**NEWS CLIPPINGS**

<table>
<thead>
<tr>
<th>No</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>US Apparel Manufacturing Led Production Growth in December: ISM</td>
</tr>
<tr>
<td>2</td>
<td>UK fashion industry facing ‘decimation’ over Brexit trade deal</td>
</tr>
<tr>
<td>3</td>
<td>Myanmar Military Coup Threatens Sourcing in ‘Sunrise’ Garment Sector</td>
</tr>
<tr>
<td>4</td>
<td>UK to soon formally apply to join CPTPP</td>
</tr>
<tr>
<td>5</td>
<td>China’s VSF exports remain flat in 2020</td>
</tr>
<tr>
<td>6</td>
<td>End of civil war to restore investor confidence in Ethiopian RMG sector</td>
</tr>
<tr>
<td>7</td>
<td>Call for permanent PPE industry in United States</td>
</tr>
<tr>
<td>8</td>
<td>Pakistan’s Exports – Unexpected surge amidst new opportunities</td>
</tr>
<tr>
<td>9</td>
<td>Bangladesh apparel sector relies on too few buyers: study</td>
</tr>
<tr>
<td></td>
<td>NATIONAL NEWS</td>
</tr>
<tr>
<td>---</td>
<td>----------------</td>
</tr>
<tr>
<td>1</td>
<td>Budget 2021: Textile industry welcomes setting up 7 mega textiles park</td>
</tr>
<tr>
<td>2</td>
<td>Budget proposes 10% customs duty on import of cotton</td>
</tr>
<tr>
<td>3</td>
<td>Key Highlights of Union Budget 2021-22</td>
</tr>
<tr>
<td>4</td>
<td>Govt. announces launch of Mega Investment Textiles Parks (MITRA) scheme to make Indian textile industry globally competitive</td>
</tr>
<tr>
<td>5</td>
<td>SIMA appeals for withdrawal of import duty on cotton</td>
</tr>
<tr>
<td>6</td>
<td>Malegaon &amp; Ichalkaranji miss out on textile park, feel pinch of customs duty</td>
</tr>
<tr>
<td>7</td>
<td>Textile mega park scheme is a much-needed proposal: ITF</td>
</tr>
<tr>
<td>8</td>
<td>PLI Scheme to create jobs, says Finance Minister; will help create, nurture global champions in India</td>
</tr>
<tr>
<td>9</td>
<td>Push on infrastructure, textile to benefit retailers: Experts</td>
</tr>
<tr>
<td>10</td>
<td>India’s Manufacturing PMI improves to 57.7 in January</td>
</tr>
<tr>
<td>11</td>
<td>Union Budget: Duty on nylon raw material reduced to 5%</td>
</tr>
<tr>
<td>12</td>
<td>Madhya Pradesh: Auto sector hails scrapping policy; textiles to benefit from hike in funds</td>
</tr>
<tr>
<td>13</td>
<td>FM fails to impress garment industry, leaves it confused</td>
</tr>
</tbody>
</table>
INTERNATIONAL NEWS

US Apparel Manufacturing Led Production Growth in December: ISM


“The December Manufacturing PMI registered 60.7 percent, up 3.2 percentage points from the November reading of 57.5 percent,” Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee, said.

A reading above 50 percent indicates that the manufacturing economy is generally expanding. Below 50 percent indicates that it is generally contracting. A Manufacturing PMI above 42.8 percent, over a period of time, generally indicates an expansion of the overall economy, ISM noted.

“The manufacturing economy continued its recovery in December,” Fiore said. “Survey Committee members reported that their companies and suppliers continue to operate in reconfigured factories, but absenteeism, short-term shutdowns to sanitize facilities and difficulties in returning and hiring workers are causing strains that are limiting manufacturing growth potential. However, panel sentiment remains optimistic, an improvement compared to November.”

Fiore said supply chains continue to struggle compared to November, contributing moderately to the Manufacturing PMI calculation. The Prices Index jumped dramatically in December, to a level last reached in the summer of 2018, the peak of the last manufacturing expansion cycle.

Of the 18 manufacturing industries, 16 reported growth in December, led by apparel, leather and allied products and including textile mills.

ISM’s New Orders Index registered 67.9 percent in December, an increase of 2.8 percent compared to the 65.1 percent reported in November. This indicates that new orders grew for the seventh consecutive month and the sixth consecutive month above 60 percent.
Of the 18 manufacturing industries, the 13 that reported growth in new orders in December were led by apparel, leather and allied products, while textile mills were among those reporting a decline in new orders.

The Production Index registered 64.8 percent in December, 4 percent above the November reading of 60.8 percent, indicating growth for the seventh consecutive month and the sixth straight month above 60 percent. This is the highest reading since January 2011, when the index registered 65.3 percent.

The 13 industries reporting growth in production during the month were also led by apparel, leather and allied products.

ISM’s Employment Index registered 51.5 percent in December, 3.1 percentage points higher than the November reading of 48.4 percent. Of the 18 manufacturing industries, the eight industries to report employment growth in December were topped by apparel, leather and allied products.

The delivery performance of suppliers to manufacturing organizations was slower in December, as the Supplier Deliveries Index registered 67.6 percent, 5.9 percent higher than the 61.7 percent reported in November.

“Suppliers continue to struggle to deliver, with deliveries slowing at a faster rate compared to November,” Fiore said. “Transportation challenges and challenges in supplier-labor markets are still constraining production growth...The Supplier Deliveries Index reflects the difficulties suppliers continue to experience due to COVID-19 impacts. Supplier labor and transportation constraints are not expected to diminish in the near-to-moderate term due to COVID-19.”

A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries. Sixteen industries reported slower supplier deliveries in December, including textile mills.

The Inventories Index registered 51.6 percent in December, 0.4 percent higher than the 51.2 percent reported for November. Inventories grew for a third consecutive month after three months of contraction.

An Inventories Index greater than 44.3 percent, over time, is generally consistent with expansion in the Bureau of Economic Analysis (BEA) figures on overall manufacturing inventories.
The eight industries reporting higher inventories in December were led by apparel, leather and allied products and included textile Mills.

The ISM Prices Index registered 77.6 percent, an increase of 12.2 percent from the November reading of 65.4 percent, indicating raw materials prices increased for the seventh consecutive month. The index achieved its highest reading since May 2018, when it registered 79.5 points.

A Prices Index above 52.5 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials. All 18 industries reported paying increased prices for raw materials in December, led by apparel, leather and allied products and including textile mills.

ISM’s New Export Orders Index registered 57.5 percent in December, a decrease of 0.3 percent compared to the November.

The nine industries reporting growth in new export orders in December, with apparel and leather, and textile mills reporting no change in exports.

