TEXPROCIL NEWS CLIPPINGS

INFORMATION BUREAU TEXPROCIL

An ISO 9001:2015 CERTIFIED COMPANY

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 34 of 2021 February 17, 2021

US 72.87| EUR 88.11| GBP 101.24| JPY 0.69

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	China becomes EU's biggest trade partner in 2020, imports jump by 5.6%
2	USA: Price Pain: Apparel Grapples With Higher Costs
3	New Sourcing Countries Advocate ‘Complete Reset’ of Buyer-Supplier Relationship
4	Egypt MP confirms closure of 30% of textiles factories
5	Singapore’s GDP shows signs of recovery, to grow by 4-6 per cent in 2021
6	Survey confirms widening skills gap in textile dyeing
7	Pakistan: Shortage of cotton yarn: Exporters not able to work at full potential, says FBAATI chief
8	Bangladesh: Global federations move to reduce audit, standard fatigue in textiles, clothing
9	Bangladeshi apparel sees sharper fall in prices than Vietnamese
10	Pakistan: Going after the garment giants

	NATIONAL NEWS
1	India's exports to US decline 11.3% in 2020, register record growth in December
2	FM Sitharaman explains govt priorities in post-Budget address to RBI
3	Exporters don't know refund rate in 45-day-old sop
4	January exports growth hits 22-month high: Commerce ministry data
5	Tamil Nadu unveils new industrial policy
6	RBI board reviews current economic situation
7	States, UTs get 16th instalment of GST shortfall compensation
8	Logistics in the post-Covid world set to explode
9	MCX Cotton futures trade firm at Rs 21,490 per bale in afternoon session
10	Telangana spins dream of a vibrant textile sector
11	Telangana, Odisha and Punjab top in CCI's cotton procurement
12	Garment inc worries as Pb falls on exports charts
13	India's WPI inflation for textiles up 3.47% in January 2021
14	State sewing up right approach: Experts
15	Compulsory TReDS to ease payment woes for MSMEs, small companies
16	West Bengal to make textiles into a 70,000 crore industry in 5 years

INTERNATIONAL NEWS

China becomes EU's biggest trade partner in 2020, imports jump by 5.6%

China became the main trade partner of the European Union (EU) in 2020, with exports and imports both increasing despite the Covid-19 pandemic, Eurostat said.

According to the EU's statistical service, the bloc's imports from China throughout the year 2020 grew by 5.6 per cent year-on-year to 383.5 billion euros (US $465 billion), and exports grew by 2.2 per cent to 202.5 billion euros, Xinhua news agency reported on Tuesday.

At the same time, the trade in goods with the United States, which had topped the EU's trade partners list until early 2020, saw substantial decline in both ways.

The EU also witnessed higher trade volume with the rest of the world in December 2020, up by 6.6 billion euros from the same month in 2019, a first year-on-year increase since it was hit by the pandemic.

The single market suffered a decrease of 9.4 per cent in exports of goods and 11.6 per cent decrease in imports in 2020. With industries largely affected by the containment measures last year, energy recorded by far the sharpest drop among all sectors, followed by food and drink, raw materials and chemicals.

The Eurostat release on Monday coincided with China's official data published in mid-January, which showed the trade with the EU grew by 5.3 per cent to 4495.77 billion yuan, or nearly 600 billion euros, in 2020.

While China's total goods imports and exports expanded 1.9 percent year on year to 32.16 trillion yuan (about US $5 trillion) in 2020, hitting a record high, the surge in trade with the EU was more than double the average growth rate.

The result fully speaks for "the strong resilience and importance of China-EU economic and trade cooperation," said Zhang Ming, head of the Chinese Mission to the EU, at a webinar last month with the European thinktank, Friends of Europe.

Source: business-standard.com – Feb 17, 2021

HOME

****

USA: Price Pain: Apparel Grapples With Higher Costs

Just as brands and retailers are finding consumer demand slowly climbing back to pre-pandemic levels, they're now dealing with rising costs, from raw materials to logistics.

Raw materials

In the fiber world, most cotton benchmark prices increased over the past month. Since early February, futures prices increased to 87 cents from 80 cents per pound.

The Cotlook A Index, an average of global spot cotton prices, rose to 90 cents per pound from 86 cents over the past month, Cotton Incorporated noted in its monthly report last week.

U.S. spot cotton prices averaged 81.08 cents per pound for the week ended Feb. The weekly average was up from 77.40 cents per pound the previous week and from 63.67 cents a year earlier, according to the U.S. Department of Agriculture.

"Cotton price levels continue to trade at levels above those that global supply and demand estimates suggest may be appropriate," Cotton Inc. said. "The Chinese stocks-to-use ratio is about 40 points higher than it was in the 2000s, before the financial crisis and before the massive accumulation by the reserve system. The stock-to-use ratio for the world outside China of 65.9 percent is about 20 percent a higher than it has commonly been in the modern era. Nonetheless, the A Index reached its highest monthly average since October 2018 last month, and cotton prices continue to climb in early February."

Cotton Inc.'s analysis said it remains to be seen what factor might eventually be successful in challenging the uptrend, noting that similar to equity markets, the resurgence in Covid-19 cases and a downturn in consumer spending have had little effect.

The organization representing U.S. cotton growers said commodities like cotton can be seen as a hedge against inflation and that easier monetary policy in the U.S. compared to other markets can lead to declines in the value of the dollar, which can also support cotton prices.

Cotton Inc. noted that along with cotton prices, values for crops that can compete with cotton for acreage have also been increasing. A result is that global cotton acreage could be expected to be stable or a little higher than those in the current crop year.

Robert Antoshak, CEO of consultancy Textile Projects, agreed that "intercrop competition" is also boosting cotton prices, with farmers making decisions for greater profitability during difficult times.

Synthetic fiber prices have also started to increase, Antoshak noted, because historically, cotton prices and polyester staple prices have tracked each other.

The U.S. Producer Price Index for synthetic fibers was up 1.3 percent in December month to month, with prices for processed yarns and threads, and finished fabrics also ticking up, according to the Bureau of Labor Statistics.

Yarn manufacturer Unifi Inc., in reporting that net sales for its fiscal second quarter ended Dec. 27 dipped 4 percent year over year to $162.8 million, said the decline resulted from lower selling prices in connection with lower raw material costs and unfavorable foreign currency translation.

"The polyester segment benefited from a better production and sales mix, along with raw material and pricing stability, along with the richer sales mix and manufacturing efficiencies, achieving a gross margin of 14.2 percent," CEO Eddie Ingle said.

Wool prices have also firmed up of late. Australian Wool Innovation (AWI) reported that the benchmark Eastern Market Indicator was up 8 cents per kilogram, or 0.8 percent higher, to close the week ended Feb. 12 at $9.86 per kilogram.

"Wool markets appear to be moving towards more of the 'normal,' pre-pandemic economy levels and their associated expected patterns," AWI said. "Italian buying was very apparent, as the quality of wool suitable for their high end needs became available…Additionally, smatterings of orders destined for the sub-continent provided good support, but it is still very much the Chinese domestic manufacturing and consumption market that is providing the backbone to the Australian wool price."

Shipping

At the same time, shipping costs have risen to meet increased demand amid shifting trade and purchasing patterns.

The World Container Index assessed by Drewry decreased 0.7 percent, or $38, for the week ended Feb. 11 to stand at $5,190.75 per 40-foot container (FEU), but was up 197.7 percent when compared a year earlier.

Ocean carrier A.P. Moller-Maersk said last week that the demand surge in the second half of the year created supply-chain bottlenecks, including vessel and container shortages, and led to higher rates.

FedEx said last month that the impact of the coronavirus continues to generate elevated volumes and the company continues to experience high demand for capacity and increased operating costs across its network.

To continue providing customers with the best possible service during this challenging time, FedEx said customers at the enterprise level that meet a certain volume threshold will be charged a “Peak Residential Delivery Charge” for packages shipped starting Feb. 15.

