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INTERNATIONAL NEWS

Eurozone manufacturing PMI touched new heights in May: IHS Markit

Showing a new record improvement in operating conditions during May 2021, the headline Purchasing Managers' Index (PMI) of the eurozone manufacturing economy recorded 63.1, compared to 62.9 in April and its highest reading in the survey history since June 1997. At the country level the Netherlands registered the highest PMI, followed by Austria.

The headline index has now recorded readings above the 50.0 no-change mark that separates growth from contraction for 11 months in succession, the Eurozone Manufacturing PMI produced by IHS Markit said.

All three market groups—investment goods, intermediate goods and consumer goods—once again recorded strong improvements in operating conditions during May. Investment goods producers were again the best-performing, registering rapid gains in both output and new orders. The intermediate goods and consumer goods categories both saw stronger growth, with respective PMI readings for May close to survey record highs.

In addition to Netherlands and Austria, of the countries covered by the survey, Ireland and Italy recorded their highest ever PMI numbers, whilst Greece, France and Spain all registered multi-year peaks. Germany was the only nation to record slower growth, though still managed to register a rate of expansion close to March's survey record.

"Eurozone manufacturing continues to grow at a rate unprecedented in almost 24 years of survey history, the PMI breaking new records for a third month in a row. Surging output growth adds to signs that the economy is rebounding strongly in the second quarter," said Chris Williamson, chief business economist at IHS Markit, a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide.

"High sales volumes are consequently depleting warehouse stocks and backlogs of uncompleted work have soared at a record pace. While these forward-looking indicators bode well for production and employment gains to persist into coming months as firms seek to catch up with demand, the flip-side is higher prices.

The combination of strong demand and deteriorating supply is pushing up prices to a degree unparalleled over the past 24 years.

“The survey data therefore indicate that the economy looks set for strong growth over the summer but will likely also see a sharp rise in inflation. However, we expect price pressures to moderate as the disruptive effects of the pandemic ease further in coming months and global supply chains improve.

We should also see demand shift from goods to services as economies continue to reopen, taking some pressure off prices but helping to sustain a solid pace of economic recovery," Williamson added.

Source: fibre2fashion.com– June 02, 2021

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US prez proposes $6-trn budget, plans to revitalise manufacturing

President Joe Biden last week proposed a $6-trillion budget to 'reimagine' the US economy and avert Chinese competition. A key component of the plan is to revitalise manufacturing, secure US supply chains, invest in research and development (R&D) and train Americans for the jobs of the future. Biden said a post-pandemic United States "cannot afford to simply return to the way things were before."

"We must seize the moment to reimagine and rebuild a new American economy," he said. The plan will ensure the best, diverse minds in the country are put to work creating the innovations of the future while creating hundreds of thousands of quality jobs today.

As part of the blueprint, the government is expected to unleash $6.011 trillion in 2022, with increases gradually rising to $8.2 trillion in 2031. A huge chunk would be an infrastructure bill originally proposed at $2.3 trillion but since whittled down to $1.7 trillion in negotiations with Congress. Another $1.8 trillion would go on increased state-funded education and social services.

The overall aim, Biden said, is to grow the US middle class, while positioning "the United States to out-compete our rivals."

The plan includes fixing highways, rebuilding bridges, upgrading ports, airports and transit systems. Ten most economically-significant bridges that need reconstruction will be fixed. Ten thousand smaller bridges, offering critical linkages, will also be repaired.

The proposals also includes building, preserving and retrofitting over 2 million homes and commercial buildings, modernizing schools and child care facilities, and upgrading veterans' hospitals and federal buildings.

Source: fibre2fashion.com– June 02, 2021

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China's price rise threatens recovery of western apparel markets

Increase in China's raw material prices in the first quarter of this year has raised concerns about spiking inflation in Western fashion markets. As per the National Bureau of Statistics, China's producer-index rose 6.8 per cent in April. The index is likely to further surge in the second and third quarters of this year, as per a report by China's Central Bank.

The surge is likely to spill over to other consumers markets like the US. Reports indicate, America's consumer price index jumped by 4.2 percent in April compared to a year earlier.

Supply chain disruptions are also having a compounding effect on the prices in these markets, says Nick Marro, Global Trade Lead, The Economist Intelligence Unit. The industry's prospects of a swift recovery are being dampened even though most western markets are reopening post lockdowns. This is happening mainly due to the resistance of brands to any prices increase, he adds.

Pandemic hangover leads to price rise

Experts view the current rise in prices as a part of pandemic hangover. The exponential rise in demand is a result of both, consumers remaining dormant for almost a year, and stimulus cheques provided by the government. The opening of two biggest consuming countries, China and America, is also boosting prices, adds Ophelia Chen, Co-Founder, CEO-Genderless, Bobblehaus.

From January to March, Chinese cotton prices rose 4 per cent to 15,948 yuan ($2,479) per tonne, according to market intelligence firm Texpro. Prices are expected to remain above 16,000 yuan ($2,487) per tonne in the coming months, says the company.

Not just raw materials, prices of synthetic materials are also rising. Yossi Nasser, CEO, Gelmart InIt's, informs, fueled by rising oil prices and tightening supplies, spandex prices increased almost 30 per cent, Prices of other materials have also increased, although to a lesser degree, he adds

Trade disruptions witnessed last year have also led to an increase in freight rates. Says Himood Hui, Vice President, Bombyxx. The flow of goods is turning into a costly logistical headache for most manufacturers, he adds.

Stabilization expected across the year

Manufacturers expect raw material prices and logistical costs to stabilize across the year. They are already planning to expand their capacities to alleviate some of these prices pressures, adds Robert Sierra, Economics Team Director, Fitch Ratings.

However, they are also facing some other pressures. China's falling birth rate and ageing population is raising concerns about its ability to sustain its large-scale manufacturing facilities and competitive prices. The country's technological upgrades are also limited. Though some of its suppliers are working closely with customers to remove production bottlenecks, they face limited cost cutting opportunities.

The pandemic offers manufacturers an opportunity to reset operations and fuel a boom in cheap fast fashion. Manufacturers can also teach consumers to accept prices reflecting their true manufacturing costs.

Source: fashionatingworld.com– June 02, 2021

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ASEAN, Canada look forward to further discussion on FTA

The Association of Southeast Asian Nations (ASEAN) and Canada recently reaffirmed their commitment to strengthening cooperation under their new Plan of Action 2021-2025 in areas of mutual interest at the 9th ASEAN-Canada Joint Cooperation Committee (JCC) Meeting via videoconference. Both sides looked forward to further discussion on a possible ASEAN-Canada Free Trade Agreement (FTA).

The proposed FTA is also one of the key deliverables of Brunei Darussalam's chairmanship of ASEAN this year. The pursuit of such an FTA was initiated three years ago but has so far harvested no results.

The meeting agreed to deepen collaboration in trade and investment; micro, small and medium enterprises (MSMEs) development; public health; innovation including entrepreneurship and start-ups; digital economy; education; gender equality; women, peace and security; and connectivity.

Meanwhile, Cambodia is collecting inputs from stakeholders on a wide spectrum of issues, including environmental concerns, to be incorporated in a draft framework document for negotiations on the ASEAN-Canada FTA. Canada is a major buyer of Cambodian bicycles, as well as apparel and other finished textile products.

Trade between the two countries was worth a total of $800.40 million last year, down by 16.44 per cent compared to 2019, the commerce ministry reported.

Cambodia exported $745.04 million worth of merchandise in 2020, declining by 10.95 per cent, and imported $55.36 million, down by 54.31 per cent.

In August 2016, at the ASEAN Economic Ministers (AEM)-Canada Consultations (Vientiane, Lao PDR), ASEAN and Canada's economic ministers agreed to jointly develop a feasibility study to explore the potential for a Canada-ASEAN FTA.

The in-depth study was jointly conducted by the Global Affairs Canada Office of the Chief Economist and the Economic Research Institute for ASEAN and East Asia (ERIA), on behalf of ASEAN.

The study demonstrated that a comprehensive agreement, one which moves beyond simple tariff elimination and includes services and investment liberalization, a reduction in non-tariff measures (NTMs), and improvements to trade facilitation, is in the best interest of both Canada and ASEAN member states.

The analysis conducted by ASEAN showed that the impact of an FTA, which includes goods liberalisation, a reduction of NTMs and improvements to trade facilitation, would increase ASEAN's GDP by $39.4 billion (1.6 per cent) and Canada's GDP by $5.1 billion (0.3 per cent). Likewise, such an agreement would increase ASEAN's exports to Canada by $3.36 billion (18.7 per cent) and Canadian exports to ASEAN by $3.18 billion (26.5 per cent).

The analysis conducted by Canada showed that such an FTA would increase ASEAN's GDP by $6.01 billion (0.12 per cent) and Canada's by $2.54 billion (0.10 per cent). Furthermore, a potential agreement would increase ASEAN exports to Canada by $4.81 billion (15.5 per cent) and Canadian exports to ASEAN by $2.67 billion (13.3 per cent).

ASEAN countries that are party to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will gain from such an FTA. This would, in part, be as a result of new Canada-ASEAN rules of origin that would permit ASEAN CPTPP countries to build on and strengthen their supply chains with non-CPTPP ASEAN countries, according to the joint feasibility study.