ISM’s Imports Index was 54.6 percent in December, a decline of 0.5 percent from November.

“Panelists continued to note record breaking backlogs in ports of entry, as well as difficulty in arranging drayage and operating within the domestic transportation market,” Fiore said.

Textile mills were among the four industries reporting a decrease in imports in December.

Source: sourcingjournal.com– Feb 01, 2021
UK fashion industry facing ‘decimation’ over Brexit trade deal

The UK’s £35bn fashion and textile industry is facing “decimation” as a result of red tape and travel restrictions thrown up by the new post-Brexit trade agreement with the EU, Boris Johnson has been warned. In an open letter to the UK’s prime minister leading fashion industry and chief executives and icons, including models Twiggy and Yasmin Le Bon, said that Brexit was strangling the complex international supply chains and relationships that underpinned their industry.

“The deal done with the EU has [left] a gaping hole where promised free movement for goods and services for all creatives, including the fashion and textiles sector, should be,” they wrote in the letter co-ordinated by the Fashion Roundtable, an industry forum.

Ms Le Bon said the ability to travel freely in the EU for work purposes was “crucial” to an industry where models could be assigned to a shoot with just a few hours notice. “The wealth of these creative industries is in our ability to move and change quickly. For once we need to be listened to and for the government to work with us before it is too late.”

The concerns echo those raised recently by the music industry about the need for work permits for each EU member state and paperwork for moving products and equipment, and they called for urgent action from the government.

The industry, which employs nearly 900,000 people according to research by Oxford Economics, warned last summer that the Covid-19 pandemic had placed 250,000 jobs at risk.

Last week Samantha Cameron — whose husband David, then prime minister, called the 2016 Brexit referendum — warned her fashion business was finding post-Brexit trading with the EU “challenging and difficult”.

Many of the 52,000 smaller companies that make up the backbone of the sector could not afford the professional help needed to navigate the new controls, the letter added, with customers on both sides of the Channel rejecting purchases because of unforeseen VAT and tariff charges.
Katharine Hamnett, the fashion designer best known for political T-shirts and championing ethical business practices, said: “We need a radical overhaul of customs arrangements including VAT on all goods shipped into the EU by the end of February, or British brands will die.” Helen Brocklebank, the chief executive of Walpole, the luxury sector group whose members include Alexander McQueen and Burberry, said the government needed to simplify the post-Brexit trading regime and boost the retail tourist trade. “With 42 per cent of all British luxury export sales coming from the EU, the costs and administrative burdens of trading in continental Europe mean many of our members — not least the SMEs — have concluded they simply can’t afford to continue selling to those countries,” she said.

Isabel Ettedgui, the chief executive of Connolly, the Savile Row fashion brand that sells Scottish cashmere and manufactures leather goods in Spain, said the financial ramifications of Brexit could be existential. “The result could be the possible closure of a 185-year-old company that holds the Royal Warrant,” she said.

Other signatories included Nick Knight, the fashion photographer; Jefferson Hack of Dazed Media Group; John Horner, the chief executive of the Models 1 agency and head of the British Fashion Models Association; Sam McKnight the hair stylist who worked with Diana, Princess of Wales; the designer Roksanda Ilinčić, the London-based Serbian designer whose dresses are worn by the Duchess of Cambridge and Michelle Obama; Laura Bailey, the model and Vogue contributing editor and Andrea Thompson, the editor-in-chief of Marie Claire magazine.

The more than 400 signatories demanded “urgent action” from the government to protect an industry that is highly fragmented but is estimated to be worth 1.6 per cent of UK gross domestic product, according to research by Oxford Economics for the British Fashion Council last year. By contrast the German industry is worth 0.8 per cent of GDP.

Among the Fashion Roundtable demands is that the government immediately adds garment workers to the list of “shortage occupations” for UK visas to help fill thousands of vacancies in UK clothing factories. It also calls for tax breaks to encourage sustainable practices and negotiations for paperwork-free travel for British creatives and their equipment in the EU. The group also renewed calls on the government to rescind its decision to scrap the Retail Export Scheme, which had allowed international visitors to claim back 20 per cent of VAT on their purchases, but was ended on January 1.
The Cabinet Office said it was working closely with businesses in the fashion industry to adjust to the new trading environment and was aware that some businesses were facing challenges.

“We are operating export helplines, running webinars with policy experts and offering businesses support via our network of 300 international trade advisers,” a spokesperson said. “This is on top of the millions we have invested to expand the customs intermediaries sector.”

Source: ft.com– Feb 01, 2021
Myanmar Military Coup Threatens Sourcing in ‘Sunrise’ Garment Sector

As Yangon, the capital of Myanmar, and surrounding areas shut down after the military announced a coup early Monday morning, concerns about the situation for trade union leaders, labor, and the effects on business and manufacturing have been surfacing throughout the region, where brands from Gap, H&M, Marks & Spencer and Primark to New Look, Muji and C&A have all worked with garment factories in recent years.

Army chief Senior Gen. Min Aung Hlaing has become the de facto leader, with the Tatmadaw, the official name of Myanmar’s armed forces, acting on their earlier complaints that the November elections in Myanmar did not stand up to scrutiny, and had falsified results.

The military action came as the parliament was due to meet on Monday to begin business for the elected government’s second term and drew condemnation from global leaders including President Biden.

The military announced a state of emergency for up to one year.

Banks remained closed, domestic flights were suspended, and concern about freedom of speech surfaced as the military reportedly detained ruling party leaders including Aung San Suu Kyi and president U Win Myint of the National League for Democracy (NLD).

Party leader Aung San Suu Kyi, who has already spent 15 years in detention before she prevailed in a democratic election and came to power in 2015, won the Nobel Peace prize in 1991 for her non-violent struggle for democracy and human rights.

Labor leaders, who say the government has been slow to recognize their presence as well as the essential nature of their work helping factories ensure better working conditions, expressed concerns about the future.

Myanmar has been seen as a sunrise industry for garment production, with a growing number of global brands and retailers looking at the low wage structure as an additional advantage, along with the plentiful labor, and the high-quality production work. The minimum wage in Myanmar is 4,800
kyat ($3.61 per day, $108.3 per month), close to half that of Cambodia and Vietnam.

In a situation where the European Union is considering withdrawing Myanmar’s Generalized System of Preferences (GSP) status, the coup comes as an increased concern for factory owners who have been hoping to meet the requirements to keep GSP status, which gives Myanmar a price advantage that maintains its competitiveness in exports.

More than 600,000 workers are employed in Myanmar’s garment industry.

Labor leaders who asked not to be named said that the destabilization and process of change in the government would discourage brands from investing in Myanmar, and further hinder an industry reeling from the Covid-19 pandemic that forced factories into lockdown again through October of last year. For example, local media reports indicate that Eastern Development International (Myanmar) Co. Ltd. (known as Dongzhan Textile Group in China) submitted a proposal last week to build a $370 million textile manufacturing hub in the country, per The Irrawaddy, and geopolitical instability could threaten such investment plans.