The charge amount of 30 cents per package will apply to FedEx Express and FedEx Ground U.S. domestic residential packages, excluding FedEx SmartPost and FedEx One Rate packages. FedEx SmartPost packages will be subject to the previously announced Peak Surcharge of 75 cents per package effective Jan. 18.

All that likely contributed to U.S. retail apparel prices increasing a seasonally adjusted 2.2 percent in January, the third consecutive monthly gain, the Bureau of Labor Statistics reported Wednesday in its Consumer Price Index (CPI).

The price hike was broad-based, with a rise in all sectors. Children’s wear led the way, with price increases of 6.2 percent in girls’ apparel and 3.4 percent in boys’ clothing. Women’s apparel prices were up 2.4 percent in the month and men’s wear prices rose 1.1 percent.

Source: sourcingjournal.com– Feb 16, 2021

HOME

****

New Sourcing Countries Advocate 'Complete Reset' of Buyer-Supplier Relationship

A new initiative by Asian manufacturer associations to improve buying practices, increase transparency and drive sustainability is expanding beyond the continent.

The Platform on Sustainable Textiles of the Asian Region, or STAR network, announced Thursday the addition of four new members from three countries: the Indonesian Textile Association, the Turkish Clothing Manufacturers Association, the Istanbul Ready-Made Garments Exporters' Association and the Moroccan Association of Textile & Clothing Industries.

They join founding members from Bangladesh, Cambodia, China, Myanmar, Pakistan and Vietnam in banding together to agree on common positions regarding payment and delivery terms "so that we have a stronger voice in individual and in collective discussions with brands and buyers on improving purchasing practices," Miran Ali, spokesperson for the initiative, said in a statement. "Following the pandemic, there should be a complete reset of the buyer-supplier relationship; we should not revert back to the norm."

Suppliers in the STAR network represent two-thirds of the global market for apparel and footwear factory exports, representing an "unprecedented collaboration in the industry," Ali added. "The fact that there is fierce competition among manufacturing countries is not an impediment to collaboration."

Suppliers were feeling a "sourcing squeeze" that was progressively worsening even before Covid-19 reared its head, labor advocates say. As the pandemic continues to rage on and demand for clothing has slackened, however, buyers are now "leveraging desperation" to demand steep discounts from suppliers, they add.

In a survey of 75 factories in 15 countries, published in October by the Worker Rights Consortium and the Center for Global Workers' Rights at Penn State University, 65 percent of respondents said that buyers have demanded price cuts on new orders that are bigger than the year-over-year reductions they usually request. More than half of those polled (56 percent) said they have been forced to accept some orders below cost, while the majority anticipated it was only a matter of time before they succumbed to the pressure.

Suppliers now have to wait an average of 77 days after they complete and ship new orders before they receive payment, compared with 43 days pre-pandemic, the survey found. In addition, one in four buyers, suppliers said, have imposed payment terms of 120 days or more.

The timing of Morocco's entry into the initiative comes as torrential floods killed 28 workers and injured 17 in a flooded underground garage that was illegally used as a garment factory. A 14-year-old girl was among the victims, who either drowned or were electrocuted due to a short circuit. Suppliers, experts say, frequently rely on such unregulated "shadow factories" to ramp up production and meet tight deadlines for less money.

The STAR network, in collaboration with stakeholders and partners such as GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), the International Apparel Federation and the Better Buying Institute, seeks to create what it describes as a "safe space for manufacturers" to jointly draft a set of minimum expectations related to payment and delivery, including establishing red lines and core principles they "deem essential for fair, legitimate business."

"Suppliers from around the world are coming together to offer solutions for strengthening global supply chains," said Marsha Dickson, president and co-founder of the Better Buying Institute, a Texas-based research organization.

"Suppliers often have the best ideas for how to overcome challenges and the impacts of brand and retailer purchasing practices on workers and the environment. It's critical their voices be heard."

Source: sourcingjournal.com– Feb 16, 2021

HOME

****

Egypt MP confirms closure of 30% of textiles factories

Egyptian MP Enas Abdel Halim confirmed that 30 per cent of the country's textiles factories have closed as a result of the recession and deteriorating economic conditions in the country.

Abdel Halim said the remaining factories had reduced production by 50 to 70 per cent.

She explained that Egypt had about 1,260 spinning, weaving and dyeing factories registered in Mahalla, but now only 320 factories are operating, employing 120,000 workers.

The MP warned the government against neglecting this issue, while calling for the Minister of Trade and Industry, Nevin Jama, to be questioned in parliament about the recent deterioration in the textile sector.

Egypt's unemployment rate rose to 9.6 per cent in the second quarter of 2020 compared with 7.5 per cent a year earlier, due to the coronavirus pandemic, the statistics agency CAPMAS revealed in August.

Source: middleeastmonitor.com– Feb 16, 2021

HOME

****

Singapore's GDP shows signs of recovery, to grow by 4-6 per cent in 2021

Singapore on Monday said its economy will grow by 4.0 to 6.0 per cent this year, making a gradual recovery from the worst recession after weighing positive and negative developments in key external economies. The higher end of the 2021 estimate would make it the best year since 2011, when GDP grew by 6.3 per cent, according to a report in The Straits Times.

The economy will grow by 4.0 to 6.0 per cent this year, said the Ministry of Trade and Industry (MTI), sticking to its forecast announced in November last year, after weighing positive and negative developments in key external economies. However, the growth acceleration this year can be partially attributed to the low base set in the second quarter of 2020 when the economy shrank by 13.3 per cent – the worst in a quarter ever.

The ministry raised its final estimate for the coronavirus-hit 2020, stating that the economy shrank by 5.4 per cent, making it Singapore's worst-ever recession since independence. Still, this figure tops the flash estimate of 5.8 per cent given last month and is higher than the 6.25 per cent average for the 6.5 to 6.0 per cent range it gave in November. The economy grew by 1.3 per cent in 2019.

This came about as the economy contracted less than initially estimated in the fourth quarter, shrinking by 2.4 per cent year on year, an improvement from the 5.8 per cent slump in the third quarter, and higher than the advance estimate of a 3.8 per cent contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 3.8 per cent in fourth quarter, according to the Singapore daily report.

The MTI said that since the last Economic Survey of Singapore in November 2020, there has been further progress in COVID-19 vaccine development and deployment, with several approved vaccines being rolled out in many economies around the world.

"Although the speed of vaccine deployment varies, advanced economies like the US and Eurozone are likely to reach population immunity by the second half of this year, which should in turn spur their economic recoveries," the ministry said in a statement. Growth prospects for regional economies such as Malaysia and Indonesia have, however, weakened due to the recent resurgence in infections.

"On balance, as the positive developments in the key external economies broadly offset the negative ones, Singapore's external demand outlook remains largely similar compared with three months ago," the report quoted the ministry as saying.

At the same time, uncertainties and risks in the global economy remain, with significant uncertainty surrounding the course of the COVID-19 pandemic and the trajectory of the global economic recovery.

While Singapore's COVID-19 situation remains under control and its vaccination programme is also underway, the pace of border re-opening has slowed amid the global surge in coronavirus cases and the emergence of more contagious strains of the virus.

"Against this external and domestic backdrop, the Singapore economy is expected to see a gradual recovery over the course of the year, although the outlook remains uneven across sectors," the daily quoted the ministry as saying.

Jeff Ng, senior treasury strategist at HL Bank Singapore, said the ministry's 2021 growth forecast reflects caution due to some concerns on major economies that have recently suffered new rounds of lockdowns.

Source: financialexpress.com– Feb 15, 2021

HOME

****

Survey confirms widening skills gap in textile dyeing

The textile dyeing industry is experiencing a global skills gap, now reaching crisis point, as younger people fail to enter the profession, according to a new survey from the Society of Dyers and Colourists.

Lack of knowledge is now harming textile production, and adding to coronavirus woes, agreed a majority of over 100 respondents from 14 countries.

The SDC, the international dyeing and coloration membership organisation and training provider, has highlighted growing concerns – and a need for more, ongoing workplace education to counter these issues, as agreed by an overwhelming 87%.