“The [Canadian] Government heard that there are significant opportunities for Canadian agricultural products in the ASEAN market, and that a possible FTA would level the playing field in ASEAN with Canada’s regional competitors, especially Australia (which already enjoys preferential tariff rates through an FTA with ASEAN),” a summary of the public consultations held by the government said.

“Many agriculture stakeholders also suggested that Canada’s long-term goal should be to encourage ASEAN members to join the CPTPP,” it added.

Source: fibre2fashion.com– June 02, 2021

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Intertextile Shanghai Apparel Autumn edition to show digital solutions

The Intertextile Shanghai Apparel Fabrics Autumn Edition, which will be held from August 25-27, 2021, will display various digital and hybrid solutions for both buyers and visitors, to coincide with the physical event. Intertextile Shanghai Apparel Fabrics is a comprehensive platform for exhibitors to showcase their supreme apparel fabrics and accessories.

Several hybrid and digital options to promote interconnectivity, communication and business matching will again be available at Intertextile Apparel. With an extensive range of solutions on offer, companies across the globe can easily and efficiently participate in the fair and continue much-needed business interactions, despite current travel limitations. Intertextile's hybrid exhibition services seamlessly connects the market with a solution to suit every exhibitor and buyer, according to a press release by Messe Frankfurt.

The carefully constructed Hybrid Exhibition Package is an efficient solution for international companies, limited by travel restrictions, to exhibit at the fair. What differentiates the package from digital trade fair exhibition options, is the onsite display element. At the dedicated hybrid showcase area, participating exhibitors are allocated an onsite booth to display their products for buyers to examine in-person. The booth also features AV equipment to display video material supplied by the exhibitor for added product exposure, Messe Frankfurt said.

On top of this, to allow instant communication between visitors and hybrid exhibitors, onsite buyers will be able to scan a QR code displayed at the booth, directing them to an online sourcing platform. Buyers can view the hybrid exhibitor's products and profile, mark their favourite products, submit enquiry/order forms and message the supplier directly on the personalised sourcing page.

Meanwhile, accessible for all online and onsite participants, the fair's mobile app is an all-in-one platform designed to connect Intertextile's database of potential buyers with suppliers. Exhibitors can proactively deliver product information using the 'News Feed' feature to engage with buyers, who can then initiate communication via the instant messaging function.

The fair will also utilise the popular Connect PLUS online business matching platform. Driven by AI technology, Connect PLUS recommends potential suitable business matches dependent on specific sourcing criteria. In addition, users can schedule video meetings and message potential business partners via the platform, before, during, and after the show, according to Messe Frankfurt.

To increase brand exposure ahead of the show, Intertextile's hybrid services also includes pre-event webinar promotion for exhibitors. Participating companies have the opportunity to introduce highlighted products via scheduled webinars before the fair, with Intertextile assisting in the recruitment of viewers.

Exhibitors can benefit from a livestreaming platform which will support the livestreaming of onsite seminars and product presentations and where featured videos can be stored. Special highlights will be shared across social media platforms to reach more potential buyers and the seminars / presentations can be viewed after the fair.

Source: fibre2fashion.com– June 02, 2021

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Sales ratio of China's direct-spun PSF declines in May

Though the prices of direct-spun PSF in China surged with improving sales post May Day holiday, sales ratio has dropped. As per SRTEPC reports PSF futures slumped from early to mid-May.

Transactions by way of basis showed obvious advantages, pressuring the sales of direct-spun PSF plants. This led to a downturn in the prices of direct-spun PSF alongside the ups and downs of polyester feedstock and PSF futures during the period.

The modest interest shown by downstream spinners resulted in increase of inventory of direct spun PSF plants. It has increased to 4.3 days currently. The actual product inventory in the warehouses of direct-spun PSF plants has risen to high level at 21.3 days.

To deal with this, many plants started to cut production. For example, Yizheng Chemical Fiber, Jinlun and Huvis (Sichuan) all arranged maintenance or production cut during May. By the end of May, the operating rate of direct-spun PSF plants moved down to about 93 per cent.

On the other hand, the sale of downstream blended polyester yarn has been smooth since April, encouraging spinners to shift production from pure polyester yarn and TC-type one to CVC-type one which contains less PSF than the former.

Source: fashionatingworld.com– June 02, 2021

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CPTPP nations agree to begin accession process

The 11 nations that are signatories to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) have today agreed to the UK's bid to begin the accession process to join the agreement. CPTPP countries accounted for £110 billion-worth of UK trade in 2019 and its rules remove tariffs on 95 per cent of goods traded between members.

The UK will continue to work closely with Japan, as this year's chair of the CPTPP commission, alongside the other CPTPP nations to progress negotiations as quickly as possible, UK's department for international trade said on its website.

"CPTTP membership is a huge opportunity for Britain. It will help shift our economic centre of gravity away from Europe towards faster-growing parts of the world, and deepen our access to massive consumer markets in the Asia-Pacific," UK's international trade secretary Liz Truss said.

"We would get all the benefits of joining a high-standards free trade area, but without having to cede control of our borders, money or laws.

"The government will publish its outline approach, scoping assessment and consultation response before negotiations start in the coming weeks,"Truss added.

The 11 CPTPP signatory countries are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam, which together have around 500 million inhabitants.

Source: fibre2fashion.com– June 02, 2021

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Sri Lanka: Trade in the Pandemic Era: A One-year Assessment

On the front page of The New York Times' March 27 edition, a staggering chart illustrated COVID-19-induced unemployment level in the US. The front page will certainly join the club of the most creative front pages, but it was an alarming attestation of the economic impact of the coronavirus pandemic.

Many countries, including Sri Lanka, started practicing mobility restrictions from March 2020. As a result, in parallel to the slowdown of global merchandise production, trade volume also contracted from the second quarter of 2020. However, the World Trade Organization (WTO) estimates that the realised trade contraction in 2020 was just 5.3% contrary to the April 2020 forecast of a sharp contraction by between 13% and 32%.

Meanwhile, countries used trade policy to ensure that essential food, drugs, and medical equipment are available domestically. In addition, countries like Sri Lanka used trade policy tools to contain imports to allay pressures on the domestic currency.

This article discusses global and Sri Lankan trade during this pandemic, the impact of the pandemic and trade policy on Sri Lanka's trade and food imports, and policy options for sustained growth in trade and domestic food security.

Global trade recovered more rapidly than expected

The COVID-19-induced global trade contraction renewed the dialogue on a de-globalising world order. However, new data and estimates show that global trade has rebounded to the level at the beginning of 2019. A novel seaborne trade dataset at daily frequency provides an idea of the movements of trade patterns (Figure 1).

The trade volume returned to the 2017-2019 average levels by the beginning of 2021 after a sharp plunge in May-2020. Figure (1) also shows the recovery of bulk, container cargo, and total trade indicators for Sri Lanka. A noticeable pandemic-induced plummet in exports is visible around May-June of 2020. Reduced demand and the government's import restrictions might have caused the contraction in imports. The monthly trade data published by the Central Bank of Sri Lanka also illustrate similar trade patterns (Figure 2).

Sri Lanka's trade sector is recovering but remains below the pre-2019 level

A basic analysis of the trend of exports shows that Sri Lanka is yet to achieve a full recovery to the 2016-2018 trend level (Figure 3). Crucial sectors like textiles and tea exports are still below pre-pandemic levels. Moreover, Figure 3 shows that some sectors face subsequent plummets after the sharp drop around May 2020.

The reason should be the effect of different COVID-19 waves on global demand and domestic supply of merchandise goods. However, the recovery of textiles and agricultural exports, braving the pandemic, is assuring, and credit goes to the management and the workforce. As these sectors are the driving force of Sri Lanka's exports, it is imperative to fast-track the vaccination of the labour force to ensure sustained trade growth. With the rise of the third wave of COVID-19 in the country, the importance of a fast vaccine roll-out cannot be overemphasised.

The analysis of import patterns shows that imports are contained below the pre-pandemic level. Imports of vehicles and non-food consumer goods face larger contractions, implying the effect of import control measures.

Though these categories can be classified as non-essential goods, the import controls' effect expands to crucial intermediate goods. Figure (4) shows that non-fuel intermediate goods and investment goods recovered slowly. The picking up of these imports at the beginning of 2021 is promising, but trade policy should encourage further growth. ---

Click here for more details

Source: lankabusinessonline.com– June 02, 2021

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US Manufacturers Cite 'Labor Issues' and 'Supply Constraints'

Economic activity in the U.S. manufacturing sector grew in May, the nation's supply executives said in the latest Manufacturing Institute for Supply Management (ISM) "Report On Business."

The May Manufacturing Purchasing Managers Index (PMI) registered 61.2 percent, a 0.5 percentage point increase from the April reading of 60.7 percent, according to Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee. A Manufacturing PMI above 43.1 percent, over a period of time, generally indicates an expansion of the overall economy.

