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INTERNATIONAL NEWS

European Central Bank sets 2% inflation target in new policy review

Frankfurt-based European Central Bank (ECB) yesterday decided to revise its inflation target and allow consumer prices to overshoot if necessary. The bank initiated its first policy review since 2003 in January last year. However, its outcome had to be postponed amid the coronavirus pandemic. The idea has been to assess how to adapt ECB policies and tools to achieve its main goal of price stability.

ECB present target is an inflation level of 'below, but close to, 2 per cent'. Moving forward, the official inflation goal will become 2 per cent with overshoots allowed.

"The governing council considers that price stability is best maintained by aiming for a 2 per cent inflation target over the medium term. This target is symmetric, meaning negative and positive deviations of inflation from the target are equally undesirable," ECB said in a statement.

ECB president Christine Lagarde told a press conference that the new inflation target is 'clear and easy to communicate', global newswires reported.

"We know that 2 per cent is not going to be constantly on target, there might be some moderate, temporary deviation in either direction of that 2 percent and that is okay. What we are very concerned about is any sustainable, durable, significant deviation from the target and that will require forceful action," she said.

The first regular monetary policy meeting of the governing council applying this new strategy will be held on July 22. There would be a new policy review in 2025, Lagarde added. In forecasts released in June, ECB had said inflation could reach 1.9 per cent by the end of the year. However, it still believes these price increases are temporary and inflation will remain below 2 per cent over the foreseeable future.

Source: fibre2fashion.com– July 10, 2021

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AfCFTA could be game changer for Egypt: OECD

Egypt would benefit from setting up a monitoring and evaluation system to track the progress of implementation the African Continental Free Trade Area (AfCFTA) in relation to its Vision 2030 and the National Structural Reform Programme (NSRP 2021-24), and from continued efforts to facilitate trade and improve infrastructure for continental integration, a recent report by the Organisation for Economic Cooperation and Development (OECD) said.

AfCFTA is expected to add 32 new free trade agreement (FTA) partners for Egypt, providing opportunities to add scale to its exports and to connect Egypt to traditional partners in Europe and the Middle East as well as to the overall global market.

AfCFTA entered into force in 2019 and, when fully implemented, will create an integrated market of 1.2 billion people.

The agreement holds the promise of unleashing the continent's industrialisation process, if targeted national strategies are put in place to benefit from it. Africa trades little within the continent and mostly exports commodities and raw materials to the rest of the world. So does Egypt, despite being among the continent's few industrial heavyweights.

AfCFTA has substantial potential to facilitate Egypt's and Africa's integration into the world economy, according to the report, titled 'Production Transformation Policy Review of Egypt', which noted that the country's private sector has demonstrated a readiness to exploit new competitiveness drivers and its government is committed to implementing reforms. A vibrant start-up scene is also taking root in Egypt.

Egypt's current economic specialisation in oil and gas and agro-foods poses challenges for enabling innovation and for environmental sustainability.

"The existing specialisation and persistent duality of the economy where a myriad of micro and subsistence firms co-exist with pockets of modernised excellence, also explain why the country invests little in innovation," the report says. Egypt invests 0.72 per cent of gross domestic product (GDP) in research and development, a third of the OECD average (2.37 per cent).

The country could also benefit more from trade as its trade openness has remained relatively stable since the 1990s.

To continue advancing on its development path, Egypt needs global uncertainty to return to acceptable levels and needs to address key structural challenges that hamper the country's capacities to achieve its vision of a prosperous and inclusive economy, the report observes.

Egypt has a strong leadership, a vision for the future and an established system for co-ordination among institutions at the top level. In future, the country would benefit from updating the policy-making process by increasing co-ordination capacities also beyond the higher echelons and within institutions, it noted.

Egypt would also benefit from rationalising and strengthening implementation institutions, for example by building their capacities to operate across the whole country.

Egypt needs to modernise its quality infrastructure system as well to ensure it operates well in an Industry and Agro 4.0 landscape, the OECD report added.

Source: fibre2fashion.com– July 10, 2021

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Apparel exports from Peru rise by 75.1 % during January-May'21

Peru's apparel exports from January-May this year increased by 75.1 per cent to $421 million over the same period in 2020, reports the National Society of Industries.

In May, the country's apparel export value increased by 70 per cent to $96 million and was the highest in the last 22 months. On the other hand garment shipments from January-May 2021 reached $240 million over $409 million shipments in 2019.

According to data from the institution, exports to the United States accounted for 69 per cent of the total shipments supported by sales worth $289 million between January and May 2021.

Apparel exports to the US by expanded 77.3 per cent between January and May 2021 over the same period in 2020 and rose by 2.1 per cent if compared to the first five months of 2019.

The main items exported to this destination country were: T-shirts and knitted shirts, which totaled about $130 million; knitted shirts for men and boys ($47 million); sweaters, pullovers, and similar items ($26million); and other knitwear ($19 million). Other important destinations for Peruvian apparel shipments were Canada, Chile, Brazil, Germany and Ecuador.

Source: fashionatingworld.com– July 10, 2021

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Apparel, Textile Leaders Team Up for Sustainable Manufacturing

A three-pronged partnership between textile industry veterans has the potential to create a more sustainable apparel supply chain.

Cotton recycler Recover has teamed up with tech-enabled design house and manufacturer Happy Punt and one of Seoul's leading apparel exporters, Hansae Co., Ltd., for a multi-year partnership aimed at providing end-to-end, sustainable solutions for the fashion industry. The commitment will give brands and retailers the opportunity to leverage Recover's recycled cotton fibers across their product lines, helping combat the environmental issues posed by the sector's heavy use of the water-intensive crop.

With a combined 130 years of experience in the industry, the firms hope to disrupt the traditional apparel design and production process by harnessing cutting edge technology and pulling from their own best practices. By 2022, they said, they aim to bring the first collaboratively produced collections to market. The trio's goal is to provide an easy "plug and play" solution for brands looking to advance their sustainability profiles, while providing a quality product for consumers.

The partnership will offer brands a suite of services, from 3D-design to pattern-making, tech packs, sampling and production, and aims to support clients through every step of the supply chain and bring those capabilities under one figurative roof. The partners will also leverage their collective global reach, with offices based in Seoul, Barcelona and New York, allowing ease of access to clients on three continents.

That proximity to customers will allow the collaborators to more efficiently manage its technical design services, garnering reviews and approvals with greater ease, they said. As a part of the move toward more sustainable processes, the partners encourages the use of 3D design to reduce physical sampling, and ultimately, curb waste.

What's more, with Recover and Happy Punt based in Spain and Hansae's operations scattered across seven countries, including Vietnam, Indonesia, Myanmar, Nicaragua, Guatemala, and Haiti, along with South Korea, the partners' services leverage the advantages of nearshoring and offshoring across the globe. Hansae boasts 35,000 employees across its global manufacturing workforce.

