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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

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NEWS CLIPPINGS

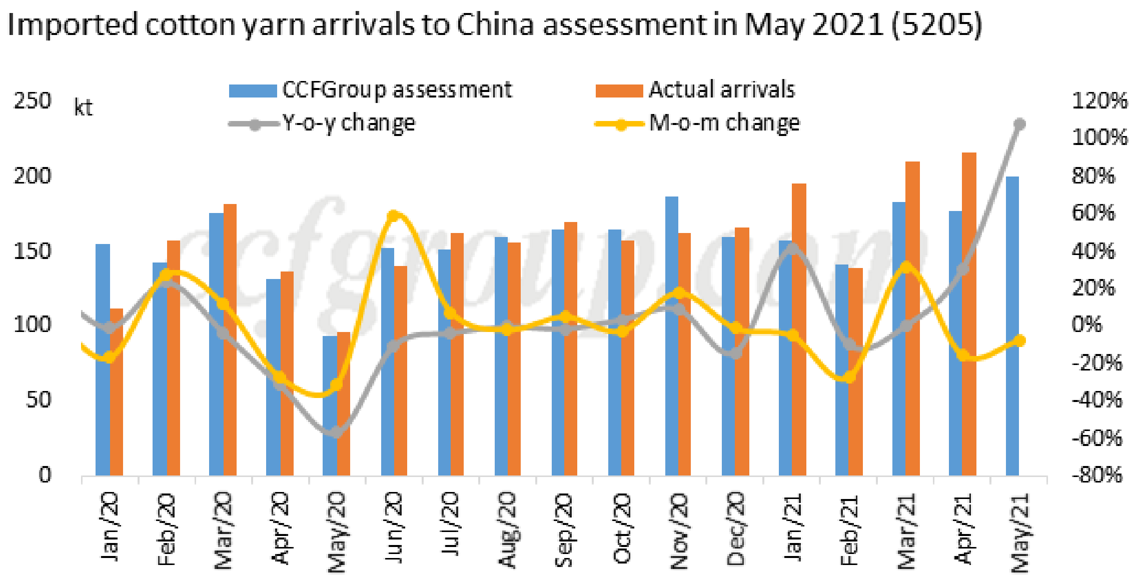
INTERNATIONAL NEWS	
No	**Topics**
1	China: May'21 cotton yarn imports may move down 7.5% m-o-m to 199.7kt
2	G20 GDP returns to pre-pandemic level in Q1 2021: OECD
3	China's cotton imports rise to seven-year high: USDA
4	US, China agree to push forward trade, investment ties
5	Guatemala Eyes $4B in Fabric Investments
6	Philippine garment exporters concerned over logistics woes
7	How East Africa can raise its cotton exports
8	America Has One Of The Best Luxury Cotton Grown In The World
9	China to become major buyer of Vietnam's garments
10	Vietnam: Textile-garment enterprises investing in materials to take advantage of FTAs
11	Cotton goes to space
12	Bangladesh: Build an effective business-friendly environment, garments makers urge BIDA
13	The Paradoxes of the Bangladesh Miracle
14	Pakistan: Textile exporters term budget as growth-led, export-oriented
15	Pakistan: Weekly Cotton Review: Prices drop in local market

	NATIONAL NEWS
1	India-European Union FTA: Talks to restart soon on realistic note
2	India's Q1 merchandise exports may grow to USD 87.2 billion: Exim Bank
3	India should focus on exports, attracting best manufacturers: NITI Aayog
4	Skyrocketing freight costs having detrimental impact on small and medium exporters, says report
5	GST Council likely to meet in July on compensation issue
6	Is your MSME ready for private equity, venture capital? Here’s what it would take to attract private money
7	TN to implement operating mechanism for single window portals
8	Finance minister asks ministries to accelerate capex, clear dues to MSMEs, PSUs
9	Quick Estimates of Index of Industrial Production and Use-Based Index for the month of April, 2021 (Base 2011-12=100)
10	Transporters’ union seeks loan moratorium, writes to PM Modi
11	Cotton price slips for second day on weak global cues; expert says outlook bullish
12	Textile merchants seek permission to operate
13	Cotton prices touch decadal high in Gujarat
14	India's industrial output surges 134% in April on low-base effect
15	AP pegs GST revenue collection target at ₹53,935 cr for 2021-22
16	Womenswear held 50% market share of Indian online fashion in FY21

INTERNATIONAL NEWS

China: May'21 cotton yarn imports may move down 7.5% m-o-m to 199.7kt

1. Imported cotton yarn arrivals to China assessment

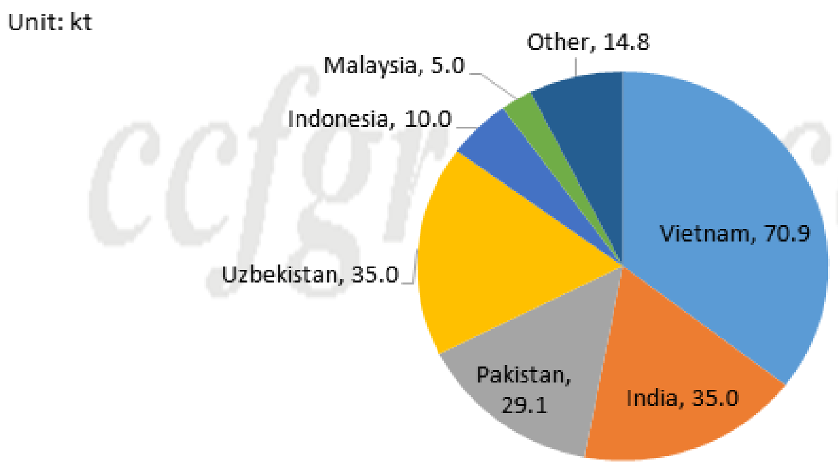


Cotton yarn imports of China in Apr reached 216kt, up 59.1% on the year and 3.1% on the month. It amounted 759kt cumulatively in Jan-Apr, up 29.4%. The imports in May is initially assessed at 199.7kt, up 108.1% on the year and down 7.5% on the month.

According to foreign shipment data in Apr, cotton yarn imports of China from Vietnam in May is estimated at 70.9kt; from Pakistan 29.1kt, from India 35kt, from Uzbekistan 35kt, from Indonesia 10kt, from Malaysia 5kt, and from other regions and countries 14.8kt.

According to previous ordering and sample investigation, May arrivals of cotton yarn imports will be large in China, beyond the expectation in May. It will be mainly low-count cotton yarn. Over a half of sample companies thought May arrivals would be flat or a bit lower than Apr ones.

Cotton yarn imports assessment in May by countries and regions

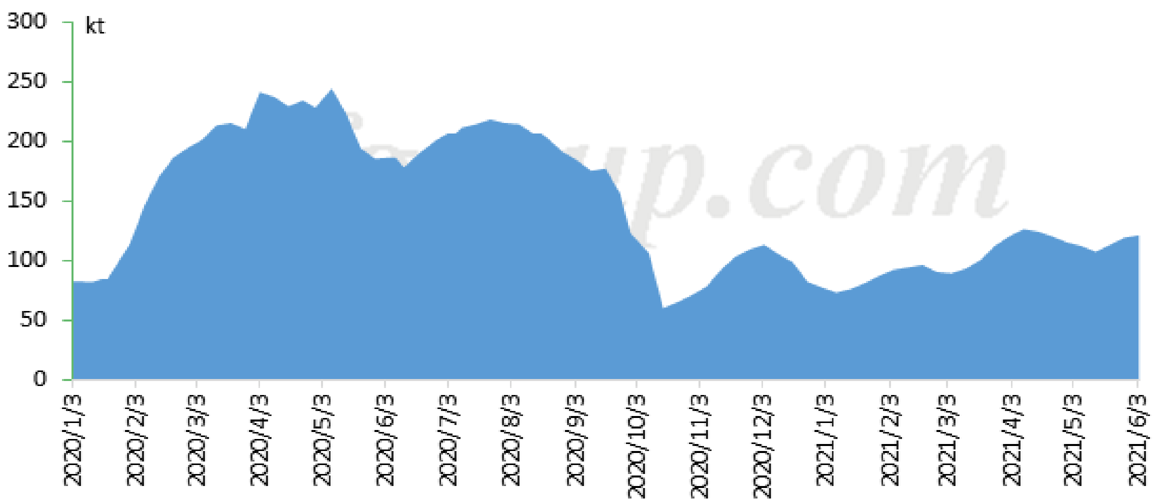


2. Imported yarn stocks and supply and demand outlook in Jun

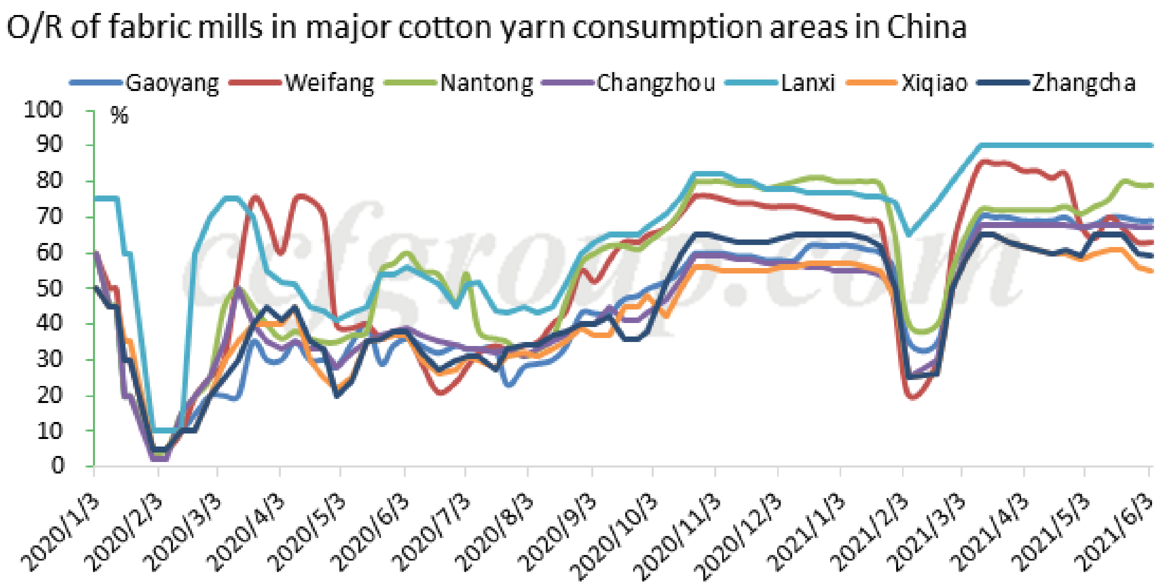
The arrivals of imported cotton yarn in early May are expected to be less than that in mid- to late Apr, and mainly low-count cotton yarn. The cost declines compared with previous period, but differs a lot. A part of Indian cotton yarn arrivals were ordered in Apr, and some Vietnamese and Pakistani cotton yarn were ordered in Mar.

Imported cotton yarn stocks in May show uptrend. By end-May, it was about 120kt, with open-end, siro-spun and ring-spun low-count ones relatively more. However, the supply of spot C32S is still tight. With the consumption in May, spot C32S was short of supply and some traders were reluctant to sell with cargos at hand.

Imported cotton yarn stocks in China



Downstream demand improved after May Day holiday, but turned slack gradually in the second half month. Adding the decline of weavers' operating rate which was caused by busy farming in North China and relapse of the pandemic in some regions, overall operating rate of weavers remained around 70% by the end of May. In some regions, it was lower at 50-60%. In Lanxi, it was at about 90% while in Weifang, Shandong, weavers did not have adequate orders and suffered obvious losses. The operating rate of weavers in Nantong was high with good orders.



From the chart above, the operating rate of downstream weavers using imported cotton yarn performed the worst in Guangdong, followed by Shandong, Jiangsu and Zhejiang.