"The manufacturing economy continued expansion in May," Fiore said. "Business Survey Committee panelists reported that their companies and suppliers continue to struggle to meet increasing levels of demand. Record-long lead times, wide-scale shortages of critical basic materials, rising commodities prices and difficulties in transporting products are continuing to affect all segments of the manufacturing economy. Worker absenteeism, short-term shutdowns due to part shortages, and difficulties in filling open positions continue to be issues that limit manufacturing-growth potential."

Optimistic panel sentiment increased, with 36 positive comments for every cautious comment, compared to an 11-to-1 ratio in April, Fiore noted. Consumption, measured by the production and employment indexes, indicated slowing expansion, posting a combined 8.2 percent point decrease to the Manufacturing PMI calculation. The report said consumption "was clearly limited due to labor issues and supply constraints, as demand remains very high."

"Manufacturing performed well for the 12th straight month, with demand, consumption and inputs registering strong growth compared to April," Fiore said. "Panelists companies and their supply chains continue to struggle to respond to strong demand due to the difficulty in hiring and retaining direct labor.

Record backlog, customer inventories and raw material lead times are being reported. The manufacturing recovery has transitioned from first addressing demand headwinds, to now overcoming labor obstacles across the entire value chain."

Textile mills were among the 16 of 18 manufacturing industries reported growth in May, while apparel and leather producers reported flat growth.

ISM's New Orders Index registered 67 percent in May, up 2.7 percent from April. This indicates that new orders grew for the 12th consecutive month. A New Orders Index above 52.8 percent is generally consistent with an increase in the Census Bureau's series on manufacturing orders.

Of the 18 manufacturing industries, the 16 that reported growth in new orders in May included textile mills, while apparel and leather goods were flat.

The Production Index registered 58.5 percent in May, 4 percent lower than the April, indicating growth for 12 straight months. An index above 52.1 percent is generally consistent with an increase in the Federal Reserve Board's Industrial Production figures.

"The index registered its lowest reading since the full recovery began in June 2020, when it registered 56 percent," Fiore said. "Lack of direct labor and raw materials were constraints to production growth."

Textile mills and apparel and leather goods reported production on par with the prior month.

ISM's Employment Index registered 50.9 percent in May, 4.2 percent lower than April. An Employment Index above 50.6 percent is generally consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

"The Employment Index grew for the sixth month in a row," Fiore said. "Strong new-order levels, low customer inventories and expanding backlogs continue to indicate employment strength. However, survey panelists' companies continue to struggle to meet labor-management plans. Panelists' comments indicate an overwhelming majority of their companies are hiring or attempting to hire, with more than 50 percent of them expressing difficulty in doing so."

Of the 18 manufacturing industries, nine industries reporting employment growth in May, including textile mills.

The delivery performance of suppliers to manufacturing organizations was slower in May, as the Supplier Deliveries Index registered 78.8 percent. This is 3.8 percent higher than the 75 percent reported in April and the highest reading since April 1974, when the index registered 82.1 percent. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

“Supplier labor, materials and transportation constraints are not expected to diminish in the second quarter, putting further strain on panelists’ production plans and raw-materials inventory accounts,” Fiore said. “Production material lead times are at the highest level since January 1987, when we began recording lead times.”

Of the 18 industries, 16 reported slower supplier deliveries in May, led by apparel, leather and allied products, and including textile mills.

The Inventories Index registered 50.8 percent in May, 4.3 percent higher than April. The Inventories Index moved back into growth territory after contracting for one month. An Inventories Index greater than 44.5 percent is generally consistent with expansion in the Bureau of Economic Analysis figures on overall manufacturing inventories.

The eight industries reporting higher inventories in May included textile mills, while apparel, leather and allied products led the seven industries reporting a decrease in inventories.

ISM’s Customers’ Inventories Index registered 28 percent in May, 0.4 percent lower than April, indicating that customers’ inventory levels were considered too low.

“Customers’ inventories are too low for the 56th consecutive month, a positive for future production growth,” Fiore said. “For the third consecutive month, this subindex has registered its lowest reading since it was established in January 1997.”

None of the 18 industries reported higher customers’ inventories in May. The 16 industries reporting customers’ inventories as too low during May included textile mills and apparel, leather and allied products.

The ISM Prices Index registered 88 percent, a decrease of 1.6 percent month to month, indicating raw materials prices increased for the 12th consecutive month. A Prices Index above 52.7 percent is generally consistent with an increase in the BLS Producer Price Index for Intermediate Materials.

“Virtually all basic and intermediate manufacturing materials are experiencing price increases as a result of product scarcity and the dynamics of supply and demand,” Fiore said.

In May, 17 industries reported paying increased prices for raw materials, topped by apparel, leather and allied products, and including textile mills.

ISM’s Backlog of Orders Index registered 70.6 percent in May, a 2.4 percent increase from April, indicating order backlogs expanded for the 11th straight month. May’s reading is the highest since reporting for this subindex began in January 1993.

The 15 industries reporting growth in order backlogs in May were led by apparel, leather and allied products, while textile mills backlog was unchanged from April.

ISM’s New Export Orders Index registered 55.4 percent in May, up 0.5 percent compared to April. Textiles and apparel and leather goods were among the seven industries reporting no change in exports in May as compared to April.

ISM’s Imports Index registered 54 percent in May, up 1.8 percent fo the month.

“Imports expanded for the 11th consecutive month, at a faster rate compared to April, reflecting continuing increases in U.S. factory demand and some amount of throughput improvement in ports of entry,” Fiore said. “Overland-transport challenges and container shortages continue to persist across the global supply chain.”

The 11 industries reporting growth in imports in May included textile mills, while apparel and leather were flat.

Source: sourcingjournal.com– June 02, 2021

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Pakistan: Decline in cotton sowing feared

Cotton prospects for 2021-22 season presents a gloomy picture and it is feared that growers will sow cotton on lesser area. According to experts the province would get 50 per cent less cotton crop in comparison to last year due to farmers' aversions.

From chats with small and big cotton growers, it has been gleaned that lesser sowing of cotton is because of pessimistic policies of the authorities towards the cash crop, poor seed varieties, highly costly inputs and preference to sugarcane crop.

Talking to reporters, growers said that Bt cotton really disappointed them and they were facing huge losses after sowing the most propagated Bt varieties. Talking to reporters, Javed Khan, a grower from Mailsi, said he had sown Bt varieties over 150 acre land and faced loss of over Rs 20 million. He said now he had abandoned the idea of sowing cotton.

Representatives of seed companies and cottonseed merchants were of the view that only 50 per cent seed stock was sold during the current crop season. Agriculture scientist Nawaz Painda said cotton has vanished from the areas known for high yield including Vehari, Garh Mor, Katcha Kho, Mian Channu where water scarcity is a dominating factor and growers have no choice to cultivate alternate crops like maize and paddy, which require continuous watering.

The same situation unfortunately has gripped in other areas of southern Punjab. He said the growers were facing huge losses since the increase in cost of production in the past couple of two and a half years and the cash crop has become a bad bargain. He said price-hike of fertilizers also a factor in the disappointment of cotton growers.

Nawaz Painda said mostly cotton was produced in central areas of the Punjab including Multan, Khanewal, Vehari, Lodhran, Bahawal Nagar, Bahawalpur, DG Khan, Rajanpur, Muzaffargarh, Layyah, Sahiwal and Rahim Yar Khan districts whereas Faisalabad, Toba Tek Singh, Jhang, Bhakkar, Mianwali, Kasur, Okara and Pakpattan districts have second level in cotton production.

The field surveys have revealed that cotton has covered little areas in those districts, he maintained. Pakistan Kissan Board ex-south Punjab president

Hafiz Hussein Ahmed said poor sowing is because of less control of the authorities on prices of seeds and fertilizers.

South Punjab Agriculture secretary Saqib Ali Ateel said the department has achieved an 85 per cent target of cotton sowing compared to last year and they were hopeful of achieving the rest of the sowing area.

The total Punjab cotton sowing target is four million acres and the province has achieved more than three million acres of cotton sowing area, he maintained. A spokesperson for Punjab Agriculture Department said the government has set a target of cultivating cotton on about four million acres of land in the province which the department was working hard to ensure.

He said the department was expecting achievement of the sowing target. The government is providing subsidies to cotton growers on approved varieties of cotton like IUB-2013, FH-142, BS-15, MNH-886, Niab-878.

In this regard, a subsidy of Rs 1,000 per bag would be given to the growers. The subsidy can be availed by farmers of Bahawalpur, Dera Ghazi Khan, Multan, Faisalabad division, Mianwali and Bhakkar districts, he added.

Source: thenews.com.pk– June 02, 2021

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Pakistan: Carrots without merits

Budgetary allocation for different sectors in Pakistan have remained stereotypical particularly for export sectors as instead of supporting long-term growth the emphasis remains on subsidies and facilitation.

Take for instance textiles which are our main export that has been depending on government concessions since the last three decades. You withdraw or reduce the concessions a hell would break and exports would nose dive. No efforts have been made at the state level to build textile clusters, or to establish textile parks (some textile parts were announced in the past but they never materialised. The Quaid-e-Azam apparel park launched with much fanfarehas now been developed into a general industrial estate. The textile city in Karachi has not delivered and the textile cluster in Faisalabad has not even taken off.

