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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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INTERNATIONAL NEWS

China bogey hits exports

Shutdown of a few Chinese ports has a spiral effect on Kerala shipments

The recent shut-down of some of the Chinese ports following rising Covid-19 infections has begun to bite Kerala's exporters. They fear the emerging situation will lead to a further surge in freight costs and worsen container shortage woes, especially when shippers across sectors are gearing up for Christmas demand.

With lockdown restrictions being eased in a phased manner post the second wave of Covid-19 in India, trade sentiment was expected to pick up and recover quickly. However, currently, one of the key issues troubling traders is the shortage of containers because of which there are bottlenecks pertaining to inventory supply, blank sailing and port congestion.

All India Spices Exporters Forum says that those who have signed off long-term CIF (cost, insurance and freight) contracts are losing as customers seldom agree to revise contracts. As a result, exporters are unable to compete in the global market due to increased freight cost and adhere to commitments given to international customers. This leads to a delay in delivery or cancellations of orders.

The freight from China to Europe and the US have sky-rocketed and hence shipping lines prefer this route, which is also affecting Indian traders. Boxes which are not returning from the US and Europe are creating further shortages.

Additionally, congestion at some of the major ports in China and Europe has aggravated the situation by increasing the turnaround time of vessels and containers. As a domino effect, the availability of boxes in Asian countries, including India was affected, spices exporters said.

For coir products, the rising shipping rate has added to their cost. A 20-foot container to the US which was available at $3,000 is now at $14,000, while that of a 40-foot has gone up to $18,000 from $5000, says Mahadevan Pavithran, Managing Director, Travancore Cocotuft.

Dropping imports

“Even if you are willing to shell out this much money, you will get a message from shipping lines saying that the booking has been declined due to shortage of containers. There are no boxes available in Kochi as Chinese imports have come down,” he told BusinessLine.

The grounding of air freight due to fewer international flights on the back of air travel restrictions had a multiplier effect. Some of the air freight business is being pushed to sea, thus putting additional pressure on container shipping.

Shaji Baby John of Kings Infra Ventures, a Kochi-based seafood exporter, said that the monthly increase of freight cost for reefer containers was 10-15 per cent. The soaring rates will have an impact on the financials of many companies.

The freight cost to the US alone has witnessed a five-fold increase, besides creating a container shortage. Exporters have started batting for domestic manufacturing of containers considering the availability of space in shipyards as well as technology. Some manufacturing orders are being processed as a pilot and they need to be reviewed to test the feasibility of attaining economies of scale.

China has cornered world trade by systematically investing in shipping and container manufacturing. However, India has not even started investing or subsidising these industries in its efforts to boost exports. By withholding containers, China is dictating world freight, thereby putting India in a disadvantageous position vis-à-vis Chinese products, adds Pavithran.

Source: thehindubusinessline.com– Sep 05, 2021

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Economic activity in US manufacturing sector grows in Aug: ISM

Economic activity in the US manufacturing sector grew in August, with the economy notching a 15th consecutive month of growth, says the latest Manufacturing ISM Report on Business released by the Institute for Supply Management based in Tempe, Arizona. The August manufacturing purchasing managers' index (PMI) was 59.9 per cent, a rise of 0.4 percentage point from the July reading of 59.5 per cent.

This figure indicates expansion in the overall economy for the 15th month in a row after contraction in April 2020.

New orders and production are growing; employment is contracting; supplier deliveries are slowing at a slower rate; backlog is growing; raw materials inventories are growing; prices are rising; and exports and imports are growing in the United States, ISM said in a press release.

The new orders index registered 66.7 per cent, increasing 1.8 percentage points from the July reading of 64.9 per cent. The production index registered 60 per cent, an increase of 1.6 percentage points compared to the July reading of 58.4 per cent.

The prices index registered 79.4 per cent, down 6.3 percentage points compared to the July figure of 85.7 per cent; this is its first reading below 80 per cent since December 2020 (77.6 per cent).

The backlog of orders index registered 68.2 per cent, 3.2 percentage points higher than the July reading of 65 per cent.

Source: fibre2fashion.com– Sep 06, 2021

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US-based FLA documents increased worker wages in China, Vietnam

US-based Fair Labour Association (FLA) has documented significant increases in net wages—ranging from 29 per cent to 57 per cent over a three-year period—in a recent report.

The rise allowed factory workers in China and Vietnam to earn a living wage without working overtime. Factory workers in the supply chains of three FLA affiliates earned more wages during the regular workweek as factories reduced excessive overtime.

Excessive overtime is a persistent issue in apparel factories around the world and a common violation of the FLA standard on hours of work. “A better quality of life for factory workers is within reach when buyers, suppliers, and workers collaborate to achieve a living wage in a regular workweek,” said FLA president and chief executive officer Sharon Waxman in a press release.

The report, ‘Reaching Living Wage for Garment Workers’, presents practical approaches to achieving a living wage through better purchasing practices by buyers and better planning by factory management. Case studies in the report identify the root causes of excessive overtime and describe how buyers, suppliers, and workers collaborated to improve wages and reduce overtime.

Changes at the factory level included workforce engagement to ensure worker feedback was included as factories implemented new systems. The new approaches replaced outdated and insufficient piece-rate systems, allowing workers to earn higher base wages and diversified bonuses that rewarded quality and efficiency.

The changes resulted in reduced overtime and wage increases during the regular workweek, exceeding the applicable Global Living Wage Coalition estimates.

For example, in China, New Era and its contract factory in Jiangsu began to talk more regularly about production capacity and upcoming orders. The factory adopted a higher base wage (replacing an hourly wage) and invested in new machinery to simplify production. Within two years, workers’ monthly net wages increased 57 per cent.

In Vietnam, the Maxport Limited production facility in Nam Dinh changed its production planning schedule to assume a shorter workweek, built in time to account for unanticipated delays, and set stricter purchasing guidelines for its customers.

Over a five-year period, the average increase in real wages was 39 per cent, according to the press release.

The report is part of the FLA Fair Compensation Strategy, which outlines a path toward living wages for workers in global supply chains.

Source: fibre2fashion.com– Sep 06, 2021

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US spot cotton prices reach their highest weekly average

US spot cotton prices reached their highest weekly average since June 14, 2018 at 88.35 cents per pound for the week ended August 12, according to the US Department of Agriculture (USDA).

As per a China Textiles report, the weekly average increased from 86.31 cents the prior week and from 57.62 cents a year earlier. Most benchmark cotton prices increased last month, with the value for the December NY/ICE futures contract holding between 88 cents and 90 cents per pound, according to the monthly update from Cotton Incorporated.

In early August, futures reached levels over 93 cents per pound, Cotton Inc noted. Also in the past month, the A Index, an average of global cotton prices, breached $ 1.00 per pound for the first time since June 2018, just before the first round of U.S.-China tariff increases went into effect. The Chinese Cotton Index also ticked up last month, resulting in prices increasing to USD 1.24 per pound this month from USD 1.16 in early July.