The arrivals of imported cotton yarn in recent months were out of expectation, with Uzbekistani cotton yarn and Indian cotton yarn being major variables. Vietnamese and Pakistani cotton yarn increased, but they were still in expected range. Except traders, downstream weavers also increased the imports of cotton yarn.

In May, the arrivals of imported cotton yarn are likely to inch down on the month, as the spinners in Uzbekistan are heard to sell less to China due to lower export prices than that to Pakistan and Europe, and Indian cotton yarn exported to China may be hit by the pandemic. On the whole, cotton yarn imports of China in May will keep large, and that in Jun will sustain strong as Chinese buyers place more orders in the second half of Apr and May.

Source: ccfgroup.com– June 14, 2021

HOME

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G20 GDP returns to pre-pandemic level in Q1 2021: OECD

Gross domestic product (GDP) of the Group of 20 (G20) area returned to pre-pandemic level in the first quarter (Q1) of 2021, growing by 0.8 per cent compared with the fourth quarter of 2020, according to the Organisation for Economic Cooperation and Development (OECD), which said this figure, however, conceals large differences across countries.

Among the G20 economies, India, Turkey and China, whose GDP was already above pre-pandemic levels in the previous quarter, continued their recovery, by 2.1 per cent, 1.7 per cent and 0.6 per cent respectively in Q1 2021 (after 9.3 per cent, 1.7 per cent and 2.6 per cent in Q4 2020). GDP in Australia, South Korea and Brazil also returned to pre-pandemic levels in Q1 2021, with GDP growing by 1.8 per cent, 1.7 per cent and 1.2 per cent respectively, OECD said on its website.

For the remaining G20 economies, GDP is still lagging behind pre-pandemic levels, with countries recording diverging developments in the first quarter of 2021. While GDP growth accelerated in the United States (to 1.6 per cent, after 1.1 per cent in Q4 2020) and Italy (to 0.1 per cent, following a contraction of 1.8 per cent), growth slowed in Indonesia (to 1.6 per cent, after 2.3 per cent), Canada (to 1.4 per cent, after 2.2 per cent), South Africa (to 1.1 per cent, after 1.4 per cent) and Mexico (to 0.8 per cent, after 3.2 per cent).

Growth even turned negative in Germany (minus 1.8 per cent, after 0.5 per cent growth), the United Kingdom (minus 1.5 per cent, after 1.3 per cent growth), Japan (minus 1 per cent, after 2.8 per cent growth) and Saudi Arabia (minus 0.1 per cent, after 2.5 per cent growth).

In France, GDP continued to contract for the second consecutive quarter, although at a slower pace (minus 0.1 per cent, after minus 1.5 per cent). Overall, the United Kingdom and Italy recorded the largest gaps to pre-pandemic GDP levels, at minus 8.7 per cent and minus 6.4 per cent respectively, but Germany, France, the euro area and the European Union also recorded gaps of more than 4 per cent.

Year-on-year GDP growth of the G20 area rebounded to 3.4 per cent in Q1 2021, following a contraction of 0.7 per cent in the previous quarter. Among G20 economies, China, which was affected by COVID-19 at an earlier stage than other countries, recorded the highest annual growth (18.3 per cent), while the United Kingdom recorded the largest annual fall (minus 6.1 per cent).

Source: fibre2fashion.com– June 12, 2021

HOME

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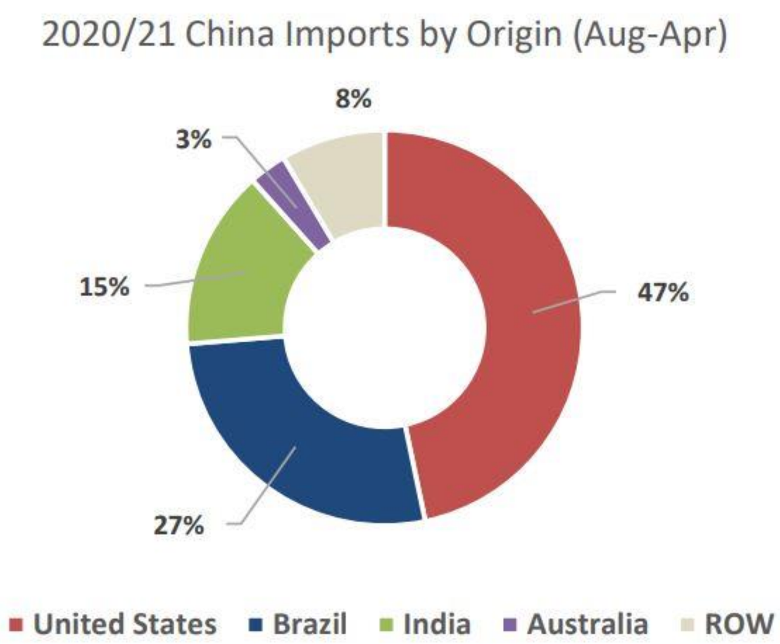
China's cotton imports rise to seven-year high: USDA

China's 2020/21 imports of cotton are forecast at a seven-year high, driven by the highest projected consumption in three years, robust State Reserve (SR) imports, and attractive prices for imported cotton relative to domestic supplies.

The latest 'Cotton: World Markets and Trade' report from the United States Department of Agriculture (USDA) says imports are expected to support China's record year-over-year rise in consumption.

China's 2020/21 consumption is expected to recover from the lowest level in 16 years to surpass the previous year by 7 million bales, accounting for half of the gain in global use.



Currently, spinners' spot margins are roughly 30 per cent higher compared with the previous year due to robust demand for cotton yarn and significantly lower yarn stocks.

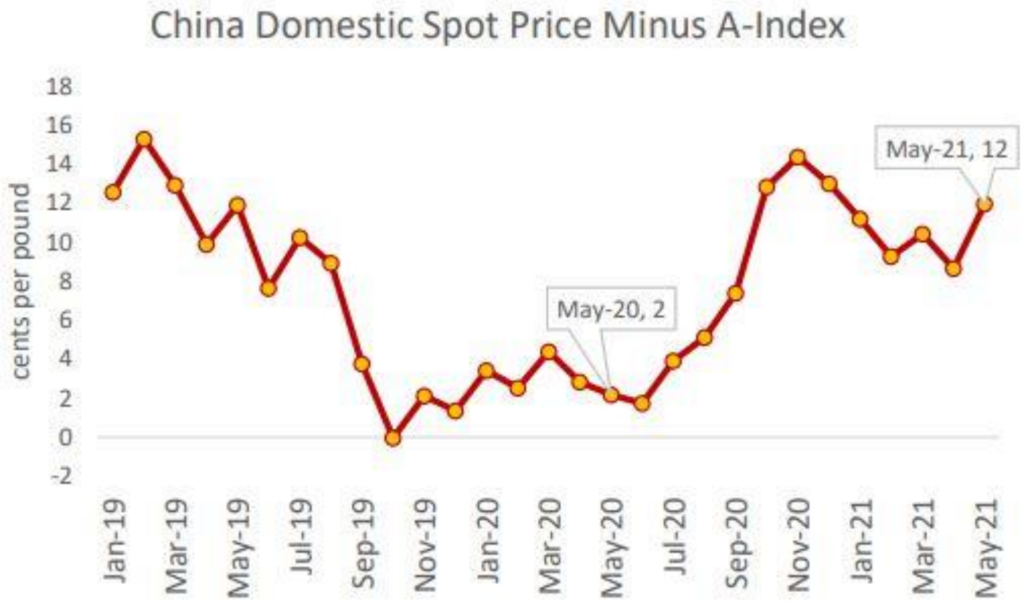
The highest SR imports in seven years are also supporting strong China demand.

Zero SR purchases of domestic cotton were reported for the December 2020 to March 2021 program and therefore recent imports are expected to further replenish SR supplies.

US cotton is suspected to account for most of SR imports in 2020/21 – instead of Brazil, the primary supplier in the previous two marketing years.

The preference for US cotton may have been partly spurred by the Phase One Agreement.

Favourable import prices have also played a role. China's widely used domestic price index (CC3128B) was 12 cents higher than a "landed" A-Index price (1pc in-quota duty plus 9pc VAT) in May 2021. This is more than 10 cents higher compared with the same period last year.



The stronger relative prices for China's domestic supplies have been driven by stronger agricultural prices in China (e.g. corn and wheat), quality issues with China's 2020/21 crop, and a weaker US dollar.

China's 2021/22 imports are forecast down from the previous year as State Reserve demand is projected to fall from the robust levels witnessed thus far in 2020/21. Nonetheless, 2021/22 imports are forecast at the second-highest level in eight years, helping to support larger consumption that is projected to be equivalent to one-third of global use.

Source: USDA

Source: graincentral.com– June 14, 2021

HOME

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US, China agree to push forward trade, investment ties

Chinese commerce minister Wang Wentao and his US counterpart Gina Raimondo recently agreed to push forward trade and investment links in their first call since the new US administration took over in January, with Washington seeking a more level playing field. Wang and Raimondo "agreed to promote the healthy development of pragmatic cooperation in trade and investment," in a phone call on June 10 morning.

The two "exchanged views frankly and pragmatically on relevant issues and mutual concerns," according to a Chinese government statement.

Raimondo "discussed the Biden-Harris administration's focus on economic policies benefiting American workers and expressed US concerns, including China's unfair and market-distorting industrial policies, the need to level the playing field for U.S. companies in China, and the importance of protecting U.S. technology from unauthorized users," the US commerce department said in a statement.

The call was the third between senior officials in recent weeks, after Vice Premier Liu He spoke with US trade representative Katherine Tai and treasury secretary Janet Yellen.

The two sides are gradually trying to resume official contact after the January change of administration in the United States.

Normal communications between the two countries have started, according to Chinese commerce ministry spokesman Gao Feng. The two sides have agreed to pragmatically solve some issues for producers and consumers, and promote healthy, stable economic and trade ties, he said.

While there are issues, "the essence of trade and economic relations is mutually beneficial and win-win," Feng told reporters in Beijing.

Source: fibre2fashion.com– June 11, 2021

HOME

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Guatemala Eyes $4B in Fabric Investments

Guatemala expects to draw $4 billion in fabric investments, notably synthetic yarn, as it looks to boost exports to neighbors such as Nicaragua and Honduras to help them scale apparel shipments to the U.S.

“We are looking at $4 billion in textile investments from zero last year,” Alejandro Ceballos, president of top trade lobby Vestex, told Sourcing Journal. “A textiles plant can take two to three years to install so we expect this money to gradually come in in the near to medium term.”

First in line to earmark such investments, seen as crucial to elevate Central America’s output of value-added and performance sportswear for U.S. labels, is Spain’s Nixtel.

The Barcelona-based firm plans to spend around $400 million to install a knit fabric mill in Guatemala City that’s expected to employ 300 people directly and 100 people indirectly.

“They are looking for a 10,000-square-meter site and plan to bring machinery from Barcelona and the U.S. where they are closing sites,” said Ceballos.

Nextil could not immediately be reached for comment.

Ceballos said Korea-owned Mundo Textil and a slew of other unnamed makers are also expanding existing facilities or intend to open new ones to bolster synthetic yarn production in the region and that the bulk of the projected investment will be funneled toward that.

The type of fabric that will be scaled up includes most of the categories that enjoy U.S. free-trade benefits under DR-CAFTA, including synthetic polyester and microfibers such as those ranging from 40 to 150 strands, the industry leader said.

Guatemala is gradually becoming a much bigger exporter of fabric than clothing, especially for its Central American neighbors that use it to make T-shirts, underwear and athleisure among many other products for export. Fabric shipments, notably to Nicaragua and Honduras, are forecast to hit $400 million or 100 million pounds in weight this year, up 2 percent in dollar terms and from 70 million pounds in 2020 when the pandemic scotched demand.

Meanwhile, apparel exports to the U.S are forecast to rise 8 percent to roughly $1.6 billion amid surging demand from American brands. The majority of the garments set to leave port are casualwear, however, rather than the higher-end work wear Guatemala has historically supplied, Ceballos said.

“We are doing simpler clothing, mainly for Walmart and Target, including shorts, T-shirts and clothing to wear at home,” he said. “The factories that once did blazers, polos and suits have restructured to do this.”