Trouble has been brewing for some time. Over the summer, Esprit cut ties with an apparel manufacturing facility in an industrial zone linked with the Myanmar military, and global names like H&M and Bestseller similarly reviewed their sourcing arrangements based on an alarming U.N. International Fact-Finding Mission report, according to Asian news outlet Nikkei.

There’s tension between garment workers and factory owners, too. Ko Pyae Sone Aung, chair of the Unique HTT garment factory, detailed to the Myanmar Times an alleged assault that left union leader Ko Zaw Hein with a concussion after he went to a court hearing on labor issues between factory workers and owners.

“The factory manager’s words and Ko Zaw Hein’s mauling coincides,” Ko Pyae Sone Aung told the Myanmar Times. “We have video record of the factory manager saying they can eliminate labor union leaders by hiring people like in China.”

Since 2015, Myanmar garment exports have been accelerating, with the development of industrial zones and increasing incentives for foreign investors. Garments have quickly become the leading export sector in the
country with an approximate $4.28 billion exports in financial year 2019-20, which runs from Oct. 1 to Aug. 31.

The aim of getting garment export value to $10 billion by 2024 and creating more than a million jobs now comes into question, with what industry analysts see as sourcing disruptions that exacerbate Covid-19 factory closures and order cancellations.

Smart Myanmar, a European Union initiative, has also worked to help workers in the industry, and in January doubled its support for the nation’s garment workers to 10 million euros ($12.08 million), especially to help the sector’s unemployed women migrant workers. The program, launched in May 2020, has already provided support to more than 60,000 workers.

What happens from here hinges on how the world responds to the unrest. “A lot depends on how the US and EU react to the situation,” said an analyst who asked not to be named.

Labor groups from around the world have been expressing their support, too. “We stand in solidarity with the people of Burma, their trade union movement and the other institutions that are defending democracy in the country,” said Sharan Burrow, general secretary, International Trade Union Federation (ITUF), in a statement. “Claims by the military of electoral fraud have been rejected by the Myanmar Electoral Commission and are simply a fig leaf for the generals who want to retain power, regardless of the cost to the people and the national economy.”

Fair Wear also echoed concern over recent political events in the Southeast Asian nation. “At present, most communication channels are unpredictable (on and off), as are banking services,” according to a statement from the nonprofit, which champions garment workers’ rights and living wages. “It is too early to foresee the consequences on workers’ rights in Myanmar. We will monitor the situation carefully, keeping in close contact with our local staff (whenever possible) and advising our member brands on how to best help the workers in their supply chains.”

Meanwhile, a statement by White House spokesperson Jan Psaki similarly underscores the lack of superpower support for the military junta.

“The United States opposes any attempt to alter the outcome of recent elections or impede Myanmar’s democratic transition, and will take action against those responsible if these steps are not reversed. We are monitoring
the situation closely and stand with the people of Burma, who have already endured so much in their quest for democracy and peace,” the statement noted.

In a statement Monday afternoon, President Biden forcefully denounced the coup as a “direct assault on the country’s transition to democracy and the rule of law.”

“In a democracy, force should never seek to overrule the will of the people or attempt to erase the outcome of a credible election,” he added, noting plans to review sanctions on Myanmar and take any “appropriate action.”

“For almost a decade, the people of Burma have been steadily working to establish elections, civilian governance, and the peaceful transfer of power,” Biden said. “That progress should be respected.”

Source: sourcingjournal.com– Feb 01, 2021
UK to soon formally apply to join CPTPP

The United Kingdom will soon formally apply to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a trans-Pacific trading bloc of 11 countries, with talks scheduled to begin later this year, the government said recently. Joining CPTPP would remove tariffs on food, drinks and cars, while helping to boost the technology and services sectors, it said.

Since leaving the European Union, the United Kingdom has made expressed its desire to join the CPTPP, which removes most tariffs between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

"One year after our departure for the EU we are forging new partnerships that will bring enormous economic benefits for the people of Britain," Prime Minister Boris Johnson said in a statement.

British trade minister will speak to counterparts in Japan and New Zealand on Monday with a formal request to join CPTPP, global newswires cited the statement as saying.

Previous government economic analyses of Brexit have pointed to small boosts to economic output from additional trade deals.

"Applying to be the first new country to join the CPTPP demonstrates our ambition to do business on the best terms with our friends and partners all over the world and be an enthusiastic champion of global free trade," Johnson said.

Source: fibre2fashion.com– Feb 01, 2021
China’s VSF exports remain flat in 2020

VSF export of China was largely flat with that of 2019, while the import showed a trend of sharp decline.

As per CCF Group, there was notable growth of demand from Pakistan that had become China's largest destination, while the export to Turkey and Indonesia declined sharply.

On a monthly basis, there was a temporarily low ebb of imports in April and July, while exports fluctuated greatly.

Among them, export rush occurred in March and the export volume during April-June was much lower than the same period of past years due to the COVID-19 outbreak abroad, but it started to rebound sharply since August.

According to customs data, VSF import of Chinese mainland totaled 150.502kt in 2020, down 33.68 per cent year on year. The import from Austria, Indonesia, India and Thailand declined sharply year on year.

Only UK maintained the similar level of 2019 and changes in percentage of import origins were different. The share of Austria and UK expanded, while that of Indonesia and India narrowed.

Source: fashionatingworld.com– Feb 01, 2021
End of civil war to restore investor confidence in Ethiopian RMG sector

Ethiopia, until recently, attracted many South and East Asian clothing manufacturers, however, now the country faces violent conflict in the Northern Tigray region. Fuelled by ethnic power politics, the conflict has so far killed thousands of people besides displacing over a million, says the International Crisis Group. As per a Quartz Africa report, the scale of this conflict is sufficient to scare away foreign investment in the garment sector. The sector is projected to grow around 40 per cent a year in the next few years.

Employing over 25,000 workers at its flagship Hawassa Industrial Park, Ethiopia faces many bureaucratic and logistical challenges. Workers in the garment sector are barely able to survive with their base monthly wages being $26. In addition, political instability threatens future investments and jobs prospects for millions of workers.

A complete breakdown of the sector

The collapse of the sector could dampen the spirit of Ethiopian garment manufacturers already struggling with their businesses. Ethiopia also faces acute raw material shortage as it imports raw materials from India or China. Though its government has made 3 million hectares available for cotton cultivation, local farmers have been able to utilize only 60,000 hectares so far as they switched to other lucrative cash crops such as sugarcane, sesame, etc.