Findings state that a third of global employers involved in dyeing and finishing are unable to recruit the talent that they need, with a further 55% of participants claiming that there is a lack of transferable scientific knowledge within the industry.

A total of 77% agreed there was a skills crisis and 53% believed this was already at crisis point. Reasons for this were cited as young people having negative perceptions of the industry, or wanting to be designers rather than dyers, alongside a lack of knowledge of the chemistry behind the processes, as well as poorly promoted opportunities in dyeing.

Suggestions for deepening the international talent pool included more online learning made available globally, dedicated support from governments, and a bridging of the skills gap by working together to promote apprenticeship roles.

If the gap is not closed, respondents believe that industries will disappear worldwide, quality of finished products will be compromised, and knowledge and expertise will be lost permanently.

Graham Clayton, CEO of the SDC, commented: "We have been hearing anecdotally that there is a serious skills gap in the dyeing and coloration industry, and our new research proves that not only is this true, but that the situation is much worse than originally imagined."

“The results of our survey are worrying, but it is also evident that the industry is willing to collaborate and work proactively to ensure that a deeper crisis is avoided – and this is something that the SDC is certainly committed to supporting.”

Research was carried out in December and involved employers as well as dyeing and coloration employees at all levels, the SDC says. The full report and research findings can be found in the latest white paper from the Society and Dyers and Colourists by downloading it via the link at the foot of this article.

The SDC is a provider of colour education, offering a range of internationally recognised coloration courses and qualifications. Founded in 1884, the SDC became a registered charity in 1962 and was awarded a Royal Charter in 1963. The SDC remains the only organisation in the world able to award the Chartered Colourist status.

Source: innovationintextiles.com– Feb 16, 2021

HOME

****

Pakistan: Shortage of cotton yarn: Exporters not able to work at full potential, says FBAATI chief

Former chairman and spokesman of Federal B Area Association of Trade and Industry (FBAATI) Idrees Gigi said textile exporters were not able to work at their full potential due to shortage of cotton yarn. Cotton production remained less than 15 million bales.

Limited to 5.5 million bales, the price of cotton is skyrocketing due to shortage in the country and exporters are currently facing uncertainty, cotton to the textile sector due to easy availability of raw materials.

Export of yarn should be banned completely and duty free import of yarn should be allowed.

He said all taxes and duties on import of cotton rayon should be abolished immediately so as to meet the major export orders in the value added textile sector of the country. Due to which it is difficult to complete export orders. The cost of electricity in Pakistan is much higher than India and Bangladesh.

However FBAATI chief Muhammad Ali said the supply of electricity, gas and water to the industrial areas was essential to maintain the continuity of development. He welcomed Federal Minister for Planning Asad Omar's statement about the 11.4 percent increase in product manufacturing.

Source: brecorder.com– Feb 17, 2021

HOME

****

Bangladesh: Global federations move to reduce audit, standard fatigue in textiles, clothing

Two global federations have launched a new initiative aiming to address the problems related to audit and standard fatigue in textile and clothing industries, sources said.

International Apparel Federation (IAF) and International Textile Manufacturers Federation (ITMF) unveiled their joint initiative-Standards Convergence Initiative or SCI-last week to accelerate reduction of audit and standard fatigue, they added.

The launch of the joint initiative took place during a side session at the five-day OECD Forum on Due Diligence in the Garment and Footwear Sector which began on February 01.

IAF, the world's leading federation for apparel manufacturers, (SME) brands, their associations and the supporting industry from more than 40 countries, brought its members together to jointly create stronger, smarter and more sustainable supply chains.

ITMF, founded in 1904, is an international forum for the world's textile industries. The SCI will serve as a global industry-wide platform to discuss and develop a strategy as well as the tools to accelerate the reduction of audit and standard fatigue in the clothing and textile industries, the two groups said in a statement.

"The auditing conduct of standard holders, along with brands, retailers and other buyers' decisions determines if we are moving firmly in the direction of less unnecessary overlap of audits and standards."

Therefore, one of the first steps of the SCI, in collaboration with the International Trade Centre (ITC), is to create transparency in the conduct of the main standard holders, brands and retailers and third party standard holders, measuring to what extent they are contributing to the reduction of audit and standard fatigue, the statement added.

When asked, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Dr Rubana Huq said they always wanted standard audit procedure for all the factories because it is very difficult to cater to different audits which costs money.

Every audit costs a lot of money ranging from $2,000 to $5,000 and they are literally checking almost the same thing, she added.

Citing the data that showed overlapping of same issues by different auditors, she said if these can be combined, it could be a great issue. "IAF has been working with it."

Dr Rubana also said it is important for Bangladesh to align with the initiative to reduce the cost, hassle and time. "Bangladesh will align with IAF and try to negotiate all necessary steps to eliminate multiple audits."

Talking to the FE, Shahidullah Azim a former BGMEA leader, said on an average, four audits have been done in his factory annually by different auditors where the majority of issues are the same.

"It is unnecessary as I need to pay $4,000 to $5,000 for each audit," he said, adding that it also needs much time.

If a unified standard for audit is set, it would be helpful for the factories to reduce its costs especially during the pandemic that hit hard the industry, he noted.

Source: thefinancialexpress.com.bd– Feb 16, 2021

HOME

****

Bangladeshi apparel sees sharper fall in prices than Vietnamese

Bangladeshi apparel items have witnessed a sharper fall in prices compared to the Vietnamese products in the European Union and US markets, according to a study by the Centre for Policy Dialogue (CPD).

The price of 100 kilogrammes of made-in-Bangladesh cotton fibre T-shirt declined by 1 per cent year-on-year to 1,091.5 euros in 2020. However, the same product manufactured in Vietnam saw a 3 per cent price rise, reaching 2,157.9 euros last year, the study found.

Similarly, the price of each 100 kg of women or girls' cotton fibre pullover made in Bangladesh decreased by 7 per cent year-on-year to 1,329.5 euros in 2020 whereas the price of the Vietnamese ones remained stable at 2,157.8 euros.

The prices of each 100 kg of Bangladeshi man-made fibre pullovers for women and girls fell by 6 per cent to 1,319.4 euros from 1,409.6 euros in 2019 at the EU markets. However, the Vietnamese variant has seen only a 3 per cent year-on-year price fall, hitting 1,906.2 euros in 2020.

In the US market, the price of a dozen of Bangladeshi T-shirts made from cotton fell by 20 per cent to $17.99 in 2020 from $22.43 in 2019 while the price of the same product made in Vietnam declined by 17 per cent to $31.9 in 2020 from $38.2 in 2019.

The price of a dozen of Bangladeshi made sweaters and pullovers declined by 2 per cent to $39.31 in 2020 from $40.23 in 2019. However, the prices of the same Vietnamese product remained stable at $47.1 in 2019 and 46.9 in 2020.

The price of a dozen of Bangladeshi manufactured trousers for women and girls made from cotton fibre declined by 12 per cent to $64.17 in 2020 from $72.88 in 2019 while its Vietnamese variant has seen only a 6 per cent price fall, reaching $84.6 in 2020 from $90.5 in 2019.

Bangladesh's export performance was driven by both volume and value factors, according to the CPD study. Exchange rate management is emerging as a key factor, driving export competitiveness, it said.

The CPD also said the export target set for fiscal 2021 to achieve 21 per cent growth over fiscal 2020 will not be achieved. It will take some time to even reach the pre-Covid export level of $40.5 billion.

Knitwear has performed better in the July-January period of FY21 (+3.8 per cent) compared to Woven wear (-10.9 per cent). Jute and jute goods (+27.1 per cent) and home textiles (+44.3 per cent) have posted robust growth.

The global demand for manmade fibre apparels and synthetic leather products are rising at a fast pace. There is a need to revisit the incentive regime in view of new export products and export market dynamics, the CPD said in its State of the Bangladesh Economy in FY20-21.

The trade balance further weakened in FY2020 with a faster fall in exports (-16.9 per cent) compared to fall in imports (-8.6 per cent).