We have observed with every federal budget in the last five years special markups on loans, concessions on machinery, subsidised tariffs of power and gas, and many more incentives are announced.

The subsidies are unconditional. It has been established that only targeted subsidies pay off. Poverty has declined more sharply in economies where the governments pay stipends to girls that attend school regularly. In case of textiles particularly spinning and weaving there is no doubt the power and gas rates are much higher that global rates but at the same time the inefficiencies of spindle and looms installed in Pakistan are power guzzlers, consuming over 40 percent more power or energy than the efficient machines in competing economies.

These mills operate in profit on subsidised tariff and the sponsors are not pushed to improve efficiency. Those that installed the latest spindles (replacing 10-15 percent every year) are minting money. The power and energy tariff should not be wasted on covering the inefficiencies of the industry but should be linked to gradual replacement of at least 10 percent machines every year. Those failing should be penalised with a fine equivalent to 50 percent of the subsidy in the first year and total withdrawal in the second. This is the only way to upgrade; otherwise we would be left with junk in five years.

At the same time the industrialists should be banned from using the vast land of the industry as real estate. It could only be used for industries only. This is the only way to stop de-industrialisation. We may also note that the developed economies would soon raise objections on subsidies as they did with India.

The government of India has taken many steps to promote textile exports from India, in particular the export of cotton or apparel exports. The government has tried with a cluster approach focusing on creating centres of export-driven industry, especially the export-related, in Tripura, Delhi, Ludhiana, and Mumbai falls under this category. The government also tried Export Oriented Units (EOUs), Special Economic Zones (SEZ), and Parks in specific industries.

The benefits of this can be clearly seen from the growth of the textile industry in India in terms of its contribution to the total exports, its share in GDP, and its role in employment generation. Now developed countries like the United States of America, European countries etc, are pressuring the Indian government to stop giving subsidies and other monetary rewards to exporters as it is against the WTO protocol and free trade.

At this juncture, the government of India is trying to find innovative ways of promoting textile exports, focusing on skill development and creating a congenial environment for new entrepreneurs to enter into this industry. The government is improving its score on ease of doing business in order to realise its dream of making India a very successful project.

India specialises in the upstream textile segment and it is an important supplier of key raw material inputs to Bangladesh. Bangladesh specialises in the downstream textile segment and it exports mainly readymade garments (RMG), the finished products, to India and the world. India and Bangladesh have bilateral value chains due to their inherent comparative advantages, trade complementarities, and varying degree of specialisation. We miss this value chain more due to bad politics than economic reality.

The run of the mill textile policies have resulted in drastically reducing our share in the global textile trade. The current surge would not last long. We are eyeing at the maximum $30 billion textile exports that both India and Bangladesh have already achieved. Bangladesh is fast moving towards $50 billion textile exports and India is aiming to take its textile exports to $300 billion.

Source: thenews.com.pk– June 03, 2021

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NATIONAL NEWS

Udyam Registration: What is Modi govt's new portal, why MSMEs need to register, what about existing units?

Zero-cost MSME registration portal Udyam Registration launched by the government in July last year has registered 31.56 lakh entities as of June 2, 2021, according to the MSME Ministry's data. As per the MSME Ministry annual report 2020-21, there were 1.02 crores Udyog Aadhaar Memorandum (UAM)-registered MSMEs between September 2015 and June 2020 apart from nearly 22 lakh units registered under Entrepreneur Memorandum II between 2007 and 2015.

Overall, as per the last survey documenting India's MSME population was the National Sample Survey (NSS) 73rd round conducted by National Sample Survey Office during FY16, there were 6.33 crore unincorporated non-agriculture MSMEs, of which 6.30 crore were micro firms, 3.31 lakh were small enterprises and 5,000 were mid-sized businesses.

What is Udyam Registration portal?

Small scale industrial units used to register with the District Industries Centres (DICs) before the MSME Development Act, 2006, came into effect. Later under the provisions of the act, entrepreneurs had to file Entrepreneur Memorandum (EM) part-I at DICs before setting up the MSME and EM-II after beginning the production work. Between 2007-15, 21,96,902 EM-II filings were recorded and between September 2015 and June 30 2020 1,02,32,451 (1.02 crore), MSME registrations were done on the e-filing system under Udyog Aadhar Memorandum (UAM). UAM was replaced by Udyam Registration.

"This will help the government aggregate the data on the number of MSMEs in the country. Moreover, the government would also get data based on the product category, for instance, garment, electronics, gems, auto, etc., and the size of the enterprise along with the investment and turnover.

Also, geographically, the government would get the data to understand the density of the MSMEs based on city, state, or district wise. Data is a big thing to harvest and today it is all about data," Vishwanath, Co-chairman, Industry Affairs Committee, PHD Chamber of Commerce and Industry told Financial Express Online.

How to register a new enterprise on the portal?

Udyam Registration is a self-declaration paperless and free-of-cost platform for entrepreneurs to register their enterprises. Businesses don't have to provide any documents or proof except the Aadhaar number of the registration.

Moreover, the portal will automatically pull PAN and GST-linked details on investment in the business, according to Udyam Registration since it is integrated with Income Tax and GSTIN systems. MSMEs are given a permanent registration number and a certificate post-registration. The certificate bears a QR Code from which the details about the enterprise can be accessed.

What about existing businesses?

Businesses with EM-II or UAM registration will have to re-register themselves. Importantly, the Reserve Bank of India (RBI) had last year clarified that existing EMs part II and/or UAMs of MSMEs obtained before June 30, 2020, will continue to remain valid till March 31, 2021, even as they had to register before March under Udyam Registration on or after July 1, 2020. However, renewal of new registration won't be required.

"New Udyam portal will be helpful for registration of new businesses. Submission of documents at DIC shall be integrated into the same portal. It will be truly helpful for MSMEs, only if provisions related to delayed payments are enforced in a real sense.

Moreover, only 24 per cent of MSMEs among over 1 crore EM-II and UAM registered MSMEs and new ones. However, existing MSMEs may not enthusiastic about registration as it is mere compliance and does not offer great benefits as perceived by them," Veerendra Jamdade, CEO, Vritti Solutions told Financial Express Online.

How many Udyam registrations can be obtained by a single enterprise for multiple manufacturing activities?

While only one Udyam Registration is required by an MSME, it can add any number of activities including manufacturing or service or both may under single registration unlike earlier when multiple Udyog Aadhaar registrations were required for multiple factories.

“Before the Udyam portal, there were guidelines for MSMEs to take different Udyog Aadhaar registration for their multiple factories.

While in the new portal, which requires Aadhaar and PAN, GST details, one can also add new units but the turnover and investment limit will be picked from the company’s balance sheet automatically unlike in UAM, which required only Aadhaar, where you had to provide details manually,” Mukesh Mohan Gupta, President, Chamber of Indian Micro, Small & Medium Enterprises (CIMSME) had told Financial Express Online.

Source: financialexpress.com– June 02, 2021

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Goods exports in May surge 67% to $32.21 billion

Trade deficit at eight-month low

India's goods exports in May 2021 posted an increase of 67.39 per cent to $32.21 billion compared to the same month last year led by sectors such as gems & jewellery, petroleum products and handicrafts.

Exports in May 2021 were also higher than exports of $30.63 billion in April 2021. Goods imports in May 2021 increased 68.54 per cent to $38.53 billion over May 2020 led by petroleum products and electronic goods, per early estimates of trade data released by the Commerce & Industry Ministry on Wednesday.

Imports during the month were, however, lower compared to imports worth $45.72 billion in April 2021. India was a net importer in May 2021 with a trade deficit of $6.32 billion, increase of 74.69 per cent, over a trade deficit $3.62 billion in May 2020.

However, the trade deficit in May 2021 is at an eight month low and less than half of the trade deficit of $15.1 billion in April 2021, Aditi Nayar, Chief Economist, ICRA, pointed out.

"A predominant 63 per cent of the decline in the trade deficit in May 2021 relative to April 2021 was on account of the collapse in gold imports, with the balance led by a narrower oil deficit, led both by higher exports and lower imports," she said.

The value of non-petroleum and non-gems and jewellery exports in May 2021 were $23.97 billion, a growth of 45.96 per cent over May 2020. Non-oil, non-gems & jewellery imports was $26.14 billion in May 2021, a growth of 41.32 per cent over May 2020.

India's goods exports in Apr-May 2021 increased 112.29 per cent to $62.84 billion compared to the same period last year. Goods imports in April-May 2021 were $84.25 billion, an increase of 110.73 per cent over the first two months of last fiscal.

Source: thehindubusinessline.com– June 02, 2021

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E-way bill generation slows 35% over April

The average E-way bill generation in May dropped to nearly 35 percent over April and nearly 44 per cent from March.

Blow to recovery

	Average daily generation	Total in month (in crore)
March	22,97,759	7.12
April	19,58,787	5.87
May	12,73,965	3.94 (Approx)

The GST made E-way bill mandatory for the movement of goods valued over ₹50,000 from one place to another. The E-way bill, which replaces multiple documents, has reduced the transport time with the removal of the check-posts on State borders. It has improved the compliance and collection of tax, says the government .