Ethnic tensions that erupted in 2018 have further translated into economic uncertainty for Ethiopian investors. The Hawassa Industrial Park was compelled to cancel night shifts due to security concerns for workers and foreign staff. Political demonstrations at the park’s fence disrupted production.

The Ethiopian garment sector was already on the verge of collapse when the pandemic broke out in early 2020. In June 2020, a report by the International Labor Organization described the sector’s condition as being perilous as over 60,000 garment workers lost their jobs. The current ethnic conflict threatens to lead to complete breakdown in the sector as internet and phone blackout in the Tigray region makes communication between buyers and factories impossible.
Worsening human rights situation in the region also makes completion and delivery of orders difficult for manufacturers. Besides, it increases security risks for their staff and workers, shaking their investor’s confidence of sustainable economic development.

Protect human rights and develop domestic supply chain

To restore investor’s confidence, the Ethiopian government needs to end the conflict in Tigray region and protect civilians. It also needs to allow independent human rights organizations to monitor the situation.

Ethiopian clothing companies and manufacturers also need to double their investments in the sector besides support human rights in the country. Along with the government, they need to develop a domestic supply chain and establish a standard minimum wage to ensure decent living conditions for workers.

Source: fashionatingworld.com– Feb 01, 2021
Call for permanent PPE industry in United States

INDA, the Association of the Nonwoven Fabrics Industry, with a broad coalition of industry organizations and labour unions, representing a broad spectrum of manufacturers and workers who stepped up to make essential PPE and other products throughout COVID-19, sent a letter on Friday to President Biden and congressional leaders outlining recommendations on specific policy initiatives that must be adopted to re-establish a permanent PPE industry in the United States.

The letter reads: “The heroic efforts of the U.S. textile industry and its exemplary workforce throughout this crisis clearly demonstrate that domestic industry has the technical capabilities and existing capacity to make the United States self-sufficient in terms of our national PPE needs.

However, the permanence of this self-sufficiency is dependent on the development of government policies designed to help domestic manufacturers survive the current economic crisis and incentivize the long-term investment needed to bring PPE production back onshore. If appropriate policies are not implemented, the valuable and substantial progress made over the past year to onshore a vibrant PPE industry will evaporate in the face of China’s global manufacturing dominance in the PPE sector.”

“However, the permanence of this self-sufficiency is dependent on the development of government policies designed to help domestic manufacturers survive the current economic crisis and incentivize the long-term investment needed to bring PPE production back onshore.” The associations are requesting that President Biden and Congress adopt the policy recommendations outlined in the letter through legislation, executive order and other appropriate means.

The coalition sent a letter to President Biden and a second letter to Senate Majority Leader Charles Schumer (D-NY), Senate Minority Leader Mitch McConnell (R-KY) and Speaker of the House Nancy Pelosi (D-CA) and House Minority Leader Kevin McCarthy (R-CA) outlining these requests.

Click here for more details

Source: innovationintextiles.com – Feb 01, 2021
Pakistan’s Exports – Unexpected surge amidst new opportunities

Pakistan’s economy is expected to make an upward jump from 2021 onwards as increased industrialization, expanded investment and progressive drives by the government begin to bear fruit.

Continued commitment to reforms combined with productive investment and strategic capacity development will be pivotal for the country to find its way towards the growth path. 2020 will go down the annals of history remembered mostly for Covid-19 pandemic, which hardly left any part of the world unaffected. From the social vantage point, it caused a decisive change in everyone’s life patterns. However, due to the Pakistani government’s consistent efforts, the country has been able to get back on track and is showing clear signs of recovery.

Pakistan is projected to experience a broad economic recovery in the fiscal year 2021 as the economic sentiment improves with the resumption of structural reforms.

Since the removal of Coronavirus related restrictions; the country has witnessed a rapid recovery of exports. Consequently, the outbound shipments from Pakistan in recent months outnumbered that of regional competitors, Bangladesh and India.

December shipments rose to US$ 2.4 billion as compared to US$ 2.2 billion in November 2020, a month on month increase of 8.9%, and by 19.0% as compared to US$ 1.99 billion in December 2019. By comparison, India’s exports went down by 9.1% in November. In December 2020, India’s exports totaled US$ 26.9 billion a marginal decrease of 0.8% compared to the previous year’s figure of US$ 27.1 billion.

Total Indian exports in April-December 2020 amounted to US$ 200.6 billion, a decline of 15.8% from US$ 238.3 billion during the same period in 2019. Bangladeshi exports showed a nominal increase of 0.8% to reach US$ 3.07 billion in November 2020 from US$ 3.05 billion.

The country’s overall exports in July-November 2020 stood at US$ 15.92 billion, marking a 0.9% rise from US$ 15.77 billion during the same period in 2019.
Textile’s value-added sector remained the main engine of growth for the economy as its exports registered an increase of 22.72% to an unprecedented high of US$1.40 billion as compared to US$ 1.14 billion in December 2019 and increased by 9.2% when compared to US$1.28 billion in November 2020. Pakistan’s textile exports increased by 7.8% to US$ 7.4 billion in July-December against US$ 6.9 billion in the same period last year.

Textile commodities that contributed to positive trade growth included knitwear exports, which increased to US$ 1.9 billion during the first half of FY2021 compared to US$ 1.6 billion last year. Likewise, bed wear exports increased by 16.4% to US$ 1.4 billion, and towels’ exports increased by 17.5% to US$ 445.7 million.

Pakistan’s IT sector also showed great promise as IT exports increased 39% to US$ 763 million in (July-November) in the current fiscal year. The rise in IT exports results from SBP relaxing its regulations remitting funds in and out of Pakistan – long demanded by the IT sector.

Source: globalvillagespace.com– Feb 01, 2021
Bangladesh apparel sector relies on too few buyers: study

A group of buyers engage in business simultaneously with more than 300 readymade garment (RMG) factories in Bangladesh, underscoring the industry’s major vulnerability, a survey found. Zara, H&M, Li & Fung and Walmart are the top four brands out of 3,600 retailers that had business during the last four years with around 300 Bangladeshi RMG factories.

KiK, C&A, Next, LPP, Kmart and Mango are the six brands that have been sourcing from more than 200 local garment factories. Lidl, Pep & Co, nktd, Matalan, JC Penny, Gap and Target are among the 11 brands that have business with more than 100 factories.

Data collected by Mapped in Bangladesh (MiB), which tracks export-oriented garment factories digitally, and the Centre for Policy Dialogue (CPD) found a total of 3,600 global brands, buyers and retailers have been sourcing locally RMG items from 3,211 export-oriented garment factories located in Dhaka, Gazipur, Narayanganj and Chattogram during last four years.

Experts said the dependence on a small number of buyers is a major weakness not only for small-scale enterprises but also for large factories, according to a report in a Bangladeshi newspaper.