However, the scenario reversed in FY2021, when over the first half of the fiscal year, imports fell at a faster pace (-6.8 per cent) than exports (-1.1 per cent), leading to some improvement in the trade balance.

Thanks to continued robust flow of remittances, the balance of payments position at the end of the first six months of FY2021 in December 2020 shows significant improvement.

However, the overall picture conceals a diverse range of undercurrents and multiple narratives, with the level of export earnings flattening, continued sluggish performance in case of import payments and in the backdrop of continued robust performance of remittances, the CPD study said.

"As far as the prediction of 'positive growth' is concerned, we would need to calculate the growth of 2021 based on the export figures of 2019 since 2020 was an abnormal time to compare export," Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), recently told The Daily Star.

It is difficult to forecast the future of our exports on the backdrop of the current volatile situation but things may remain challenging for us at least till the third quarter of this calendar year.

"It's not the export market and demand only which will determine the performance of export, but the worrying financial situation of the factories here is to be factored in to assess how long it would be possible for individual enterprises to withstand the prolonged shock," Huq added.

Huq also said that the garments sector has had a consecutive downturn in export in December by 9.64 per cent, which wrapped up the annual export performance for 2020 with an unprecedented fall of 16.94 per cent. In December, woven garment export posted the worst performance since June 2020, as it declined by 18.07 per cent.

Knitwear export managed to have a relatively stable position with -0.45 per cent growth in December, thanks to the demand for apparel for home use. While looking at two years' trend, it shows that growth between October 2018 and 2020 was -26.03 per cent, and November 2018 and 2020 was -14.32 per cent.

"The two years change in export for the month of December is -8.55 per cent, meaning that we exported 8.55 per cent less in December this year compared to what we exported in December 2018.

"So, given the effect of lockdowns in Europe and the USA and their impact on retail and demand, the worst ever Christmas sales the world has seen, and most of all the effect of price decline, which is around 5 per cent since September 2020, it was a dark year for the industry," she said.

As the uncertainties and stresses caused by the second wave still persist coupled with the relatively poor administration and unavailability of a vaccine, and the impact on the global economy it would leave, this downtrend in export will probably continue till April of this year, Huq added.

Source: thedailystar.net– Feb 16, 2021

HOME

****

Pakistan: Going after the garment giants

Pakistan's apparel exporters should take cues from marketing and manufacturing cultures of China, Bangladesh, Vietnam, and India that account for 60 percent of the world's garments exports.

The only thing that is common among these countries is well-developed garment industry. Interestingly they all have business cultures that are unique to them. We can adopt any one of them that suits us or is closest to our manufacturing culture. Low-cost labour is certainly a key factor but there are other aspects that give edge to even countries with higher labour wages.

China for instance has the most expensive labour among the four countries but it accounts 21 percent of garment exports. India and Bangladesh each have 14 percent share of the global garment exports, though the labour wage in Bangladesh is almost two-third than India.

Similarly the wages in Vietnam are much higher than Bangladesh and India but its garment exports are growing currently accounting for 13 percent of global exports. Pakistan's labour wages are now at par with that of Bangladesh still our garment exports are one-seventh than Bangladesh (our garment exports are around $5 billion to Bangladesh's $30 billion).

Increasing wages in China is forcing many buyers to move production to low-wage economies and Pakistan has the lowest labour cost along with Bangladesh

Besides labour cost, quality, deliverability (labour productivity and infrastructure development) also count when a foreign buyer outsources its brands to a textile exporting country.

The foreign buyers proactively manage product quality to achieve their desired quality standards while outsourcing to low-cost countries.
China is still a major player in the sector, but garment exports will likely lose to wage economies -Bangladesh is top amongst them.

The last decade has seen an increase in garment production in countries like India, Vietnam, and Pakistan, as well as Cambodia with Bangladesh on top. To diminish losing business to other countries, the Chinese government is providing incentives for manufacturers to move production to cheaper provinces in Central and Western China.

Many buyers consider India a major potential competitor to China in manufacturing due to its massive workforce. However, India's significantly lower labour cost has not always sufficed for manufacturers to consider relocating. That stands true for Pakistan as well. Main reason is the low labour productivity estimated to be less than half of China.

Manufacturing garments is typically a low-skilled job, so garment buyers might not be particularly concerned about whether a workforce is skilled. However, skilled labour in managerial positions increases the efficiency and productivity of a factory, which can shorten lead times. Vietnam's human capital eclipses China's, while India lags behind Bangladesh and Pakistan's is even lower than India in terms of skills.

At the time of exports things that matter most are the custom procedures, which are the best in China and the worst in Pakistan. Timeliness of shipments are most efficient in China and less so in other countries. The quality of trade related infrastructure is the best in China, followed by Vietnam, India, Bangladesh, and Pakistan.

The tendency to capture export containers going from upcountry to Karachi port to block roads during strike or agitation (that are common in our country) is a most negative point noted by foreign buyers when placing orders for their brands.

It takes longer to conduct an inspection or audit at a factory in a country with a less developed transportation system, as it could take the inspector longer to reach the facility but not so in China. But public transportation systems are much less developed in countries like Vietnam, India, Pakistan and Bangladesh.

Poor economic development can interfere with the supply chain in some unforeseen ways.

The frequent political demonstrations in the forms of long marches, sit-ins and blocking of highways by angry mobs to protest after accidents or murders disrupt the supply chain. The human rights violations, missing persons cases deter valued brands from placing orders to avoid getting their names tainted.

Most garment buyers measure social compliance and evaluate quality management systems using the same objective standards.

The process of conducting factory audits in different countries is fundamentally the same, even if issues encountered vary by location. Pakistan is more likely to face problems with social compliance and fire safety due to lax building regulations and weak government enforcement.

As far as the quality control inspections before shipping is concerned they are almost the same irrespective of the country where the garments of a particular brand are produced. Still the product quality could significantly vary between factors due to various other factors. That includes workers' skill, quality of raw materials and accessories and equipment used in production.

The quality may be within the tolerance limit set by the buyer but the relatively lower quality supplier is offered a lower price for the same item produced at higher price by the quality supplier. This perhaps is the reason that the prices fetched by our garment suppliers is often less than the prices offered to suppliers in top four garment exporting countries.

Source: thenews.com.pk– Feb 17, 2021

HOME

****

NATIONAL NEWS

India's exports to US decline 11.3% in 2020, register record growth in December

Four consecutive months of rise in export to the US indicate strong recovery in trade: Indian Embassy in Washington DC

India's exports to the US — the country's largest outbound destination for goods — suffered a blow due to the Covid-19 pandemic in calendar year 2020 with outbound shipments declining 11.3 per cent to $51.13 billion compared with 2019. But things are on a mend as December exports have posted a rise of 14.2 per cent (year-on-year) to $4.89 billion, as per government figures.

Imports from the US in January-December 2020 posted a sharper decline of 20.1 per cent to $27.39 billion, which increased India's trade surplus by 1.4 per cent to $23.79 billion.

"In December 2020, Indian exports to the US registered the largest monthly year-on-year increase with 14.2 per cent growth. December also marked the fourth consecutive month of positive growth, indicating a strong recovery in trade," according to monthly commercial report for December by the Embassy of India in Washington DC.

The export items which posted sharp increases in December 2020 include art of stone, plaster, cement, asbestos; food industry residues; oil seeds, miscellaneous grains, seeds; wadding, felt, twine and ropes; toys, games and sport equipment; ceramic products, and products of animal origin.

'Robust recovery'

Indian exporters, too, have reported an increase in enquiries and demand from the major markets of the US and the EU, which has given them hope for the future after suffering months of battering due to a decline in global demand.

According to a recent assessment done by the Engineering Export Promotion Council, which has 60 per cent of its members from the MSME sector, the past few months have shown a robust recovery in the external demand from the major markets of the US and Europe.

“Unlike what has been observed in previous months, Indian exports, showing strong growth in December 2020, are not replacing existing market shares in the US as there was commensurate increase shown in the imports of these products from the rest of the world,” the Indian Embassy report observed.