Ceballos said Honduras and Nicaragua also continue to attract investments to step up both textiles and clothing production. El Salvador, however, has seen some firms depart amid political volatility and President Nayib Bukele’s threats to deepen taxes on maquilas, he added.

In related news, El Salvador’s decision to adopt Bitcoin as legal tender could also help it woo new investments, however, particularly from companies or crypto entrepreneurs interested in putting their holdings to work.

“There will probably be many investments from Bitcoin players who can turn the crypto into cash but Bitcoin is also very volatile, so adoption will depend on whether businessmen are willing to hold it even though it can fall in value,” Ceballos concluded.

Source: sourcingjournal.com– June 11, 2021

HOME

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Philippine garment exporters concerned over logistics woes

Philippine garment exporters recently joined calls for the government to step in and address the deteriorating shipping and logistics situation in the country. The domestic garment industry is losing millions of dollars due to the supply chain squeeze, according to Robert Young, Philippine Exporters Confederation, Inc. (PHILEXPORT) trustee for the textile sector and president of the Foreign Buyers Association of the Philippines (FOBAP).

Exporters are facing transport issues, including vessel capacity constraints and surging freight prices, leading to cargo delays of two weeks to two months and revenue setbacks.

The situation is creating production space issues, shipment delays and cash flow issues, according to a report in a Philippine newspaper.

This, along with other issues like slow release of permits and import license, rising cost and shortage of raw materials adds to manufacturing cost and leads to continuing loss of business in favour of Vietnam and Indonesia.

Cost of freight has gone up from around $4,000 per 40-foot container to $12,000, which makes products uncompetitive.

PHILEXPORT president Sergio Ortiz-Luis, Jr. earlier said that while this is a global issue that may be beyond anyone's control, the government and private sector must still work closely together to effectively address the logistics constraints.

Source: fibre2fashion.com– June 12, 2021

HOME

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How East Africa can raise its cotton exports

Arusha. As the annual budgets were read in some of the East African Community (EAC) Parliaments yesterday, a call has been made to boost cotton exports.

The six EAC partner states in the bloc were told exports will rise by promoting the value chain in the entire cotton industry, including textiles manufacturing.

The bloc's current raw cotton exports to world markets stand at only eight percent despite the huge potential for cotton exports.

"We need to harness science, technology and innovation to boost exports," said Kevit Desai, the Kenya principal secretary (PS) for EAC.

Desai told reporters here on Wednesday, the PS said the region produces 100,000 tonnes of cotton against the annual potential of 400,000 tonnes.

"To increase the volume of exports, value chains such as textiles need to be promoted," he said at the EAC headquarters in Arusha.

This, he added, can also be achieved if the region invested in greater capacity to produce leather and textiles.
He said increased investment in the leather and textile sectors would cater for the growing demand in the region for locally manufactured clothes and leather products.

Dr Desai is the current chair of the EAC Coordination Committee that brings together principal/permanent secretaries from the EAC Affairs ministries.

He disclosed that intra-EAC trade currently stands at 15 percent which he described as "very low" compared to other regional economic blocs.

He, nevertheless, said it was encouraging that a regional confederation for the agricultural sector for EA has been established.

"We need to expand the horizon as far as trade is concerned. There is a need for greater consolidation to increase the region's exports to external markets," he said.

He played down the impact of protectionism of the national economies by the EAC governments, saying the trend was natural.

However, he said despite the challenges, some EAC partner states were committed to open up markets and boost intra-regional trade.

While the combined cotton production in EA stood at 10,000 tonnes, Tanzania's output for 2020/2021 was affected by excessive rains.

About 95 percent of Tanzania's cotton is grown in the northwest regions of Simiyu (47 percent)), Shinyanga (13 percent) and Mwanza (ten percent). Other regions are Geita and Tabora (nine percent each) and Mara six percent. The rest is grown in Singida, Manyara, Morogoro and elsewhere.

Cotton in Tanzania is mainly grown by smallholder farmers whose number ranges from 350,000 to 500,000 depending on the season.

Source: thecitizen.co.tz– June 11, 2021

HOME

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America Has One Of The Best Luxury Cotton Grown In The World

Quite often, I like to highlight the great significance that the US has on the world of fashion. When you think of all the developments created in our great nation such as the tuxedo, preppy, sportswear and even denim. Even though denim was invented in Europe it is our very own Levi Strauss that developed the fabric into a household name.

But what about farming crops for fashion and textiles? At present, there is a network of farms throughout the USA (mostly in Arizona and New Mexico that grow a special type of cotton each year.

Founded in 1954, Supima is a non-for-profit organization that represents the Pima cotton growers of the United States. The Supima name was derived from a blending of the words “Superior” and “Pima."The Supima brand designates an elite variety of pima cotton grown only in California and the Southwestern U.S. The cotton is highly valued not only for its superior strength but also for its soft to the touch feel. The extra long fibers create value and a strong point of difference at the point of sale.

You see, Supima is a least twice as strong as regular cotton. This strength enables the cotton to resist pulling, breaking and tearing much more than the competition. More to the point, it is the competitive advantage that Supima has in the marketplace. In addition, Supima’s finer fibers absorb dye with a deep, long-lasting penetration. The result is a product that retains color better than regular cottons.

Today, Supima focuses on partnering with leading brands across fashion and home markets to ensure that consumers have access to and receive top quality products.

I recently had the pleasure to interview Supima CEO, Marc Lewkowitz about how Supima cotton growers seek to implement and utilize new technologies and practices in order to be the most responsible and efficient producers, having the ability to authenticate product and provide insight into the sourcing and supply chain is absolutely key to the future of textiles and about why farmers need to have the flexibility to pick and choose between the best and most efficient methods for growing their crop under the constraints and challenges of each unique crop year!

Joseph DeAcetis: Briefly, Talk to Forbes about the rich history (including WWII) of Supima cotton and how this cotton came to be in the USA?

Marc Lewkowitz: Early history reports that extra-long staple (ELS) cotton found its way to the USA back in the early 1600's, landing in Virginia. Originally, stemming from the Caribbean Islands, the fiber thrived in well-draining, sandy soil along the coastline from southern North Carolina all the way to northern Florida. It was here on the barrier island chain along the eastern seaboard, known as the Sea Islands, where ELS cotton first made its home in the USA and adopted the name Sea Island Cotton. This premium cotton was grown here until the late 1700's when pest pressures became too burdensome and reduced the crop yield potential to levels that were not viable at the time.

About a century later and with a World War and a cotton embargo in place, the United States was in need of a premium quality cotton fiber for a variety of industrial purposes which included tire cording to be used in Goodyear tires. In 1900, the United States Department of Agriculture (USDA) began breeding trials for American ELS cotton in Sacaton, AZ, just southeast of Phoenix. Those trials were conducted on lands owned by the Pima Indians and in recognition of their participation, the name Pima was adopted to identify Pima cotton and the first cultivars produced there. With the development of the fiber and the unique and exceptional fiber characteristics, the Pima name quickly became regarded internationally as an identifier for premium cotton. However, to ensure the authenticity around this special cotton developed in the USA, the growers founded the SUPIMA organization in 1954 under the original name of Superior Pima. Today the SUPIMA® trademark stands for quality and authenticity and is used by brands to identify premium quality products made with Supima cotton.

JD: Why is it important to you to produce cotton in the USA?

ML: Supima is grown by a few hundred family farms in the American West and Southwest. Many of these farms are multi-generation and the land represents the family's capital and stake in their communities. Responsible stewardship of the farms is a foundational consideration for the farmers in ensuring viability of the soil and the farm. The growing region where Supima cotton is grown is also one of the most highly regulated agricultural communities where growers seek to implement and utilize new technologies and practices in order to be the most responsible and efficient producers in terms of producing the highest quality outputs while minimizing the utilization of resources. To achieve these goals Supima growers work hard to set a world standard in terms of quality, sustainability, traceability as well as labor and ethical compliance.

JD: Do you believe that. true transparency starts with the fiber?

ML: The answer starts with authenticity. Simply put, if you don't know the ingredient materials and are unable to verify them, then there isn't a lot that you can say about the product and what went into creating the base materials. Terms like transparency and traceability are generally used in the textile supply chain to indicate some generic insight into a product and its sourcing.

However, without validation of the product, it leaves the transparency and traceability conversations without the ability to authentically reflect and substantiate the product. Having the ability to authenticate product and provide insight into the sourcing and supply chain is absolutely key to the future of textiles. The need for transparency applies not only to cotton but to all textile fibers. Where does the petroleum come from for polyester? Where do the trees come from for rayon? How are the sheep treated for the production of wool? You cannot make any claims about the sustainability of a product unless you can answer those questions about the fiber and raw materials.

At SUPIMA, we have invested a significant amount of time and resources to be able to authenticate and verify the cotton fiber itself through a forensic science based approach with our technology partner Oritain. By measuring the naturally occurring rare trace elements and isotopes in the areas where Supima is grown.

Supima cotton can be verified at any point in the entire supply chain back to its origin and provide provenance. This process is unique and benefits from Mother Nature and the natural plant process while it is growing such that the fiber itself is used for verification without requiring the addition or utilization of external markers, taggants or identifiers.

JD: Name a few of the premium properties of long staple cotton fibers?

ML: SUPIMA, as an extra-long staple cotton, offers several benefits to the products in which it is used. The extra-long length of the fiber produces smoother, cleaner yarn which naturally provides a soft silky hand.

Supima is naturally stronger too. The fiber itself is twice as strong as regular cotton and was used first as an industrial fiber as cording in Goodyear tires at the beginning of the 20th century so, it is really tough. This makes products made with Supima long lasting and more sustainable with an eye towards discerning consumers looking to add quality pieces to their wardrobes. These are not disposable goods. Another benefit of Supima is the fiber's fineness. These fine fibers are extremely 'thirsty' and deeply absorb dyes. This provides garments with bold lasting colors that don't suffer from premature fading and unevenness.

JD: What are the benchmarks of Supima cotton in comparison to the competition?

ML: Most consumers think all cotton is the same but there are actually two primary distinct varieties. Regular cotton (Gossypium Hirsutum), and extra-long staple cotton (Gossypium Barbadense), which naturally produces a longer, stronger, and finer fiber. ELS cotton has a major impact on quality and performance of products that are made with it.

SUPIMA is 100% extra-long staple cotton in contrast to other well-known cotton labels such as Egyptian or Pima that are colloquially used in the textile industry but do not substantively support anything having to do with the cotton fiber quality or authenticity that they are identifying. The SUPIMA® mark is entirely unique in the cotton textile segment representing both quality, origin and the responsibility of the industry built around it to provide the premium natural fiber resource for authentic quality products. To know SUPIMA is to love it.

JD: How does laser-leveling the cotton fields aide in maximizing water efficiency use

ML: 500 of our family farms in the American West and Southwest use a variety of methods to provide water to the crop. Whether it's through flood irrigation or drip irrigation, farmers always use the most efficient ways to deliver water to their crops.

JD: As President and CEO, how to you help support use of GPS-navigated tractors, soil monitors and satellite technology as we progress into the future?

ML: Cotton is a complex crop that requires engaged management by the farmers. The output of fiber stems from the reproductive phase in the cotton plant. As cotton grows, like other plants, it produces seeds to propagate. To gain a distribution advantage cotton plants produce a pure cellulosic fiber from the seed that is intended to help the wind carry the seed once the cotton bolls open to support distribution of cotton seed to a greater area. This pure cellulosic fiber is what we refer to today as "cotton". Besides the intrinsic agronomic aspects of cotton production, every farm is different in terms of the geography, weather conditions, and soil types, and all of these have a continual impact on cotton farming operations within a crop year and from year-to-year.

Because farms are so diverse and must manage so many operational and farming variables, there is no single methodology. Farmers need to have the flexibility to pick and choose between the best and most efficient methods for growing their crop under the constraints and challenges of each unique crop year. Farmers of Supima cotton use the most advanced technical and operational practices that are appropriate to the needs of their farm. Whether it's technology like GPS driven tractors, or satellite imagery for crop and farm monitoring, there are an unprecedented number of tools that our farmers employ to keep their soil healthy while producing the best quality cotton in the world.