Due to such dependency, exporters had no other option but to accept arbitrary demands like discounts, deferred payments and order cancellations during the pandemic.

There are 29 brands and retailers that have business with more than 50 but fewer than 100 factories and 175 buyers do business with five to 49 factories while more than 1,300 brands did business with a single factory, the MiB data showed.

According to the study, the majority or 86 per cent of the surveyed 610 factories said that brands or buyers did not take supportive measures for caring about workers’ health and financial peril of factories during the pandemic.

It also found the discontinuation of normal business ties with the buyers immediately after the pandemic, which it termed a ‘major challenge’ for suppliers.
Small and medium factories as well as Chattogram-based units were found to be behind in maintaining normal contacts.

Buyers and brands are supposed to maintain normal business contact particularly during the crisis period, discuss the issues and challenges confronted by the suppliers and try to provide predictability to the suppliers with regard to orders, prices and market situation, it said.

About a third of the factories alleged that at least some of their orders were cancelled and necessary payment was not made. Some 30 per cent factories reported that a section of buyers deferred shipment with timely payment while 20.5 per cent factories said buyers settled with deferred payment.

About 16 per cent factories claimed that buyers settled part of their orders at a reduced price and 1.8 per cent factories complained that buyers cancelled orders but agreed to pay the cost of raw materials.

The application of 'force majeure' clause in such incidences was widely discussed, the report said, adding a section of buyers reinstated the cancelled orders. Besides, some buyers filed for bankruptcy, which caused problems for local suppliers.

The report suggested that apparel trade bodies should encourage factories to diversify their buyers' base by including not only large scale buyers but also small-scale brands.

Source: fibre2fashion.com – Feb 02, 2021
NATIONAL NEWS

Budget 2021: Textile industry welcomes setting up 7 mega textiles park

The textile industry welcomed the setting up of 7 mega textiles parks proposed in the Union Budget 2021-22, saying this will make the industry globally competitive, but the imposition of a 10 per cent basic customs duty (BCD) on raw cotton will increase the domestic prices.

"The Mega Investment Textiles Parks (MITRA), under which seven textile parks will be established over a period of three years, is a positive step that will enable the industry to become globally competitive, attract large investments and boost employment generation," Cotton Textiles Export Promotion Council (TEXPROCIL) Chairman Manoj Patodia said.

He stated that the Budget has proposed to reduce the basic customs duty on caprolactam, nylon chips and nylon fiber and yarn to 5 per cent, which will encourage the growth of the Man Made Fibre (MMF) sector especially the MSMEs. However, Patodia expressed his concern over the imposition of 10 per cent BCD on raw cotton, which will make imports of extra-long staple cotton costly, especially Giza Cotton from Egypt and Supima Cotton from the US.

The TEXPROCIL chairman also said the imposition of import duty on cotton will increase the domestic prices. Clothing Manufacturers Association of India (CMAI) President Rajesh Masand also said the 7 mega textiles parks were the highlight of the Budget directly impacting the textile industry.

This is in line with the government's intention to encourage mega projects and increase the scale of operations in the textile industry, he said. The incorporation of the plug-and-play model will enable the members of such parks to avoid huge capital expenditure outlays.

Masand also said lack of scale has been the bane of our efforts to increase the industry's share in the global trade, especially in the apparel sector.

"However, the government also has to closely study why the textile parks have not really succeeded in the past. It is crucial to avoid errors of omission and commissions in the past. "Otherwise, this will remain one more well-intended scheme, which fails to lift the fortunes of the textile industry," he added.

Masand also said the increase of import duty on cotton and cotton fibre has come at a time when the industry is reeling from an unprecedented increase of raw material prices especially yarn and could send a wrong signal.
Crisil Research Director (Textiles) Hetal Gandhi said setting up of 7 mega textile parks will aid Indian textile exporters to improve global competitiveness against countries like Vietnam and Bangladesh by providing access to sophisticated infrastructure and facilities.

"India's share in RMG (readymade garments) exports to the US and the EU remained almost stable at 4-6 per cent, while that of competitors improved during the last 5 years," she added. Gandhi said that setting up of textile parks along with the production-linked incentive scheme for technical textile and MMF producers will help apparel exporters to enhance export share in global markets in the medium term.

Icra Senior Vice-President and Group Head (Corporate Sector Ratings) Jayanta Roy said that by addressing some of the existing infrastructural and cost inefficiencies, which the domestic players face, this could enable India to garner a larger pie of the global apparel trade. The Union Budget 2021 has announced a Mega Textile Investment Scheme, which aims to create global champions in exports by establishing seven textile parks across the country, with plug-and-play facilities, he noted.

"The announcement comes at an opportune time, as sizable opportunities are available in the global markets, owing to increasing focus on diversifying the vendor base beyond China," he added. Welspun India Joint Managing Director and CEO Dipali Goenka said the Budget is encouraging and growth-oriented and supports the achievement of the 'Aatmanirbhar Bharat' vision, and fuels post-pandemic recovery.

"We foresee revival of consumer confidence with the budget impetus on inclusive human capital development, infrastructure development and universal healthcare," she said. Goenka added that announcement for setting up of 7 textile parks in the next 3 years, in addition to the recent PLI scheme for technical textiles and manmade fibers, promises to strengthen the global leadership of Indian textiles.

"The Budget proves to be a strong enabler of women empowerment in the country, with the measures announced by Finance Minister Nirmala Sitharaman that promote women working in night shifts across all sectors, with adequate safety," she added.

Source: business-standard.com– Feb 01, 2021
Budget proposes 10% customs duty on import of cotton

Levy on raw silk and yarn to be increased from 10% to 15%

Finance Minister Nirmala Sitharaman announced in the Union Budget a levy of 10% customs duty on cotton and an increase in the customs duty on raw silk and silk yarn from 10% to 15% to benefit farmers.

Also, in a move to rationalise duties on raw material inputs for man-made textiles, the Budget proposed to bring nylon chain on a par with polyester and other man-made fibres by reducing the basic customs duty on caprolactam, nylon chips, nylon fibre and yarn to 5%.

The Minister further announced that in addition to the Production Linked Incentive Scheme, Mega Investment Textile Parks would be set up with plug and play facilities. As many as seven parks would be established over three years.

These would enable the industry to become globally competitive. Union Textiles Minister Smriti Irani tweeted that the textile park scheme would be a game changer for the Indian textile industry.

With the emphasis on state-of-the-art infrastructure, the scheme would create a level-playing field for domestic manufacturers in the international market.

The textile sector will have a total budget outlay of ₹3,631 crore for 2021-2022. Some areas that will see a hike in allocation are the Amended Technology Upgradation Fund Scheme, handloom development and textile infrastructure. The industry pointed out that Indian textile mills imported 10 lakh to 12 lakh bales of cotton a year, mainly extra long staple and organic cotton.