Recover plans to increase its production to support the program, upping volume to 200,000 metric tons of recycled cotton fibers per year by 2025. That output has the potential to save almost 3 trillion liters of water annually and allow about 500,000 acres of land to be diverted away from cotton cultivation to other agricultural uses.

Following the partnership's introductory spring 2022 collections, it plans to make the sustainable manufacturing program a permanent offering for existing and prospective clients.

Source: sourcingjournal.com– July 10, 2021

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G20 approves global corporate tax rate of at least 15%

G20 Finance Ministers on Saturday approved a tax reform for multinationals that aims to put an end to tax havens by introducing a global corporate tax rate of at 15 per cent.

The G20 finance chiefs wrapped up two days of talks in the Italian city of Venice on Saturday with the adoption of a joint communique, reported NHK World.

The G20 Finance Ministers also endorse the group's broad agreement on a plan to introduce new rules for taxing cross-border businesses.
Ireland and other countries have tried to attract multinationals with lower corporate tax rates. They have not joined the agreement, reported NHK World.

It said that the finance chiefs endorsed the action of a group of 132 countries and territories to set a minimum global corporate tax at 15 per cent. That is in a bid to end global competition to offer the lowest corporate tax.

And it also encourages finalizing the details of the rules by the next G20 meeting scheduled for October. Negotiations will continue with the goal of reaching a final deal by October, reported NHK World.

The group is mainly made up of member states of the Organization for Economic Cooperation and Development, or OECD.
The G20 is made up of Argentina, Australia, Brazil, Canada, China, France, Germany, Japan, India, Indonesia, Italy, Mexico, Russia, South Africa, Saudi Arabia, South Korea, Turkey, the UK, the US, and the EU. Spain is also invited as a permanent guest.

Source: economictimes.com– July 11, 2021

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S. Korea's manufacturing sentiment hits 2-yr high: KIET

South Korean manufacturers' business sentiment soared to a two-year high, largely buoyed by optimism about a fast rebound of the tech industry, data showed Sunday.

The business survey index (BSI), compiled based on a survey of 1,034 manufacturers, showed an overall market forecast of 97 for the April-June period, the Korea Institute for Industrial Economics and Trade (KIET) said. The corresponding number for sales stood at 100.

A BSI larger than 100 means that optimists outnumber pessimists.

The figures hit the highest levels since the index was reorganized in the third quarter of 2019. The numbers represent a five- and nine-point increase from the previous three-month period.

The outlook for domestic demand stood at 99, swinging to an increase from a quarter ago. The forecast for exports rose to 102, advancing for four straight quarters.

Among key industries, the BSI for semiconductors stood at 107 for the second quarter, with that for general machinery, petroleum, chemicals, steel and secondary batteries also above the 100 mark.

In contrast, the sentiment for displays, autos, shipbuilding and textiles remained low at 87.

Source: en.yna.co.kr– July 11, 2021

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Pakistan: Weekly Cotton Report: Prices, trading volume continue to rise

In Sindh the rate of Phutti increased by Rs 200 to Rs 300 per 40 Kg because ginning factories were fast starting their operations and Phutti was dispersed among them. In Sindh 65 ginning factories had started their operations partially. Many ginners had stopped ginning partially because of increase in the prices of Phutti and shortage of supply. On the other hand Phutti of Sindh is going to the factories of Punjab and the supply of Phutti is gradually increasing in Punjab due to which 15 ginning factories are running their operations but record increase is witnessed in the rate of Phutti in Punjab.

Three ginning factories were partially operational in Balochistan. Textile mills were involved in buying according to their needs while many big textile groups were also taking interest in buying. The reason behind is that it is expected that rainy spell is going to be started in next few days.

Another reason is Eidul Azha due to which rates of transport are increased. According to the survey, there is acute shortage of water in the cotton growing areas of Sindh and it is expected that cotton crop will be affected.

The farmers of Sindh are complaining to the Sindh government regarding water shortage while agriculture minister Sindh is himself complaining that there is a water shortage in Sindh. However, it is expected that raining season will start soon. According to the textile importers, textile mills are importing cotton from abroad due to low cotton production. Up till now agreements for the import of 5 lac bales of cotton have been signed.

Due to the extraordinary decline of 56 lac bales in the last season, Pakistan had to import huge amount of cotton. The rate of cotton in Sindh is in between Rs 13,250 to Rs 13,350 per maund. The rate of Phutti is in between Rs 5,800 to Rs 6,100 per 40 kg. The rate of Banola is in between Rs 2000 to Rs 2100 per maund.

The rate of cotton in Punjab is in between Rs 13,500 to Rs 13,800 per maund while the rate of Phutti is at record level of Rs 6,000 to Rs 6,700 per 40 Kg. The rate of Banola is in between Rs 2,100 to Rs 2,200 per maund. The rate of cotton in Balochistan is in between Rs 13,350 to Rs 13,400 per maund while the rate of Phutti is in between Rs 6,100 to Rs 6,200 per 40 Kg.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 200 per maund and closed it at Rs 13100 per maund. Chairman Karachi Cotton Brokers Forum Naseem Usman told that overall bullish trends was seen in the rate of international cotton markets.

The fluctuation was seen in the Rate of Promise (Waday Ka Bhao) of New York Cotton. The rate was in between 86.50 cent to 88 cent per pound. According to the weekly USDA export report exports increased by 22% in which Pakistan was on top of the list with 24000 bales.

The bullish trend continued in the markets of Brazil and Central Asian States. In India the rate of cotton increased by Rs 1200 per candy because of increase in buying by the textile mills. Cotton Corporation of India has increased the rate of cotton by Rs 100 to Rs 300 per candy for the year 2019-20 and 2020-21.

Special Assistant to Prime Minister on Agriculture Jamshed Iqbal Cheema while addressing a press conference in Multan said government is taking steps for the revival of cotton crop. The government is allocating Rs 1 billion for the reconstruction of Pakistan Central Cotton Committee. Government will start dialogue with All Pakistan Textile Mills Association for the payments of Rs 3 billion of PCC which was pending since 2017. APTMA should play its role for research and development of cotton crop. Government has allocated Rs 7 billion in the head of extension services for guidance of cotton farmers. The demand of textile industry is 16 million bales and in order to fulfill this demand government is working on new areas of cotton cultivation.

Director, Central Cotton Research Institute (CCRI) Multan Thursday urged the farmers to beware of upcoming rainy season and take precautionary measures in advance to meet all the crop management compulsions to keep cotton safe from adverse impact.

In a statement issued here, Dr Zahid Mahmood said farmers who have not applied fertilizers should do so at suitable time and as per need before the rains expected next week. Farmers should also apply water keeping in view rains possibility and if required must also perform hoeing before rains. Farmers should also make arrangements to drain out rainwater in case of its accumulation.