Source: forbes.com– June 10, 2021

HOME

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China to become major buyer of Vietnam's garments

China is set to become a major export market for Vietnam's textile and garment industry, making up for the lull in traditional markets like Japan and the EU.

According to Vietnam National Textile and Garment Group (Vinatex), Covid-19 has rendered some of the main markets unstable. For example, the E.U. is facing the risk of a pandemic resurgence, while Japan's economy is yet to revive. Therefore, Vietnam's textile and garment exports to these two markets are not expected to rise this year.

Meanwhile, China has indicated in its 14th five-year plan that it will not concentrate on textile and garment production in the 2021-2025 period.

Vietnam's textile and garment exports to China in Q1 experienced the highest growth among the five largest textile and garment export markets (the U.S., Japan, South Korea, E.U., and China), Vinatex reported. Textile and garment export value to China during the period was as high as that to the E.U. at $680 million.

One challenge for Vinatex this year is the falling demand of office wear, which is one of the group's main products. Amidst the pandemic, consumers prefer casual wear and sportswear. Another difficulty is that inflation is expected to rise this year, resulting in higher lending rates and increased financial expenses.

Vinatex targets revenues of VND1.5 trillion ($66 million) this year, up 5 percent year-on-year, and pre-tax profit of VND201 billion, up 37 percent. The group said it will continue to divest from ineffective companies this year.

Vietnam's textile and garment exports in the first five months of 2021 hit $12.2 billion, up 15 percent year-on-year, according to the General Statistics Office.

Source: e.vnexpress.net– June 11, 2021

HOME

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Vietnam: Textile-garment enterprises investing in materials to take advantage of FTAs

Despite COVID-19 cutting into demand for textiles and garments, enterprises have poured investment into materials to improve production capacity, completing the supply chain and taking advantage of new generation free trade agreements (FTAs) that have come into effect.

The Century Synthetic Fiber Corporation (CSF), one of the leading companies in the textile-garment industry, has recently approved a 120 million USD investment plan for the Unitex synthetic fibre factory project in Tay Ninh province. It has a total capacity of 60,000 tonnes and focuses on recycled yarn and high-quality fibre. CSF will become the second-largest fibre producer in the country once the factory is operational, with a total capacity of 120,000 tonnes per year.

The Viet Tien Garment Corporation also plans to invest 300 billion VND(13 million USD) in several projects this year, including 100 billion VND (4.3 million USD) in the establishment of the Viet Thai Tech Co. Ltd, with a view to securing raw material resources.

Similarly, the Thanh Cong Textile Garment Investment Trading Joint Stock Company (TCM) has announced it will start construction of its Vinh Long 2 factory this year. With an investment capital of 10 million USD, the factory can manufacture 9 million items a year.

According to TCM, investment in the production of raw materials became necessary to boost its overall capacity of 33 million items per year. With this new project, it is expected to increase revenue in the segment by 22 percent in 2022 and 27 percent in 2023.

Vietnam has become the third-largest textile exporter in the world, after China and India. Its textile-garments industry enjoys advantages from a number of FTAs that are a driving force for them to continue investing in expanding production. For example, with the EU-Vietnam Free Trade Agreement (EVFTA), exports that meet the rules of origin in fabric production are eligible for tax incentives.

The UK-Vietnam free trade agreement (UKVFTA) has similar regulations.

Rules of origin have been tightened in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), with requirements that all materials from fibre production to the final stage are produced in Vietnam.

With the EVFTA coming into effect from August 1 last year, tax rates on garments will be reduced from 12 percent to zero percent in accordance with a seven-year roadmap. The agreement provides many more competitive advantages to Vietnamese products compared with those from countries such as Bangladesh, Cambodia, and Pakistan.

New investment projects, especially in the production of raw materials such as yarn and fabric, will resolve shortages of input materials in the industry.

As the production capacity of enterprises rises, they will benefit from having more resources increasing the percentage of origin as stipulated in FTAs.

According to the VNDirect Securities Joint Stock Company, raw material investment projects will partly resolve technical barriers in the EVFTA and CPTPP.

Along with benefits from tariff eliminations, the EVFTA will also help promote the formation of a closed production chain, increasing added value for the industry and gradually reducing dependence on the importation of raw materials.

"Vietnam has become an important link in the global textile and garment supply chain, so businesses will continue to pour capital into increasing production capacity and take advantage of market opportunities from FTAs," Vu Duc Giang, President of the Vietnam Textile and Apparel Association (Vitas), was quoted by the Dau tu (Investment) newspaper as saying.

Source: e.vietnamplus.vn– June 14, 2021

HOME

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Cotton goes to space

Cotton is the world's most prized natural fibre, used in a variety of consumer products - from clothing to homewares and industrial products.

Never before have cotton seeds grown away from Earth's surface.

Two years back, China claimed to grow a cotton plant on the far side of the moon as it had sent some seeds to sprout in its moon mission - Chang E4. The plant survived just one lunar day on the Moon.

Last week, researchers deployed some cotton seeds to space for the first time, to experiment on zero gravity's impact on the fibre plant's root development and subsequent resilience.

They hope this study will help breeders develop future cotton varieties capable of stress tolerances with higher water-use efficiency.

It takes millions of gallons of water to grow 25 million tons of cotton each year globally.

Cotton's space journey

Simon Gilroy is a botanist, whose Gilroy's Lab at the University of Wisconsin, Madison, US is at the forefront of frontier research on how plants sense and respond to their environment, and how these signals regulate plant development.

On June 3, Simon Gilroy launched cotton seeds to the International Space Station (ISS) for experiments designed to improve cotton plants grown on Earth.

A latest SpaceX Dragon resupply spacecraft left Nasa's Kennedy Space Center in Florida on June 3 and reached the ISS on June 5. Petri dishes of some cotton seeds were part of the spaceship's over 7,300 pounds of cargo-load that include science experiments and new solar arrays.

Producing tougher cotton
Cotton plants that overexpress a certain gene show increased resistance to stressors, such as drought, and yield 20% more cotton fibre than plants without that characteristic under certain stress conditions.

This stress resistance has been tentatively linked to having an enhanced root system that can tap into a larger volume of soil for water and nutrients, according to researchers.

The University of Wisconsin quoted Simon Gilroy saying: “We are hoping to reveal features of root system formation that can be targeted by breeders and scientists to improve characteristics such as drought resistance or nutrient uptake, both key factors in the environmental impacts of modern agriculture.”

Gilroy’s Targeting Improved Cotton Through On-orbit Cultivation (TICTOC) initiative studies how root system structure affects plant resilience, water-use efficiency, and carbon sequestration during the critical phase of seedling establishment. Root growth patterns depend upon gravity, and TICTOC could help define which environmental factors and genes control root development in the absence of gravity.

Improved understanding of cotton root systems and associated gene expression could enable development of more robust cotton plants, and reduce water and pesticide use, scientists hope.

Gilroy’s Lab will compare cotton grown in space and on Earth to try to understand how the important crop’s root system grows under the unique stresses of zero gravity. The research is designed to help scientists understand how to more efficiently grow cotton, often dubbed as a “thirsty crop” for enormous water requirements in certain agro-ecological land conditions.

The idea is that the astronauts at the ISS will install the cotton seeds into growth chambers, where they will germinate and grow for six days under the watchful eyes — and cameras — of the astronauts. At the end of the experimental period, the seedlings will be frozen and delivered back to Earth, where Gilroy’s Lab will do further research.

The data will then be analyzed at UW-Madison, where researchers will be able to compare growth and development to see how a brief foray into zero gravity affected the seedlings’ gene expression.

This experiment includes two kinds of cotton: regular cotton, as well as genetically engineered cotton, which produces a protein that, on Earth, makes cotton more resilient to a big spectrum of stresses.

Gilroy says: “That protein on Earth is switched on under low-oxygen environments. Our prediction is that the overexpression line will grow better in space.”

Cotton’s importance for Bangladesh

Cotton is a natural fibre which grows around the seed of the cotton plant. Fibres are used in the textile industry, where they are the starting point of the production chain. First, the cotton fibre is obtained from the cotton plant and then spun into yarn. From there, the cotton yarn is woven or knitted into fabric.

Bangladesh, being one of the world’s key manufacturers and suppliers of textiles and garments, has a huge requirement of cotton, but only 2-3% of its needs are met from a small volume of domestic cotton production.

With over 1.5 million tons of import, Bangladesh is the world's second top importer of cotton after China. Development of better cotton breeds and high yields in stress conditions in key growing zones would mean cost cuts in cotton prices in the world market, and Bangladesh will require less money to foot the huge import bill.

India (6.5 million tons), China (6 million tons), US (4.3 million tons) and Brazil (3 million tons) are top cotton growers in the world. With exportable surpluses of 3.3 million tons and two million tons, respectively, the US and Brazil are the top two cotton exporting nations.

Source: dhakatribune.com– June 11, 2021

HOME

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Bangladesh: Build an effective business-friendly environment, garments makers urge BIDA

Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), placed the demand to Md Sirazul Islam, executive chairman of Bangladesh Investment Development Authority (BIDA).

Hassan was leading a delegation of the association in a meeting with the high-ups of BIDA in Dhaka.

Bangladesh is still lagging behind in MMF-based garment production because of a lack of investment in this rising sector.

Currently, 74 per cent of the garment items Bangladesh exports a year are made of cotton fibre and the rest is of manmade fibre.

The BGMEA delegation included Miran Ali, vice-president; Inamul Haq Khan (Bablu), Asif Ibrahim, Asif Ashraf, Abdullah Hil Rakib, Vidiya Amrit Khan, and Mijanur Rahman, directors, according to a statement of the association.

They also discussed specific issues being faced by a number of liaison offices of foreign buyers in Bangladesh and requested BIDA to address them.

Mohsina Yasmin, Md Shaifullah Mokbul Murshed, Avijit Chowdhury, BIDA executive members, were also present at the meeting.

Source: thedailystar.net– June 13, 2021

HOME

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The Paradoxes of the Bangladesh Miracle

Ravaged periodically by natural calamities, long dependent on foreign aid and remittances, and a perennial source of refugees and emigrants, Bangladesh was once "a basket case of misery," as Zia Haider Rahman put it in his great debut novel, In the Light of What We Know. But on the 50th anniversary of its independence, Bangladesh is fast becoming a development paragon – a Miracle on the Meghna.

Among the country's achievements is a dramatic improvement in its citizens' average standard of living. According to the most recent data from the International Monetary Fund, Bangladesh's per capita GDP (measured in purchasing-power-parity terms) was about half of Pakistan's in 1987and two-thirds of India's as recently as 2007. But in 2020, Bangladesh has surpassed the former and is catching up with the latter, owing partly to its success in becoming a leading textiles and clothing exporter, trailing just behind China and Vietnam.

Even more noteworthy are the improvements in social indicators such as life expectancy, infant and maternal mortality, fertility, and female labor-force participation. And, equally important, Bangladesh has managed to sustain a modicum of democratic stability – keeping the army in the barracks.

But beyond such metrics, Bangladesh's experience is distinctive in two ways that have yet to be fully appreciated from a broader development perspective. The first relates to state formation and capacity. The defining characteristic of the modern state is that it holds a monopoly on legitimate violence, legitimate extortion (namely, taxation), and the provision of essential services. The second monopoly serves the objective of the third, and even when the state does not provide services directly, it dictates the terms.

In Bangladesh, however, the state has voluntarily ceded the service-provision monopoly to the nongovernmental sector. BRAC and a number of other now-famous NGOs have played a major role in providing health care, schools, and financial services, and in leading public-health campaigns to deliver oral rehydration therapy and immunization. Despite the NGO sector's outsize presence, Bangladeshi leaders have not perceived its activities as a usurpation of the state's authority.