Manoj Patodia, chairman of the Cotton Textiles Export Promotion Council, said the levy on raw cotton imports would increase domestic cotton prices and thus have an adverse impact on the entire value addition chain.

Source: thehindu.com– Feb 01, 2021
Key Highlights of Union Budget 2021-22

Presenting the first ever digital Union Budget, Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman stated that India’s fight against COVID-19 continues into 2021 and that this moment in history, when the political, economic, and strategic relations in the post-COVID world are changing, is the dawn of a new era – one in which India is well-poised to truly be the land of promise and hope.

Some of the salient features of the Budget are as follows:

- Basic Customs Duty of 10% imposed on Raw Cotton.
- To enable the textile industry to become globally competitive, attract large investments and boost employment generation, a scheme of Mega Investment Textiles Parks (MITRA) will be launched in addition to the PLI scheme. This will create world class infrastructure with plug and play facilities to enable create global champions in exports. 7 Textile Parks will be established over 3 years.
- BCD on caprolactam, nylon chips and nylon fiber & yarn reduced to 5%.
- The time-limit for re-opening of assessment reduced to 3 years from the present 6 years.
- To incentivise start-ups in the country, the eligibility for claiming tax holiday for start-ups extended by one more year - till 31st March, 2022. Further, in order to incentivise funding of the start-ups, capital gains exemption for investment in start-ups extended by one more year - till 31st March, 2022.
- Government to take every possible measure to smoothen the GST further, and remove anomalies such as the inverted duty structure.

Please find the Budget Highlights (click here) and the Hon’ble Finance Minister’s speech (click here).

Source: Texprocil Textile Intelligence– Feb 01, 2021

HOME

********************
Govt. announces launch of Mega Investment Textiles Parks (MITRA) scheme to make Indian textile industry globally competitive

The Government has proposed a scheme of Mega Investment Textiles Parks (MITRA) to enable the textile industry to become globally competitive, attract large investments, boost employment generation and exports.

Presenting the Union Budget 2021-22 in the parliament today, Union Finance and Corporate Affairs Minister Smt. Nirmala Sitharaman said that this will create world class infrastructure with plug and play facilities to enable create global champions in exports. MITRA will be launched in addition to the Production Linked Incentive Scheme (PLI).

Commenting on Mega Investment Textiles Parks, Union Textiles and Women and Child Development Minister, Smt. Smriti Zubin Irani said in a tweet, “(MITRA) will be a game changer for the Indian Textiles Industry. Along with the Production Linked Incentive (PLI) scheme, MITRA will lead to increased investments and enhanced employment opportunities.

In another tweet she said, “Emphasis on state-of-the-art infrastructure through MITRA will give our domestic manufacturers a level-playing field in the international textiles market & pave the way for India to become a global champion of textiles exports across all segments”.

Mentioning about the need to rationalize duties on raw material inputs to man-made textile, the Finance Minister announced of bringing nylon chain on par with polyester and other man-made fibers. Announcing uniform deduction of the BCD rates on caprolactam, nylon chips and nylon fiber and yarn to 5 per cent, the Minister said that the move will help the textile industry, MSMEs and exports too.

Source: pib.gov.in – Feb 01, 2021

HOME

**************************
SIMA appeals for withdrawal of import duty on cotton

Stating that the imposition of 10 per cent import duty on cotton is a severe blow for the cotton textile value chain, The Southern India Mills’ Association (SIMA) has appealed to the Prime Minister for withdrawal of the duty. However, it has hailed the announcement of MITRA scheme aiming at developing seven mega textile parks with plug and play facility.

India has been globally competitive only in the cotton textile manufacturing, thereby accounting for 80 per cent of its total exports. As per Union Budget 2021-22, cotton and cotton waste which is currently under nil rate of import duty is being subjected to 10 per cent import duty through the budgetary announcement comprising of 5 per cent Basic Customs Duty and another 5 per cent Agriculture Infrastructure and Development Cess (AIDC) on cotton and 10 per cent BCD on cotton waste. The new import duty comes into effect from February 2, 2021. "This has come as a severe blow for the ailing cotton textiles and apparel industry," SIMA chairman Ashwin Chandran said in a press release.

He appealed to the Prime Minister to immediately withdraw the levy of 10 per cent import duty on cotton and cotton waste to sustain the global competitiveness of Indian textiles and apparel industry and prevent job losses for several lakhs of people, prevent fall in the exports and also curb cheaper imports of value added products from the SAFTA countries like Bangladesh, Sri Lanka, etc.

"The levy of 10 per cent duty will not benefit the cotton farmers as the normal import of 12 to 14 lakh bales per year accounts for only around 3 per cent of Indian cotton production and consumption and such cotton is not produced in India. But this is essential to sustain the share of value added / niche markets of India, both in global and domestic markets," Chandran said.

He added that after the introduction of Bt cotton that accounts for over 97 per cent of the cotton produced in the country, the cotton textile industry has to import extra-long staple (ELS) cotton, organic cotton, contamination free cotton to the tune of 10 to 12 lakhs bales per year to meet the demands of the global customers and also the value added made-ups and apparel segments of the domestic market.

He said the sudden announcement of levying import duty on cotton has come as a rude shock for the industry that is just coming out of the ill effects of COVID-19. The levy on cotton has also defeated yet another government policy of addressing inverted duty structure in the GST, as the cotton value chain attracts 5 per cent GST and will add the cost to the customers and discourage value addition.
"The MSME and decentralised nature of the yarn, fabric and garment manufacturers in the country will not be in a position to take advantage of Advance Authorisation Scheme and such scheme would benefit only the vertically integrated units that account less than 10 per cent of the exports," the release said.

"The Government had withdrawn the import duty on cotton during July 2008 consequent to the severe recession faced by the industry and also a nationwide bandh by the entire cotton textile value chain. When the import duty was there, the multinationals used to cover major volume of cotton and export, and thereafter the industry had to import cotton at higher price and thereby the foreign exchange also got affected," Chandran said while urging the Prime Minister to withdraw the duty on cotton and cotton waste to sustain the global competitiveness of the cotton textile value chain and make Aatmanirbhar Bharat vision a reality.

SIMA chairman thanked the government for announcing the Production Linked Incentive (PLI) Scheme by allocating ₹1.97 lakh crore, including ₹10,683 crore for textile industry, giving thrust to develop the global competitiveness in the MMF textile value chain. He said that the focus product incentive scheme under PLI Scheme for MMF and technical textiles would give enormous opportunity for the growth of Indian MMF and technical textile products.