He said that rain water must not remain accumulated in field for more than 24 hours. He said that to save crop from pests, farmers can apply pesticides but only when it becomes unavoidable. He said that Met office has forecast monsoon rains from July 12 to 25. A simple step can save farmers from big losses, Dr. Zahid said. Farmers should perform pest scouting twice a week and fix hollow cone nozzle on spray machine to apply spray.

Pakistan is all set to sign the Transit Trade Agreement (TTA) with Uzbekistan in Tashkent on July 15, paving the way for having access for its products to the 90 billion dollars market of five Central Asian States. The signing of TTA will be the beginning of Pakistan's policy to have regional connectivity.

Razak disclosed that Pakistan will provide off-dock facilities to Uzbek traders at Bin Qasim and Gwadar ports for reaching the markets of Middle East, India, Africa and other countries and in return Uzbekistan will provide off-dock facilities to Pakistan in its border area adjoining Afghanistan. From there, Pakistan will be able to reach markets of other Central Asian Republics. He said some of the Central Asian Republics have approached Pakistan for transit trade and Free Trade Agreements.

However, Pakistan is currently focusing on Uzbekistan for the Transit Trade agreement and FTA. He said Uzbekistan is the gateway to important Central Asian Republics such as Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan. More importantly, Uzbekistan is also the gateway for the Russian federation.

The exports of textile commodities witnessed an increase of 18.85 percent during the first eleven months of the current fiscal year. The textile exports were recorded at $13748.296 million in July-May (2020-21) against the exports of $11567.400 million in July-May (2019-20), showing growth of 18.85 percent, according to latest data of Pakistan Bureau of Statistics (PBS).

The textile commodities that contributed in trade growth included knitwear, exports of which increased from $2572.991 million last year to $3414.300 million during the current year, showing growth of 32.70 percent. Likewise, the exports of yarn (other than cotton yarn) increased by 20.24 percent, from $24.048 million to $28.915 million whereas, exports of bed wear increased by 24.60 percent from $1984.502m to $2472.782 million.

The exports of towels increased by 28.54 percent, from $652.351 million to $838.507 million; exports of tents, canvas and tarpaulin grew by 15.54 percent, from $87.975 million to $101.649 million; readymade garments by 14.35 percent, from $2367.263 million to $2706.867 million; made-up articles, excluding towels and bead wear by 23.43 percent, from $548.002 million to $676.372 million while the exports of art, silk and synthetic textile increased from $290.525 to $326.150 million, showing growth of 12.26 percent, cotton (carded or combed) by 3.17 percent, from $0.063 million to $0.065. The export of cotton clothes also increased by 0.97 percent; from $1699.702 million to $1716.216 million.

Meanwhile, the commodities that witnessed negative growth in trade included raw cotton, exports of which decreased by 96.51 percent, from $17.002 million to $0.593 million; cotton yarn decreased by 1.60 percent, from $910.577 million to $896.034 million. The exports of all other textile materials also increased by 38.18 percent, from $412.399 million to $569.846 million, the PBS data revealed.

Source: brecorder.com– July 12, 2021

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Pakistan: Textile exports: DDT incentive to remain continue: Dawood

Addressing the members of Pakistan Textile Exporters Association (PTEA) here, Abdul Razak Dawood said that country's exports have witnessed highest ever 18% surge in FY 2020-21 despite adverse impacts of Covid-19 pandemic. World's major economies shrunk mainly due to the deadliest Covid-19 waves, but it is Pakistan that showed tremendous performance in increasing the exports; whereas the regional competing economies of India and Bangladesh remained in the negative zone. All credit goes to our valued exporters who performed extremely well even in challenging times of pandemic.

Responding to a question, he assured that Duty Drawback of Taxes (DDT) incentive will remain continue for textile exports; whereas Export Development Fund will be utilized for export promotion only. While quoting the example of jute industry, the Advisor built his argument saying that it was unattended, but the Government facilitated it and extended to it zero duty, which resulted in surge in exports of jute products. He stressed the need to focus on diversification and SME promotion as these two segments would lead Pakistan towards economic heights.

The Chairman National Assembly Standing Committee on Finance & Revenue Faizullah Kamoka said that textile industry is the backbone of economy; whereas textile exporters are playing vital role in economic development of the country. Remedial measures to overcome the challenges are being taken to uplift this sector.

Government, under the dynamic leadership of the Prime Minister Imran Khan, is imparting all possible facilities to the export sectors as it is playing a major role in bringing economic stability. No country could achieve economic targets without the due role of exporters; therefore, all-out efforts are being done to facilitate export industries. He assured that amendment in section 203A of the Income Tax Ordinance will be reversed.

Earlier, PTEA's patron-in-chief Khurram Mukhtar commended the strenuous efforts of the Advisor Commerce & Investment for uplifting the country's exports. He congratulated the Government on achieving highest ever export growth this year.

He said that Pakistan can become an economic giant by utilizing its trade and investment potential. Lauding the sincere support of Chairman Standing Committee on Finance & Revenue Faizullah Kamoka, he said that he always voiced up our concerns at all levels and extend full support in resolving our issues.

Chairman PTEA Muhammad Ahmad, in his welcome address, commended Government's policies and Prime Minister Imran Khan's revolutionary steps to enhance exports. Later, the Advisor Commerce & Investment Abdul Razak Dawood inaugurated the newly established ECO section of PTTF Lab working under the aegis of Pakistan Textile Exporters Association. A large number of textile exporters were present in the meeting.

Source: brecorder.com– July 12, 2021

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NATIONAL NEWS

Union Textile Minister Shri Piyush Goyal takes review of Textile Sector Policies

After taking over charge of the Ministry of Textiles, Shri Piyush Goyal made a maiden visit to the Office of the Textile Commissioner, Mumbai to review the textile sector schemes and their progress and suggested measures to speed up the implementation.

The Minister took review of the various schemes/activities implemented/undertaken by the Office of the Textile Commissioner, Textiles Committee, Cotton Corporation of India Ltd, Export Promotion Councils and Textile Research Organizations. The Minster of State for Textiles Smt. Darshana Jardosh, was also present in the meeting. Shri U.P. Singh, Secretary (Textiles) and Shri V. K. Singh, Additional Secretary joined the meeting from New Delhi through Video Conferencing.

During the course of his interaction, the Minister emphasized the need for close liasioning and co-ordination between the Government agencies and the local elected representatives for making a congenial atmosphere in implementing the various Government initiatives.

The Minister opined that the applications received under subsidy-oriented schemes should be processed in a transparent manner using automation keeping in view the broad objective of each scheme and necessary mechanism should be devised so that personal contact of industry and department can be eliminated and standardized process free discretion. Special dispensation for MSME to be done for recorded reasons.

For accelerating the progress of TUF scheme, he suggested that the major issues to be outlined and deliberations with the stakeholders including Banks may be arranged to resolve the issues once forever. He also suggested that formats for submission of Statutory Returns from industry may be simplified. He emphasized on rationalization and optimal use of manpower of Office of the Textile Commissioner and Textiles Committee.