The Indian exports to the US which registered significant decline in December 2020 include lead and articles, apparel and accessories, footwear, explosives, and railways and tramways equipment.

The US connect

In the top 10 product groups where Indian exports saw a significant decline, the US saw a decline in global imports in nine of the same product groups, indicating that India underperformed due to a significant decline in US demand, the report stated.

India’s overall exports in April-January 2020-21 declined 13.58 per cent (year-on-year) to $228.25 billion while its exports in January 2021 increased 6.16 per cent to $27.45 billion compared with the same month last year, as per figures recently released by the Commerce and Industry Ministry.

Source: thehindubusinessline.com– Feb 16, 2021

HOME

****

FM Sitharaman explains govt priorities in post-Budget address to RBI

Finance Minister Nirmala Sitharaman on Tuesday explained the government's priorities to the Reserve Bank of India's (RBI's) central board during their first meeting after presentation of the Union Budget 2021-22.

The finance minister addressed the 587th RBI central board meeting and informed the members about key initiatives in the Budget and the priorities of the government, RBI said in a statement.

Complimenting the finance minister on the Budget, the board members made various suggestions for consideration of the government, it added.

"The board in its meeting reviewed the current economic situation, global and domestic challenges and various areas of operations of the Reserve Bank, including ways for strengthening grievance redress mechanism in banks," it said.

The meeting on Tuesday was chaired by RBI Governor Shaktikanta Das through video conferencing.

The government's nominee directors on the board — Financial Services Secretary Debasish Panda and Economic Affairs Secretary Tarun Bajaj — also attended the meeting.

Finance minister holds customary meeting with the board members of the RBI and the Securities and Exchange Board of India (Sebi) after Budget presentation every year.

Earlier this month, the finance minister presented a Rs 34.5 trillion Budget for 2021-22 in the backdrop of the coronavirus pandemic.

The Budget laid emphasis on increasing capital expenditure (capex), raising allocation for healthcare capacity building and development of agriculture infrastructure, among others, expected to have a multiplier effect on the economy.

Hit hard by the pandemic, fiscal deficit — the excess of government expenditure over its revenues — is estimated to hit a record high of 9.5 per cent of the gross domestic product (GDP) in the current financial year against Budget Estimates of 3.5 per cent. It was due to increased capex and including government's dues to the Food Corporation of India.

Earlier this month, Das said the central bank will be able to manage the high quantum of government borrowings at Rs 12 trillion for the next fiscal in a "non-disruptive" manner.

Source: business-standard.com– Feb 17, 2021

HOME

****

Exporters don't know refund rate in 45-day-old sop

Even after 45 days of rolling out the new scheme to refund taxes and duties paid by exporters, the finance ministry is yet to decide on the rates, amid a slugfest with the commerce department, which is keen to ensure that the new mechanism does not impact those shipping out goods from the country.

GLOBAL PRACTICE

- Refund of taxes paid by exports are a global practice and meant to create a level-playing field in global markets, at least on the tax front
- A committee under former commerce secretary G K Pillai had been tasked with finalising product specific rates
- Commerce department is unhappy with the coverage being restricted to around 2,000 tariff lines or products, which means several goods will not be able to compete favourably as taxes will have to be added to the price

The delay in rates has not gone down well with exporters, who are complaining about the lack of certainty in negotiating contracts at a time when business remains muted in the midst of the pandemic, which is still impacting demand in Europe, the US and other parts of the world.

The finance ministry is being accused of using the WTO case against India's earlier export promotion schemes to restrict the scope of duty refunds. The government had decided to move to a scheme called Remission of Duties and Taxes on Exported Products (RoDTEP) to refund levies at the central, state and local level.

While a committee under former commerce secretary G K Pillai had been tasked with finalising product-specific rates, the commerce department is unhappy with the coverage being restricted to around 2,000 tariff lines or products, which means that several goods will not be able to compete favourably as taxes will have to be added to the price. "Ideally, all the tariff lines should be covered, we are discussing the issues with the finance ministry," said a gover nment source.

Another bone of contention is the finance ministry's insistence that the rate of refund under RoDTEP should not exceed what was being offered under Merchandise Exports from India Scheme, which has now been discontinued.

Similarly, there is a dispute over value caps being proposed by the revenue department, which does not want to make payouts beyond a certain level even if exports are higher. This, it believes, is critical to ensure that exporters do not get an open-ended regime.

Further, exports from special economic zones (SEZs) and those under the advance authorisation scheme are proposed to be kept out, which the commerce department believes will not be fair.

Industry bodies such as Fieo have also argued that SEZ units and export-oriented units face embedded levies and face taxes on fuel for inward and outward transmission, which needs to be refunded. It has also suggested that the scheme should not be restricted by budget constraints.

Source: timesofindia.com– Feb 16, 2021

HOME

****

January exports growth hits 22-month high: Commerce ministry data

Merchandise exports rose 6.2% in January from a year before, the highest since March 2019, and 0.1% higher than December, showed the data released by the commerce ministry on Monday. It also beats the ministry's preliminary estimate of a 5.4% increase in exports for January, signalling a nascent recovery following the Covid-related disruptions.

Imports, too, recorded a second successive month of growth (2% year-on-year) in January but the pace of rise slowed from 7.6% in December 2020. Trade deficit narrowed to $14.54 billion in January from $15.44 billion in the previous month.

The data showed that exports rose to $27.45 billion in January, against $25.85 billion a year before. Imports increased to $41.99 billion last month from $41.15 billion a year earlier. Importantly, core exports (excluding petroleum and gem and jewellery), which reflects the competitiveness of the economy, grew an impressive 13.4% in January.

Similarly, non-oil and non-gold imports rose 7.5% last month. One third of the 30 key commodities registered growth. The data show the overall outbound shipments until January this fiscal remained 13.6% lower than a year earlier, while imports dropped at almost double the pace of 25.9%.

Hit by a Covid-induced lockdown that battered the supply side hard, exports have witnessed a roller-coaster ride this fiscal. Having risen by 6% in September 2020, the first expansion since February 2020, outbound shipments faltered by 5.1% in October and 8.7% in November before it witnessed a marginal rise in December.

Nevertheless, it's an encouraging sign and can potentially sustain once business operations stabilise in the wake of the Unlock, analysts have said.

The exports of commodities that saw a sharp rise in January included cereals other than rice and wheat (344%), oil meals (258%), iron ore (109%), engineering goods (19%) electronics and drug & pharmaceuticals (16% each). However, exports of petroleum products dropped by 32% and garments by 11%.

Commenting on the rise in exports in January, Sharad Kumar Saraf, president of the exporters' body FIEO, said it signals that our traditional and labour-intensive sectors of exports (except for apparels, leather, marine products and gems & jewellery) have passed the most challenging times.

Saraf also urged the government to soon notify the rates for the Remission of Duties and Taxes on Exported Products scheme, which will remove uncertainty from the minds of the trade and industry thereby forging new contracts with the foreigner buyers.

Source: financialexpress.com– Feb 16, 2021

HOME

****

Tamil Nadu unveils new industrial policy

Aims to attract investments worth over ₹10-lakh crore by 2025

Tamil Nadu on Tuesday announced its new industrial policy to provide further fillip to the industrial growth in the State by attracting more investments.

Tamil Nadu Industrial Policy 2021-2025, which was unveiled by the State Chief Minister Edappadi K Palaniswami, aims to achieve four key objectives — to attract investments worth over ₹10-lakh crore ($135 billion) by 2025, achieve annual growth rate of 15 per cent in the manufacturing sector during the policy period, increase contribution of manufacturing sector to 30 per cent of the State's economy by 2030 (currently 25 per cent), and create employment opportunities for about 20 lakh people by 2025.

The vision of the new industrial policy is to make Tamil Nadu a numero uno destination to invest, innovate and create products and associated services. The policy focusses on industrial units, sunrise sectors, R&D projects, industrial park developers, warehousing and logistics, and FDI investments (relocation projects). It will encourage sunrise sectors with additional incentives. It will also support R&D projects in the State to strengthen Tamil Nadu's position as an R&D hub.