According to data from GST Network (GSTN), as on May 30, the average daily E-way bill generation dipped to around 12.73 lakh during the month from 19.59 lakh in April and 22.98 lakh in March.

As a silver-lining, the average generation improved a tad in the second fortnight, at a little over 12.15 lakh, suggesting a pick up in goods movement.

"Local lockdowns in many States/UTs including big industrial ones such as Maharashtra, Tamil Nadu, Karnataka, Uttar Pradesh, and Delhi, affected business and accordingly E-way bill generation saw a sharp decline," a senior Finance Ministry official said. However, he expects bills generation to pick up as goods movement resumes with the phased unlock in many States.

A a research report by QuantEco also said there has been some improvement in economic activity during the week ending May 30 that resulted in the agency's DART index rising by 4.8 per cent. The report stated that mobility, be it in terms of road traffic or rail passenger movement, has improved which brought about positive changes in the index.

Yuvika Singhal of QuantEco said the uptick in DART index is encouraging and points towards economic activity rebounding though it is perhaps a bit early to rejoice as some of the key indicators still remain in red.

"While some States/cities that have successfully bent the Covid curve are commencing to ease curbs, many States have extended lockdowns well into June.

Given the magnitude and impact of the second wave, the exit from lockdowns at the State-level can be expected to be guarded and gradual at best," she said.

Source: thehindubusinessline.com– June 02, 2021

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GST Council's decision-making process cannot be circumvented: Badal to FM

Urging Sitharaman to consider the issue seriously, he said the power of the Central and State governments to make rules in respect of GST is contained in Section 164 of the respective GST Laws and Section 22 of the IGST Law.

"It is imperative to understand that recommendations of the GIC, even those that are endorsed by the Law Committee — which is comprised merely of officers and not elected representatives do not amount to recommendations of the GST Council. This crucial distinction must be acknowledged with a supplementary acceptance of the fact that there is a prescribed procedure for decision-making by the Council which cannot be circumvented in any manner without creating conflict with the law on the subject," he added in the letter.

'Advisory role'

Badal said details of how many officers are represented on the respective committees and which States they hail from are entirely immaterial. "Even if every State were represented on an officers' committee, the body in question could by no means act as an equivalent or substitute of the GSTC.

Attempting to do so would inherently involve ignoring fundamental legal requirements. The opinions of these committees are hence only advisory, and not legally binding. By failing to obtain the approval of the Council, we have subjected all the rules made on the basis of recommendations of the GIC to judicial review with the risk of being declared ultra vires," he added.

He reminded the Finance Minister that jurisprudential tradition of the country ensures that rules cannot be used for restraining the rights of taxpayers and imposing additional fetters of a substantial nature. "There is significant precedence of courts striking down such provisions on grounds of 'excessive delegation'. If it is resolved that such provisions are required, they must be implemented through the process of legislation," he added.

He said the decisions of GIC must be retrospectively approved by the GST Council in order to ensure that they are absolved of any legal liability and able to withstand possible judicial challenges. "I would be happy to stand corrected if an opinion of the Law Ministry or the AG is taken and proves contrary to my line of logic," Badal added.

Source: thehindubusinessline.com– June 02, 2021

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Industries seek early release of support under ECLGS

Micro, Small and Medium-scale Enterprises (MSMEs) here have urged the banks to release at the earliest the 10 % assistance announced by the government under the Emergency Credit Line Guarantee Scheme (ECLGS).

R. Ramamoorthy, former president of the Coimbatore District Small Industries' Association, said the units had sought 40 % support when the Scheme was announced last year.

However, the government had announced 20 % assistance. It has now provided additional 10 % support. The government should provide another 10 % assistance under the Scheme and the banks should start releasing the funds at the earliest. "It will help the MSMEs disburse salaries and meet other fixed expenses," he added.

According to Raja M. Shanmugham, president of the Tiruppur Exporters' Association, the Scheme should be extended to all functional bank accounts of MSMEs. It supported nearly 90 % of the garment units in Tiruppur cluster. The pandemic disrupts the global market and manufacturing units here keep facing challenges as there is a second wave now. All the units need hand-holding, he said.

The additional ECLGS assistance of upto 10% of the outstanding as on February 29, 2020 to borrowers covered under ECLGS 1.0 is a positive measure as it will increase cash flow to MSMEs, said Manoj Patodia, chairman of Cotton Textiles Export Promotion Council.

President of Tamil Nadu Association of Cottage and Tiny Enterprises J. James said that when the ECLGS was announced last year, micro units that had only current account were unable to get support from the banks. Atleast now, banks should support all units.

Source: thehindu.com– June 02, 2021

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Wage support mechanism, interest subvention for Covid-hit MSMEs should be considered by govt: Assocham

In order to help Covid-hit MSMEs recover, the government should consider wage support mechanism and interest subvention, an Assocham paper said on Wednesday. Suggesting measures to the government for protection of employment among MSMEs, the industry body said that the surplus funds of Employees State Insurance Corporation (ESIC) should be used for providing wage support measures/stimulus package for the employees. The request came days after the government had announced the extension of the Emergency Credit Guarantee Scheme (ECLGS) from March till September 2021 to sanction guarantees worth Rs 3 lakh crore.

“This is time to support and spend without giving too much focus on the fiscal parameters. I am sure, the RBI and the government are constantly working on innovative solutions to keep infusing cash into the system despite an understandable revenue pressure,” said Deepak Sood, Secretary General, Assocham in a statement. He added that the government’s Ease of Doing Business and Competitive Manufacturing focus needs to go in overdrive with reforms to the Electricity Act, Unified Tariff and Unbundling of Natural Gas, removal of old and redundant laws for a fantastic economic rebound post-pandemic.

Assocham also sought interest subvention for the trade and industry with validity till March 31, 2022, especially, for micro and small businesses. Likewise, NPA norms should be relaxed for MSMEs, if not for all industries. “As cash flow cycles have been affected and businesses have not been able to realize receivables on time, it will be helpful if one-time relaxation in recognizing NPAs is provided, extending the past due norm from 90 days to 180 days,” it added.

The RBI had last month announced Resolution Framework 2.0 to allow individuals, small businesses, and MSMEs — with loans up to Rs 25 crore and who have not availed restructuring under Resolution Framework 1.0 and others and were classified as ‘Standard’ as on March 31, 2021 — avail one-time restructuring under the proposed framework till September 30, 2021. For those who had already availed restructuring under last year’s Resolution Framework 1.0, Governor Shaktikanta Das had allowed banks to modify their plans to increase the period of the moratorium and/or extend the residual tenor up to a total of two years.

Particularly for the hospitality sector, Assocham suggested allowing GST input credit for restaurants. “The restaurant industry is the only sector that is not allowed to claim tax credits under the current GST regime. This undermines the stated objective of bringing more businesses into the organized fold and heavily increases the capital expenditure.”

According to the hospitality body Federation of Hotel & Restaurant Associations of India (FHRAI), the hotel sector’s total revenue declined around 75 per cent in the last financial year. The revenue hit was near Rs 1.30 lakh crore in FY21 vis-à-vis Rs 1.82 lakh crore in FY20. The sector’s revenue at the beginning of 2021 was under 20 per cent of pre-pandemic levels and since April 2021 the revenue hasn’t crossed 5 per cent, the body had said in a statement on Wednesday.

Source: financialexpress.com– June 02, 2021

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Rs 132-crore water treatment plant opens at Balotara

Union textile minister Smriti Irani on Tuesday virtually dedicated and inaugurated the newly built 18mld project at Balotara under joint IPDS scheme of government of India and government of Rajasthan. On this occasion, Union minister of state for agriculture Kailash Choudhary and chief minister Ashok Gehlot were also present.

This 18mld treatment plant was made with a cost of Rs 132 crore. State cabinet minister of industries Parsadi Lal Meena also virtually inaugurated the plant.

With the starting of this plant, Balotara will get respite from its decades old problems of pollution. Crores of litres of groundwater can be preserved in Balotara with this project and the quality of the water will also improve. Besides this, 90% polluted water will be treated and can be used. The coloured water coming out of the textile industry in Balotara will get completely treated, with which the problem of pollution in Luni river and in the fields in nearby areas will end.

Textile minister Irani addressing the programme said that the day will godown in history of the textile industry in Balotara. With the starting of this Rs 132 crore project, the industrial units can function at their full capacity and it will also pave the road for economic development. The industry will gain strength with the starting of the much awaited treatment plant and new industries will come up with pollution control.

She said the Central government is determined to promote industries. With the starting of this plant in Balotara, the function of industries will become smooth, new units will come up and the problem of pollution will be solved.

Irani told the CETP board of directors that the centre and the state have done their work and now it is their responsibility to use it immediately. Fix a target and get more and more processing textile units linked with the plant so that the relevance of this plant is proved. She said that the centre has given Rs 66 crore out of the total cost of Rs 132 crore.

Kailash Choudhary presiding over the function said that with this plant, groundwater can be saved and quality of water will also improve. Apart from this, 90% of the polluted water can be treated and used again.