The Minister highlighted the need for stepping up the productivity of cotton and necessary initiatives to be taken up with the Ministry of Agriculture and Farmers Welfare. The Cotton Corporation of India to work out possibilities for providing kapas plucking machines to the cotton farmers through Start-ups established by way of availing Mudra Loan and special models to be developed for supporting small players. Shri Goyal emphasized the issue of elimination of child labour in the Textiles Sector and suggested to convene a meeting with stakeholders for making a strategic plan.

While reviewing the activities of export promotion councils, the Minister of Textiles suggested broad based industry interaction for developing country oriented comprehensive trade agreement. Also, develop Financial Instruments to have backstopping to industry, which are not subsidy focused and enable stable credit flow from banks through such a guarantee, added the minister.

The minister also emphasized the need for development of futuristic value-added products and its exhibition. He viewed the need for developing the technical textiles for use of wagon covers and optimal utilization of National Technical Textiles Mission to leverage our strengths and address market requirements. He also stressed the need to brand Pashmina wool internationally. Further, he urged Textile Research Associations to become self-sufficient instead of depending on Government grants.

Addressing the media after the meetings, the Minister said that Textiles sector is the biggest employer as well as the biggest exporter. He said that the sector can play a very important role in fulfilling the Hon'ble Prime Minister's vision of doubling farmer's income, creating job opportunities for youth and enabling every Indian citizen to live a life of self-reliance and self-respect.

Source: pib.gov.in– July 10, 2021

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Weaving success: New textiles minister Piyush Goyal to review Rs 10,683-crore PLI scheme

New textiles minister Piyush Goyal will soon review a proposed Rs 10,683-crore production-linked incentive (PLI) scheme for products made of man-made fibre and technical textiles, amid clamour for reducing the lofty turnover and investment targets for companies to avail of benefits, sources told FE.

Goyal, who is also the commerce and industry minister, faces a tough task, as the labour-intensive garment sector, comprising mainly MSMEs and dominated by cotton-based players, also wants the inclusion of value-added cotton products in the scheme to benefit a large number of businesses.

But the demands go against the government's intent of luring mainly large companies to create few champions in key sectors through various PLI schemes. In textiles and garments, it also seeks to correct India's historical policy bias towards cotton-based value chain that is, in fact, contrary to the global consumption pattern. The idea is to reclaim India's export markets after ceding substantial ground to Bangladesh and Vietnam in recent years. Goyal took over as the textiles minister on July 8, taking over from Smriti Irani.

In its draft PLI scheme floated earlier, the textile ministry proposed incentives in the range of 7-11% in the first year. But only those firms with annual turnover of at least Rs 100 crore were to make the cut.

The benefits in all categories were proposed be reduced by 100 basis points each year after the first year and granted for a total of five years from FY22. "It's a very important scheme, as it has potential to create a huge number of jobs. So, obviously, the minister's guidance will be sought and he will review it," said an official source.

The draft pledged as much as 11% incentive to large companies for investments over Rs 500 crore in greenfield projects in technical textiles. The benefit, however, was linked to an incremental turnover of Rs 1,500 crore in the first year and a 25% rise in turnover each year after that.

It also suggested that firms with an annual turnover of Rs 100-500 crore will be eligible for an incentive of 9% for brownfield projects. This will be subject to an increase in turnover by 50% each year.

Similarly, companies with a turnover of Rs 500 crore or more were to be granted a 7% incentive in the first year. The benefit was tied to the condition that turnover has to be raised by 50% in the first year and by 25% each year after that.

The incentives were proposed to be extended for incremental production in 50 laggard categories (40 man-made-fibre-based garments and 10 technical textiles). Interestingly, some players, who are struggling to cope with a Covid-induced liquidity squeeze, want the rollout of the scheme to be deferred so that they can take advantage of it.

Raja M Shanmugham, president of the Tirupur Exporters' Association, the country's largest garment cluster, hailed the PLI scheme. However, he said, for the large number of MSMEs to reap the benefits of the PLI scheme, the criteria need to be relaxed and cotton products that see substantial value addition need to be brought under its ambit.

More importantly, the need of the hour is to prevent the firms from sinking into oblivion by facilitating greater and easier credit at affordable rates, he added. "Unless the MSMEs survive this crisis, how will they be able to gain from the scheme and contribute to exports?" he asked.

According to noted textiles expert DK Nair, the scheme seems well-intentioned, but the targets, especially for incremental turnover, will be hard to meet. Moreover, assessing incremental turnover of companies, especially the unlisted ones, will be a herculean task, given the scope for manipulation between group firms, Nair added.

Even before the pandemic struck, textile and garment exports shrank 8.6% year-on- year to $33.7 billion in FY20. As such, the sector's share in the overall merchandise exports has been sliding consistently in recent years, having dropped from as much as 13.7% in FY16 to just 10.8% in FY20, the lowest in around a decade. Last fiscal, such exports dropped by 10% to $30.3 billion, worse than a 7% contraction in overall merchandise exports.

Globally, while China remains the most dominant player and leads by a huge margin in both textiles and garments, India has been beaten by both Bangladesh and Vietnam in recent years in apparel exports.

Source: financialexpress.com– July 12, 2021

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MERCOSUR in crisis! Talks on PTA expansion with India on hold

Mercosur is in a commercial stalemate and experiencing a crisis in the last 20 years. There are power and structural asymmetries among the members, and this is shown in the different opinions they have regarding what is needed to be done; there is no convergence on their interests.

For Brazil, joining the Mercosur responded to a strategic aim in international negotiations more than to commercial reasons. In the case of Argentina and Uruguay, the interest was commercial: to access the market of the South American giant. The fact is that this asymmetry implies that Brazil should take a leading role in the bloc -but it is not willing to pay the costs that this leadership entails-, and that Argentina should accept it and play a counterbalanced role. This has not happened.

Mercosur is, actually, an imperfect common market because the full liberalization of tariffs among the members have not been achieved after 30 years. In this sense, the lists of exceptions are still in practice. The disagreement among the members is also seen on the Common External Tariff: Brazil and Uruguay want to diminish it, and Argentina uses it to protect its weakened domestic industry.

So there is a delicate balance between liberalization –for agricultural sectors- and protectionism, comfortable for some members. Besides, Argentina announced last year that it was not going to participate in the negotiations of extra-regional trade agreements.

Therefore the bloc is not complying with its founding objective of creating a great common market in South America. Here we can observe the pronounced influence in the development of the bloc of the domestic politics of Brazil and Argentina, of the interests of the national industries of the members, as well as the macroeconomic crisis faced.

The continuous crisis and stalemate led to an expectation of frustration by smaller countries such as Uruguay. In a context of globalization, geography has been surpassed by a global market. In the case of Uruguay, the main export possibilities are outside the Mercosur; for this country the intraregional trade has lost relevance.

