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INTERNATIONAL NEWS

Is Port Congestion a National Security Issue?

As bottlenecks continue to batter the supply chain, many apparel importers also have to worry about the ramifications of dealing with tied up inventory, and unfortunately for them, they must understand the complexities of today's geopolitical landscape.

For example, while U.S. Customs and Border Protection (CBP) places Withhold Release Orders on goods that contain cotton from the Xinjiang Uighur Autonomous Region (XUAR), brands that aren't well versed in the situation can often be thrust under a microscope that isn't always fair. Dr. Eugene Laney Jr., president and CEO, American Association of Exporters and Importers (AAEI), believes there is still a lack of transparency and predictability when it comes to addressing issues like forced labor that supply chain associations and the CBP must align on to make progress.

This situation only gets worse for small- and medium-sized businesses that often are unsure of what documentation they need to even get those goods if they're being detained, Laney said Tuesday at the Sourcing Journal Summit.

"We're really working with the CBP to try to figure out a way that we can be a little bit more transparent and get involvement in the front end before these WRO's come out," Lahey said. "At the end of the day what that does is that creates a reasonable due process, because we don't see that right now. We don't see with shippers, when their goods are being held at the border. They're not receiving a kind of due process, and the ability to provide government officials with the right information."

While many have called for increased federal intervention to alleviate port congestion, added government expenses may not be a panacea due to so many factors that are out of the U.S.'s control, according to David Spooner, partner at law firm Barnes & Thornburg LLP. This includes both the pandemic-related factory closures and port closures overseas, as well as power outages in China.

"There's federal legislation that would restrict demurrage charges and regulate 'unreasonable' refusals by carriers to accept shipments," Spooner, who also serves as co-chair of the International Trade Practice Group, said. "Good or not, those reforms are not going to solve our supply chain issues."

Although a longtime proponent of legislative action, Laney agreed that there are concerns surrounding the methods of government organizations such as the CBP, which is still too focused "on today's deals and not looking in advance," he said.

Laney advocates that the government approach the current port congestion issues not just from an economic perspective, but with national security in mind as well.

"We feel like the port congestion issue is a national security issue," Laney said. "If you think about it, you know the counterfeiting, the drug smuggling, everything that goes on at the border, even the congestion itself around the port creates some vulnerabilities for us around security issues. This should be a broad government approach to look at this."

If the government gets further involved, Laney believes that supply chain players should take the lead on the projects and set the rules for the government to follow and sign off on, instead of the other way around.

As more importers turn to air freight to get products over to the U.S. quicker, some have sought to take advantage of de minimis regulations to circumvent the escalating costs, in that they can import goods duty free if they are valued at less than $800.

But Spooner gave three reasons as to why following the de minimis rule hasn't been the solution for importers.

"The first is the obvious one, air freight is so expensive. It's not an everyday solution to universal supply chain issues," Spooner said. 'Secondly, there are delays even at the airports. I saw an article recently about congestion and delays at O'Hare. And third, as I mentioned earlier, certainly not all, but many of the issues that we're seeing lie outside our borders. Even air freight won't help with those things."

Peter Hsieh, vice president, sales and marketing, OEC Group, said the freight forwarder is currently examining different airports to avoid air freight concerns, particularly for chartered flights.

“Instead of Shanghai to Chicago, we’ll go Wuhan to Columbus, Ohio, just to avoid some of the congestion,” Hsieh said. “We can buy ourselves two-to-three days to deliver to our customers faster rather than going to a traditional airport.”

Echoing many others, Hsieh called this the “new normal” for the supply chain, indicating that the freight forwarder is already preparing beyond the holiday season for Chinese New Year on Feb. 1, as well as the 2022 Winter Olympics in Beijing just days after.

Hsieh also gave a brief preview of a potential concerns for the future of global supply chains, noting that current contract negotiations between shipping carriers and the International Longshore and Warehouse Union (ILWU) are ongoing, with the current contract set to expire in May.

