital India and Fireside Ventures to launch an accelerator programme to help early-stage startups take their brands to global audiences.

The Amazon Global Selling Propel (AGSP) programme has been designed to support early stage startups (raised funding in post seed to pre-series A stage, if funded) in the consumer products space to launch in international markets and create global brands from India through Amazon's Global Selling programme.

As part of the Startup Accelerator, Amazon has constituted a mentorship board consisting of Amazon leaders from India and across the world, VCs and senior leaders from Startup India.

The application process will be open for about three weeks, following which 10 startups would be chosen for the accelerator.

The programme will feature a six-week 1:1 mentorship module for the shortlisted participants where they will get to interact with Amazon leaders from India and worldwide and get firsthand knowledge on building and scaling up exports business through e-commerce, Abhijit Kamra, Director - Global Trade at Amazon India, said.

Amazon will provide the support for these startups to launch their products worldwide through its exports programme – Amazon Global Selling, he added.

These startups will then get an opportunity to showcase their business proposition to partner VC firms – Sequoia Capital India and Fireside Ventures and three of them will get a chance to win a total equity free grant of $50,000 from Amazon.

Amazon will also host open virtual mentorship sessions focused on peer learning by inviting veteran entrepreneurs and members from its mentorship board for startups, to network and learn from their existing ecosystem.
"The adoption of technology and digital transformation has paved the way for India to be at the forefront of innovation, giving rise to some of the best startups in the world. There are many promising, emerging brands that have the capability to become big and go global.

"This is a timely initiative by Amazon which can prove to be a big stepping stone for startups to build their business and get access to global markets, Deepak Bagla, MD and CEO of Invest India, said.

Amit Agarwal, Global Senior Vice President and Country Head Amazon India, said Amazon Global Selling is witnessing tremendous momentum with increasing interest from exporters across India.

"With Amazon Global Selling we will continue to make exports simple and accessible to businesses of all sizes and fulfill our commitment of enabling $10 billion in e-commerce exports from India by 2025," he added.

Launched in 2015 with about 100 exporters, Amazon Global Selling today enables more than 70,000 Indian exporters to sell 'Made in India' products through its 15 international websites and reach customers in countries such as the U.S., the U.K., UAE, Canada, Mexico, Germany, Italy, France, Spain, Netherlands, Turkey, Brazil, Japan, Australia and Singapore.

It took the programme three years to hit cumulative exports of $1 billion and grew 100% to hit the next $1 billion in the next 18 months to cross the $2 billion milestone in cumulative exports from India.

The programme is rapidly boosting exports from India and helping build global Indian brands. In 2019, more than 800 Indian MSMEs on the programme surpassed $131,375 (₹1 crore) in e-commerce exports sales.

Source: thehindu.com– Jan 19, 2021
High Courts serve notice on Centre over IGST rebate by exporters

Two high courts (HCS) have served notices on the Union government, the Directorate of Revenue Intelligence, (DRI), and the Central Board of Indirect Taxes and Customs over the issue of denying rebate on integrated goods and services tax (IGST) paid by exporters enjoying the benefits of advance authorisation (AA) licence. Bombay and Punjab & Haryana HCs have issued these notices.

Gujarat HC has stayed the proceedings initiated by DRI to exporters over this issue. An AA licence is issued to exporters to allow them duty-free import of inputs, which are physically incorporated in export products.

Exporters were earlier entitled to import raw material without payment of IGST under the AA licence, and pay IGST on exports and claim rebate (refund) paid on exports. They received the benefits of rebate of IGST initially. However, the government then amended sub-rule (10) of Rule 96 of the central GST through a notification dated September 4, 2018. It denied rebates on IGST on exports if exporters enjoyed AA benefits with effect from October 23, 2017.

Earlier, Gujarat HC had upheld the validity of this rule.

The court also upheld the validity of another amendment to the rule that allows rebates to those who only avail of exemption on basic Customs duty and pay IGST on raw material. This amendment was made effective with retrospective effect.

This means that those who claimed a refund under this option need to pay back IGST on raw material, along with interest and avail of input tax credit. Aggrieved, exporters filed a review petition in Gujarat HC, as well as petitions in the Bombay and Punjab & Haryana HCs.