Uruguay is the most affected by the consequences of the stalemate and the power dispute inside the bloc. In the short term, the impact of Uruguay's idea of looking for third partners (this is not the first time it does this) is more political than economic; it is aimed to pressure Argentina to sit down and negotiate the changes that it considers –along with Brazil- necessaries to move forward in the integration process. Neither Uruguay nor Brazil find today enough material incentives to deepen the relations within the Mercosur. Finally, we need to add the ideological differences among the members, which do not contribute to ease the tensions.

Consequently we can observe an erosion of the common objectives and a loss of vision about the project, having as a result an inadequate setting of priorities (usually domestic ones). The current events show the political weaknesses of the bloc. The solution? To adapt the Mercosur to the new realities of the world, analysing costs and benefits for all the members. This may include to explore different potentialities and restructuring the industrial sectors, something difficult to see soon.

What about Mercosur and India PTA expansion talks?

Member countries including Argentina, Paraguay and Uruguay and Brazil (MERCOSUR) have been in talks with India, for the expansion of existing PTA. There is a stalemate in the negotiations regarding the deepening of the agreement of 2004 due to the fact that both actors apply protectionist policies to the goods they export and both have signed few trade agreements.

The pressure of the industrial sectors of Argentina and Brazil and the agricultural sector in India, has been important in this delay. Despite this, there are potentialities in sectors relevant for both like energy, agriculture and its technology, complementarities in the pharmaceutical sector, IT and creative industries. I think that while the differences inside the Mercosur continue –as well as the pandemic- there will be little improvement in this negotiation.

Source: financialexpress.com– July 10, 2021

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Govt identifies items for customs exemptions review, seeks industry views

The government has identified a host of customs exemptions for review and has invited suggestions from trade and industry bodies on the same.

Importers, exporters, domestic industry and trade associations are invited to give views on the subject for consideration by the government by August 10 on the 'MyGov.in' portal.

Some key products covered under the list include fabrics, games/sports requisites, magnetron for microwave manufacturing, specified parts for PCB, set-up box, routers, broadband modem, contraceptives and artificial kidney.

The list also includes magnetic tapes, photographic, filming, sound recording/ radio equipment, parts/ raw material for manufacture of goods supplied for off-shore oil exploration, specified machinery/ parts covered in textile industry.

Finance Minister Nirmala Sitharaman in her 2020-21 Budget speech had announced that a further review of existing customs exemption notifications would be undertaken through extensive consultations.

Giving a list of 97 notifications, the Government said certain Customs exemptions have been identified for purpose of further review.

"Suggestions are invited in respect of their review which may include the need for review of the notification, amendment in wording of the notification for bringing clarity, consolidation, other relevant factors such as extent of use, etc," it added.

The Central Board of Indirect Taxes and Customs (CBIC) last year too had conducted this crowdsourcing exercise to identify the customs duty exceptions which need to be reviewed. Following that, the government has now drawn up a list of notifications and invited stakeholder views for a comprehensive review.

Exemptions from customs duty have been given in public interest from time to time and a review of the Customs laws and procedures would help to align them with the needs of changing times and ease of doing business.

Abhishek Jain, Tax Partner, EY, said the government seems to be looking at exemptions prevalent for divergent sectors as is evident from the list of targeted Customs exemption entries released by the government.

"As such, the various industries should see if their goods are being covered in the said exemption entries, and provide their recommendation to the government in a timely fashion, so as to ensure certain scope for further liasioning in case the government has any further queries.

"The suggestions are most likely are to vary from sector to sector considering parameters such as how much that sector is ready to manufacture the currently imported product in India, the possible threat to the domestic players in case of further customs duty reduction," Jain added.

Source: financialexpress.com– July 11, 2021

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Bangladesh boom fuels Indian exports

Bangladesh jumped four notches to become India's fifth-largest export destination in the year ended 31 March as exports to many of the nation's traditional markets shrank because of the pandemic while its eastern neighbour continued to report economic growth.

Exports to Bangladesh grew 11% in the previous fiscal year even as India's overall exports contracted 7% because of the pandemic, according to government data.

Bangladesh has experienced an unprecedented economic transformation over the past decade and is set to surpass India in terms of per capita income.

India's exports to most of its key destinations contracted as the coronavirus pandemic disrupted supply chains. Among the country's top 20 export destinations, shipments grew only to China (27.5%), Indonesia (21.7%) and Brazil (7%), apart from Bangladesh.

Trading places

While the US ($51.6 billion) remained India's top export destination, China ($21.2 billion) became the second biggest export market, surpassing the United Arab Emirates ($16.7 billion). However, it is Bangladesh that raced ahead of countries such as Singapore ($8.7 billion), the UK ($8.2 billion), Germany ($8.1 billion) and the Netherlands ($6.5 billion). Even Nepal ($6.8 billion) jumped a notch to become India's ninth-largest export market.

In FY21, India's top export items to Bangladesh were cotton and cotton yarn ($1.5 billion), electricity ($517 million), fuel ($496 million), rice ($354 million) and corn ($328 million).

Unlike India, Bangladesh avoided a recession in 2020 even though its gross domestic product (GDP) growth slowed down to 2.4% from 8.2% a year ago because of the pandemic.

The World Bank has projected its economy to gradually recover from growing at 3.6% in 2021 and 5.1% in 2022 as private consumption, the main engine of its growth, is supported by normalizing activity, moderate inflation, and rising readymade garments exports.

Sanjay Kathuria, senior visiting fellow at the Centre for Policy Research, said the rise of Bangladesh as a sub-regional economic power is unambiguously good for India. “Its growing middle-class provides a big market for Indian agriculture and manufactured goods, as well as for services. The FY21 trade data is proof of this.

In addition, Bangladesh is already the biggest source of medical tourists to India. Significantly, its increasingly ambitious private sector can be a major source of foreign direct investment in India’s North-East, and India’s northeastern states as well as the central government should be paying attention to this aspect of Bangladesh’s potential," he added.

India could immensely benefit from Bangladesh’s growth, said Nisha Taneja, a professor at the Indian Council for Research on International Economic Relations (ICRIER).

“India has for several years been a major supplier of cotton and cotton fabric for Bangladesh’s readymade garment industry. Bangladesh depends heavily on its readymade garments sector as it accounts for 45% of its manufacturing GDP and 85% of its exports.

In 2021, Bangladesh’s readymade garments exports are expected to overshoot pre-covid levels. This sector was allowed to continue its operations despite the lockdown and was also able to absorb a major stimulus package given by the government. As a result, the sector has been able to quickly respond to rising global demand since July 2020, which may well be one of the major reasons for a quick economic recovery," she added.

India should also pay special attention to help Bangladeshi firms access India’s vast market, Kathuria said.