"The new industrial policy has been designed to provide incentives for companies that provide jobs to transgender people and differently-abled," said Palaniswami during the unveiling of the policy.

MSME policy

The Chief Minister also unveiled a new MSME Policy to make Tamil Nadu the most vibrant ecosystem for MSMEs/startups. The policy has set a target of attracting new investments worth ₹2-lakh crore by 2025 and create additional employment opportunities for 20 lakh people.

Source: thehindubusinessline.com– Feb 16, 2021

HOME

****

RBI board reviews current economic situation

The Central Board of Directors of the Reserve Bank of India reviewed the current economic situation, global and domestic challenges, among others, at its meeting on Tuesday .

Nirmala Sitharaman, Union Minister of Finance & Corporate Affairs, in her address to the directors, outlined the thinking behind the Budget and the priorities of the government.

In his statement on February 5, the RBI Governor Shaktikanta Das observed that the Budget has provided a strong impetus for revival of sectors such as health and well-being, infrastructure, innovation and research, among others.

Investment climate

This will have a cascading multiplier effect, going forward, particularly in improving the investment climate and reinvigorating domestic demand, income and employment, he added.

“The investment-oriented stimulus under AatmaNirbhar 2.0 and 3.0 (given during the peak of the pandemic) has started working its way through, and is improving the spending momentum along with the quality of public investment.

“Both will facilitate regaining India’s growth potential over the medium-term. The projected increase in capital expenditure augurs well for capacity creation and crowding in private investment, thereby improving the prospects for growth and building credibility around the quality of expenditure,” Das said.

The RBI has projected India’s real GDP growth at 10.5 per cent in 2021-22 – in the range of 26.2 to 8.3 per cent in H1 (April-September 2021) – and 6.0 per cent in Q3 (October-December 2021).

Per the statement, the projection for Consumer Price Index (CPI) based (retail) inflation has been revised to 5.2 per cent in Q4 (January-March) 2020-21 (earlier projection: 5.8 per cent), 5.2 per cent to 5.0 per cent in H1 2021-22 (5.2 per cent to 4.6 per cent) and 4.3 per cent in Q3: 2021-22, with risks broadly balanced.

The board meeting, held under the Chairmanship of Shaktikanta Das, Governor, through video conferencing, also reviewed the various areas of operations of the Reserve Bank, including ways for strengthening Grievance Redress Mechanism in banks.

Source: thehindubusinessline.com– Feb 16, 2021

HOME

****

States, UTs get 16th instalment of GST shortfall compensation

Centre has released 86 per cent of the estimated loss in revenue

Finance Ministry on Monday released 16th weekly instalment of ₹5,000 crore to the States today to meet the GST compensation shortfall. Further, additional borrowing permission of over ₹1.06 lakh crore was granted to the States

Centre set up a special borrowing window in October, 2020 to meet the estimated shortfall of ₹1.10-lakh crore in revenue due to GST implementation. The borrowings are being done through this window by the Centre on behalf of the States and Union Territories..

Out of the present instalment, ₹4,597.16 crore has been released to 23 States and ₹402.84 crore to the three UTs with Legislative Assembly (Delhi, Puducherry and Jammu & Kashmir) who are members of the GST Council. The remaining five States, Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim do not have a shortfall.

86 per cent released

Till now, 86 percent of the total estimated GST compensation has been released including ₹86,729.93 crore to the States and ₹8,270.07 crore to the three UTs. The latest tranche has been borrowed at an interest rate of 4.65 per cent, So far, ₹95,000 crore has been borrowed by the Central government through the special borrowing window at an average interest rate of 4.78 per cent.

In addition to providing funds through the special borrowing window to meet the shortfall in revenue, the Government of India has also granted additional borrowing permission equivalent to 0.50 per cent of Gross States Domestic Product (GSDP) to the States choosing the option to meet GST compensation shortfall to help them in mobilising additional financial resources.

Source: thehindubusinessline.com– Feb 15, 2021

HOME

****

Logistics in the post-Covid world set to explode

In India, there is an increasing need for system upgradation across the entire supply chain, which should include automatic tracking and alerts, enhanced navigational abilities, real time digital tracking and route optimisation

For the logistics industry, the pandemic has proved to be both a boon and a bane. On the one hand, the Covid-19 situation has increased the financial pressure on a lot of companies in the industry, especially transporters. While many others rose with energy and alacrity to the challenges of Covid, protecting staff and customers while flexing to the peaks and troughs in demand.

A few of the large players in the global logistics industry have been catapulted to a high-growth trajectory while few others have struggled in the wake of sudden supply-chain disruptions the pandemic caused in its initial months.

Covid-19 showed how stretched the global supply chains were and how that stretching made them vulnerable to disruptions, with a break at any point affecting the entire business. To avoid this and engender greater resilience, logistics in a post-Covid world will need to focus on shortening supply chains and ensuring that goods are delivered across end points quicker.

The unavailability of suppliers during the pandemic forced companies to look out for local supply chains to augment shipments from overseas. Logistics players in a post-Covid scenario will ask their current local suppliers to take on greater volumes across different product lines.

Key trends

Five key trends are likely to emerge in the post-Covid environment in India. Firstly, digital is table stakes. The importance of digital as a channel to market has accelerated significantly due to the pandemic. Till now we were used to the general trade and the kirana stores. Then came the modern trade and the big retail malls. Now we have online trade. India’s online trade is growing in terms of penetration but in a Covid-induced lockdown era, online trade has stepped up a whole different ball game.

We are seeing this shift from offline to online in a far more accelerated way. And it is irreversible now. It will be relentless in days and months ahead.

The second key trend is increased focus on fulfilment logistics are warehousing. Many of our customers want to move inventory as closer to demand as possible and also improve their reach. The Covid-era has perforce reminded all of us that having no inventory is as bad as having it in the wrong place. Inventory in the right place is very important; being close to our customers is equally important.

This goes beyond just infrastructure and access — there is likely to be a much sharper focus on quality of service, optimisation and time defined service levels, and technology will be a key differentiator here.

A third key trend will be a growth in omni-channel networks. Companies are trying to figure how to operate the inventory in a far more efficient way in the field and drive optimisation through omni-channel models for distribution, so that they can use the same inventory and support online as well as physical delivery. An increased level of volatility and demand variability puts added pressure on customers.

The fourth big trend which is happening is increased focus and adoption of multi-modal logistics. The pandemic has shown the need and opportunity to leverage rail, sea and waterways a lot more effectively. In many of our key markets like auto and farm sectors we have seen a step change, thanks to the increased focus and support from the Railways.

So multi-modal is now becoming a bigger focus and it is important for India. If logistics cost in our country has to come down then in the long run we have to become much more multi-model. You need to have cost-efficient transportation models to use waterways, air, road and two-wheeler modes judiciously.

Cross-border supply chains have also become a key focus area and we expect a greater impetus. Through the pandemic, most companies have realised the need to improve resilience, real-time visibility and end-to-end management of the same. This will also be critical to support growth in exports. This shift will require accelerated regulatory support and infrastructure development, and a technology ecosystem to enable the same.

And now comes the final and perhaps the most significant trend of using technology, data sciences, analytics and automation. In the post-Covid environment, there is a greater focus on improving the predictability of supply chain. Customers are focussing on a much more granular and multi-variable dimension of supply chains.

Today, it is not just marketplaces or aggregation tools, but systems which allow management of the overall supply chain, optimisation and design of the network and the ability to do that with the appropriate level of customisation. Technology building blocks and integration will not just be enablers but differentiators in the future.

Remodelling the global as well as local supply chains in the post-Covid world is essential. There is an increasing need for system upgradation across the entire supply chain, which should include automatic tracking and alerts, enhanced navigational abilities, real time digital tracking and route optimisation. The logistics industry involves direct contact between people, making it essential to inculcate technology across all links in the supply chain including data science, analytics and Big Data.

In the short to medium term, the logistics industry will have to rise and support vaccination programmes across the world. In India we have challenges of infrastructure, technology, etc., but the industry will rise to the challenge.