Hailing the announcement of MITRA scheme aiming at developing seven mega textile parks with plug and play facility and facilitate 40 to 50 leading textile players to become global champions, Chandran said that Tamil Nadu being the largest textile manufacturing state, is planning to develop three mega parks under MITRA, as Andhra Pradesh and Telangana are already having one such park each. "This would facilitate attracting large scale investments including FDI and JVs."

Welcoming the allocation of ₹700 crore for TUF Scheme and ₹80 crore for SITP, Chandran hoped that additional allocations would be made liberally based on the claims filed by the ministry of textiles. He added that there is a backlog of over ₹10,000 crore under TUFs for several years and hoped that the Government would release the same during the financial year 2021-22 to enable the industry to make investments and create jobs under different schemes.

Source: fibre2fashion.com – Feb 01, 2021
Malegaon & Ichalkaranji miss out on textile park, feel pinch of customs duty

The powerloom stakeholders in the textile towns of Malegaon and Ichalkaranji in Maharashtra said the imposition of 10% customs duty on cotton would hit them. Finance minister Nirmala Sitharaman announced the customs duty to help local farmers earn a better price for their produce.

Satish Koshti, president of Ichalkaranji powerloom weavers association, said, “We are not against the farmers getting good price for their produce. Due to increase in customs duty, there will be shortage of cotton in the market and we will have to procure it at higher costs. The finished cloth and garments imported will be much cheaper than our product.”

Several stakeholders said the sector is reeling under severe crisis as the demand for grey cloth that they produce is not picking up. The textile manufacturers have been demanding a ban on cheaper garments imported from nearby countries such as Bangladesh.

“We were expecting an announcement to do away with anti-dumping duty that is levied by Centre on import of raw materials from countries like China, Vietnam and South Korea to make yarns like polyester, which we use to make grey cloth,” said Sajid Ansari, the president of Malegaon powerloom udgoy vikas samiti.

The Centre announced seven textile parks but Malegaon and Ichalkarani did not feature in the list. Nitin Gawali, regional MIDC officer, said they are developing a textile park on their own on 113 hectares at Sayane in Malegaon taluka of Nashik district.

“Around 84 hectares has been acquired and infrastructure like road, water supply, streetlights, approach road has been developed so far. We will start allotment of the land at the textile park from next month,” he added. Some stakeholders were expecting funds for upgrading the machinery. Ex-minister for textiles Prakash Awade said, “We expected big amount to be set aside for upgradation. The financial package was expected to overcome demonetisation and lockdown effects.”

Source: timesofindia.com– Feb 02, 2021
Textile mega park scheme is a much-needed proposal: ITF

Textile industry associations have termed the measures announced in the Budget as timely.

The Union Budget has brought big cheer to the domestic textile sector as it has spelt out much-needed measures for the sector to grab the emerging opportunities, particularly in the export segment.

The initial reactions have been positive, and the textile industry associations have termed the measures announced in the Budget as timely.

“The PLI scheme and now the mega park scheme will bring much-needed scale and build capacities in the textile sector to capitalise on the export opportunities,” said Prabhu Dhamodharan, Convenor of Coimbatore-based Indian Texpreneurs Federation.

Union Finance Minister Nirmala Sitharaman said in her Budget speech that to enable the textile industry to become globally competitive, attract large investments, and boost employment generation, a scheme of Mega Investment Textiles Parks (MITRA) will be launched in addition to the PLI scheme.

This proposed scheme will create world-class infrastructure with plug-and-play facilities to help create global champions in exports. Seven textile parks will be established over three years, she said.

Also, she announced relief by way of reducing duty to support the revival and growth of the sector.

The textiles sector generates employment and contributes significantly to the economy. There is a need to rationalise duties on raw material inputs to man-made textiles. We are now bringing nylon chain on par with polyester and other man-made fibres. We are uniformly reducing the BCD rates on caprolactam, nylon chips, nylon fibre and yarn to 5 per cent. This will help the textile industry, MSMEs, and exports, too, the Finance Minister said.

Source: thehindubusinessline.com– Feb 01, 2021
PLI Scheme to create jobs, says Finance Minister; will help create, nurture global champions in India

Union Budget 2021: Finance Minister Nirmala Sitharaman, while delivering her Union Budget speech today said that the PLI Scheme will create and nurture global champions in India while creating jobs.

“This initiative will help bring scale and size in key sectors, create and nurture global champions and provide jobs to our youth,” Nirmala Sitharaman said in her Union Budget speech.

The Finance Minister added that the manufacturing sector of the country of India’s size needs to grow in double digits. The government has committed nearly Rs 1.97 lakh crore over five years, for the PLI scheme.

For the growth of the manufacturing sector, the Finance Minister said that the recently announced Production Linked Incentives scheme would aid in doing so.

“For a $5 trillion economy, our manufacturing sector has to grow in double digits on a sustained basis, our manufacturing companies need to become an integral part of global supply chains possess core competency and cutting edge technology.

To achieve this, PLI schemes to create manufacturing global champions for Atmanirbhar Bharat have been announced for 13 sectors,” Nirmala Sitharaman said.

Source: financialexpress.com – Feb 01, 2021
Push on infrastructure, textile to benefit retailers: Experts

The push on infrastructure spends across roads, rural, textile parks and agri-sector support will put more money in the hand of consumers and will drive consumption across categories, experts from retail sector said.

"In addition, the infrastructure focus will enable companies to expand their rural and urban coverage, further helping drive consumption across the country, enabling the “One India One Market” vision," said Rajat Wahi, partner, Deloitte India.

The focus on ‘Make in India’ and increased custom duties, are also expected to result in promoting domestic manufacturing, improving employment rate, experts said.

"Sourcing structures for retailers and FMCG companies dependent on imports may have to be revisited and focus on sourcing India-made products may increase," Paresh Parekh, partner & national tax leader, retail sector, EY.

Finally, the lack of any increase in Direct taxes (such as Covid or Wealth tax) will further enable spending of increased savings due to Covid, Wahi added.

"A scheme of mega investment textile parks will be launched in addition to the PLI scheme," Sitharaman said, adding that seven mega textile parks will be launched in three years as part of the scheme.

Source: economictimes.com– Feb 01, 2021
India’s Manufacturing PMI improves to 57.7 in January

*Output, new orders and exports rise at faster rates; Slower decline in employment*

India’s manufacturing industry started the year 2021 on a strong note with Manufacturing Purchasing Managers Index (PMI) for the month of January at 57.7, reflecting the strongest improvement in three months, according to the latest survey by IHS Markit.

Manufacturing PMI in December 2020 and November 2020 came in at 56.4 and 56.3, respectively.

In response to faster expansions in total sales and new export orders, companies scaled up production at the quickest pace in three months. While employment fell further, job shedding moderated, the Survey showed.