Source: livemint.com– July 12, 2021

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Ports hit as cargo growth declines

Oversupply of capacity and intensified inter-port competition are putting pressure on the industry

Slowing cargo growth and lower capacity utilisation have intensified inter-port competition, putting pressure on pricing, say port operators and industry experts.

In FY21, the total consolidated cargo handled by Indian ports was around 1,247 million tonnes (mt), a decline of 5.4 per cent from FY20. Energy-related commodities especially thermal coal, crude and petroleum products witnessed the highest decline in volumes.

The cargo handled by the Centre-owned major ports declined 4.6 per cent to 673 mt from 705 mt in FY20, according to the Indian Ports Association (IPA), a body representing the major ports. The overseas cargo handled at major ports decreased by 2.6 per cent in FY21 to 524 mt from 539 mt in FY20.

Coastal cargo handled at the major ports in FY21 decreased by 11.4 per cent to 148 mt from 167 mt during FY20. Non-major ports (those owned by the States and given to private firms) handled 575 mt in FY21, a contraction of 6.2 per cent over FY20 volumes of 614 mt, according to the Ministry of Ports, Shipping and Waterways.

The overseas cargo handled at non-major ports during FY21 decreased by 4.3 per cent to 500 mt from 523 mt in FY20. The coastal cargo handled at non-major ports during FY21 decreased by 17.3 per cent to 75 mt from 91 mt in FY20.

Bucking the trend of many years, major ports gained a market share of 0.4 per cent in FY21. The major ports have a capacity of 1,534 mt while that of non-major ports is 910 mt.

At the FY21 cargo levels, the capacity utilisation of major ports was about 44 per cent while that at non-major ports was around 63 per cent.

"FY21 resulted in almost 5% ports volume reduction at a pan-India level, which resulted in lower ports capacity utilisation across the sector. Lower capacity utilisation increased inter-port competition for cargo and (put) pressure on pricing," Adani Ports and Special Economic Zone Ltd (APSEZ) said in its annual report for FY21. The firm's network of ports handled 247.28 mt of cargo in FY21 compared to a capacity of 480 mt with a utilisation of 51.5 per cent.

"Increased competition could affect growth and margins," it said.

Port industry executives said that erratic demand patterns could hurt port utilisation and revenue predictability.

"In sync with the overall weak growth in EXIM trade, the port volumes in India have not seen a robust growth. Despite the good potential to bolster cargo volumes, Indian ports have not seen remarkable growth in recent years," said an industry consultant.

Through initiatives such as the 'Sagarmala' programme and investment in private ports, the country has already built adequate port cargo handling capacity. "In the recent past, the growth in Indian port volumes has remained subdued, where cargo volumes have not matched capacity additions," he added.

The oversupply of capacity has translated into a substantial regional over-capacity, which has emerged as one of the key concerns for the port industry. "The resulting inter-port competitions have become challenging, leading port operators to rethink business strategies. For example, over capacities in container terminals at the Chennai port cluster (ports of Chennai, Kattupalli, Ennore and Krishnapatnam) could result in stiff competition for common hinterland container cargo," APSEZ, India's biggest private port operator, said.

Port infrastructure aside, there are challenges on the commodity front also as the government harps on local production of thermal coal and fertilisers, particularly urea, reducing the demand for importing these commodities. Agri commodities could also face a downside.

"Inter-port competition with similar physical performance parameters could mean more bargaining powers to customers," APSEZ added.

Source: thehindubusinessline.com– July 11, 2021

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India poised for double-digit growth this fiscal; disinvestment climate looks better: Niti Aayog VC Rajiv Kumar

With India's story remaining "very strong", the economy will register a double-digit growth in the current fiscal and the disinvestment climate also looks better, said Niti Aayog Vice Chairman Rajiv Kumar.

He also asserted that the country is prepared in a far better manner in case there is a COVID wave as states have also their own lessons from the previous two waves.

"We are now hopefully getting past our (COVID-19) pandemic... and the economic activities will be strengthened as we get into the second half of this (fiscal) year given what I have seen for example various indicators, including the mobility indicators," Kumar told PTI in an interview.

The Indian economy has been adversely impacted by the coronavirus pandemic and the recovery has been relatively sluggish in the wake of the second COVID wave.

Against this backdrop, the Niti Aayog Vice Chairman exuded confidence that the economic recovery will be "very strong" and those agencies or organisations which have revised their GDP estimates downwards for this fiscal may have to revise them upwards again.

"Because, I expect India's GDP growth this (fiscal) year would be in double digits," he said.

The economy contracted by 7.3 per cent in the financial year ended March 31, 2021.

Among rating agencies, S&P Global Ratings has cut India's growth forecast for the current fiscal to 9.5 per cent from 11 per cent earlier, while Fitch Ratings has slashed the projection to 10 per cent from 12.8 per cent estimated earlier. The downward revisions were mainly due to slowing recovery post second COVID wave.

Indicating the possibility of a strong rebound, the Reserve Bank has pegged economic growth at 9.5 per cent in the current fiscal that ends on March 31, 2022.

Asked when private investments will pick up, Kumar said in some sectors like steel, cement and real estate, significant investment in capacity expansion is happening already.

In the consumer durable sector, it might take longer because consumers might feel a little hesitant due to uncertainty on account of the pandemic, he said. “Full-fledged private investment recovery, we should expect by the third quarter of this (fiscal) year”.

Responding to a query on concerns over a possible third COVID wave, Kumar said the government is much better prepared in case such a situation comes up.

“I think the government is far better prepared now to face the third COVID wave, if at all it does come up... I feel the impact of the third wave on the economy will be much weaker than it was during the second wave and the beginning of the first wave,” he said.

According to Kumar, the government’s preparation is very significant and also the states have learned their own lessons.

Recently, the government announced an additional Rs 23,123 crore funding, mainly aimed at ramping up health infrastructure.

On whether the government will be able to achieve its ambitious disinvestment target this fiscal, Kumar said that despite the second COVID wave and its significant impact on the health side, markets have remained buoyant and they touched new heights.

“I think this sentiment not only will continue but it will strengthen as we go forward... India story remains very strong especially with respect to the FDI which has now created a new record both for 2020-21 and between April to June in 2021-22,” he said.

Pointing out that a good number of IPOs of startups are lined up, he said, “the climate for disinvestment is looking better and I am very hopeful that the disinvestment target would be fully realised.”

The government has budgeted Rs 1.75 lakh crore from stake sales in public sector companies and financial institutions. Achieving the target will be crucial for the government’s finances which have been stressed due to the pandemic and resultant increase in spending activities.

When asked about the option of the government issuing COVID bonds to raise money, Kumar said, "Well give it whatever names you like, the point is that if the government needs to borrow more money for expanding capital expenditure, it could go ahead because that will attract more private investments".

He noted that the government should issue bonds, whether these are COVID bonds or infrastructure bonds, the name is not so material, and pointed out that bond yields have not risen despite the higher borrowing requirements of both the central and state governments.