The International Cotton Advisory Committee's (ICAC) current price forecast of the season-average A index for 2021-22 ranges from 73 cents to $1.25, with a midpoint at 95.43 cents per pound.

Source: fashionatingworld.com– Sep 04, 2021

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Pakistan: Economic recovery and inflation

The economy is treading its path in the recovery phase. It has started to experience challenges on the external front.

Although there is a slight uptick in the statistics of exports, imports have outpaced exports by a great margin. Provisional statistics of August 2021 shows that trade deficit has crossed the $4 billion mark, which is quite unprecedented.

Remittances have almost remained at the level of last year. In order to maintain the current trend of remittances, the government has already announced incentives as there is expectation of a slight decline.

In addition, the Roshan Digital Account (RDA) is gradually getting capital from overseas Pakistanis. Critics are of the opinion that the dollar return is very high as compared to other options available to the overseas Pakistanis. That is the reason expatriates are gradually pouring money into the RDA. The government has already taken commercial loans through Eurobonds. In addition, the International Monetary Fund (IMF) has extended $2.75 billion as a Special Drawing Right (SDR) allocation.

The State Bank of Pakistan (SBP) has not intervened in the inter-bank market to defend the rupee. All these factors have contributed to an all-time high foreign exchange reserves of $20.15 billion.

Despite the fact that Pakistan has record high foreign exchange reserves, the inflation situation is tricky. The headline inflation is around 8.5%, which provides an opportunity to policymakers to justify their position.

Core inflation is in a range which justifies the current policy rate. It also shows that demand pressure is modest in the economy.

The Sensitive Price Indicator (SPI) has been in double digits for the last couple of years. It affects the poorest segment of the population. This segment has been facing acute economic challenges and there are clamours sporadically.

Imported inflation has been on the rise since March 2021. This high inflation has made imported food items dearer. Therefore, cooking oil, pulses and tea prices have been on the uphill.

The economy is experiencing double-digit food inflation where demand for food surpasses its supply. The imported inflation has started to hurt the construction sub-sector. Raw materials like cement, steel and paints have become very expensive.

Specifically, steel and cement prices have increased in the past one year. Now, the stakeholders have started to ask the government for concessions and relief.

In addition, the oil prices have increased and Pakistani economy is a net importer of oil. The government has not fully passed the impact of high international crude oil prices on to people in the last couple of months.

There is a slight increase in merchandise exports in the current financial year. Textile group constitutes around 62% of the total merchandise exports. The growth in textile exports will increase the demand for food as the consumption basket for workers constitutes the maximum percentage of food items.

Food inflation will reduce the real wage of workers. Therefore, the real income of workers decreases and they will not be able to buy industrial products in adequate quantity. On this basis, the high food inflation will create supply bottlenecks.

In short, cautious optimism is the word associated with the current recovery. The SBP focuses on demand management by adjusting the policy rate while food inflation is controlled through administrative measures.

Under the emerging situation, the inflation growth requires adequate agricultural production in order to match the demand for and supply of food.

In the absence of required agricultural production, the economy will remain in slumpflation. Let us see what kind of steps the government takes to increase agricultural production.

The writer is the Assistant Professor of Economics at SDSB, Lahore University of Management Sciences (LUMS)

Source: tribune.com.pk– Sep 06, 2021

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Pakistan: Weekly Cotton Review: Market stability preceded by significant fluctuations

According to the revised estimates of the Cotton Crop Assessment Committee (CCAC) it is expected that cotton production will be 8.46 million bales.

According to CCAC 18 Lac bales were produced in the country till September 1.

Cotton production in the country will be 150% more as compared to last year's production in September. Rains can affect the cotton crop. Power loom owners were worried about the increasing rates of cotton yarn.

In the local cotton market during the last week textile and spinning mills continued their buying, while ginners also took interest in trading.

The increasing trend in the rate of cotton remained continued for two days in the opening of the week but on Wednesday under the influence of rate of New York Cotton which is very high, it started decreasing and the bearish trend prevailed in the local cotton market. The reason behind increasing trend in the New York Cotton was increasing threat of hurricane which can affect the cotton crop but after the coming of the news that it will not effect cotton crop the bearish trend prevailed in the cotton market.

The local textile and spinning mills also reduced their buying while due to panic ginners started selling their cotton at lower rates. This is the reason that rate of cotton reached at the highest level and then started decreasing. The rate of cotton has decreased by Rs400 to Rs600 per maund.

The rate of cotton in Sindh after decreasing from Rs13800 to Rs14000 per maund reached at Rs13450 to Rs13900 per maund. In the same way the rate of cotton in Punjab reached at the highest level of Rs13900 to Rs14450 per maund, and then after decreasing it reached Rs13800 to Rs14000 per maund.

The rate of Phutti also witnessed a decrease of Rs200 to Rs300 per 40kg. Moreover, after the increase in the Rate of Promise (Waday Ka Bhao) of New York Cotton by two American cents the market was stable.

Under the influence of Rate of Promise (Waday Ka Bhao) of New York Cotton the fluctuation of Rs1000 was witnessed in the rate of cotton in local market. Due to the rains in the cotton producing areas of Punjab and Sindh quality of cotton may be effected.

On the other hand, on Thursday evening the USDA weekly export report shows a decline of 57 %. The report had no impact on market. In the same way, there was no impact of the report of the Cotton Crop Assessment Committee (CCAC) on the market which shows decline in the cotton production target by 19.5 percent, i.e., from 10.5 million bales set for 2021-22 to 8.46 million bales, after missing the sowing target by 13.4 percent.

The Cotton production in the country will be 17 Lac ninety one thousand bales till September 1, 2021. Cotton production in the country will be 100% more as compared to last year's production in September 15.

According to the statistics released by Pakistan Cotton Ginners Association till September 1, the cotton production in the country will be 17 Lac ninety one thousand bales. Although, the report the report was not published last year but the report will be compared with the report of September 2019 in which 13 Lac fifty five thousand bales were produced the cotton production is 23 % more and if we compared it with September 2020 the cotton production was 10 Lac thirty five thousand bales which is around 7 Lac thirty five thousands bales more around 70% more as compared to last year.

According to the estimates cotton production will be in between 22 to 23 lLac bales till September 15 which is 150 % more as compared to the last year production.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that the reasons for the decline in cotton production in the country this year is that the sowing of cotton has taken place before its traditional timeframe. Cotton production is; however, still satisfactory.

Weather conditions are also favourable for cotton production and threat of disease is also reduced. The rains had not affected the crop as much as compared to last year. Per acre yield and rate of Phutti has increased.

The rate of cotton in Sindh after fluctuation is in between Rs13500 to Rs14000 per maund. The rate of Phutti is in between Rs5700 to Rs6100 per 40 Kg. The rate of Banola is in between Rs1650 to Rs1750 per maund. The rate of cotton in Punjab is in between Rs13800 to Rs14300 per maund. The rate of Phutti in Punjab is in between Rs5700 to Rs6200 per 40 Kg. The rate of Banola is in between Rs1750 to Rs1800 per maund. The rate of cotton in Balochistan is in between Rs13800 to Rs13900 per maund. The rate of Phutti is in between RS6200 to Rs6900 per 40kg. The rate of Banola is in between Rs1800 to Rs1900 per maund.