As such, Bangladesh offers a fascinating study in political economy. Normally, democratic states aim to ensure popular support by providing the services that citizens need. Most are loath to cede that function lest they lose power and legitimacy (not to mention opportunities for rent-seeking and corruption). The more effective that non-state actors become in delivering services, the more threatened most states feel. But Bangladesh has escaped this dynamic.

A partial explanation is that Bangladesh was so poor and lacking in state capacity in its early years that public service delivery suffered, creating a vacuum for other actors to fill. Those who seized the opportunity then enjoyed access to vast inflows of foreign aid, which averaged (in net terms) 5% of GDP for 25 years until the turn of the century.

But deeper factors could also be at play. Given that Bangladesh has a relatively low tax-to-GDP ratio of less than 10%, one can infer that the state implicitly chose to cede its monopoly on service provision to avoid exercising the politically costlier monopoly of taxation. So, while Pakistan is seen as a failing state, and India as a “flailing state,” Bangladesh is a fledgling state, though more effective than its South Asian neighbors.

The other distinctive feature in Bangladesh’s development is its export performance. The fact that its success in manufacturing contributed in turn to greater education and agency for Bangladeshi women has been well documented by the economists Rachel Heath and A. Mushfiq Mobarak. Less appreciated is the paradox that lies at the heart of this export success.

As my research with Raghuram G. Rajan of the University of Chicago has shown, export sectors historically have fared relatively poorly in developing countries that received a lot of aid, suggesting the work of an “aid curse” – a variant of the natural-resource curse. Foreign aid, no less than an abundance of oil and gas, tends to make the real exchange rate too strong, rendering export sectors uncompetitive. But Bangladesh has bucked the trend again.

Beyond luck and chance, additional factors that may have contributed to Bangladesh’s export success include plentiful labor, which kept dollar wages low enough to offset an exchange rate kept too strong by foreign aid and remittances; and preferential trade access to foreign markets, first under the Multi-Fiber Agreement (until it was abolished), and then under programs established by the United States and the European Union.

Looking ahead, low-lying Bangladesh, of course, faces a serious climate change challenge, but its ability to sustain its economic transformation will depend on how these two distinctive features evolve. If non-state actors enter politics, they could upset the current equilibrium, prompting the state to reappropriate its monopoly on service provision. Were that to happen, the state would almost certainly have to increase taxes to show that it can be as effective as the NGOs.

Similarly, Bangladesh's export competitiveness could be undermined by rising wages, the enforcement of cost-increasing labor standards and regulations, and the loss of preferential export access in rich markets.

Bangladesh was carved out of India in 1947 on religious grounds and then broke away from Pakistan in 1971 on linguistic and cultural grounds. For decades, it was an object of condescension for India and Pakistan alike. Not anymore. Now a shining model of development, this twice-dismembered country offers lessons for the struggling countries from which it was born.

Source: nepal24hours.com– June 12, 2021

HOME

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Pakistan: Textile exporters term budget as growth-led, export-oriented

Textile exporters termed the budget 2021-22 as growth-led and export-oriented with progressive initiatives to accelerate economic growth in the wake of COVID-19 pandemic.

The new fiscal plan has set in place pro-growth measures to maximize industrialization, create jobs, increase revenue and attain higher export growth.

Responding to the budget measures, Chairman Pakistan Textile Exporters Association Muhammad Ahmad, in a statement here on Saturday, termed the budget a step in the right direction; however, subjected to implementation in letter and spirit.

He said that the foremost objective of the budget was to give the direction and fillip to manufacturing, business and trade of the country enabling these sectors optimum utilization of available resources in order to maximize their output increasing their contribution and share to the GDP.

With budgetary measures, economic indicators would show an upward trend and the GDP growth would improve significantly, he added. Reduction / exemption of CD, ACD & RD on import of goods falling under 589 PCT codes to incentivize the textile industry, steps for ease of doing business, announcement of a new uniform export facilitation scheme under a phased out programme, permission for the bond to bond transfer of goods through WeBOC (web-based one customs) without prior approval of the collector and continuation of all export facilitation policies will give necessary fillip to exports and industry.

However, roadmap for disbursement of exporters' old refunds (before July-2019) has been ignored; whereas no funds are allocated for revival of sick units which could help in fetching extra US$ 1 billion in foreign exchange and create additional thousands of new jobs. He appreciated Government on presenting a balanced fiscal plan in challenging times as country's economy is going through a challenging phase due to the outbreak of global COVID-19 pandemic and all segments of economy are in distress and facing huge financial losses.

PTEA's Patron-in-Chief Khurram Mukhtar commended Government's policies to enhance exports. Confidence of the business community has been restored as a result of Government's prudent economic policies, which has accelerated the economic process in the country.

With growth-led initiatives especially market based flexible exchange rate, energy package for export sectors, timely refund payments and availability of LTFF and TERF at subsidized rates, textile export sector has already regained its growth momentum and exports have witnessed positive growth.

Source: brecorder.com– June 13, 2021

HOME

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Pakistan: Weekly Cotton Review: Prices drop in local market

In the local cotton market during the last week some textile mills continued to buy cautiously, leading to an overall decline in cotton prices. The rate of new cotton dropped from Rs 14000 per maund to Rs 13200 to Rs 13300 per maund. More ginning factories are starting their operations due to increasing arrival of new cotton crop. According to information, up till now around 5000 bales of new crop have been delivered.

The rate of new Phutti was dropped by Rs 500 to Rs 800 per maund. In the same way the rate of Phutti which was in between Rs 6000 to Rs 6400, dropped by Rs 300 to Rs 400 and is available at Rs 5800 to Rs 6000. The rate of Banola which was in between Rs 2300 to Rs 2500 after decreasing reached at Rs 2000.

Although bullish trend prevails in the international cotton markets especially the New York Cotton Market and in Indian cotton market, the Karachi Cotton exchange is not issuing their spot rate of new crop because in Pakistan the new cotton season starts from July 1 so the cotton exchange will issue spot rate from July 1.

There were different estimates regarding production of cotton but according to the estimates of private sector, if the weather conditions remain favourable then 80 to 85 lac bales will be produced in the country.

The arrival of Phutti in Punjab is very slow. Factories in the province were taking Phutti from Sindh. The transportation charges of Phutti from Sindh to Punjab are in between Rs 100 to Rs 150 per maund.

The stock of old cotton is almost over in Sindh but in Punjab ginners still had the stock of 25000 to 30000 bales of old cotton. The ginners are not ready to sell it on low rate. The rate of old cotton in Punjab is in between Rs 13500 to Rs 14000 per maund but now some mills are taking interest in new cotton crop. Seven to eight mills are buying cotton from Sindh. It has been told earlier, that the rate of cotton is in between Rs 13200 to 13300 per maund and it is expected that rate will decline further.

In the same way the rate of cotton in Punjab is high as compared to the crop of cotton in Sindh because if cotton was transported from Sindh, they had to pay transportation charges and local mills of Sindh don’t have to pay much transportation charges so the rate of new cotton crop is high. Ginners are protesting against increase of GST ratio on raw and ginned cotton from 10 percent to 17 percent.

Chairman Pakistan Cotton Ginners Association Dr Jasu Mal said they are holding a press conference today (Monday) and if the government had not withdrawn the increase, ginners will shut their factories.

Karachi Cotton Brokers Forum chairman Naseem Usman told that bullish trend remained continued in international cotton markets. The Rate of Promise (Waday Ka Bhao) of New York Cotton reached at 87 cents after increasing. Moreover, increasing trend was witnessed in the rate of cotton in India. The reason behind increasing trend in the rate of cotton in India is that the stock of Cotton Cooperating of India has almost finished, now the millers have to buy cotton from ginners. The cotton brokers of India are saying that reason behind increasing prices is that textile mills need cotton so they ate purchasing it on high rates.

According to the weekly export report of USDA, exports decreased by 40 percent. This time Pakistan is on the top of the list with more than 47000 bales. The increasing trend was witnessed in the rate of cotton despite of the weather conditions and decrease in the rate of dollar.

According to the monthly WASDE report which was published showed more demand than its production. In the same way closing stock was less as it is expected due to which the rate of cotton increased. People are saying that in future the rate will not come down because last year due to COVID 19 demand was low due to which the market was in between 62-72-75 American cent due to which exports were increased especially Pakistani textile mills imported cotton in sufficient amount. It is expected that this year rates will be higher so it is expected that whatever deals Pakistani textile mills will finalise, they will do it thoughtfully. The mills who signed deals for the import of two thousand tons of cotton will decrease their import because of high rates.

Special Assistant on Food Security Jamshed Iqbal Cheema says government is taking effective measures to increase the production of cotton in the country.

In a statement, he said about 90 percent of cotton sowing target in Punjab and eighty percent in Sindh has been achieved.

The Special Assistant to the Prime Minister further said that sugarcane, maize and wheat have the highest production in the history of the country. He said that Rs. 1100 billion was transferred to the agricultural economy, which led to a historic increase in the income of farmers. Jamshed Iqbal Cheema also said that they are investing billions of rupees in livestock.

Farmers association and cotton growers Thursday proposed to the government to fix minimum support price (MSP) for cotton in the range of Rs 5,000 to 5,500 per maund.

Moreover, members of PCGA hold meeting in the factory of Daharki regarding increasing the production of cotton. They demanded that there should be complete ban on sowing of rice in cotton production area. They said last year government had imposed section 144 on growing rice in cotton production area due to which cotton production improved.

Last Tuesday, Prime Minister Imran Khan in his meeting with farmers said government was enforcing agriculture emergency in the country to give maximum benefits to the growers.

Source: brecorder.com– June 14, 2021

HOME

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NATIONAL NEWS

India-European Union FTA: Talks to restart soon on realistic note

As India and the European Union (EU) prepare to resume formal negotiations for a proposed free trade agreement (FTA) after a gap of eight years, both the parties could focus on "low-hanging fruit" first, before switching to contentious matters that had hampered talks earlier, a source told FE.

"The idea is to first try and forge consensus where it's easy to achieve this. Even if both the sides can hammer out an early-harvest deal before a full-fledged FTA, that would be an encouraging sign. Otherwise, it would be like back to square one," he said.

Government officials are also studying the EU's recent investment agreement with China and its FTA with Vietnam for meaningful negotiations. Preparatory work for the next round of negotiations is in full swing, said a senior official.

After 16 rounds of talks between 2007 and 2013, formal negotiations for the FTA were stuck over stark differences, as the EU insisted that India scrap or slash hefty import duties on sensitive products such as automobiles, alcoholic beverages and cheese, among others. India's demand included greater access to the EU market for its skilled professionals, which the bloc was reluctant to accede to.

Since its pull-out of the Beijing-dominated RCEP trade negotiations in November 2019, India has been seeking to expedite talks with key economies. But it has made it clear that any such agreement will have to be "fair" and "balanced". Since 2013, though, the situation has changed dramatically with Brexit, and the attractiveness of the EU as a large market has somewhat eroded. Nevertheless, it still remains an important export destination for India. Of course, New Delhi and London are separately exploring the feasibility of an FTA, formal negotiations for which may start later this year.

The EU, including the UK, was India's largest destination (as a bloc) in FY20, with a 17% share in the country's overall exports. Importantly, the UK accounted for 16% of India's $53.7-billion exports to the EU in FY20.

Experts, too, suggest that both the sides need to work on less controversial issues first; the more difficult ones can be taken up later, as any deal there will take time to materialise.

At a virtual interaction organised by the Trade Promotion Council of India last week, Arpita Mukherjee, professor at ICRIER who specalises in trade and investment, highlighted the need for innovative solutions to break any potential logjam on critical issues. For instance, in case of alcohol, Mukherjee proposed a threshold price for such products for tariff liberalisation, as was done by Japan for Australian wines under the RCEP.

Dairy, Mukherjee thinks, is a complex issue since both the EU and India are already large producers. Automobiles present an altogether different challenge, as India's existing FTA partners, such as Japan and South Korea, are already large producers, and they may seek a level-playing field if New Delhi extends greater market access to the EU.