Source: timesofindia.com– June 03, 2021

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India's cotton, jute exports show positive growth in May 2021

Exports of cotton yarn/fabrics/made-ups, handloom products etc from India grew 24.85 per cent in May 2021 over May 2019, according to the preliminary data on India's merchandise trade in May 2021 released by the country's ministry of commerce & industry. Jute exports, including floor covering, increased by 20.99 per cent in May 2021 over May 2019.

However, leather and leather manufactures (-36.48 per cent), readymade garments (RMG) of all textiles (-27.59 per cent), and handicrafts excluding hand-made carpet (-19.48 per cent) were among the major commodity groups of export showing negative growth in May 2021 over May 2019, the data showed.

Major commodity groups of import from textile value chain showing negative growth in May 2021 over May 2019 include cotton raw & waste (-39.94 per cent), leather & leather products (-37.19 per cent) and textile yarn/fabric/made-up articles (-14.48 per cent), as per the government data.

In terms of overall trade, India was a net importer in May 2021 with a trade deficit of $6.32 billion, showing an increase of 74.69 per cent over trade deficit of $3.62 billion in May 2020 and reduction by 62.49 per cent over trade deficit of $16.84 billion in May 2019.

India's merchandise exports in May 2021 was $32.21 billion, an increase of 67.39 per cent over $19.24 billion in May 2020 and an increase of 7.93 per cent over $29.85 billion in May 2019. On the other hand, India's merchandise imports in May 2021 was $38.53 billion, an increase of 68.54 per cent over $22.86 billion in May 2020 and a decline of 17.47 per cent over $46.68 billion in May 2019.

Source: fibre2fashion.com– June 02, 2021

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Govt's SFURTI programme sees decline in approved clusters, artisans employed, grant extended in FY21

Cluster development programme Scheme of Funds for Regeneration of Traditional Industries (SFURTI), which organises traditional industries and artisans into clusters to boost competitiveness and provide employment, has witnessed a decline in the number of approved clusters, artisans employed, and grant extended in the financial year 2021-20 from the preceding year.

According to the available data from the MSME Ministry, the number of approved clusters had contracted to 107 in FY21 from 157 in FY20 after increasing from 68 in FY19. Likewise, the grant provided had jumped from Rs 139 crore in FY19 to Rs 397 crore in FY20 before declining to Rs 321 crore in FY20. The number of artisans employed had also increased from 32,462 in FY19 to 84,171 in FY20 but dropped to 62,408 in FY21.

Number of approved SFURTI clusters

“SFURTIis a very well managed programme. A major chunk of the activity under the scheme is in the construction of common facility centres (CFCs). So while Covid tried its best to cut down the speed, the enthusiasm of the entire team overcame it successfully and in fact reduced the period of CFC creation from over one year to six-nine months. One good indicator of success is how many CFCs have been commissioned. That has increased significantly,” Tamal Sarkar, Executive Director of MSME cluster development body Foundation for MSME Clusters told Financial Express Online.

Comments from the MSME Ministry were not immediately available.

The number of clusters inaugurated or commissioned in FY21 grew over 5x to 94 from 17 in FY20, the data showed. This included clusters in coir, bamboo craft, stitching and embroidery, handloom, garments, khadi, pottery, furniture, and other areas. Overall since FY16, 146 clusters were inaugurated or commissioned, 401 were approved, Rs 993 crore grant was extended and 2.36 lakh artisans were employed.

Importantly, the annual number of cluster projects, which includes common facilities centres (CFCs) and infrastructure development (ID) facilities developed under the Micro and Small Enterprises- Cluster

Development Programme (MSE-CDP) scheme had also declined. The scheme, which focuses on the creation and up-gradation of infrastructural facilities in the new and existing industrial areas or clusters of micro and small enterprises (MSEs), 68 projects were approved in FY20, down from 74 in FY20, as per data from the MSME Dashboard.

Moreover, the number of projects completed had witnessed a decline for the second straight year from 28 in FY19 to 22 in FY20 and 18 in FY21. The MSE-CDP addresses common issues such as improvement of technology, skills, quality, market access, etc. for MSEs and provides grant up to 70 per cent of the cost of the CFC project of a maximum of Rs 20 crore that included cost of land, building, pre-operative expenses, preliminary expenses, machinery and equipment, etc., as per the details on DC MSME portal.

Source: financialexpress.com– June 02, 2021

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India's Covid crisis has ripple effects for garment industry worldwide

As the coronavirus pandemic tears across India, forcing garment factories to shut down or work at half capacity to stem new cases, retail suppliers are scrambling to move production to China. But with trade war tariffs still in play, the shift could mean higher prices for U.S. consumers.

Infections have swelled in India since February, with more contagious variants spreading as massive crowds gather for religious festivals and political rallies. With around 22 million confirmed infections, health experts have warned the worst is still ahead.

While clothing suppliers say they can absorb the costs in the short term, analysts say retailers will eventually have to raise prices, unless suppliers can find cheaper labor and production options.

“Once India opens back up, things will pivot back because the consumer can’t be hit,” Brett Rose, CEO of United National Consumer Suppliers, an international retail wholesale and distribution company, told NBC News. “Now, more than ever, we want to buy new shirts, new pants and new bags. A closed factory doesn’t help that.”

As virus case counts in the U.S. continue to decline, spending is roaring back in anticipation of in-person socializing, office life and the return to in-person schooling. Consumer spending, which accounts for two-thirds of economic growth, increased by 10.7 percent in the first quarter, according to the Commerce Department. Stimulus checks have padded some wallets, and personal household income is at a record high. Gross domestic product growth hit 6.4 percent last quarter.

“It’s just a perfect storm right now,” said Rose, whose partner factories in India are not expected to return to production until June 7. “We just have to run out of fabric.”

India makes up about 16 percent of textile imports to the U.S. and about 5 percent of apparel and accessories, according to an analysis of U.S. International Trade Commission data by the Peterson Institute for International Economics.

While the country constitutes a smaller fraction of imports as compared to China, it still plays a significant role in certain sectors, including raw gems, which makes it difficult to move supply chains outside the country, said Mary Lovely, a senior fellow at the Peterson Institute and an economics professor at Syracuse University.

"If India dropped off the face of the world, where you would notice an impact is certainly in manufactured goods, textile and mill products and things like cloth and towels," she said. "You don't just move supply chains. They're not like pins on a map."

Gap Inc. CEO Sonia Syngal told investors last week that the company is facing supply chain and raw material challenges from countries where it sources goods, including India.

"We're looking closely at all of that and working hard to do what we've been doing, which is use our pricing power to offset all of those issues," she said.

Williams-Sonoma, Inc., which owns West Elm and Pottery Barn, also reports it has "elevated' backorders from production issues in India, Williams-Sonoma CEO Laura Alber said during an earnings call last week.

The global pandemic has put added stress on fast fashion's already strained workers. Gokaldas Exports Limited, an apparel manufacturer that supplies retailers such as H&M, Gap, Walmart and Abercrombie & Fitch, closed one of its factories last year and laid off more than 1,200 workers as customers canceled orders and dealt with excess inventory from spring 2020.

As another wave of the virus forced factories to close, Gokaldas CEO Sivaramakrishnan Vilayur Ganapathi told investors in May that the company is "exploring options" to work overtime or on weekends to meet their order deadlines after state-mandated lockdowns lift.

"The apparel industry has been traditionally a labor-intensive and low-wage industry," Ganapathi said. "This calls for a highly efficient manufacturing capability and the supply chain management ability to manage the large number of SKUs that we produce."

Orders in India that usually ship within 30 days are now taking 70 days, Rose said. Not only are Indian factories stalled, but cargo ships are overstocked as businesses rush orders across seas to fill store shelves, hiking up shipping prices.

However, this latest hike in pressure on manufacturers should lift in a few months, Rose said.

“There is going to be an inflection point where companies can only bear so much burden,” he said. “Something has got to give for the consumer.”

Source: nbcnews.com– June 03, 2021

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Textile traders want govt to allow them to operate for longer hrs

With COVID-19 cases in Gujarat reducing, thousands of textile traders in Ahmedabad and Surat want the state administration to allow them to open their establishments for a longer period of time as they have again started getting orders from different parts of the country.

As per the state government order, commercial establishments, except essential services, can remain open from 9 am to 3 pm. The order came in the wake of a sudden rise in coronavirus cases across the state in April, says Gaurang Bhagat, president of Ahmedabad-based Muskati Market Mahajan Association , adding, "Since the last week of May, the second Covid wave has weakened.

Hence, we have requested the state government to allow us to work from 9 am to 7 pm. Many traders have recently got fresh orders after a long time. They are facing difficulties to dispatch goods in time." Bhagat, who is also chairman of Gujarat Chamber of Commerce & Industry's (GCCI's) trade committee, said generally activities in more than 100 textile markets in Ahmedabad and over 300 markets in Surat starts only after 11 am.

In such a situation, they are not able to complete banking -related work, dispatch of goods to buyers and other formalities by 3 pm. Instead of 9 am the government should permit textile markets to work from 11 am to atleast 7 pm, so that they can do business properly, he added.

"Since past fortnight, traders have been getting orders of grey fabric, especially denim, from exporters based in Mumbai and Noida. If the government would allow them to work for longer hours, traders can fulfill orders in time by following all the Covid-related protocols issued by the authority," he added.