The Spot Rate Committee of the Karachi Cotton Association has decreased the spot rate by Rs150 per maund and closed it at Rs13900 per maund.

Naseem Usman also told that overall bearish trend was witnessed in the international cotton market. The Rate of Promise (Waday Ka Bhao) of New York Cotton after increasing reached at 95 American cents decreased and reached at 92.50 American cents. Later after increasing it reached at 94 American cents. Overall bearish trend was witnessed in the rate of cotton in Brazil and Central Asian States. The bearish trend was witnessed in the rate of cotton in India due to the partial arrival of new cotton crop.

The Cotton Crop Assessment Committee (CCAC) revised downward the cotton production target by 19.5 percent, i.e., from 10.5 million bales set for 2021-22 to 8.46 million bales, after missing the sowing target by 13.4 percent.

A meeting of the CCAC was held on Wednesday, which was chaired by Syed Fakhar Imam, Federal Minister for National Food Security and Research. Representatives of cotton growers, provincial agriculture departments, associations and senior officials of the NFS&R also attended the meeting.

Official sources revealed that a briefing was given to the committee and it was informed that sowing target was set at 2.310 million hectares; however, cotton was sown on 1.871 million hectares i.e., and hence 83.2 percent of the sowing target was achieved.

According to official documents, Punjab cultivated cotton on 1.279 million hectares against the target of 1.610 million hectares, i.e., missing the target by around 21 percent. Sindh was projected to cultivate cotton on 0.640 million hectares, but 93 percent target was achieved, i.e., 0.592 million hectares were cultivated. Khyber-Pakhtunkhwa (KPK) and Balochistan were projected to cultivate cotton on 0.0022 million hectares and 0.070 million hectares, respectively.

Sources revealed that the meeting was informed that after missing the sowing target, Punjab is estimated to produce 4.53 million bales of cotton against the target of 6.07 million bales set for 2021-22. Sindh is projected to produce 3.50 million bales against the target of four million bales. KPK will produce 0.0002 million bales against the target of 0.00417 million bales, while Balochistan is projected to produce 0.43 million bales, which was targeted for 2021-22.

The country is likely to miss its cotton production target

However, an official handout stated that the minister Imam welcomed the participants and thanked their participation and invited them all to share their feedback and recommendations for the development of cotton crop in Pakistan.
Imam was told that the province of Sindh expects production of 3.5 million bales in this season. He was briefed that the climate in this season has been much better than the last season and due to less rainfall overall production is expected to increase. The production of cotton in Punjab is expected to touch 4.5 million bales at an increase of approximately 8.5 percent from last year. Overall cotton production is expected to reach 8.46 million bales.

The minister was briefed that the year 2020 saw 398.6 mm rainfall, which had a devastating impact on the production, whereas, this year the rainfall was 78.6mm, which has improved the prospect of overall production.

Furthermore, he was told that the attack of Mealybug and Whitefly and CLCuV remained significant, which has adversely affected the production of cotton.

The production of cotton has reached the lowest level in the history of Pakistan. The rates of imported cotton are also very high due to which the rate of cotton yarn is almost double. The factory owners were worried because their production cost has doubled.

According to the factory owners, as their production cost has doubled because of the increase in the prices of cotton yarn, resultantly the textile exports have decreased by 11 %. The power loom industry which had came out of the crisis is once again in deep crisis.

Factory owners say the most expensive electricity is the reason for the increase in power loom sector. The price of electricity increases by Rs 1 to Rs 2 per unit every month. When this government came in to power, one electricity unit was of Rs13 which is now reached at Rs 27. Another reason is speculations behind destruction of power loom sector. Power loom owners have demanded from the government to take steps to bring down the prices of electricity and yarn.

Chairman of National Business Group Pakistan, President Pakistan Businessmen and Intellectuals Forum, and All Karachi Industrial Alliance, and former provincial minister Mian Zahid Hussain on Saturday said monthly exports of textile have reached to the mark of almost 1.5 billion dollars which is an encouraging sign.

Textile exports during last year's July were 1.272 billion dollars which have now jumped to 1.471 billion dollars, a jump of 15.61 percent, he said.

Mian Zahid Hussain said that local production of cotton should be increased and coupled with some other measures to boost exports.

Talking to the business community, the veteran business leader said that the exports sector also rely on imports to manufacture products whose cost sometimes increases by 35 percent; therefore, import duties on import of raw material should be reduced to boost exports.

He said that cotton production should be enhanced as 49 thousand tonnes of raw cotton has been imported in a month which is hitting the Forex reserves and increasing cost of doing business.

He noted that ease in lockdowns in the US and EU has contributed to enhanced exports which have prompted an increase of 96 percent in import of textile machinery which also reflects confidence of importers.

He suggested controlling hike in value of the dollar, resolve the issue of expansive energy and tackle other issues to improve confidence and exports.

Source: brecorder.com– Sep 06, 2021

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Bangladesh: 'Rise in export earnings was expected'

Exporters of the country said that the rebound in export receipts for August in the current fiscal year was anticipated.

Exports had suffered a setback in July, the first month of the current financial year 2021-22. But it returned to positive growth the next month, banking on the support of the apparel sector. According to the recent data of the Export Promotion Bureau (EPB), export earnings saw a 14% growth year-on-year in August of this year, following a more than 11% slump just a month ago.

Bangladesh earned $3.38 billion, backed by the apparel shipments, in the second month of FY22, which was $2.97 billion in the August of the last financial year, according to the EPB data. However, export earnings declined 0.31% year-on-year in July and August combined, which was $6.87 billion in the same period of the last year, and $6.85 billion in the current fiscal.

Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said that there was a backlog due to Eid, lockdowns and port issues in July, so a number of products were unshipped. “That's why exports increased last month. But our hope is that there will be growth in the coming months. Exports will increase further in November-December,” he added.

He also said that, however, exports are still 1.27% lower year-on-year in July-August combined. This was mainly due to the 11% negative growth of exports in July which has also affected the exports of August.

“We have plenty of purchase orders from our buyers as their stores are fully operational after mass vaccination. So, exports will increase significantly in the coming months,” he added.

He also said that, unofficially, Bangladesh has already gotten back the 2nd place by overtaking Vietnam again and it will be announced officially soon. Exporters also said that major export sectors of the country have experienced a rise in the export in August and it is a positive vibe for them.

Mohammad Hatem, vice-president of the BKMEA, said that more than 17% growth in knitwear exports is certainly expected and desirable.

“We expect export earnings to be 20-25% in the coming months. Demand for this specialty has grown significantly as a result of the return of normalcy in Europe and the Americas. The sector is getting more purchase orders,” he added.

He also said that they are not able to take adequate orders due to the instability of yarn prices. The price of yarn in Bangladesh is much higher than any other country, like India, Pakistan.