According to Pralok Gupta, associate professor (services and investment) at the Centre for WTO Studies, said India's demand for freer movement of skilled professionals (under Mode 4 of services) may face stiff resistance during negotiations; instead, Mode 3 is easier to access. According to the WTO, Mode 3 occurs when a service provider of one of its members offers a service through some form of commercial presence in the territory of another member. Gupta said getting physical presence (under Mode 3) can ultimately simplify India's goal of getting access to other modes of services.

The India-EU negotiations will also feature talks on geographical indications (GIs). RV Anuradha, partner at Clarus Law Associates, said the EU was seeking automatic recognition for a wide range of products, including wines, spirits, dairy and farm commodities. But any automatic recognition for its goods under the Indian GI Act will require a legislative amendment by New Delhi.

"While this may be considered, the problem for India is that in the EU, GI protection is linked to farm products, food stuffs and wine. However, out of 330-odd GIs in India, more than 210 are handicrafts (non-agricultural products)," Anuradha said.

Also, India needs to ensure if its automatic recognition of the GI products from the EU will affect domestic industries, such as cheese, where it has its own production capacities. For instance, Amul has been manufacturing the Gouda and Emmental cheese for the past decade, having set up units set up with Swiss collaboration.

Source: financialexpress.com– June 14, 2021

HOME

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India's Q1 merchandise exports may grow to USD 87.2 billion: Exim Bank

The country's total merchandise exports are projected to grow 70.1 per cent to USD 87.2 billion in the first quarter of fiscal 2021-22 from USD 51.3 billion in the year, Export-Import Bank of India (India Exim Bank) said.

The non-oil exports may jump 68.5 per cent to USD 78.26 billion in the April-June period as compared with USD 46.4 billion in the corresponding period of fiscal 2020-21, it said.

"The sharp rise in India's exports could be attributed largely to the low base effect, pick up in global oil prices, and strong growth in advanced economies," according to a quarterly forecast by India Exim Bank.

While the peak of the second wave of infections of the COVID-19 pandemic witnessed in the country during the end April-May 2021 couldhavesubdued exports during the quarter to some extent, outbound shipments from India have nevertheless been relatively resilient, it said.

The forecasts are based on India Exim Bank's Export Leading Index (ELI) model, which has shown an upward movement during the same quarter, it said.

Source: financialexpress.com– June 13, 2021

HOME

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India should focus on exports, attracting best manufacturers: NITI Aayog

NITI Aayog CEO Amitabh Kant on Sunday said that path to India's economic recovery post the Covid-29 pandemic lies in attempting to focus on capturing the export markets, as the world is flush with liquidity due to the various packages put in by various countries, and also push for consumer demand as the economy opens up.

Kant on Sunday in an exclusive interview to ANI said that the United Nations Development Programme (UNDP) report found India's Aspirational Districts Programme (ADP), launched by Prime Minister Narendra Modi in 2018, has benefited almost 21 per cent of the nation's population and improved their quality of life.

He said that the UNDP report found the ADP acted as a "catalyst for expediting development" that brought about "major changes" in sectors such as health care, nutrition, and education.

When asked about the impact of coronavirus outbreak on Indian economy and path to its recovery, he said, "India is seeing today is a huge improvement in its exports. So, we should look at the global market, the world is awash with liquidity, because of the different packages which different countries have put in so there's a lot of money available across the world.

"We should try and focus and capture the export markets and fourthly, I think there's a need to push for consumer demand as the economy opens up, providing greater liquidity spreading free ration as the Prime Minister has done till Diwali, well all this will help the economy to boost up in due course," the Niti Ayog CEO said.

Earlier, Prime Minister Narendra Modi had announced free rations under Pradhan Mantri Garib Kalyan Anna Yojana till Diwali this year. It will cover 80 crore poor who will be provided with free ration under the scheme amid lockdowns and pandemic.

Kant said the country can use the Covid pandemic as an opportunity to attact the world's best manufacturers.

"I think it's a huge opportunity. COVID has accelerated the change, global supply chains will get relocated, there will be a China plus one strategy for manufacturing, a lot of foreign direct investment (FDI) has come into India and it's an opportunity for us to attract best manufacturers from all the world," Kant said.

He also encouraged Indian companies to think big and to produce at global scale and size in order to penetrate global markets instead of focussing on domestic demand.

"There is a big market outside this huge amount of liquidity right now. And what you get in the export market is far more than what you get in the domestic market and therefore size and scale. Use the strength of your domestic market to penetrate global markets. If you are at that size and scale, then your cost of production will fall. And therefore, India will become highly competitive in the global market. And that is the objective, the production linked incentive scheme," Kant told ANI.

Advising the Indian business sector, Kant said that COVID has disrupted business in a big way but it has also provided an opportunity to maximise the use of technology to leapfrog across areas and make India the easiest place to do business.

"This is also an opportunity to make ourselves easy and simple, do away with a lot of rules, regulation that we built up over the years, make India the simplest and the easiest place to do business, use technology, and I think this is also an opportunity to get into cutting edge areas of growth. This is an opportunity to use technology to leapfrog across a whole range of areas, we should use new technology to leapfrog," Kant said.

He said that he has great belief on the resurgence of Indian economy and advocated for mass vaccination at great pace.

"I'm a great believer that for this economy, we need to vaccinate fast which we are doing now in a very big way, the government has ordered a lot of vaccines to come in in the subsequent months, so I quite agree with the government approach that by December we should have vaccinated the entire population," said Kant.

He also informed that the government has put a lot of focus on infrastructure. "We've created the National Infrastructure pipeline, huge emphasis on that and India is seeing huge improvement in its exports."

Talking about the initial steps for Indian economy on future roadmap post pandemic, Kant said that it needs to be watchful as nature of the virus is pretty unknown.

"Countries which have been very adventurous to totally opened out, then get back and start closing this has been the strict trend across all over look at what is happening in UK now," said Kant.

Source: business-standard.com – June 13, 2021

HOME

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Skyrocketing freight costs having detrimental impact on small and medium exporters, says report

Rising freight costs over the last year due to the shortage of shipping containers are having a detrimental impact on small and medium-sized exporters, said a new report.

As of June 10, 2021, Drewry's composite World Container Index (WCI) —a global index for container spot market freight rates on all the major routes, peaked at $6727, up by over 300 per cent since the emergence of the coronavirus in December 2019, trade finance company Drip Capital said in its report Global Shipping Crisis.

As per its internal analysis, SMBs globally have more than 25 per cent share of the $18 trillion maritime trade. While the Suez Canal blockage in March 2021 uncerscored different challenges faced by the shipping and logistics industry, SMBs particularly have been going through a more profound and widespread crisis since the onset of the COVID-19 pandemic and the resulting economic contraction, the company said.

"In March 2020, with social distancing protocols and coronavirus clusters amongst dockworkers (meant slower shipment processing times), there emerged a shortage of containers in Asia as empty metal boxes were stranded at North American and European ports," the report noted.

The situation of container shortage got quite out of hand in November 2020, such that the container availability index (CAx) for "Forty Foot Equivalent Units reached 0.9 as containers were piling up at the port of Los Angeles (LA)."

CAx is a measure ranging between 0 and 1 that reveals the number of containers that leave and enter a port in the same week. Low CAx values indicate a deficit of containers while high values indicate a surplus of containers.

"We are planning our shipments well in advance than we used to a year ago. Still, container availability has been an issue. When the goods are sitting ready for two to three weeks, we don't get an empty container to have the goods shipped to us from India.

This has been affecting our sales and delaying our collections," the report cited Vivek Pandit, CEO, Indian Foods and Spices — an SMB wholesale importer from the US of Indian food items.

Enterprises that were desperate to export their goods abroad meant paid premium rates to acquire containers which had increased the shipping costs with Drewry's composite WCI rising from $2628 at the start of November 2020 to $5340 in January 2021.

"It became harder for US exporters to get containers because of China's aggressive tactics to bring back empty containers. This competitive environment affected many but especially all the SMB exporters who were burdened by these high costs," the report said.

Source: financialexpress.com– June 13, 2021

HOME

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GST Council likely to meet in July on compensation issue

The Goods & Services Tax (GST) Council is likely to meet next month to discuss the compensation issue.

“Meeting on compensation is expected in July. States may raise the issue related to borrowing to meet the current fiscal’s compensation shortfall,” a senior Government official told BusinessLine.

At the council meeting on May 28, it was decided to borrow ₹1.58-lakh crore during the current fiscal.

On May 28, Finance Minister Nirmala Sitharaman announced that there will be a special meeting of the council on compensation. She had said: “We are in the last of 5 years of 14 per cent compensation.

Even from last year, there has been a worry if there will be an opportunity to extend it beyond July 2022. So, I have assured the members that there will be a special session only to discuss that one agenda: how the compensation cess will collected, how long it will be collected and how much will be collected beyond July 2022.”

Compensation is being provided to the States for the loss of revenue arising on account of implementation of the GST. For this, FY2015-16 has been taken as base year while the growth rate of revenue for a State is assumed to be 14 per cent per annum. For the payment of compensation, cess is being levied on certain goods in the 28 per cent bracket.

Key issues

As the economy took a pandemic hit and GST collection dipped, the Centre borrowed ₹1.10-lakh crore and passed it on to the States on a back-to-back basis. This borrowing is to be repaid out of the future cess receipts. For this purpose, the GST Council has already approved extending the levy of compensation cess beyond June 2022 till the entire shortfall is covered.

Now, apart from setting the deadline for collection of cess, there are more issues that need to be addressed: Should the period of compensation be extended beyond five years? If yes, then till when? In such a situation, should the 14 per cent rate of protected revenue need be revised?

Considering lower revenue and higher expenditure on account of the pandemic, Prateek Bansal, Associate Partner (Tax & Custom) at White and Brief, says it may be imperative to extend the 5-year compensation window to give respite to the reeling State economies. This will also be in line with the scheme and objective of the GST (Compensation to States) Act, 2017.

Borrowing plan

However, given that the Centre has already borrowed ₹1.10-lakh crore in FY 21 and plans to borrow ₹1.58- lakh crore during FY 22, and considering that a few States have had lower annual revenue growth rate in the pre-GST era as compared to 14 per cent, it may not be economically feasible to commit to the compensation for another 5 years at 14 per cent per annum revenue growth rate.

"To strike a balance between the Centre's and the States' interests, the GST Council may decide to extend the compensation period for another couple of years at the specified 14 per cent growth rate, or alternatively, extend the compensation period for 5 years (as being demanded) with a reduction in annual estimated revenue growth rate," he said.

Source: thehindubusinessline.com– June 13, 2021

HOME

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Is your MSME ready for private equity, venture capital? Here's what it would take to attract private money

A recent Dun & Bradstreet survey indicated that 82 per cent of Indian MSMEs got negatively impacted by the disruptions caused by COVID-19. Even with the steep decline in the number of new COVID-19 cases, the psychological impact of the second wave will be more profound and broader than the first one, especially on MSME business owners.

Last year, the Modi government had announced a Rs 50,000 crore Fund-of-Funds, with a Rs 10,000 crore investment by the government to facilitate the flow of equity to 25 lakh MSMEs. CII data credits MSMEs for 45 per cent of our exports and providing employment to over 12 crore people. Undoubtedly, ensuring their survival and success is a crucial element of the $5 trillion economic dreams promoted by the Prime Minister.

The Fund-of-Funds announcement was met with enthusiasm by all sections of the business diaspora. However, the government expected the remaining Rs 40,000 crores of equity capital to get invested by venture capital (VC) and private equity (PE) firms. Promoting external participation in a fund like this is a smart move as it ensures the professional and transparent disbursement of funds.

In an environment where MSMEs are perennially starved of any form of capital to fulfill their growth ambitions, MSME owners would be eager to bring in professional money. However, I wonder if MSME owners would appreciate the bells and whistles such capital brings with it. It is vastly different from the debt they might have received from a bank or an NBFC. This money has very different expectations.