Traders are the only common link among textile manufacturers, processors, exporters and retailers, said Bhagat, adding that if textile traders would start functioning normally, the entire textile value chain would be benefitted and again those who lost their jobs during mini lockdowns would be employed again.

Surat-based South Gujarat Chamber of Commerce and Industries (SGCCI) president Dinesh Navadiya said SGCCI had written a letter to the Gujarat CM to allow textile and diamond industries in Surat and other parts of South Gujarat from 9 am to 7 pm with immediate effect.

Due to the second COVID wave during April and May this year already Gujarat based textile traders incurred heavy business losses of more than 10,000 crore.

The traders in the country's two biggest textile hubs Ahmedabad and Surat couldn't do business during this year's marriage season, Ramzan and Ugadi festivities, which unfortunately fell during these two months when almost entire country was in the grip of second COVID wave, said Rangnath Sarada, secretary, Federation of Surat Textile Traders Association (FOSSTA).

Moreover, schools have been closed since the outbreak of pandemic in the year 2020 and as result business of school uniforms has dried up, lamented Sarda adding that now cases are reducing, the authority should support a highly employment oriented textile sector by allowing traders to work for longer hours.

Source: financialexpress.com– June 03, 2021

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Karnataka may cut power tariff for industries to make them more competitive

Karnataka is likely to cut power tariff for industries as it is cheaper for investors in some of the large states. It is cheaper by Rs 1-3 per unit in Tamil Nadu, Andhra Pradesh, Gujarat and Uttar Pradesh than in Karnataka.

Industrial units going for open-access are paying cross-subsidy charges of Re 1.9 per unit, which industries have flagged as steep compared to other states. Industries minister Jagadish Shettar, additional chief secretary (industries) Rajkumar Khatri, and industries commissioner Gunjan Krishna, in a presentation before chief minister BS Yediyurappa, highlighted a few major issues industrialists are facing on the power front. Yediyurappa also holds the power portfolio.

“I told the chief minister that we have to have competitive power tariffs to attract investments into the state. He responded positively,” Shettar told ET.
The industries department team also told the chief minister that many industrial areas have been hit by frequent power outages which has often resulted in production disruptions.

The outages are occurring mainly due to capacity overload and poor maintenance by distribution companies, they said. Industrial units, especially those in the exports business, have quite often complained to the government that power outages are delaying their production. They cannot, at the same time, go for captive generation as power costs become steep, driving up their overall production costs.

The state government has been pushing for investments in rural Karnataka in a bid to decongest Bengaluru and create employment opportunities in rural areas so that the youths don’t have to migrate to big cities. But the lack of quality power supply has emerged as a spoiler.

DATA CENTRES

Shettar also requested the chief minister to bring data centres under HT Industrial classification of power tariffs. They are currently categorized as commercial, which makes them attract the highest rate of power tariffs. The minister sought speedy sanctions by the electricity supply companies (Escoms) of additional loads to data centres as well as fast track approvals for sub-stations.

Source: economictimes.com– June 02, 2021

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BRICS Foreign Ministers endorse support for WTO talks on IP waiver for Covid-19 vaccines

Foreign Ministers from the five BRICS nations — Brazil, Russia, India, China and South Africa — endorsed the need to support ongoing consideration in WTO on an Intellectual Property Rights waiver for Covid-19 vaccines and the use of flexibilities of the TRIPS agreement.

The Ministers, who participated in a virtual meeting chaired by India on Tuesday, reaffirmed their commitment to a strong Global Financial Safety Net with a quota-based and adequately resourced IMF at its centre and expressed their disappointment at the failure in addressing the quota and governance reforms under the 15th General Review of Quotas (GRQ), pera joint statement issued after the meeting.

“Over the years, BRICS has evolved its own unique model of engagement that is based on consensus. Our collective endeavour is also to ensure that global decision-making reflects contemporary realities,” said S Jaishankar, Minister of External Affairs, in his opening remarks.

The Ministers stressed the need to restore the normal functioning of all WTO’s functions as highlighted in the Joint Statement by BRICS Trade Ministers on Multilateral Trading System and the WTO Reform of 2020. “They emphasised the primary importance of ensuring the restoration and preservation of the normal functioning of a two-stage WTO Dispute Settlement system, including the expeditious appointment of all Appellate Body members,” according to the statement.

The meeting was attended by Chinese Foreign Minister Wang Yi, Brazilian Minister of Foreign Affairs Carlos Alberto Franco Franca, Russian Foreign Minister Sergey Lavrov, and South African Foreign Minister Grace Naledi Mandisa Pandor.

Pandor, in her opening remarks, stated that the TRIPS waiver proposal by South Africa and India would facilitate wider access to technologies needed to produce vaccines and treatments and diagnostics so that poorer countries with capacity could produce. "We must address the global gap of vaccines access," she said.

“They (the Ministers) also reiterated the need for sharing of vaccine doses, transfer of technology, development of local production capacities and supply chains for medical products, promotion of price transparency and called for exercise of due restraint in the implementation of measures that could hinder the flow of vaccines, health products and essential inputs,"the joint statement added. Recalling a resolution of the UNGA, the Ministers reiterated the call for reforms of the principal organs of the United Nations.

"They recommitted to instil new life in the discussions on reform of the UN Security Council and continue the work to revitalise the General Assembly and strengthen the Economic and Social Council. They took note with satisfaction of the 2020 Review of the Peace building architecture and agreed to reinforce their coordination in the Peace building Commission," the joint statement affirmed.

The Ministers also called for the timely and successful completion of the 16th GRQ by December 15, 2023, to reduce the IMF's reliance on temporary resources and to address under-representation of EMDCs (emerging markets and developing countries) for their meaningful engagement in the governance of IMF and to protect the voice and quota shares of its poorest and smallest members and have a new quota formula that better reflects the economic weight of members.

Chinese Foreign Minister Wang Yi promised support and assistance to India, on behalf of all BRICS nations, in its fight against the second wave of the pandemic.

"As long as it is needed by India, all BRICS partners including China will provide further support and assistance at any time. And we are confident that India will certainly overcome the pandemic," he said, at the meeting.

Source: thehindubusinessline.com– June 02, 2021

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Smart Cotton initiative aims to fix quality concerns, turn Maharashtra produce into a complete brand

It is the largest grown crop in the state but the cotton produced in Maharashtra often faces serious quality concerns, which affects the realisation of farmers.

Maharashtra accounts for over 30 per cent of the cotton grown in the country but state farmers fail to compete with their counterparts in Rajasthan, Gujarat or Telangana, both in per hectare yield and produce.

Now, Smart Cotton, a World Bank-sponsored project, is aiming to help farmers in the state grow quality cotton by inculcating best practices right at their farms.

Jayesh Mahajan, senior official of the Maharashtra Cooperative Cotton Growers Federation, pointed out how the per hectare yield of cotton in Maharashtra is between 8-9 quintals as compared to the 14-15 quintals/hectare yields nationally. Worldwide, cotton growers see much higher yields of 24-25 quintal/hectare, with US farmers reporting 55 quintal/hectares.

“One of the main reasons why Indian cotton fails to command premium prices in the world markets is because of quality concerns with the raw material available to produce the bales,” said Mahajan. The Smart Cotton project, Mahajan said, aims at a complete value chain transformation to help Indian cotton command a premium price in the world market.

Right from seed selection to picking, there needs to be more quality parameters across the whole lifecycle of the crop, said Mahajan.

It is not just in total yield where farmers in the state fail to meet quality parameters, as they also report higher trash content in their raw material. During cotton picking, a lot more trash content is added to increase the weight but at the end of the process, this dampens chances of the finished produce, both bale or yarn, to fetch a premium price in the world market. “What our project aims to do is to bring about a change in the way the farmer grows his crop so the pressed bale is sold at a premium price,” he explained.

In order to help ginners and press unit owners produce uniform quality of cotton bales, the project would push farmers to grow the same variety in the village.

“In developed cotton-growing countries, farmers have large land holdings which allow the production of uniform bales. Indian cotton growers have small holdings and with each going for different varieties, chances of producing uniform bales are low,” he said.

A single farmer producing quality cotton would not make much difference so the project is being implemented across 60 talukas in 20 cotton-growing districts, said Mahajan.

In the next five years, the project aims to see Maharashtra produce 10 lakh bales (each bale with 170 kg pressed ginned cotton) of branded cotton from these village clusters. The bales would be branded by the government of Maharashtra, which will act as a third party auditor.

The project will have an extensive technology arm with block-chain traceability being the backbone of the same. Mahajan is hopeful that the technological aspect will provide complete backward traceability of cotton.

Citing the example of US Cotton, Mahajan said it was used even while branding the final products. “Our aim is to develop Smart Cotton on similar lines… a simple scan of the QR code would show this cotton has originated in distressed districts of Maharashtra,” he said.

Source: indianexpress.com– June 02, 2021

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Edelweiss strengthens co-lending partnership with Central Bank of India for MSMEs

Edelweiss Retail Finance Ltd (ERFL) on Tuesday announced strengthening of its co-lending partnership with Central Bank of India for priority sector lending to micro, small and medium enterprises (MSMEs).