Sources from Bangladesh Tanners Association said the leather and leather goods registered a positive growth in the last month and it is good news for them. The stores in Europe and America are being opened on a large scale after the mass vaccinations during the pandemic, so the demand is increasing significantly.

However, Moniruzzaman Mridha, vice-president of the Bangladesh Jute Spinners Association (BJSA), said that the jute industry has been lagging behind for a long time due to the pandemic.

“Illegal stockpiling of jute should be stopped. Many unlicensed people are entering the industry despite not having industrial knowledge, they need to be controlled,” he added. He also said that steps should be taken to boost domestic consumption by implementing the governmental instructions of using jute bags for packaging.

The EPB data said that all major sectors such as agriculture products, leather and leather products, home textiles, frozen and fresh fish, engineering products, pharmaceuticals, specialized textiles, plastic products have recorded positive growth except jute and jute goods.

Apparel sector, bearer of more than 82% of the export earnings, fetched an 11.56% growth year-on-year last month with exports worth $2.75 billion, up from $2.46 billion in the same month last year.

But shipments of the apparel sector slightly dipped by 1.27% year-on-year to $5.64 billion in July and August combined in 2021, which was $5.71 billion in the same period of the last year, said the EPB data.

Source: dhakatribune.com– Sep 05, 2021

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NATIONAL NEWS

Deciphering the RoDTEP Scheme for exporters

The Merchandise Exports from India Scheme (MEIS) for specified goods and Service Exports from India Scheme (SEIS) for exports of notified services were introduced under Foreign Trade Policy (FTP) 2015-20. MEIS incentivizes exporters at the rate 2, 3 and 5 % of realized FOB value of exports while SEIS offers at 3% or 5% of net foreign exchange earned by a service exporter.

During the mid-term review of FTP these rates were increased by an additional 2% for about 2250 labor intensive/MSME items as well as 2% for all service categories. As on 31st December, 2020 (sunset date for MEIS), eligible HS lines under MEIS were over 7400.

The value of scrips issued under MEIS Scheme for years 2018-19, 2019-20 and April-October, 2020 was Rs 39,298 crores, Rs 39,046 crores and Rs 13,340 crores while under SEIS Scheme was Rs 4,263 crores, Rs 7,114 crores and Rs 3,288 crores.

RoDTEP Scheme is primarily a replacement of MEIS Scheme which was challenged by the US at WTO wherein a dispute panel in the WTO ruled against India. It stated that the export subsidy programmes that were provided by the Government of India distorted trade by providing direct subsidies and these subsidies were found to be inconsistent with Articles 3.1(a) and 3.2 of the SCM Agreement. It is worth noting that under Article 3.1 of the WTO's SCM agreement, all developing countries with gross per capita of $1,000 per annum for three consecutive years are required to stop all export incentives and this threshold limit was crossed by India.

Ministry of Commerce & Industry has on August 17, 2021 notified RoDTEP Scheme w.e.f. 1st January, 2021. Under the RoDTEP, various Central and State duties, taxes, and levies imposed on input products like taxes such as duty on power charges, VAT on fuel in transportation, farm sector, captive power generation, mandi tax, stamp duty and central excise duty on fuel used in transportation, among others, would be refunded to exporters, as a %age of F.O.B. value of exports. This would be done in the form of e-scrips that can be used for payment of Basic Customs Duty.

The tax refund rates range from 0.5% to 4.3% for various sectors. The rebate allowed is subject to the receipt of sale proceeds within time allowed under the FEMA, 1999. The RoDTEP coupled with GST refund and Duty Drawback ensure that products exported do not contain any incidence of taxes and duties.

The rates of RoDTEP will cover 8555 tariff lines. For the RoDTEP scheme, as per Commerce Secretary B.V.R. Subrahmanyam, the amount is Rs12,454 crore and the remaining Rs6,946 crore for RoSCTL would be available for FY 2021-22.

The scheme is available for all the exports/exporters, however, the if the exports is of specified imported goods, exports is through transshipment, products which are subject to minimum export price or export duty, restricted/prohibited, deemed exports, exports from non-EDI ports, etc. shall not be eligible for rebate under RoDTEP Scheme.

Besides, if the supplies of products manufactured by DTA units to SEZ/FTWZ units, manufactured in EHTP, BTP, partly or wholly in a warehouse under section 65 of the Customs Act, 1962, are also ineligible for the RoDTEP Scheme.

Furthermore, it is worthwhile to note that where the products manufactured or exported in discharge of export obligation against an AA or DFIA or SAA issued under a duty exemption scheme of relevant FTP, products manufactured or exported by a unit licensed as hundred 100% EOU and products manufactured or exported by any of the units situated in FTZ or EPZ or SEZ, are also currently under the ineligible list, however, RoDTEP Scheme will be applicable but from a later date based on the recommendations of the RoDTEP Committee.

The scheme excludes certain sectors like iron & steel, articles of iron & steel, chemicals and pharmaceuticals which are doing well without incentives but at the same time includes few new products.

At the time when the RoDTEP Scheme was announced, the excluded categories were clearly mentioned in the instructions and these products were not included in the excluded categories, therefore, it is a challenge for those exporters who have made exports considering the notional RoDTEP rates.

It is worthwhile to observe that since the RoDTEP Scheme is a WTO Compliant and is also a flagship scheme of the Department of Commerce, therefore, things have been kept flexible as there is provision for review the RoDTEP rates on an annual basis which will be notified well in advance before the beginning of a financial year.

However, it needs to be noted that one of the key drivers is the overall budget/outlay for the RoDTEP Scheme that would be finalized by the Ministry of Finance in consultation with the Department of Commerce (DoC), taking into account all relevant factors.

Source: economictimes.indiatimes.com– Sep 04, 2021

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Strong recovery in global apparel trade may keep cotton prices way above MSP

The average cotton prices during April-August was Rs 14,225 per quintal, up from Rs 9,963 a year earlier. This is way higher than the MSP of Rs 6,025 per quintal.
Strong recovery in global apparel trade and retail demand are expected to keep cotton demand robust over the next 6 to 12 months, supporting a further reduction in global cotton stocks, industry experts said.

Cotton prices in the first five months of 2021-22 have been about 43% higher than the same period last year.

The average cotton prices during April-August was Rs 14,225 per quintal, up from Rs 9,963 a year earlier, said Nidhi Marwaha, vice president and sector head, corporate sector ratings, at ratings agency ICRA.

This is way higher than the minimum support price (MSP) of Rs 6,025 per quintal, and trade expects the prices to rule much above the MSP during the next cotton season beginning October 1 as the demand is strong.

Prices are estimated to average 40-45% higher year-on-year in the first half of this fiscal, Marwaha said.

“We expect some moderation in prices in upcoming months with arrivals of fresh crops in the market,” she told ET. “However, despite moderation, we expect prices to remain higher in H2 of FY2022 vis-a-vis H2 FY2021.”

Along with strong local demand for cotton, strong export demand for yarn and cotton is also a key driver for bullish sentiments in cotton trade.