For starters, banks or NBFCs provide "temporary capital" in the form of term loans, overdraft facilities or invoice discounting options, and so on. Once the goals for which you raised this money are met, you can return this capital with the pre-agreed interest rate and move on to bigger and better things. However, private equity investors provide permanent capital by buying equity into your business, therefore continuing to exist even after you may have achieved the goals for which you had raised this financing. A private equity investor accepting an exit for a pre-agreed return on investment is the exit of last resort, that is, the bare minimum expectation of this investor. They want more, a lot more – as much as possible.

Therefore, while we are as greedy as can be with our expectations of ROI, private equity investors bring a lot of good things to the table despite the dark and dubious picture I might have just painted of our kind. We (VCs and PEs) actively participate in growing your business and act as a sounding board for your business challenges. Besides, we bring in structures to professionalize the running of your business, and when required, we utilize our Rolodex to open doors for business or new rounds of financing. There is a whole lot of good, but not every company can accept our capital.

While we are co-owners in your business, we are not co-operators in your business (in most cases). Therefore, the introduction of our money in your balance sheet brings in the segregation of owners from the business managers. The manager reports to the owners even if the manager is sitting on both sides of the table. The manager could get removed but continue as an owner and enjoy the business's profits despite not running it on a day-to-day basis. This segregation of the owners from the managers is a fundamental one since the introduction of venture capital. Still, it continues to confound entrepreneurs, even those that are on their fourth or fifth venture or what one would call a "serial entrepreneur".

Not understanding the caveats brought on by external investors, however, does not allow you to ignore it. So here are some pointers on using this equity and how to prepare your business for private investment.

- **Use private equity for chasing growth**: Remember that this is the most expensive form of capital for your business. Using it in areas that will provide an ROI lower than the cost of this capital will be detrimental for your business. Invest this capital wisely and in the business verticals that would give higher returns than the cost of that capital.

- **Institutionalise your operations**: Every external shareholder of your company can question how you run your business. It could be a jarring experience for you if you or your business are not prepared. Instead, use this opportunity to bring in professional management, run the business on SOPs, KPIs, and KRAs. Create and empower a second line of leadership by creating reporting clear structures to showcase that you are not a one or two-person show.

- **Transparent reporting**: A common issue that irks private investors and keeps them from investing in MSMEs is their dubious recordkeeping. You must provide accurate and periodic reporting to your investors in a mutually agreeable format. The data is essential in our reporting to our investors (remember we manage third-party capital). Therefore, we stand to lose their faith in us if there is an error in your reporting. Also, it is practically impossible for us to provide accurate or honest guidance, feedback, or help if the numbers getting analysed are incorrect.

- **Separate your personal expenses from your business expenses**: When running the show independently and without external ownership, utilising a company asset for personal reasons was acceptable (even if not advisable). However, these activities must stop because company assets are co-owned by its shareholders. Using co-owned assets for personal use is not acceptable to private equity investors. Therefore, that car in the name of your company but is utilised for driving around your family, must go.

- **Removing any conflicts of interest**: A family-owned business will make certain concessions on its profits if it "sets up" an extended family member or friend to support their respective families. With external ownership, these relationships should be kept at arm's length or should be reported to the investor when conducting their due diligence. Most private investors would not want to upset your business flow unless (in the investor's eyes) the cozy relationship is significantly hurting your business. However, you must be open to make changes to the relationship or change the relationship if it becomes a tricky point between you and your investor(s).

Source: financialexpress.com– June 13, 2021

HOME

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TN to implement operating mechanism for single window portals

The portal's services are delivered in three different modes and will ensure that it continues to offer all services in all modes

Tamil Nadu has announced implementation of an operating mechanism for functioning of single window portals as part of Ease of Doing Business (EoDB), and in accordance with the requirements of Department of Promotion of Industry and Internal Trade, a single window portal (www.tnswp.com)(portal) has been functional in the State.

The portal is a key enabler of EoDB as it offers time bound and transparent delivery of all government to business services through a single platform across 40 government departments/agencies.

Guidance Tamil Nadu (Guidance) under the Industries Department is the nodal agency implementing the portal. This requires that all department's IT systems work in coordination with the single window portal and any changes that are made in any departmental/Guidance IT systems are known to all stakeholders.

The portal's services are delivered in three different modes - end-to-end service department on the portal; traditional integration and hybrid integration. To ensure that the portal continues to offer all services in all modes, a protocol is required to be followed by all departments for common standards, and any changes that are proposed to be made in any departmental IT systems of the services on the portal.

The operating mechanisms are standardised administrative division data fields in the portals and compulsory prior notice to Guidance regarding changes/scheduled maintenance or unscheduled maintenance downtime of the portal. A technical committee comprising representatives from Guidance and nodal officers of line departments will also be constituted, says an order issued by Chief Secretary V Irai Anbu.

The committee will meet once in three months for reviewing any inter-departmental issues in the functioning of the portal and to discuss any upcoming changes in the portal/departmental portals, the order said.

Source: thehindubusinessline.com– June 13, 2021

HOME

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Finance minister asks ministries to accelerate capex, clear dues to MSMEs, PSUs

To keep momentum in economic activity amid the second wave of Covid-19 pandemic, finance minister Nirmala Sitharaman on Friday asked some key ministries to front-load their capital expenditure and try to exceed their their capex targets for FY22.

She also asked the ministries to clear their dues to MSMEs and the PSUs under them at the earliest. The ministries were also told to explore Public Private Partnership (PPP) mode for viable projects.

“This was the 5th review meeting by the finance minister with ministries/departments on the infrastructure roadmap ahead. During the meeting, capital expenditure plans of ministries and their CPSEs, status of implementation of budget announcements and measures to expedite infrastructure investment were discussed,” finance ministry said in a statement.

Besides secretaries of key departments, the meeting was attended by CMDs/CEOs of CPSEs under the ministry of road transport and highways, telecommunications and atomic energy.

For FY22, the union budget has allocated Rs 5.54 lakh crore for capex, which is 26.5% higher than the provisional actuals of Rs 4.25 lakh crore in FY21. In April, the finance ministry has issued a directive to facilitate allocation of additional funds from department of economic affairs’ discretionary corpus of Rs 44,000 crore to those who show good progress in capex.

“While reviewing the capital expenditure performance of the ministries and their CPSEs, Finance Minister emphasised that enhanced capex will play a critical role in revitalising the economy post-pandemic and encouraged the ministries to front-load their capital expenditure,” the finance ministry said. The efforts from the budgetary side to increase the capital expenditure have to be complemented by the CPSEs, the minister said.

Sitharaman also added that the ministries also need to explore Public Private Partnership (PPP) mode for viable projects. She also asked the ministries and their CPSEs to ensure clearance of MSMEs dues at the earliest.

The minister asked the telecom department to expedite the important projects bringing the benefit of high level data connectivity to all parts of the country including Aspirational Districts. The road ministry was asked to explore the possibility of enhancing connectivity in hilly regions and to expedite the implementation of Vehicle Scrapping Facility. The department of atomic energy was asked to ensure timely achievement of initiatives announced under the Atma Nirbhar Bharat Package (ANBP).

Source: financialexpress.com– June 12, 2021

HOME

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Quick Estimates of Index of Industrial Production and Use-Based Index for the month of April, 2021 (Base 2011-12=100)

The Quick Estimates of Index of Industrial Production (IIP) are releasedon 12th of every month (or previous working day if 12th is a holiday) with a six weeks lag and compiled with data received from source agencies, which in turn receive the data from the producing factories/ establishments.

2. For the month of April 2021, the Quick Estimates of Index of Industrial Production (IIP)with base 2011-12 stands at 126.6. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of April 2021 stand at 108.0, 125.1 and 174.0 respectively. These Quick Estimates will undergo revision in subsequent releases as per the revision policy of IIP.

3. As per Use-based classification, the indices stand at 126.7 for Primary Goods, 82.4 for Capital Goods, 137.9 for Intermediate Goods and 134.8 for Infrastructure/ Construction Goods for the month of April 2021. Further, the indices for Consumer durables and Consumer non-durables stand at 112.4 and 142.3 respectively for the month of April 2021.

4. It may be noted that the nationwide lockdown and other measures implemented to restrict the spread of Covid 19 pandemic from the end of March 2020, had led to a majority of the establishments not operating in April 2020 and consequently, there were many units which reported 'Nil' production, affecting comparison of the indices for the months of April 2020 and April 2021.

5. Details of Quick Estimates of the Index of Industrial Production for the month of April 2021 at Sectoral, 2-digit level of National Industrial Classification (NIC-2008) and byUse-based classification are given at Statements I, II and III respectively. Also, for users to appreciate the changes in the industrial sector, Statement IV provides month-wise indices for the last 12 months, by industry groups (as per 2-digit level of NIC-2008) and sectors.

6. Along with the Quick Estimates of IIP for the month of April 2021, the indices for March 2021 have undergone the first revision and those for January 2021 have undergone the final revision in the light of the updated data received from the source agencies. The Quick Estimates for April 2021,

the first revision for March 2021 and the final revision for January 2021 have been compiled at weighted response rates of 85 percent, 92 percent and 95 percent respectively.

7. Release of the Index for May 2021 will be on Monday, 12thJuly 2021.

Click here for more details

Source: pib.gov.in– June 11, 2021

HOME

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Transporters union seeks loan moratorium, writes to PM Modi

The second wave saw poor economic conditions and lack of demand resulting in about 60% of the transport vehicles across all segments being non-functional

As parts of India battle the second wave of Covid-19, All India Motor Transport Congress (AIMTC) has reiterated the need for a blanket loan moratorium till September 30. In a letter to Prime Minister Narendra Modi, Finance Minister Nirmala Sitharaman and Transport Minister Nitin Gadkari, the transporters' union pointed out that the truckers haven't had any respite in the backdrop of the second wave of pandemic: while the fixed costs have not changed, revenues have dried up.

'Facing hardship'

The AIMTC has also requested for extension in validity of all vehicle and driver related documents from June 30, 2021 to September 30, 2021 so that those in distress do not have to pay the fees or penalties.

"There have been frantic SOS messages from AIMTC's members who are facing acute hardship and are fighting to save their vehicles from being seized by recovery agents of banks, NBFCs and financiers," said AIMTC in its letter.

The second wave of Covid-19 saw poor economic conditions and lack of demand resulting in about 60 per cent of the transport vehicles across all segments (goods or passenger segments) being non-functional.

Operators of such idle fleet are financially crippled and are facing extreme distressful conditions, the Union said, adding that the current scenario in the country has impaired the livelihood of the small operators (both cargo segment, the passenger segment) even as they are forced to pay the statutory fees including establishment costs, payment of salaries, EMIs, maintenance, fitness, permit fees, taxes, insurance, parking fees despite their vehicles being idle.

Such a situation is now impinging on the sustenance of the people associated with the transport sector, said AIMTC adding that it has become a struggle to pay off the monthly loan instalments of the banks taken for different purposes, defaults in paying the EMIs of the banks. Lockdowns has brought a financial pandemic in various sectors of economy of which the transport sector both cargo and passenger.

The spike in NPAs and the seizure of transport vehicles (trucks, buses, maxi-cab, tourist taxis) has further dented the sustenance of crores of people dependent on the transport sector.

Source: thehindubusinessline.com– June 13, 2021

HOME

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Cotton price slips for second day on weak global cues; expert says outlook bullish

Cotton prices declined for the second straight day after hitting a fresh lifetime high on June 11 on profit-booking by market participants. The agriculture commodity traded in the negative territory after a flat start, tracking weak global cues.

On the MCX, Cotton futures for June delivery dropped by Rs 250, or 1.03 percent, to Rs 23,970 a bale at 18:20 hours on a business turnover of 4,510 lots. For the July contract, it slipped by Rs 250, or 1.02 percent, at Rs 24,230 a bale with a business volume of 3,394 lots.

The value of June and July contracts traded so far is Rs 73.51 crore and Rs 36.21 crore, respectively.

Mohit Vyas, Analyst at Kotak Securities said, “Despite a recovery in ICE Cotton futures, some profit booking was seen in domestic cotton, which has scaled to an all-time high level of Rs 24,570 level this week. Factors like a lower supply of cotton in mandis, rising demand by millers from various states and attractive export outlook have elated cotton to an unforeseen level this week.”