As we look to the future and a more Atmanirbhar India, the logistics sector must emerge as an enabler to the economy by accelerating productivity for our customers.

Source: thehindubusinessline.com– Feb 16, 2021

HOME

****

MCX Cotton futures trade firm at Rs 21,490 per bale in afternoon session

Cotton futures traded marginally higher at Rs 21,490 per bale on February 16 as participants trimmed their positions as seen from open interest. Cotton prices had gained 0.2 percent on February 15 to settle at Rs 21,440/bale on the MCX.

The agri commodity traded in the positive territory after a gap-up start in the afternoon session. Mohit Vyas, an analyst with Kotak Securities said, “Persistent rally in Cotton prices in the global market is likely to keep domestic cotton range-bound with positive bias for the near future.”

MCX February Cotton trades at a discount of 15 percent from Cotlook A price of 93.20 cents as on Friday. Cotton arrival in the first 10 days of February touched nearly 1.65 lakh tons, down 30 percent from last year.

In the futures market, cotton for February delivery touched an intraday high and low of Rs 21,590 and Rs 21,480 per bale, respectively on the MCX. So far in the current series, the commodity has touched a low of Rs 20,700 and a high of Rs 21,700.

Cotton futures for February delivery gained Rs 50, or 0.23 percent, to Rs 21,490 per bale at 15:16 hours IST on a business turnover of 4,388 lots. The same for March contract rose by Rs 60, or 0.28 percent at Rs 21,810 per bale with a business volume of 4,933 lots.

The value of February and March’s contracts traded so far is Rs 43.71 crore and Rs 43.92 crore, respectively.

Geojit Financial Services said though profit-booking witnessed in the last session, as long as prices trade above Rs 21,350, we could see upside moves targeting Rs 21,600-21,650 levels.

At 09:48 (GMT), US Cotton futures soared 1.47 percent quoting at 89.98 cents/pound on Intercontinental Exchange (ICE).

Source: moneycontrol.com– Feb 16, 2021

HOME

****

Telangana spins dream of a vibrant textile sector

After having excelled in the fields of IT and pharma, Telangana is now weaving dreams of making it big in the textiles sector. While the youngest state is a late entrant and will have to compete with other established states like Gujarat and Tamil Nadu to attract investments, its focus on creating an end-to-end value chain for the industry is expected to boost its prospects, said experts.

To begin with, the state is setting up the country's largest textiles park — Kakatiya Mega Textile Park (KMTP) — spread over 1,200 acres, that will offer a complete manufacturing ecosystem for the textiles and apparel industry within its premises. Jayesh Ranjan, principal secretary, IT & industries, Telangana, said KMTP will be a game-changer because no other textile hub in the country sports an end-to-end manufacturing ecosystem.

"The land acquisition is over and now we are in the process of developing infrastructure," said Ranjan. "We have already allotted 350 acres of land to two companies — Youngone Corporation and Ganesha Ecosphere." Korea's Youngone Corporation, which is into sports and outdoor wear, will be setting up eight manufacturing units on a land parcel of 300 acres in the park at an investment of around Rs 1,000 crore. This Korean giant, that has units in Bangladesh and Vietnam, is likely to commission its first unit in KMTP this year.

Ganesha Ecosphere, which is into recycled polyester staple fibre, has already begun construction activity and is expected to commence operations this year. KMTP is also setting up plug-and-play infrastructure for local weavers and textile manufacturers and will be setting up a common effluent treatment plant. Ranjan said that in 2021, training centres will be set up in Warangal and its catchment villages so that the local population can be trained, and once the units are ready, they will have access to trained workforce.

The state government is also keen on promoting technical textiles and will be setting up the country's first technical textile testing lab with the help of the Centre at KMTP this year. "Currently, the manufacturers have to send their products abroad for testing," Ranjan said, adding that around Rs 150 crore is expected to be invested by the Indian government in setting up the lab.

Source: timesofindia.com– Feb 16, 2021

HOME

****

Telangana, Odisha and Punjab top in CCI's cotton procurement

Cotton Corporation appears ready to commence procurement

Telangana, Punjab and Odisha are three top States that have got maximum benefits of cotton procurement by the Cotton Corporation of India (CCI) during the current season 2020-21 (October 1, 2020 to September 30, 2021).

CCI has procured 55 per cent of the cotton procured in Telangana followed by 45 per cent in Punjab and 44 per cent in Odisha. CCI has procured 90.87 lakh bales (24.49 % of the total production) under Minimum Support Price (MSP) operations.

According to the data presented by the Ministry of Textile in Lok Sabha last week CCI Telangana produced 60 lakh bales of which 33.33 lakh bales were procured under MSP operations. Punjab and Odisha procured 12 lakh bales and 4.5 lakh bales respectively of which 5.38 lakh bales and 1.98 lakh bales were procured. Gujarat is the highest cotton producer State with the production of 90.5 lakh bales. CCI procured 4.05 lakh bales(4.48%) from Gujarat. Maharashtra, the second-highest producer, produced 86 lakh bales of which 17.45 lakh bales (20.29%) were procured.

According to the Ministry, the CCI has not stopped the purchase of cotton at MSP. "Further due to substantial increase in kapas rates during the last three weeks, the ruling price of kapas are more than MSP rates in most cotton-growing states and farmers are getting a better price for their produce from market.

Hence, intervention is not presently required in these states. However, CCI is procuring around 25,000 to 30,000 bales per day in the cotton-growing areas wherever the prevailing kapas prices are ruling below MSP" the Ministry told the Lok Sabha.

The Ministry added that India is a net cotton surplus country wherein production is more than its consumption. As there is sufficient availability of cotton in the country, the export of surplus available cotton may not affect the textile units in the country. Rather, it will help the farmers to receive a better price for their cotton.

Source: thehindubusinessline.com– Feb 15, 2021

HOME

****

Garment inc worries as Pb falls on exports charts

In a disappointment for the city considered a hub of textile and garments, Punjab has ranked seventh in volume of net exports in the sector in 2019-20. In the previous two years, too, the performance had been dismal as compared with the other states.

As per the data released by the ministry of textiles, the total amount of exports from Punjab for 2019-20 was of US$ 1,509 million. Other states that have ranked ahead of Punjab include Delhi (US$ 2,332), Gujarat (US$ 4,901), Haryana (US$ 3,035), Karnataka (US$ 2,386), Maharashtra (US$ 3,987), Tamil Nadu (US$ 6,766) and Uttar Pradesh (US$ 2,853).

Industrialists said it was because of the Centre and the state government turning a blind eye to the problems of the garment and textile industry and if these warning signs were ignored, Punjab may slip even further. However, some businessmen differed and said the data contained statistics for textile products like sarees, carpet, denim, home furnishing and other handlooms, which were not the specialisation of Punjab.

Expressing resentment over the statistics, Harish Dua, executive council member of Apparel Export Promotion Council, said, “Ludhiana is the biggest hub of garment manufacturing in north India. There was a time when we were number one garment manufacturers in the country, but due to the apathy of the successive Central and state governments, we slid and other states pipped us.

One of the biggest hurdles for Ludhiana's garment exporters is huge expenditure incurred on the outgoing freight till the ports as compared with the other states. It has been years since we have been demanding freight subsidy for garment exporters of Punjab to put us on a par with those from other states.”

Vinod Thapar, chairman of Knitwear Club, said, “Punjab's garment industry is in dire need of technological advancement. Both Centre and state should come together and introduce a tailor-made technological upgrade scheme for us, under which we should be given financing at 0% rate for purchase of machinery. Besides, the labour cost is very high in Punjab as compared with the other states. Our competitors in other states have an edge over us.”

However, Narinder Mittal, general secretary, Ludhiana Business Forums, said there was no need to panic. “We are ranked at seventh position because the figures released by the ministry of textiles include both garments and textiles. Textiles is a vast term that includes a wide product range, including denims, carpets, sarees, home furnishing and specialised fabrics.