“Increased Covid-19 restrictions in key cotton consuming regions such as China and Vietnam are resulting in demand disruptions, while logistical challenges have also increased,” Marwaha said. “Temporary disruptions apart, the overarching strong recovery in global apparel trade and retail demand are expected to keep cotton demand robust over the next 6 to 12 months, supporting a further reduction in global cotton stocks.”

The trade has seen a significant boost in consumption this year and expects the demand to remain strong in coming months.

“As against the normal consumption of 32 million bales (each bale of 178 kilogrammes) a year, the cotton consumption in the current year has increased to about 36-38 million bales,” said Pradip Jain, president of Khandesh Ginning and Pressing Association, an association of cotton traders from Maharashtra, the second-largest producer of cotton in the country.

There are apprehensions that the delayed cotton sowing in several parts of the country this year because of the monsoon patterns could affect crop quality and yield, despite overall acreage reaching near normal levels towards the conclusion of the sowing season.

However, the present condition of the crop on the ground is reported to be satisfactory in major cotton producing states such as Gujarat and Maharashtra.

“Fortunately, so far, the crop condition is also good, and we expect to get production of 36 million bales of cotton,” Jain said. “However, due to good demand, raw cotton prices may range between Rs 6,500-7,000 per quintal and there can be a further uptake in prices after January.”

Source: economictimes.indiatimes.com– Sep 04, 2021

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Boosting Exports: Govt mulls sops to soften shipping cost blow; TMA scheme to be reintroduced

The crisis hits exporters at a time when they are striving to reap benefits of a resurgence in global demand for merchandise, and threatens the country's ambitious $400-billion export target for FY22.

Worried about an over 300% jump in shipping costs in August from a year before, the government is exploring a range of options–including incentivising the setting up of domestic shipping lines and temporary fiscal support — to soften the blow to exporters.

The crisis hits exporters at a time when they are striving to reap benefits of a resurgence in global demand for merchandise, and threatens the country's ambitious $400-billion export target for FY22.

Sources told FE that the government is weighing both short-term and long-term measures, and a final decision will be made soon. For immediate relief, it's considering demands to extend fiscal support to Covid-hit exporters for the next 6-7 months to bolster their ability to honour supply commitments on time. For exporters of specified farm products, it's planning to re-introduce the Transport and Marketing Assistance (TMA) scheme for at least one more year.

Under the TMA, which was valid for two years through March 2021, the government reimbursed exporters a certain portion of freight charges and offered assistance for the marketing of select agricultural produce.

As for long-term measures, the government is weighing various ideas, including tax and other incentives, to woo large players to set up shipping lines in India. Since the state-run Shipping Corporation of India (SCI) caters for less than 5% of the $60-billion domestic market, it's not in a position to ensure orderly evolution of the shipping cost curve, exporters say. As such, the government has put the SCI on the block for sale.

The Centre also wants to encourage domestic companies to ramp up the production of containers, an acute shortage of which has accentuated the current crisis.

The crisis has caught the attention of the higher echelons of the government. Cabinet secretary Rajiv Gauba held a meeting of top officials on Wednesday and the shipping ministry convened another one on Thursday, commerce secretary BVR Subramanyam said. Commerce and industry minister Piyush Goyal is expected to huddle with top government and trade officials again this week to zero in on viable solutions.

To be sure, shipping costs have gone through the roof across the globe and India isn't an outlier. In fact, the costs in China have surged at a much faster pace than in India. The resurgence of Covid infections in the world's second-largest economy and consequent restrictions there have led to a delay in turnaround time for ships. Trade sources said Chinese suppliers are luring large ships with higher freight charges. However, given Beijing's massive covert subsidies, the competitiveness of its exporters remains intact. So, the Indian government, too, must find ways to cushion the blow to them, domestic exporters say.

Importantly, the suppliers' delivery times index, which has a 15% weight in the manufacturing PMI, dropped again in August across Asia, indicating that supply woes are only exacerbating. Depleting inventories and input shortages could force firms to trim manufacturing and delay shipments.

The crisis comes at a time when demands for merchandise from key western markets see a sudden spurt in the wake of an economic rebound there. After a Covid-induced 7% drop in FY21, the country's exports until August have now exceeded even the pre-pandemic level for six months in a row. Outbound shipments in the first five months of this fiscal rose to $164 billion, recording a jump of 67% year-on-year and 23% from the pre-Covid (same period in FY20) level.

The Cabinet, in July, approved a Rs 1,624-crore scheme to promote the flagging of merchant ships in India by extending subsidy to domestic shipping companies in global tenders floated by ministries and central public sector enterprises. Although it's a good move for the medium-to-long term, it doesn't really extend succour to deal with short-term woes, exporters reckon. As such, the scheme alone won't be adequate to address exporters' woes.

Ajay Sahai, director general and chief executive at apex exporters' body FIEO, also called for substantially raising the budgetary outlay for the TMA scheme for farm exporters and relaxing the eligibility criteria. The budgetary outlay for FY21 was only Rs 100 crore. This crimps the government's ability to undertake large-scale interventions. Also, many farm exporters are small businesses that supply in limited volumes. However, the government stipulates that, to be eligible for subsidy under the TMA scheme, an exporter needs to ship out at least a container full of goods.

Source: financialexpress.com– Sep 06, 2021

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Stalin announces cancellation of market levy on cotton

Says one per cent fee should only be levied on cotton bales, not cotton and cotton waste

A one per cent market levy on cotton and cotton waste would be withdrawn and the relevant legislation shall be suitably amended to give effect, Chief Minister of Tamil Nadu, M K Stalin, announced in the Assembly on Saturday.

Citing representations from weavers and entrepreneurs, Stalin said the levy of one per cent fee by the market committee "is cancelled," and an amendment Bill would be passed in the ongoing Assembly session.

TNAPM Act

Under the Tamil Nadu Agricultural Produce Marketing (Regulation) Act 1987, one per cent fee – based on the sale value – is levied on cotton and cotton waste by the market committee.

While such a fee should be levied only on cotton bales, cotton and cotton waste also face the one per cent fee, Stalin said.

Due to this, small mills faced huge difficulties and withdrawal of levy on cotton has been a long time demand of weavers and entrepreneurs, he said. During a consultation after his government assumed office on May 7, this request was reiterated. Considering such requests, the one per cent market levy is cancelled, he added.

According to the TNAPM Act, the market committee shall levy a fee on any notified agricultural produce bought or sold in the notified market area.
Source: thehindubusinessline.com– Sep 04, 2021

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Textile bodies welcome Tamil Nadu's move to remove 1% cotton cess

Textile trade bodies have welcomed the announcement of the Tamil Nadu government on the withdrawal of one per cent cess on purchase of cotton and cotton waste.

Chairman of Confederation of Indian Textile Industry T Rajkumar told reporters here on Saturday that the scrapping of cess, which was a long-pending demand, would benefit cotton farmers and the industry across the cotton textile value chain.

The Southern India Mills' Association lauded the decision on the revoking of the tax as it would benefit 200k farmers and help increase cotton production from 500k bales to 2.5 million bales by 2030.