Meanwhile, DRI issued notices to exporters and initiated proceedings against them over the issue.

“After DRI notices, the matter has been raised afresh in several courts which have issued notices or granted a stay on proceedings. The retrospective amendment is also a subject matter of challenge,” said Abhishek Rastogi, who is arguing a plethora of petitions for exporters.
Offering rationale behind the fresh batch of petitions, Rastogi said while the authorities allege there is twin benefit, there is actually no additional benefit, given the exporters are in any case eligible to a refund of taxes on the input side in some way or the other.

Experts to be assigned to review State labour laws

They will check if these are in sync with the Centre’s codes

The Union Labour and Employment Ministry is likely to appoint legal consultants this month to look at whether States’ labour laws are in consonance with the Centre’s four new labour codes, according to senior Ministry officials.

The codes on wages, social security, industrial relations and occupational safety, health and working conditions could be implemented before the April 1 target. Labour and Employment Secretary Apurva Chandra told reporters on January 12 that the rules framed under the codes on social security, industrial relations and occupational safety would be finalised by the end of the month. The rules under the Code on Wages, 2019 have already been finalised.

Along with the implementation of the codes, an official said the Ministry would appoint legal consultants soon to review the various State laws. The official added that the matter would be taken up with the States if the laws are found to be out of tune with the codes. The work would start with two or three States, the official said.

The four codes have amalgamated 29 Central labour laws, including those covering matters of minimum wages, benefits for workers and strikes. For the first time, gig and platform workers have been covered under the ambit of social security schemes. Most Central trade unions, however, have protested against the codes, terming them anti-worker.

Source: thehindu.com– Jan 18, 2021
MCX cotton deposits up 285% in Dec 2020

MCX, the country’s largest commodity exchange, has received an encouraging response with cotton deposits in the current season (started last October) till date.

The deposits have nearly tripled as of December-end to 80,250 bales against 20,825 bales in December 2019 — registering a whopping increase of 285 per cent.

The open interest stood at 4,236 lots at the end of December 2020, up compared with 3,868 lots from December 2019, the exchange said in a statement.

Source: thehindubusinessline.com— Jan 19, 2021
Cotton farmers sell below MSP as procurement lags

Farmers say that the slow pace of procurement by the Cotton Corporation of India (CCI) has driven many of them in desperation to middlemen and settle for prices much lower than the minimum support price (MSP).

They say that the CCI is sticking to the procurement guidelines issued by the Centre. Unseasonal rains followed by Cyclone Nivar have resulted in low output and discoloured the cotton stock. Heavy fog during the current winter has also increased farmers’ woes as CCI is not picking up stocks with high moisture content.

The Centre has announced the MSP for cotton ranging between Rs 5,500 to Rs 5,800 per quintal depending on the size and quality of lintel. However, middlemen are picking up stocks from farmers at a price anywhere between Rs 4,000 to Rs 4,200 per quintal, causing huge loss to farmers.

“We are advising the farmers to bring stocks with the prescribed moisture content to get maximum price at our procurement centres. The farmers might get lesser prices only when the quality of the kapas is not as per the standards,” said Sai Aditya, general manager, CCI.
He said that total procurement during the current season has already touched 16.8 lakh quintals and they are continuing the purchases to help farmers. He advised the growers not to depend on middlemen.

Andhra Pradesh is one of the major cotton producers in the country. According to the agriculture department, cotton was sown on about 15 lakh acres in the state. The agriculture department has pegged the expected output at 12 lakh metric tonnes which means that the production could be around 1.2 crore quintals.

However, production came down by nearly 50 per cent due to damage of crops following Cyclone Nivar. “We anticipated a production of around 60 lakh bales (each bale weighs 170 kilos). However, the output is expected to come down to around 30 to 40 lakh bales due to rains and adverse weather conditions,” said a senior agriculture department official.

In Prakasam district, CCI picked up around 2,000 tonnes against the total production of 42,000 tonnes. The story in many districts where the procurement is far behind the total production is no different.

Source: timesofindia.com– Jan 20, 2021