Punjab produces nothing of this sort and that is why states like UP and Gujarat are far ahead in this list though they do very little production of garments. However, there is no denying that we are not the number one garment manufacturing state anymore. Steps need to be taken by the state and the Central governments to uplift the garment industry of Ludhiana so that we can regain our lost number one spot.”

Source: timesofindia.com– Feb 16, 2021

HOME

****

India's WPI inflation for textiles up 3.47% in January 2021

India's annual rate of inflation, based on monthly wholesale price index (WPI), for January 2021, stood at 2.03 per cent over January 2020. The index for textiles increased by 3.47 per cent, while it rose by 0.36 per cent for apparel in January, according to the provisional data released by the Office of the Economic Adviser, ministry of commerce and industry.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of January 2021 increased to 125.9 from previous month's 124.5, showing positive inflation for the sixth consecutive month since April this year when the economy was hit by COVID-19 pandemic and lockdowns.

The index for manufactured products (weight 64.23 per cent) for January 2021 increased by 1.54 per cent to 124.9 from 123.0 for the month of December 2020. The index for 'Manufacture of Textiles' sub-group too rose by 3.47 per cent to 122.4 from previous month's 118.3. The index for 'Manufacture of Wearing Apparel' sub-group also rose by 0.36 per cent to 139.5 from previous month's 139.0.

The index for primary articles (weight 22.62 per cent) decreased by 1.77 per cent to 143.9 in January 2021 from previous month's 146.5. The index for fuel and power (weight 13.15 per cent) however increased by 5.84 per cent to 99.7.

Meanwhile, the all-India consumer price index (CPI) on base 2012=100 stood at 156.3 (provisional) in January 2021 compared to 157.3 (final) in December 2020, according to the Central Statistics Office, ministry of statistics and programme implementation.

Source: fibre2fashion.com– Feb 15, 2021

HOME

****

State sewing up right approach: Experts

Textile industry experts opine that because of Telangana's approach of setting up an integrated 'fibre to fabric' park, it is poised to attract investments from domestic as well as international players.

Sushil Sancheti, secretary, Telangana Spinning & Textile Mills Association, said: "The margins in the textiles sector are very thin... in such a scenario, companies would like to optimise logistics costs. Hence, KMTP offers a viable option for players who also want to expand their units in India but are looking at a different location."

In fact, during the latest Union budget, FM Nirmala Sitharaman announced the Mega Integrated Textile Region and Apparel (MITRA) scheme as part of which seven textile parks will be established across the country over three years to attract investments and boost employment in the sector. Jayesh Ranjan, principal secretary, IT & industries, Telangana said that KMTP will be a front-runner in garnering support from the Centre as the project ticks all the eligibility boxes.

Sancheti said that though India is mulling setting up such massive units now, these kinds of units have been existing for over two to three decades in China and now in Bangladesh and Vietnam.

To boost the textiles sector, Rajat Wahi, partner, Deloitte India said the government can also consider signing free trade agreements with large consumption economies, such as the US and Europe and diversify its export markets to tap countries such as Japan, Brazil and Russia.

"The sector is also moving towards responsible, sustainable and eco-friendly manufacturing, and can leverage India's potential in organic textile products. Further, the restriction on imports from China is likely to give a boost to the Indian manufacturing sector," he said.

Source: timesofindia.com– Feb 16, 2021

HOME

****

Compulsory TReDS to ease payment woes for MSMEs, small companies

The money troubles for MSMEs and small vendors dealing with various government agencies might ease soon as New Delhi 'factors in' major changes to the way it pays its billers.

The Centre is seeking to cut through swathes of bureaucracy and speed up bill payments by getting its departments to compulsorily adopt the Trade Receivable Discounting System or TReDS. For the government, quick vendor payments should enhance competitive intensity — and lower its costs.

This will, for instance, allow government entities such as the Defence Ministry's 41 Ordnance Factory Board (OFB) companies to avail financing facilities by collateralising the receivable invoices of vendors supplying artilleries, tanks, helmets to India's armed forces, under sovereign guarantee on the RBI-regulated TReDS platform.

To this effect, a Parliamentary committee headed by former Union minister Jayant Sinha has submitted its recommendations seeking amendments to critical clauses through the Factoring Regulation (Amendment) Bill of 2020 in the ongoing budget session, ET has learnt.

"...receivables coming from the Central and state governments should compulsorily be brought under the ambit of TReDS through this legislation so that payments pending which have already been approved for various MSMEs are made available to them on a timely basis," according to the cited report.

ET has seen a copy of the report tabled in both houses of Parliament earlier this month.

"Government entities can use the TReDS platform to demonstrate that they are good at paying their bills and thus, get more bidders for their projects," according to the parliamentary committee report. The recommendations will now undergo scrutiny of upper and lower houses of the Parliament.

CASTING THE NET WIDE

Separately, the committee has also asked the government to allow India's over 9500 NBFCs to be financiers on the platform. Currently, only banks are allowed to finance trade invoices against future receivables on TReDS.

"The proposed amendments coupled with these initiatives are expected to provide an impetus to factoring as an attractive source for short term financing for MSMEs…" according to the report. "…the total number of NBFC factors offering finance could go up from 7 to several thousand fostering greater competition, MSMEs will be able to avail cheaper financing…This will also boost employment in the country," it added. According to sources in the know, senior officials in both the defence and the railway ministries have initiated enquiries to understand the benefits of settling dues through the centralised TReDS platform.

Discussions on this matter were first initiated by Defence Secretary Ajay Kumar with bureaucrats, including the Department of Financial Services additional secretary Pankaj Jain and representatives from the three operating TReDS platforms. ET has seen a copy of the minutes of the meeting held on August 7, 2019.

"These discussions were gathering pace in 2020 before the pandemic. The committee recommendations could accelerate these talks," one of the sources cited above said.

Officials from the Railway Ministry had expressed an interest in getting their suppliers onboarded, the person added.

A BIG FACTOR

According to the parliamentary report, India's factoring market is "at a very nascent stage" with its size currently pegged around $6 billion. As a percentage of GDP, it is significantly lower (0.2%) than comparable developing economies such as Brazil (4.1%) and China (3.2%). The European factoring market currently dominates the global industry and India has a chance to disrupt this.

Other key recommendations include the integration of GSTN e-in voicing portal with TReDS as well for smoother underwriting, allowing insurers to provide credit insurance and bringing MSMEs under the stricter ambit of credit rating agencies.

Introduced in 2017 as a centralized bill discounting system, the RBIregulated TReDS is a mechanism that allows buyers and sellers, which are typically the corporates and MSMEs, to settle routine contracts electronically where banks and NBFCs on the platform can bid in real time for invoices they want to finance at competitive rates.

There are three TReDS companies facilitating the operations on the platform: RXIL is a joint venture of SIDBI and NSE, Axis Bank owns Invoicemart and Mynd Solutions controls M-junction. They have collectively discounted invoices worth Rs 15,000 crore drawn by 25,000 MSMEs, as per latest data.

Source: economictimes.com– Feb 16, 2021

HOME

****

West Bengal to make textiles into a 70,000 crore industry in 5 years

The West Bengal government aims to make the state's textile industry into a Rs 70,000 crore industry in the next three to five years. Currently, the industry is worth Rs 35,000 crore. The state has also decided to set up a taskforce to implement the target.

Amit Mitra, Finance and Industries Minister says, textile exports from Bengal is 2.7 per cent of the total exports from the country. In the next three-five years, this will increase to 10 per cent. The readymade garment sector in Metiabruz, currently worth Rs 15,000 crore, will increase to Rs 25,000 crore in the next few years.

The state currently employs over two lakh people and aims to focus on export of hosiery to Europe, South East Asia and the US. It will set up a spinning mill in Howrah at Jagdishpur.

The state government also plans to set up a poly fiber manufacturing unit in Haldia. The total investment in the project would be Rs 500 crore. Haldia has raw materials for the polyester industry as Haldia Petrochemical (HPL) produces this.

Source: fashionatingworld.com– Feb 15, 2021

HOME

****