This would also encourage farmers to switch over to cotton crop from other cash crops and may benefit 1 million farmers in the long run, the trade body said.

The removal of the cess would attract several private cotton traders and the Cotton Corporation of India to open depots in the state and sell the cotton on a daily basis to small spinning mills, the trade bodies said, adding that this would reduce the working capital requirements and also the cost, time and transportation.

Source: hindustantimes.com– Sep 05, 2021

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Co-generation of power suggested for process industries

It would improve the efficiency of such units and quality of products, speakers at a webinar

Co-generation of power by certain process industries would improve the efficiency of such units and as also the quality of products, speakers at a webinar on Dr. Narla Tata Rao 20th Endowment Lecture organised by the Telangana State centre of the Institution of Engineers (India) said on Saturday.

Interruption in power supply to certain process industries would affect not only the quality of their products but impact their operation and economics. Having co-generation facility by such industries would not only ensure reliable power supply to such industries but also act as an energy conservation tool, senior Professor S.M. Zafarullah said.

The concurrent generation of process steam and electricity in an integrated unit would be produced separately without consideration of each other.

Both the power utility and industry would be benefited by co-generation, he explained. Further, co-generation would mean utilisation of less fuel and less emission of CO_2. It would also help utilisation of non-conventional energy material such as rice and corn husk, municipal waste and bagasse.

All the process industry such as sugar factories, textile mills, paper mills and heavy industries such as iron and steel mills, glass and cement factories could make best use of co-generation, he said.

Co-generation would further reduce power cuts and bring down the peak load on the transmission and distribution system and would eliminate line losses. Chairman of IEI Telangana Ramana Naik, secretary T. Anjaiah and joint secretary G. Radhakrishna participated.

Source: thehindu.com– Sep 05, 2021

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MSME jobs: Workforce at units registered on new Udyam portal in 12 months make up 30% of employment

The government in June this year had given an extension to MSMEs with Entrepreneur Memorandum – II or UAM registrations, which were valid up to March 31, 2021, till this year-end.

Ease of Doing Business for MSMEs: The number of people employed with MSMEs registered on the new Udyam Registration portal — launched in July last year to replace the erstwhile process of filing for Udyog Aadhaar Memorandum (UAM) — now make up 30 per cent of the total employment in the MSME sector.

As of June 30, 2021, 35,29,084 MSMEs registered with the new portal had 3,35,90,084 (3.35 crore) people employed, according to the latest government bulletin analysing the Udyam Registration's data, out of 11.09 crore employed with 6.33 crore MSMEs in India. During the 12-month period, the 35.29 lakh Udyam-registered MSMEs represented only 5.5 per cent of the total MSME base in the country.

93 per cent (32.79 lakh) of the registered MSMEs on the new portal were micro enterprises while only 6 per cent (2.21 lakh) were small, and just 1 per cent (28,073) were medium enterprises. This mirrored bifurcation in the overall base as well. Micro enterprises represented over 99 per cent of 6.33 crore MSMEs while only 0.52 per cent and 0.01 per cent were small and medium enterprises, as per the MSME Ministry's FY2021 annual report.

The data also showed that in terms of the amount of investment in plant and machinery made by MSMEs registered on the Udyam Registration portal, 92 per cent of MSMEs, which were micro enterprises, had an investment of less than Rs 25 lakh. Moreover, 85 per cent of registered MSME had a turnover of only up to Rs 1 crore. With respect to the sectoral distribution, the highest numbers of registered MSMEs were involved in the manufacturing of food products, food and beverage service activities, land transport, other personal service activities.

Importantly, the government in June this year had given an extension to MSMEs with Entrepreneur Memorandum – II or UAM registrations, which were valid up to March 31, 2021, till this year-end. The Reserve Bank of India (RBI) had said last year that existing EMs II and/or UAMs of MSMEs obtained before June 30, 2020, will continue to remain valid till March 31, 2021, even as MSMEs had to register on the Udyam Registration portal before March this year.

Earlier, small-scale industrial units had to register themselves with the District Industries Centres (DICs) before the MSME Development Act, 2006, came into effect. Later under the provisions of the act, entrepreneurs had to file EM-I at DICs before setting up the MSME and EM-II after beginning the production work. Between 2007-2015, there were 21,96,902 EM-II filings, and between September 2015 and June 30, 2020, there were 1,02,32,451 (1.02 crore) UAM registrations, according to the MSME Ministry's annual report 2020-21.

Source: financialexpress.com– Sep 05, 2021

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Explained: Which sectors fuelled exports growth so far in FY22?

Total exports during the first five months have risen by 23 per cent compared to April-August in FY20.

Merchandise exports hit $33.14 billion in August, up 45.2 per cent year- on-year, backed by strong international demand, according to data released by the Commerce Ministry.

Last month added to a strong export performance in the first four months of this fiscal, which has seen exports rise by about two-thirds to $163.7 billion compared to April-August FY21 and about 23 per cent higher than April-August FY20 which was not hit by the pandemic. The government is targeting merchandise exports of $400 billion for FY22.

Imports too saw an increase, up 51.1 per cent year-on-year in August to $47 billion, raising the trade deficit for this fiscal thus far to $55.9 billion up from $22.7 billion a year ago.

What are the key causes behind rising exports?

The key drivers behind growth in exports have been higher shipments of engineering goods, petroleum products, gems and jewellery and textiles and garments.

A sharp rise in demand from the US, UAE and China have led to an increase in demand for engineering goods this fiscal, according to the Engineering Exports Promotion Council. Engineering goods exports rose 58.8 per cent over that in August 2020.

Petroleum product exports rose 139.8 per cent, bolstered both by a recovery in demand for mobility and a sharp uptick in the price of crude oil and petroleum products compared to the year ago period.

Exports of gems and jewellery rose 88 per cent on the back of renewed demand compared to the year-ago period.

How is India's export performance compared to the pre-pandemic period?

While total exports during the first five months have risen by 23 per cent compared to April-August in FY20, non-oil and non-jewellery exports have risen by only 3.3 per cent, indicating that higher crude oil prices and a recovery in demand for gems and jewellery have played a significant role in pushing up the overall value of exports.

What is driving higher imports and the trade deficit?

Significant increases in gold imports have been the key driver in the higher merchandise trade deficit.

"Gold imports surged further to a five month high of $6.7 in August 2021, and were responsible for 88 per cent of the rise in the merchandise trade deficit relative to July 2021," said Aditi Nayar, chief economist, Icra Ratings. Gold imports rose by 82.2 per cent in August compared to the year-ago period.

The import of crude oil and petroleum products remained stable relative to July 2021, but were up 80.4 per cent from the year-ago period on the back of a significant increase in crude oil prices and improved demand for petroleum products.

Source: indianexpress.com– Sep 05, 2021

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‘Demand revival to facilitate 33% jump in textile exports’

Demand for textile and clothing from India has revived, particularly in the U.S., EU and U.K. markets, and lends confidence that the industry can achieve a 33% growth in exports this financial year, said Upendra Prasad Singh, Secretary, Union Ministry of Textiles.