MSMEs can now avail of collateral free business loans up to Rs 50 lakh as against Rs 10 lakh earlier.

Additionally, they can also avail of loan against property up to Rs 10 crore. Building on the success of their partnership, the lenders have collaborated to introduce specially designed products with increased loan limits for the MSME segment.

Mehernosh Tata, CEO of Edelweiss Retail Finance, said the initiative is aimed towards unlocking higher business value and delivering a digitally enhanced experience to MSME borrowers.

"This arrangement is a win-win for MSMEs, the bank and us. It will help channelise credit to the priority sector as we step up lending in a credit starved economy."

Tata said this will expand the reach to underserved markets, enabling priority sector borrowers to get credit at lower costs.

As the country gradually moves out of Covid pandemic, the credit offered through the partnership will provide MSMEs with access to cost effective capital, aiding their economic revival and growth, he added.

Source: economictimes.com– June 02, 2021

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How is India emerging as a Growth Hotspot for the Medical Textiles Market?

The healthcare industry has witnessed exponential advancements over the years. The healthcare sector is unpredictable. One cannot project how the demand for a specific product rises when a certain epidemic or pandemic emerges.

The advent of the novel coronavirus pandemic has led to an increased demand for a variety of medical devices and products such as oximeters, oxygen concentrators, face masks, Personal Protective Equipment (PPE) kits, and others. The medical textile industry is experiencing a rise in the demand for PPE kits. These kits are made from medical textiles and hence, the medical textiles market will experience a positive growth trajectory.

Medical textiles are fibrous fabrics made for safely treating wounds and medical conditions. Two main types of fibers are used in developing medical textiles: specialty fibers and commodity fibers. These textile types are different from normal textiles. The properties of medical textiles make them a perfect fit for various uses across the medical industry. Some of the major properties of medical textiles are:

- Anti-microbial
- Biocompatible
- Non-carcinogenic
- Non-toxic
- Non-allergenic

Medical textiles are used across medical or healthcare applications to minimize the risks from exposure to hazardous substances and prevent the risk of cross-infections. The healthcare and hygiene category forms the crux of the growth of the medical textiles market. The products included in the healthcare and hygiene category are PPE kits, bedding, mattress covers, surgical gown, wipes, surgical masks, and others.

The pre-pandemic era saw the use of medical textiles in a plethora of applications for pressure garments, bandages, and others. While the post-pandemic era maintained a consistent demand for such applications, the exponential rise in the use of PPE kits and surgical masks led to the creation of a new demand trajectory within the medical textiles market. The unprecedented demand for PPE kits and surgical masks will shape the growth of the medical textiles market in the coming years.

Before COVID-19 wreaked havoc across the globe, the demand for medical textiles was already high but there was never a moment when the demand was such that it outsmarted and burdened the supply chain mechanisms.

With the emergence of the pandemic, PPE kits and surgical masks became prominent weapons for the frontline workers such as doctors, nurses, ambulance drivers, and other healthcare staff. The demand for medical textiles increased exponentially due to the overwhelming demand for PPE kits and surgical masks. This factor will prove to be a game-changer for the medical textiles market.

India Contributing Tremendously to the Medical Textiles Market

From facing a great shortage of PPE kits and masks to becoming the second-largest manufacturer of PPE kits, India has come a long way. More than 450000 units are produced daily by over 1000 manufacturers in India.

With the ease in restrictions on regulations and quick approvals, India has managed to scale PPE production to a great extent. Now, it is not just self-reliant in PPE kit production but is also one of the largest producers of PPE kits in terms of volume. The rise in the production of PPE kits and surgical masks is directly proportional to the growth of the medical textiles market.

With an uptick in the demand for PPE kits, the production costs have gone considerably down, which eventually leads to an increase in sales. All these aspects will influence the growth of the medical textiles market to a substantial extent.

As the COVID-19 pandemic continues to rage across the globe, the demand for PPE kits and surgical masks will remain constant. Thus, these factors will continue to add extra stars of growth to the medical textiles market.

Source: financialexpress.com– June 01, 2021

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Government to invest $211.7 million in technical textiles till 2024: CITI

At the 33rd foundation day of the North India Section of The Textile Institute (UK), T Rajkumar, Chairman, Confederation of Indian Textile Industry (CITI), informed the government plans to invest $211.7 million in technical textile sector till 2024. It has already established Centers of Excellence in different fields of technical textiles across the country, he added.

Shirshir Jaipuria, Chairman and Managing Director, Ginni Filaments, emphasized the importance of technology in textile industry. He said, emerging trends of technology, development, sustainable products and marketing strategy will impact the future of textile sector in India. And recommended the industry should focus on data exchange and adapt to the changing requirements.

Professor Vijay Kothari emphasized on the need for better coordination among academia, research organization and industry. He advised the industry to stop working in silos and adopt an integrated approach. The industry also needs to focus on developing new cost-effective products that cater to health care, environment and industrial needs of consumers.

Source: fashionatingworld.com– June 01, 2021

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Gujarat: Dye exports down 12%, intermediates by 25% in FY21

The exports of dyes and dye intermediates from India declined in fiscal 2020-21due to the Covid-19 induced disruptions in the domestic and international markets. Gujarat alone accounts for almost 70-75% of the total dyes and dye intermediates exported from the country.

In value terms, the dyes exports from India declined by 12% at $2.3 billion (approximately Rs 16,790 crore considering the value of rupee at 73 against the US dollar) in the financial year 2020-21, shows data compiled by Basic Chemicals, Cosmetics & Dyes Export Promotion Council (Chemexcil). The dyes' exports had stood at US$ 2.6 billion (Rs 18,980 crore) in 2019-20. The exports of dyes intermediates dropped 25% from $193 million (Rs 1,409 crore) to $144 million (about Rs 1,051 crore), the Chemexcil data further shows.

"The negative growth in exports is mainly because the chemical industry's operations were hampered in the first quarter (April-May-June) of fiscal 2021 due to the Covid-19pandemic induced disruptions and the nationwide lockdown imposed to curb the spread of the coronavirus infections," said Bhupendra Patel, chairman, Gujarat region, Chemexcil.

Agreed Yogesh Parikh, the immediate past president, Gujarat Dyestuff Manufacturers Association (GDMA). "The major dye and dye intermediates importing countries such as Turkey, Indonesia, Bangladesh and Italy had seen lockdowns and restrictions following the pandemic, which ultimately pulled down the exports down," added Parikh. Gujarat is a home to some 1,500 dyes and dyestuff manufacturing units. The exports, of not just dyes and but also of other chemicals, gradually picked up as the year progressed and they showed significant improvement in February and March.

Hence, the overall exports of different chemicals from India were down only by 2.6% to $17.6 billion in FY21 from $18.1 billion in the previous financial year. The reduction was largely due to the drop in exports of dyes and organic chemicals. Gujarat's share in India's total chemical exports is around 60%, said industry players"If there were less disruptions in the first quarter, the growth would have been in a positive trajectory," he added. The exports, however, have again took a beating in May as the fierce second wave of the pandemic gripped the state and the country.

Source: timesofindia.com– June 02, 2021

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Unemployment rate soars to 11.9% in May, 10 m jobs seen lost in the month

The second Covid wave has led to a sudden spike in India's unemployment rate – it rose to 11.9% in May from 7.97% in the previous month. The rate had last reached double digits in June last year, when it was 10.18%.

According to the Centre for Monitoring Indian Economy (CMIE) data, barring April, May and June last year, the monthly unemployment had never breached the double-digit mark at least since January, 2016.

It reached its peak of 23.52% in April last year amidst country-wide lockdown, but started falling from the next month onwards. In May last year, country's unemployment rate was 21.73%.

According to CMIE, urban unemployment rate zoomed to 14.73% in May this year, the highest since 23.14% recorded in May last year. At 10.63%, rural joblessness in May was also the highest since 21.11% recorded in May last year.

Sources said that the fear of getting infected and poor vaccination regime would have dissuaded a section of the workforce from opting for work, thereby causing a decline in labour force participation rate (LFPR).

Labour force participation rate is an age-specific proportion between persons either working or actively seeking work and the total population in working age group, usually 15 years and above. Unemployment rate is a ratio between persons who are not currently in job but are actively searching for one and the total labour force.

CMIE's MD & CEO Mahesh Vyas wrote recently, "We see evidence of loss of employment in the steady fall in the employment rate during May 2021. The employment rate was 36.8% in April 2021. The 30-day moving average employment rate on May 23 was 35.8%. This 100 basis point fall in the employment rate translates into a fall in employment of the order of 10 million.

This would be much more than the 7.35 million fall in employment recorded in April 2021. Employment has been falling since January 2021. It had fallen by about 10 million between January and April 2021. May 2021 could see a similar fall."

Unemployment in urban areas stood at a worrisome 17.88% for the week ended May 30; the rate has risen for the seventh straight week and 47 basis points over the previous week alone.

Overall unemployment rate, however, fell to 12.15% for the week ended May 30 as against 14.73% in the preceding week. This was largely due to near 400 basis points fall in the rural unemployment rate to 9.58% for the week ended May 30 from 13.51% in the week before.

Source: financialexpress.com– June 02, 2021

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