“We expect MCX Cotton futures to trade bullish as the global cotton production and stocks have shown decline on a monthly basis, based on recent USDA report. Global Cotton stock for 2021-22 has been revised lower by 1.7 million bales”, said Sunand Subramaniam, Senior Research Associate, Choice Broking.

“Conversely, half a million reduction in Indian Cotton consumption driven by COVID lockdown will more than offset by the sharp increase in consumption in China, Bangladesh and Turkey. World Cotton consumption is forecast to reach near 122.5 million bales compared to 118 million bales last year”, he added.

“In conclusion, with lower world cotton stock estimates and optimism over more rise in demand in future, we expect ICE Cotton futures and MCX Cotton futures to trade positive with India’s sowing correction during the month ahead”, Subramaniam noted.

MCX May Cotton discount from Cotlook A rose to 6 percent from 3 percent earlier this week to 94.05 cents as of June 9.

Natural Fibre traded bullish during May and June month due to higher demand from the textile industries in the domestic market and later decline in supplies in the Gujarat and Maharashtra spot markets due to strict coronavirus curfews and lockdown.

Cotton Corporation of India (CCI) recently increased cotton selling price by Rs 500- Rs 600/candy. USDA in their June WASDE report reduced Indian Cotton consumption estimates by 5 lakh bales at 25 million bales.

The soft commodity has been trading higher than 20, 50, 100 and 200-days moving averages but lower than the 5-day moving averages on the daily chart. The momentum indicator Relative Strength Index (RSI) is at 67.29, which indicates bullish movement in prices.

At 13:10 GMT, US Cotton futures were down 0.35 percent at 87.05 cents/pound on ICE.

Source: moneycontrol.com– June 11, 2021

HOME

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Textile merchants seek permission to operate

Textile traders in Madurai and other districts have urged Chief Minister M Stalin to give them permission to open and operate as thousands of workers who depended on the trade have been affected badly due to the lockdown. They have promised to follow all standard operating procedures and adhere to safety measures.

Tamil Nadu Textile Merchants Association secretary Ashraf Tayub said that the efforts taken by the chief minister to bring down the spread of Covid-19 in the state in such a short span of time was laudable and the whole world was in appreciation of the efforts taken by the Tamil Nadu government.

“As the spread has come down, the livelihood of people also have to be protected. The textile industry has 75 lakh workers and their salaries have to be given. Traders also had to pay building rent and electricity bills, in addition to taxes and GST. Closure of the shops for long periods could lead to damage of goods including expensive textiles. Electric equipment including air conditioners, generators and computers may need repairs,” he said

Laghu Udyog Bharati president K R Gnanasambandan has thanked Stalin for letting MSME units including export units to start functioning during the lockdown. He said that the government should allow small textile shops, less than 1,000 sqft to function during weekdays.

“It will help people fulfill their urgent requirements and help in procuring uniforms required for school and factories.” He also as the chief minister to take up the issue of giving loan moratoriums to MSMEs.

Source: timesofindia.com– June 14, 2021

HOME

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Cotton prices touch decadal high in Gujarat

Riding on strong demand from domestic spinning mills, cotton prices have firmed up to reach a decadal high level. The demand from the international market has further supported the local prices of the natural fibre. The prices of Shankar-6 cotton, a benchmark variety grown widely in Gujarat, surged from Rs 50,500 to Rs 51,000 per candy (one candy is equivalent to 356 kg) in local market. These price levels are the highest in past 10 years, said cotton market stakeholders.

"Increased buying from domestic cotton mills and demand from export market have pushed up cotton prices. Spinning mills are getting good margins following a robust demand for cotton yarn," said Arun Dalal, a city-based cotton broker.

According to a trader from Rajkot, cotton prices have jumped by Rs 4,000 a candy over the past two months and are unlikely to decline at the moment. Stating that domestic spinning mills are doing good business and they require good quality cotton, Nirav Patel, a cotton exporter and a spinning mill owner, said, "Given the strong demand for yarn, especially from the domestic market, the spinning mills can even afford to procure cotton at prices higher than the current levels. There is also a good demand for yarn from Bangladesh as well.

With reduced cotton crop in Pakistan and Africa, the Indian cotton has been in demand in the international market through the current cotton season as Indian cotton prices remained largely below the international prices. "In fact, the recent surge brought Indian cotton prices at par with the international prices," said an exporter. The export of cotton is expected to reach about 70 lakh bales in 2020-21 season as compared to 50 lakh bales shipped in the previous season, said exporters.

With the current cotton season nearing its end, there is a limited stock available in the market. This along with a decline in arrivals of cotton in local mandis has further supported the cotton prices.

According to the Cotton Association of India (CAI), Gujarat's cotton output is estimated to be about 97 lakh bales in 2020-21 season, up from 95 lakh bales in the previous year.

Source: timesofindia.com– June 12, 2021

HOME

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India's industrial output surges 134% in April on low-base effect

Industrial production rose a whopping 134.44 per cent in April on a low year-on-year (YoY) base against 24.14 per cent in March, data released by the National Statistical Office (NSO) on Friday showed. “For April 2021, quick estimates of the index of industrial production (IIP), with base 2011-12, stands at 126.6," the statistics office said.

However, this jump in the factory output is partial data, due to the effect of state-imposed restrictions amid the second wave.

“It may be noted that the nationwide lockdown and other measures implemented to restrict the spread of Covid-19 from the end of March 2020, had led to a majority of the establishments not operating in April 2020. Consequently, there were many units which reported ‘nil’ production, affecting comparison of indices for the months of April 2020 and April 2021, the NSO stated. Industrial output had shrunk by 57.3 per cent in April 2020.

Experts say that industrial growth was flat in April, if we compare the IIP to that in the same month of 2019. “The low base of the nationwide lockdown expectedly boosted the IIP growth to a high 134 per cent in April 2021.

Given the comparability issues related to the lockdown in April 2020, we believe that assessing the growth in April 2021 relative to April 2019 provides a clearer signal of the underlying momentum in various sectors, said Aditi Nayar, chief economist, ICRA.

"The quick estimates for April 2021, the first revision for March 2021 and the final revision for January 2021 have been compiled at weighted response rates of 85 per cent, 92 per cent and 95 per cent, respectively," the NSO added.

Devendra Pant, chief economist of India Ratings and Research, said, “Comparing April 2021 IIP data with April 2019 shows that some of the grounds that industrial output had covered in March 2021 (going by past production levels witnessed during the pre-lockdown month of February 2020) has again been lost in April 2021.

Also, whichever way we may look at the IIP data, the level of industrial output of April 2021 does not provide an encouraging picture. And, this is the case when industries were allowed to remain operational during second wave-related lockdowns albeit with strict Covid protocols/lower employee headcounts. Clearly, the path to economic recovery and meaningful economic growth is not a FY22 but FY23 story."

"IIP growth numbers in April and May were bound to be exaggerated this year as last year output had come to a standstill in most sectors. Therefore, the growth numbers for April, which are exceptionally high, need to be ignored.

A similar situation would arise in May, too, and it would be only from June that there could be reasonable numbers forthcoming. Growth was negative right up to August, which will tend to give the impression in the economy, which is not the case. It would be better to track PMI, waybills and GST collections to get a fair assessment of activity in this sector," said Madan Sabnavis, chief economist, CARE ratings.

IIP for the mining, manufacturing and electricity sectors for April stood at 108, 125.1 and 174, respectively. According to use-based classification, the indices for primary goods stand at 126.7; 82.4 for capital goods; 137.9 for intermediate goods; and 134.8 for infrastructure/construction goods.

Source: business-standard.com– June 12, 2021

HOME

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AP pegs GST revenue collection target at ₹53,935 cr for 2021-22

A special drive to collect dues during October 2020 and March 2021 had showed 'good' results

Andhra Pradesh government is aiming to mop up ₹53,935 crore under Goods and Services Tax (GST) revenue during the year 2021-22.

According to K Narayana Swamy, Deputy Chief Minister, the GST collections stood at ₹44,178 crore in the last financial year, 2020-21.The State government had also lost revenue on account VAT on liquor in the last financial year which stood at ₹6,161 crore as against ₹10,403 crore in 2019-20.

"This shows the efficacy of implementing prohibition on liquor which is being executed by the government in a phased manner," the Deputy Chief Minister said in a release on Sunday.

The Department of commercial taxes, Government of Andhra Pradesh stood fourth in the country in terms of performance during 2020-21 and the first in south India, Swamy said.

A special drive to collect dues during October 2020 and March 2021 had showed 'good' results and resulted in a revenue of ₹1,772 crore.

The revenue of the State government had `slowed down' during the current financial year due to the impact of the pandemic, the Minister said adding all welfare schemes were being implemented without any reduction in expenditure notwithstanding adverse impact of Covid-19 on government revenue, according to a release.

Source: thehindubusinessline.com - June 13, 2021

HOME

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Womenswear held 50% market share of Indian online fashion in FY21

Womenswear held the majority share of the e-commerce fashion market of India with a 50 per cent market share and 30 per cent order volume growth in fiscal 2021 (FY-2021) compared to previous financial year, as per a recent report. Kidswear segment gained 200 per cent order volume growth and the market share increased from 3 per cent in FY-2020 to 17 per cent in FY-2021.

The menswear segment maintained its consistent growth with 37 per cent order volume growth and 33 per cent market share in FY-2021 in the e-commerce fashion market of India, according to the Fashion E-Commerce Report by Unicommerce.

“The fashion industry is setting new benchmarks of innovation in the e-commerce industry. The rising adoption of D2C amongst fashion brands has helped them build a strong connect with the consumer leading to higher growth,” the report said.

Brand websites reported 66 per cent order volume growth and 77 per cent Gross merchandise value (GMV) growth in FY-2021 as compared to the previous financial year, which led to a 6 per cent increase in average order value. As compared to websites, marketplaces reported 45 per cent order volume growth and 33 per cent GMV growth, with an 8 per cent decline in the average order value for FY-2021.

The fashion segment or the apparel category is often the first choice for consumers to experience e-commerce in tier-II and tier-III cities. The trend of online shopping is gaining prominence, with 118 per cent growth coming from tier-II cities and over 192 per cent order volume growth from tier-III cities, while tier-I cities reported a muted order volume growth of 14 per cent.

Last year, a majority of fashion brands embarked on their omnichannel journey by integrating their offline and online store. Companies are fulfilling 20-25 per cent of their omnichannel orders from the store, indicating increased adoption of omnichannel across brand stores. While a majority of omnichannel orders (55-60 per cent) are still being generated from the website, the marketplaces’ omnipresence grew significantly in the last 15-18 months from being a negligible contributor last year to now contributing 40- 45 per cent of overall omnichannel orders. Fashion-focused marketplaces were the first ones to embrace omnichannel solution, the report said.

Westernwear segment grew at a rapid pace with 57 per cent order volume growth in FY2021 as compared to the previous financial year, and it accounted for 65 per cent market share in FY-2021. The men's apparel segment was the biggest contributor to the overall westernwear segment as it accounted for 55 per cent market share of overall western wear in FY-2021 and reported 40 per cent order volume growth.

As for the kid's western wear segment, it reported a sharp order volume growth of over 300 per cent and its market share increased from 3 per cent in FY-2020 to 28 per cent in FY-2021. On the other hand, the ethnic wear segment reported an order volume growth of 41 per cent in FY-2021 vis-a-vis FY-2020 and accounted for 35 per cent market share in FY-2021.

Casualwear has a dominant position in the fashion apparel market as it accounted for 84 per cent market share in FY-21 and 49 per cent YoY order volume growth in FY-2021 compared to the previous financial year.

However, the formalwear category gained momentum as the market share increased from 11 per cent in FY-2020 to 16 per cent market share in FY-2021 and over 100 per cent order volume growth. The growth of the formal segment can be attributed to the increasing number of offline shoppers shifting towards online shopping platforms, as per the report.

Source: fibre2fashion.com– June 11, 2021

HOME

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