Asserting that several factors were now in favour of Indian exporters, with many tops brands looking at alternative sources to China and that India was one of the main options, Mr. Singh said that government policies, especially RoSCTL and RoDTEP, would help exporters this year. Textile and clothing exports had been almost stagnant for the last seven years at less than $40 billion, he told The Hindu on Saturday.

Union Minister for Commerce and Industry, Textiles, Consumer Affairs and Public Distribution, Piyush Goyal had on Friday urged the industry to aim to raise textile and clothing exports to $100 billion, from $33 billion, at the earliest and called on them to lift domestic production to $250 billion.

The stakeholders should collectively look at achieving $44 billion exports in 2021-2022 for textiles and apparel, including handicrafts, Mr. Goyal said in an interaction with exporters. The different segments of the textile industry should support each other so that India was able to tap opportunities across the value chain in the global market.

The industry should also explore ways to increase India’s share in the world market in technical textiles, he added. The Production Linked Incentive scheme for textiles and Mega Investments in Textile Parks scheme were in an advanced stage of approval, he noted. Some of the States had come forward for the park scheme and industry should focus on economies of scale.

Regarding trade agreements to ease market access, the Minister said he had been interacting with different nations to expedite free trade agreements or preferential trade agreements with countries such as the U.K. and Australia. T. Rajkumar, chairman of the Confederation of Indian Textile Industry, who participated in the meeting, said that for the last one year, the textiles industry was doing well across the value chain.

Source: thehindu.com– Sep 04, 2021

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Foreign investors pump in Rs 16,459 crore in August

FPIs were net buyers to the tune of Rs 16,459 crore in Indian markets in August, with majority of investment coming in the debt segment. In equities, they invested just Rs 2,082.94 crore while debt segment saw inflow of Rs 14,376.2 crore between August 2-31, depositories data showed.

The quantum of investment in the debt segment is highest in this calendar year so far. "The main reason for FPI buying debt is the rising spread between the bond yields in US and India. The US 10-year is below 1.30 per cent and the Indian 10-year has risen above 6.2 per cent. Also, the stability in INR has brought down the cost of hedging. Expectations regarding exchange rate also are favourable. At these high valuations in equity risk-reward favour debt," said V K Vijayakumar, chief investment strategist at Geojit Financial Services.

For equities, he said "the momentum in the market and the fear of missing the momentum might have brought FPIs back to equity in August. The global scenario also turned favourable with the Fed sending a dovish message that the economy has a lot more ground to cover and rate hikes are far away".

The investment came after the FPIs remained net sellers in July to the tune of Rs 7,273 crore. Besides, in the first three trading sessions of September, FPIs have pumped in Rs 7,768.32 crore in Indian markets (both equity and debt).

Shrikant Chouhan, executive vice president, equity technical research at Kotak Securities, added that the rising pace of domestic vaccinations, a decent GST print for July and a sharp increase in August merchandise trade contributed to market sentiment even as PMI for August weakened. On future of FPI flows, he said India cannot be ignored by global investors considering higher growth opportunities.

"In the remaining 2021, the global investment continues to remain challenging. Market is focusing on sustenance of growth in developed economies. As a result, global investors are looking on emerging markets to diversify risks," Chauhan said.

Source: economictimes.com– Sep 05, 2021

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Textile exporters in Surat in a bind over Afghan crisis; nearly Rs 4,000 crore stuck in pending dues

Textile traders in Surat are worried over pending payments of about Rs 4,000 crore from Afghanistan which have got stuck with the Taliban taking control of the country.

Afghanistan's central bank has instructed the commercial banks not to allow corporate bank account holders to withdraw money for any purpose or to carry out any electronic transaction inside or outside of Afghanistan.

"Earlier, we used to send garments and textiles through Dubai to Afghanistan. Lately, we were exporting to the nation through Bangladesh as we saw that it was cheaper to send through Bangladesh," Champalal Bothra, general secretary, Federation of Surat Textile Traders Association, told ET.

"Exports have stopped now, but we are not sure when we will get our payments. Nearly Rs 4,000 crore is stuck." Afghanistan used to buy silk for turbans, textiles and readymade garments such as scarves, dresses and kaftans from India.

The Federation of Indian Export Organisations (FIEO) has advised exporters and importers to wait and watch before taking any step. "The Afghani currency has depreciated to 87 Afghan afghani against US dollar from 80 Afghan afghani in the last one week. While that augurs well for exporters, it pinches the importers," said Ajay Sahai, director general, FIEO.

"Businesses in Afghanistan have informed us that the central bank of the country has said that it will not provide enough dollars to the local banks. This means that Afghan business houses will not be able to pay the exporters."

The textile trade in Surat is not in a comfortable position either since the outbreak of the Covid-19 pandemic.

Bothra said most of the mills are working with 60-70% capacity as the demand has yet to recover fully.

"Lockdowns and local restrictions have impacted sales since April, when the second wave of Covid had hit the country. We are now pinning hopes on Durga Puja, Navratri and Diwali sales," he said.

Surat has 380 textile mills, 650,000 looms, 65,000 traders and 100,000 embroidery units. The textile trade in Surat employs 1.1 million people.

“Mostly migrant workers from UP, Bihar, West Bengal and Odisha are engaged in the textile trade of Surat. Since the outbreak of Covid-19, 30% of the migrant workers who had left are yet to return,” said Bothra.

Source: economictimes.com– Sep 06, 2021

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Recovery road: August hiring up 26% on surge in full-time jobs

With most parts of the country emerging from a lockdown, hiring in August was brisk, rising 26% year-on-year to 2.78 lakh. The numbers may have been a shade softer than in July — 4% lower — but HR consultants believe there's no cause for concern given the recruitment trajectory remains positive.

The good news is that full time opportunities contributed to 94% of the overall active jobs.

Indeed, the sharp increase y-o-y is significant since August 2020 was the recovery month last year after a weak June and July. The lowest action months on record are June and July 2020, with 1.32 lakh and 1.42 lakh active jobs respectively, according to data sourced from Xpheno, a Bengaluru-based specialist staffing firm.

Moreover, what's encouraging is that the 2.60 lakh active full-time opportunities in August, are the third highest in the last 18 months. The highest count was 2.7 lakh in July and before that of 2.67 lakh in March. Kamal Karnath, co-founder, Xpheno, observed it's a sign of confidence that enterprises are hiring full-time resources as part of their capacity and capability expansions.

According to jobs portal Indeed.com, hiring activity is at pre-pandemic levels of February 2020, with jobs getting created in sectors that are doing well post the reopening of the economy.

The momentum is surely building up since March, said Suraj Moraje, MD and Group CEO, Quess Corp, adding its clients have grown their headcount by 4% over the last 15 months, since the pandemic broke out. " The trend is pretty much secular with IT services, manufacturing and even education hiring now. However, retail, hospitality, travel and airlines etc are still slow," he said.

Job postings for IT tech software roles saw a 19% increase y-o-y, an expected outcome of the pandemic-induced digitisation. Job postings for other IT roles such as project head, engineer, also saw an increase of 8-16%, according to Indeed.com.