"This means that there is an appetite for government borrowings and the deficit would be financed without much difficulty," he said.

Making a case for stepping up borrowing, Kumar mentioned about agencies like the IMF, the World Bank and the ADB recommending that one should not worry too much about the size of the deficit because of the special circumstances the pandemic has created.

According to the 2021-22 Budget, the government's gross borrowing was estimated at Rs 12.05 lakh crore for this fiscal.

On high CPI and WPI inflation numbers, Kumar said that he does not want to second guess RBI here and he would leave it to them.

"RBI's Monetary Policy Committee (MPC) minutes and as well as their announcements have made it very clear that at the moment inflationary expectations are not entrenched at high level.

"And that this is perhaps a temporary phenomenon and we will go back to inflation level within the target range of RBI," he said.

Source: financialexpress.com– July 11, 2021

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India to push for mutual recognition agreements at BRICS meet on goods and services

India will push for mutual recognition agreements (MRAs) in areas such as regulatory standards, conformity assessment, accreditation procedures, qualifications, visas and social security at a meeting of senior officials from the BRICS grouping — which includes Brazil, Russia, India, China and South Africa — to promote cooperation in the goods and services sectors this week.

New Delhi, however, is unlikely to discuss any commitments for opening up e-commerce and any decision in the area will be taken on a 'best-endeavour' basis, a person tracking the matter told BusinessLine.

Advantage for India

As India is the chair of the BRICS this year, it has the advantage of setting the agenda for the meetings, although other members, too, can highlight the areas of their interest.

"India has been trying to get BRICS members to agree to MRAs in a number of areas of its interest for some time. While there is a general agreement that these would boost trade in both goods and services, including movement of professionals, there hasn't been much progress in the area. At the senior officials meeting this week, New Delhi will try to push for it," the official said.

The BRICS grouping, which together accounts for more than 40 per cent of the world's population and over 25 per cent of global GDP, seeks to deepen, broaden and intensify cooperation within the bloc and among the individual countries.

With India assuming rotating chairmanship of the group on January 1, it will host the BRICS Summit later this year where Heads of States of member nations will reach some agreements based on year-long discussions between officials and Ministers.

In the three-day meeting on goods and services beginning Monday, the Indian side will be headed by a senior official from the Commerce & Industry Ministry.

Technical barriers

There has been an increase in the incidence of technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) applied by BRICS countries over the last few years that impede free flow of goods andservices. "MRAs are useful in getting around the SPS & TBT barriers. While thereare some arrangements already between different members of the BRICS, some targeted ones between all members would significantly help in easing regional trade," the official said.

Prime Minister Narendra Modi, at the BRICS Summit in Brasilia in November 2019, had pointed out that with the mutual recognition of visas, social security agreement and qualifications, we will provide a more conducive environment for people from five countries to travel and work.

Some BRICS members, especially China and Russia, may be interested in pushing the agenda for liberalising e-commerce, but India will maintain its position that any concession in the area has to be strictly on a best-endeavour basis with no firm commitments, the official added.

India is also not much interested in bringing down tariffs on goods as it will not be comfortable with giving greater market access to cheap Chinese products.

Source: thehindubusinessline.com– July 11, 2021

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Forex reserves rise by $1.013 billion to record high of $610.012 billion

The country's foreign exchange reserves swelled by USD 1.013 billion to touch a lifetime high of USD 610.012 billion in the week ended July 2, RBI data showed on Friday. In the previous week ended June 25, 2021, the reserves had jumped by USD 5.066 billion to reach USD 608.999 billion.

During the reporting week, the rise in the forex kitty was mainly on account of an increase in foreign currency assets (FCA), a major component of the overall reserves. FCA surged by USD 748 million to USD 566.988 billion, as per weekly data by the Reserve Bank of India (RBI).

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves. Gold reserves climbed USD 76 million to USD 36.372 billion in the reporting week.

The special drawing rights (SDRs) with the International Monetary Fund (IMF) rose by USD 49 million to USD 1.548 billion. The country's reserve position with the IMF too increased by USD 139 million to USD 5.105 billion in the reporting week, the data showed.

Source: financialexpress.com – July 11, 2021

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Trade unions, industries paint a grim picture of employment scenario

Trade unions and industrial associations painted a grim picture of the unemployment scenario in the country at a recent meeting of the Labour Standing Committee.

The trade unions demanded urgent measures such as direct cash transfers to address job loss and wage loss, while the representatives of industries demanded a re-look at the current policies to attract investments, investment protocols, direct and indirect tax structures and infusion of technology into approval processes.

The Central Trade Unions, including BMS, attended the meeting and alleged that jobs were forcibly taken away not only in manufacturing sector but even in the service sector.

For instance, domestic workers were asked to stay away from work so that they don't "bring in" Covid infection. Citing ILO estimates, they told the panel that 40 crore Indians are likely to be pushed into poverty due to the recession and the "non-planned" lockouts.

The trade unions are also learnt to have told the panel that the issue of unemployment not only entrenches within itself the micro economics of individual agents like the workers, households and businesses but also the macro economics of growth, production, unemployment, government deficit, level of imports and exports, and the government's response and rescue measures in handling the pandemic and its impact.

According to a member of the panel, the pandemic has impacted employment severely since the early 2020. "According to an estimate, India lost 2.1 crore salaried jobs by the end of August 2020. In India, all salaried jobs put together account for only 21-22 per cent of total employment. Daily wage labourers in the unorganised and agricultural sector constitute more than three-fourths of the total Indian population.

This in real numbers mean more than 10 crore workers having lost jobs. One of the study had put the figure at 12.2 crore job losses, which included 9.5 crore in the informed economy. The sudden lockdown and shutting of shops made this section lose its livelihood," he added.

Pushed below poverty line

The trade unions also presented data before the panel that 32 crore people were pushed below the poverty line during the first wave of the pandemic. “In ILO estimation, 40 crore Indians would face more poverty. Millions from the middle class have slipped into poverty after the second wave. Data shows income of 97 per cent of the households has declined after the pandemic,” the member added.

Representatives of industries such as Assocham, CII and the Chambers of Indian Micro, Small and Medium Enterprises also briefed the panel about the situation. They seem to have told the panel that that there has been a steep fall in earnings during the lockdown period. Citing a survey by the Azim Premji University, they said there is a drop in earnings by around 40 to 50 per cent.

They also cited a Dalberg survey which said there was a decline of 65 per cent in monthly income. “Citing these surveys, they told us that they came to an almost unanimous agreement that nearly 80 per cent of the urban workers lost their livelihoods during the lockdown months and the migrant worker suffered the most. This also resulted in widespread destruction and increase in indebtedness,” another member said.