Sustained sales growth supported a further upturn in manufacturing sector output in January. The rise in production was the sixth in successive months and the quickest since last October.

Firms noted a faster expansion in new business inflows at the start of the year, the quickest in three months. Anecdotal evidence pointed to higher sales to new and existing clients as well as the securing of bulk orders.

New orders and output rose across each of the three broad areas of the manufacturing sector. For both measures, rates of expansion picked up at consumer and capital goods firms but eased at intermediate goods makers.

New export orders

Aggregate new export orders continued to increase in January, taking the current stretch of growth to five months. Moreover, the pace of expansion was solid and quickened from December.

Despite the pick-up in demand, jobs in the manufacturing sector plunged in January. The pace of contraction was modest, however, and the slowest in the current ten month sequence of reduction. Companies that refrained from hiring mentioned the observance of government norms to keep workers to a minimum.
Pollyanna De Lima, Economics Associate Director at IHS Markit, said: “The Indian Manufacturing PMI remained well inside positive territory in January, signalling a sixth consecutive improvement in business conditions and moving further away from the Covid-related contractions recorded around mid-2020.”

Lima said, “Factories continued to ramp-up production at an above-trend pace, and the sustained upturn in new work intakes suggests that there is room for capacity expansion in the near term. Jobs fell at the start of the year, but did so at the weakest pace in the current ten-month stretch of contraction.”

“An important insight from the January survey was a pick-up in inflationary pressures, as lingering supply-side squeeze drove the sharpest increase in purchasing costs for over two years. The favourable demand environment was accommodative of price hikes and charges were raised at the fastest pace in over a year.”

Lima added, “Companies cheered the roll-out of Covid-19 vaccines and became optimistic towards growth prospects, a position that is supportive of investment and job creation as businesses attempt to rebuild their inventories of finished goods and meet demand needs.”

Source: thehindubusinessline.com– Feb 01, 2021
Union Budget: Duty on nylon raw material reduced to 5%

To bring the nylon chain on par with polyester and other man-made fibres, basic customs duty (BCD) rates on caprolactam, nylon chips and nylon fibre & yarn will be uniformly reduced to 5 per cent, finance minister Nirmala Sitharaman said in Parliament today while presenting Union Budget for 2021-22. This will help the textile industry, MSMEs, and exports.

To benefit cotton and silk growers, Sitharaman also proposed to raise customs duty on cotton from nil to 10 per cent and on raw silk and silk yarn from 10 per cent to 15 per cent.

Further, to enable the Indian textile industry to become globally competitive, attract large investments and boost employment generation, a scheme of Mega Investment Textiles Parks (MITRA) will be launched in addition to the Production Linked Incentive (PLI) scheme.

"This will create world class infrastructure with plug and play facilities to enable create global champions in exports. 7 Textile Parks will be established over 3 years," the minister said in her Budget speech.

On workers and labourers, the minister said, "We will conclude a process that began 20 years ago, with the implementation of the 4 labour codes." She added that minimum wages will apply to all categories of workers, and they will all be covered by the Employees State Insurance Corporation (ESIC).

"Women will be allowed to work in all categories and also in the night-shifts with adequate protection. At the same time, compliance burden on employers will be reduced with single registration and licensing, and online returns," she said.

Source: fibre2fashion.com– Feb 01, 2021
Madhya Pradesh: Auto sector hails scrapping policy; textiles to benefit from hike in funds

Madhya Pradesh is likely to benefit from new announcements in the automobile and textiles sectors mentioned in the Union Budget, tabled by Union finance minister Nirmala Sitharaman, on Monday.

The automobile industry has welcomed the new proposal in the 2021-22 Union Budget to scrap old vehicles. The vehicle scrappage policy is said to help boost demand for new vehicles after removing old and unfit vehicles currently plying on roads. Additionally, it is expected to help reduce air pollution caused by older vehicles.

Members of the automobile industry believe that MP’s commercial vehicle units would benefit from the announcement. There are a large number of commercial units in Pithampur, Mandideep and Bhopal.

Puneet Gupta, an office-bearer of the Automobile Component Manufacturer Association (ACMA), said, “Lakhs of vehicles are expected to be scrapped after the facility is started. This will generate demand for new BS6 vehicles.”

“Besides,” he said, “the increase in import duty on automobile components and promotion of e-vehicles with Rs 2,217 crore fund will benefit the sector in MP”.

“Environment-friendly buses are manufactured in Madhya Pradesh and the new policy will create new business opportunities,” he said.

Madhya Pradesh has more than 55 textile mills generating exports worth over USD 325 million per annum. Major textile clusters of the state are located in Indore, Jabalpur, Burhanpur and Chhindwara. These clusters together house more than 43,000 power-looms and 47,000 handlooms. Several big companies are also operating in Madhya Pradesh.

The Budget has provision of Rs 3,600 crore for the silk and handloom industry. There has been a 44% hike in National Handloom Development Programme from Rs 345 crore to Rs 495 crore.

Welcoming the Mega investment textile parks, chairman of MP Textile Mills Association, Akhilesh Rathi, said, “MP should get at least one of the seven parks. This will give fillip to the existing textile sector operating in the state.”

Source: timesofindia.com– Feb 02, 2021
FM fails to impress garment industry, leaves it confused

The textile and garment industry is not in a happy mood as is the engineering sector. Despite finance minister Nirmala Sitharaman claiming to have given relief to the sector by announcing seven mega textile parks in the country and reducing basic customs duty rates on nylon fibre and yarn, caprolactam and nylon chips to 5%, the businessmen said it was too early to say if these decisions were in their favour.

However, they were of the opinion that overall it was a satisfactory Budget, though their sector was neglected and concrete steps should have been taken to address their problems.

A disappointed Harish Dua, executive council member of Apparel Export Promotion Council (AEPC), said, “The garment and textile sector is the biggest employer in the country and Punjab as well. How will setting up of textile parks benefit the MSME units engaged in garment manufacturing? What is even worse is that there is no decrease in the income tax rate and no increase in its exemption limit, which we required the most.”

According to Hemant Abbi, a shawl manufacturer and executive member of Moti Nagar United Factory Association, “None of our concerns, like setting up of a mechanism to control rates of raw material and rationalising the differential GST rates according to sale price of goods, have been taken into consideration. Moreover, there is a confusion over the announcements made regarding the increase and decrease on customs duty on different types of yarns. The exact impact of these will be known only when a detailed analysis is done.”

Rashpal Bhamra, another garment manufacturer, said local sellers and exporters have been given no benefit. “Our industry was in dire need of government help due to the coronavirus pandemic. If the government was not able to reduce taxes, it could have at least introduced incentives for exports to encourage garment manufacturers,” he added.

Source: timesofindia.com– Feb 02, 2021