Karnath observed that along with over 1.5 lakh job additions committed to by top IT service players, over 2.5 lakh additions are on the cards for the year across industries and marquee enterprises. “Hiring volume and velocity remain positive and more action is projected as these announcements become action plans in the months ahead,” Karanth said.

It is not just white-collar jobs but some blue collar roles too have seen a pick-up in hiring as a result of easing of lockdown restrictions. Demand for housekeepers, caretakers, housekeeping managers, custodians, executive housekeepers, and cleaners grew 60% y-o-y in August. The number of jobs in food and retail sectors, too, witnessed an increase of 52% and 39% respectively while the demand for roles in HR and finance grew by 27% each.

Sashi Kumar, head of sales, Indeed India said the reopening of the economy and the efforts by businesses to work around the challenges presented by Covid-19 have pushed the job market towards recovery. “While the relevance of tech jobs continues to be high, the renewed demand for retail and food jobs indicates the consumption economy will further drive job growth,” he said.

Source: financialexpress.com– Sep 06, 2021

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How India can lead the shift from fast to green fashion

The global textile industry has seen unprecedented growth in the past few years, propelled by the demand for fast fashion. With mass production and low costs, fast fashion caters to consumers' growing appetite for the latest trends, generating a lot of waste. The demand is expected to increase further. In 2019, the global textile industry was valued at $1.9 trillion. It is estimated to touch $3.3 trillion by 2030.

More recently however, there is a global conversation building around sustainable fashion that caters to the needs of not just the people, but also the planet.

Synthetic fibres, which form nearly two-thirds of the fibre mix used by textile industries, are heavily reliant on intensive chemical use. Even natural fibres like cotton are largely cultivated by methods that include high water and intensive land use. Though cotton cultivation accounts for only 2.4% of cultivated land, it leads to 16% of insecticide and 6% of pesticide use.

On its present growth trajectory, characterised by mass production, limited reuse and recycling, the textile industry would have consumed 300 million tonnes of non-renewable inputs, taken up 26% of the carbon budget associated with the 2 degrees Celsius pathway outlined by the Paris Agreement, and added 22 million tonnes of synthetic microfibers to the world's oceans.

Such grave and imminent impacts of fast fashion have today prompted several industry players to look for alternatives—materials that are environmentally friendly, cost-effective and that can also be produced at scale to cater to the ever growing demands of the apparel sector, a task that is as colossal as it is urgent.

Potential of agro-residues

Leading fashion names like Adidas, Nike, Tommy Hilfiger are backing the search for material innovations and bio-based alternatives. However, most brands are still grappling with issues of scale and cost-effectiveness.

Clearly, investments are needed across supply chains to make these new innovations a viable and attractive alternative to the existing textile production systems.

A relatively unexplored option holding great promise is agricultural waste, or agro-residues. India, and Southeast Asian countries, could benefit from such opportunities.

Currently, agricultural residues pose serious environmental threats. India generates over 140mt surplus crop residue a year, and farmers struggling to find alternate uses for the vast quantities of residues, often resort to burning. About 92mt crop residues are burnt annually. This has contributed to pollution levels rising incessantly, particularly in cities like Delhi.

Finding good use for these crop residues could thus provide additional income to farmers, sustainable textile fibres for the fashion industry, while protecting the environment. Changing temperature and precipitation patterns are becoming an increasing threat for countries in South Asia including India, as evidenced by a recently released report by the Intergovernmental Panel on Climate Change showed. Going forward, it is important to incorporate climate-smart solutions in different, seemingly unconnected sectors like textile manufacturing. Carefully planning to counter climate impacts along the entire agri-value chain can help mitigate and reduce losses and position India as a leader in sustainable fashion.

A recent report has identified a range of agro-residues including husks and straw from rice and wheat, trash and bagasse from sugarcane, empty fruit bunches from palm oil and other fruit-based residues like pineapple leaves and banana pseudo stems, as being suitable for textile fibre production, especially in India and seven other countries in South and Southeast Asia. The study has also explicitly tried to include aspects like cost-considerations, potential for scalability and sufficient availability of these residues, in addition to the competing uses they might be currently used for.

The report identifies several hubs with existing infrastructure, like transportation, processing capacities and other cost-considerations that form part of the textile manufacturing supply chain that can be developed for agro-residue based fibre production. Rice and wheat straw and husks as well as sugarcane bagasse have the most consistent and widespread availability. States like Andhra Pradesh, Maharashtra, Punjab, West Bengal and Uttar Pradesh have been identified as suitable locations for these hubs.
Spinning future threads

Going forward, there is a need for further research on agro-residues to better understand the trade-offs between competing uses, and how to incentivise farmers and enable them to better identify and commercialise their use, with support from global conglomerates. It is essential to enable transparent dialogue and evidence-building to prevent vested interests from putting profit before people and the environment.

More robust crop-specific value chain analyses can help understand the economies of scale while ensuring that environmental, social and climate risks are appropriately accounted for. Research emphasizes that accounting for environmental threats and effects of climate change on several of these crops will be a critical and challenging aspect in these value-chain analyses. This can also help attract future investments. In particular, there is a need to curb the tendency to compromise on potentially large future benefits for short-term gains, and the textile industry needs to work closely with the farming communities to develop strategies for a transition from fast to sustainable.

Clothing remains one of the most basic human requirements. While we continue to cater to this need, we must step up our responsibilities, and ensure that we cater to the planet as well. Fast fashion trends may often disappear as quickly as they come, but sustainable fashion is here to stay.

Source: lifestyle.livemint.com– Sep 04, 2021

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Indore garment business picks up pace after orders from South

Renewed enquiries from markets in the southern states ahead of the festival season have brought cheers to the city's garment industry..

Indore is a hub for small and medium-size readymade garment and manufacturers depend heavily on the southern markets.

The outbreak of the Covid-19 pandemic took a massive toll on the garment and textile industry of Indore, forcing several units to slash productionby as much as 50% but fresh enquiries from southern India, Maharashtra and Gujarat have boosted hopes of the local industry.

Indore Readymade Textile Dealers' Association secretary Ashish Nigam said, "Initial signs are positive. Fresh bookings from traditional markets have started coming and if this trend continues, we may make some business this season. Most of us are working on reduced capacities but since bookings are coming, the industry will gradually increase its production and purchases."

Indore is a major trade centre for readymade supplies across the country with Tamil Nadu, Kerala and Andhra Pradesh as major markets, sharing over 60% of business.

Industry players said orders could be much higher but the looming threat of a third wave of the pandemic has kept a lid on growth.

Akshay Jain, president, Indore Retail Garments 'Association said, "The festival season may make our business grow. The market has become very cautious after the pandemic. Manufacturers are producing less as no one knows how the situation will turn in a week's time."

Local garment manufacturers purchase raw materials from Ahmedabad, Mumbai, Bhilwara and Surat.

Indore is also known for children's garments.

Source: timesofindia.com– Sep 05, 2021

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