Source: thehindubusinessline.com – July 10, 2021

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Khadi brand gains strength globally as KVIC secures trademark registrations in these countries

In order to further strengthen and protect the word mark and brand ‘khadi’ globally, Khadi and Village Industries Commission (KVIC), the statutory body for the promotion of enterprises in khadi and village industries under the Ministry of MSME, has secured ‘khadi’ trademark registrations in three more countries – Bhutan, UAE, and Mexico.

The trademarks were secured in Mexico in December last year followed by UAE on June 28, and Bhutan on July 9. According to the MSME Ministry, applications for similar trademarks have been pending in 40 other countries including the USA, Qatar, Sri Lanka, Japan, Italy, Australia, New Zealand, Singapore, Brazil, etc.

The total number of countries where the Khadi trademark has been secured has gone up from six viz., Germany, the UK, Australia, Russia, China, and EU to nine now.

According to the government, KVIC has got registrations in these countries in various classes that pertain to Khadi fabric, Khadi readymade garments and village industry products such as Khadi soaps, Khadi cosmetics, Khadi incense sticks, and more.

In recent years, Khadi’s popularity has seen massive growth in India and abroad due to Prime Minister Narendra Modi’s appeal to adopt Khadi and it has become very important for KVIC to protect the identity of Khadi and safeguard the interest of consumers and lakhs of Khadi artisans who are manufacturing genuine Khadi products, said KVIC Chairman Vinai Kumar Saxena.

KVIC noted instances of some private local entities in countries like Mexico and Germany seeking trademark registration for the brand name “Khadi”.

KVIC had challenged the trademark application of “One Foundation Oaxaca Ac” in Mexico which had applied for the “Khadi” logo. Likewise, a local company in Germany Best Natural Products GmbH had got prior rights in the mark “KHADI” and related marks in the EU and other countries in different classes in 2011.

The commission had last year said it forced e-commerce portals such as Amazon, Flipkart, Snapdeal, and others to remove over 160 weblinks selling products using the brand name of "Khadi". This was in wake of KVIC serving legal notices to over 1000 firms using the brand name "Khadi India" to sell their products and thus "causing damage to its reputation and the loss of work to Khadi artisans," a statement had noted.

Financial Express Online had reported in May this year that Khadi sales had bounced back in FY21 with 3.6X growth from the preceding year. According to the MSME Ministry dashboard data, 2,790 Khadi institutions involving 4.97 lakh artisans reported Rs 3,079.13 crore in sales, up from 2,687 Khadi institutions involving 4.96 lakh artisans reporting sales worth Rs 840.97 crore in FY20.

"There were a lot of government orders that we had received last year. While during the pandemic there was no sale but we had launched the online sale that supported our growth. Moreover, after khadi outlets were allowed to open last year, aggressive marketing was undertaken and customers had also started accepting local products," Saxena had told Financial Express Online.

Source: financialexpress.com – July 11, 2021

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More firms looking at Telangana's textile sector

The textile sector in Telangana is poised for a major thrust that would place it on a different orbit with more than a dozen companies in serious dialogue with the State government on investments to set up their manufacturing units in various parks across the State.

If Korean textile giant Youngone Corporation provided the trigger with its decision in April to set up manufacturing units and start operations at the Kakatiya Mega Textile Park (KMTP) within six months, the announcement by Kerala-based Kitex Group, the world's second largest manufacturer of kids' apparel, to invest Rs 1,000 crore for establishing manufacturing units at KMTP is expected to serve as a major impetus.

Many national and international companies are now looking at Telangana to set up their units.

"Dialogues are on with 12 to 13 potential investors and the discussions are in different stages. While talks with some companies are in final stages, the rest are in the initial and mid-level stages," a senior official from Handlooms and Textile Department told Telangana Today.

Since State formation, the State government has accorded top priority to the development of textiles and apparel sector. In the last few years, there has been a steady inflow of investments from various companies to set up their units in different textiles parks across the State, the official pointed out.

Early this year, the Department of Handlooms and Textiles signed a Memorandum of Understanding (MoU) with Gokaldas Images Private Limited (GIPL) for setting up a 500-machine garment factory in Sircilla.

The plant will manufacture knitted inner-wear for export employing 1,100 persons, of whom about 75 per cent will be women. Established in 1978, GIPL is one of the first garment exporters from India. The company has 15 factories across the country and employs more than 10,000 persons.

After its first investment of Rs 1,150 crore at Chandanvelly in Rangareddy for carpet tiles manufacturing, US conglomerate Welspun Group made its second investment of Rs 415 crore for an advanced textiles project.

The plant will use non-woven technologies to manufacture high performance innovative material including personal protection, medical disposables, hygiene, cosmetic, coating substrate and others. The plant will be commissioned by September 2021.

Ganesha Ecosphere, which is into extracting fibre from used PET bottles, commenced construction works at KMTP. The company is setting up two projects under two subsidiaries Ganesha Ecotech Private Limited and Ganesha Ecopet Private Limited. Ganesha Ecopet will set up a recycled Polyester Filament Yarn plant with an investment of Rs 300 crore in 30 acre employing over 500 persons.

The plant will be operational by October 2022. Ganesha Ecotech will set up a washed PET flakes and polypropylene fibre plant with nearly Rs 200 crore investments in 20 acre and employ over 500 persons. The plant will be operational by June 2022.

After commissioning the first weaving unit in November 2019 at Whitegold Spintex Integrated Textile Park in Ibrahimpatnam, Divya Textiles commenced three additional units during the 2020-21 financial year. Five more units are under construction. The line of activity will be primarily weaving, garments and technical textiles.

There were some disruptions in execution of works at developmental projects in Warangal and Sircilla due to Covid-related lockdown during summer last year. But works at Apparel Park, Weaving Park and Common Facility Centre at Sircilla and KMTP picked up pace later in the year. A few important projects in Chandanvelly, Rangareddy were flagged off during the second half of 2020-21.

Source: telanganatoday.com – July 12, 2021

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Plug-and-play textile park project mooted

The State government was receptive to the concept of plug-and-play textile parks that the garment industry had mooted, said Raja M. Shanmugham, president of Tiruppur Exporters' Association.

Mr. Shanmugham told The Hindu he met the Tamil Nadu ministers and officials who were related to the garment industry on Friday and suggested the need for more textile parks that offered plug-and-play facility.

"We got a call from SIPCOT in a couple of hours about nearly 700 acres acquired by it near Madurai. The government is ready to develop it into a textile park based on the model we had suggested and has sought our views.

The ministers and officials were very receptive to our suggestions," he said. The government was particular about developing the industry, economy, and the southern districts, Mr. Shanmugham added.

Members of the Indian Texpreneurs Federation (ITF) also met the ministers and officials and presented their views on the growth opportunities for the textile and clothing industry in the State for large, medium and small-scale units, said Prabhu Dhamodharan, convenor of the Federation.

"The officials are looking for our suggestions, want to take measures that will trigger economic growth, and are very responsive," he said.

Source: thehindu.com– July 09, 2021

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