Source: sourcingjournal.com– Oct 22, 2021

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Horgos Port sees over 5000 China-Europe freight trains till Oct 18

Horgos Port sees over 5000 China-Europe freight trains till Oct 18Horgos Port in China's Xinjiang Uygur Autonomous Region handled over 5,000 China-Europe freight trains this year till October 18, according to the local customs department, which recently said this number has exceeded that of the total number of such trains last year. Their popularity is due to large transport volume, low price, expansive network and stability, it said.

There are 44 freight train lines passing through the port, linking 45 cities in 18 countries.

In 2020, the number of China-Europe freight trains traveling via Horgos Port reached a yearly record of 4,722. The volume of goods transported through the port last year reached 3.68 million tonnes, which was worth a total of nearly $26.44 billion, an official news agency reported.

Source: fibre2fashion.com– Oct 25, 2021

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Digitised logistics services smoothening supply chain operations: WTO

The digitalisation of logistics services, accelerated by the COVID-19 pandemic, is helping facilitate smooth operation of supply chains and post-COVID economic recovery, according to World Trade Organisation (WTO) deputy director general Anabel González, who recently said the critical role of logistics services in trade and economic development can never be overemphasised.

“As trade is more and more organised through value chains, be it global or regional, logistics services are the ‘glue’ that holds value chains together,” she told a webinar, titled ‘Digitalization and logistics resilience—lessons learned from COVID-19 and challenges ahead’, held virtually on October 15.

This is particularly important for developing countries as their logistics services are usually underperforming and the least developed countries (LDCs) suffer most from logistics constraints, she said.

Developing countries urgently need to improve their logistics capacity in the pursuit of development goals, she said.

As digitalisation is accelerating and expanding, various challenges, such as trade protectionism, new regulatory environment, cybersecurity, unintended fragmentation and lack of interoperability between the systems/platforms of stakeholders, lie ahead for the logistics industry, she added.

Source: fibre2fashion.com– Oct 25, 2021

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China hopes to attract over 1 trn yuan of foreign investment in 2021

China is expected to attract more than 1 trillion yuan ($156.51 billion) of foreign investment this year, according to Zong Changqing, director general of the department of foreign investment administration under the country's commerce ministry. A recent survey by the ministry among 3,000 key foreign enterprises showed about 93.3 per cent of them are optimistic about their future development in China.

According to some reports released by foreign chambers of commerce such as that of the United States, the European Union, and Japan, nearly two-thirds of US enterprises, 59 per cent of European enterprises, and 36.6 per cent of Japanese enterprises plan to expand their investment in China, Zong was quoted as saying by official media reports.

Foreign investment flows into China have achieved substantial growth in the first three quarters, and the ministry expects the scale of foreign investment in the whole year will exceed a trillion yuan if things remain normal, he added.

Source: fibre2fashion.com– Oct 25, 2021

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Traceability Tech Helps Suppliers Manage Expectations and Minimize Waste

Reducing waste is becoming an increasingly pressing goal for the fashion sector, as rampant overproduction has had catastrophic impacts on the environment as well as companies' bottom lines. Industry insiders believe technology—specifically, tools that enable visibility into the fashion supply chain—could be the key to progress.

At the Sourcing Journal Summit on Tuesday, experts weighed in on the role that traceability technology plays in creating a more efficient and less wasteful value chain. Partners United Legwear, a North American design and apparel manufacturing firm that services brands like Puma, Hurley, Champion and Skechers, and retail technology company Exenta, which supplies the enterprise's digital supply chain solutions, spoke to how their work enables the businesses to thrive.

According to United Legwear vice president of information technology IJ Ash, the company had been looking to enhance its visibility into both sales and supply chain for some time, and was also seeking to automate processes like allocation, sales order entry, production, order management and more. "The goal was really to take emotions out of our processes and really streamline across all the different environments," Ash said.

While having "boots on the ground" is best when it comes to monitoring and assessing supply chain efficiency, Exenta senior vice president John Robinson believes that's just not feasible any longer for many brands impacted by the pandemic. However, "digital boots on the ground" are "the next best thing to having a body there" in the room, he said.

Exenta offers brands up-to-the-minute insights into their products current whereabouts, and when goods will reach the next link in the supply chain. "You want to know what's going on in real time, so you're not scanning through emails, endless reports, Excel spreadsheets line after line looking for that nugget of information that may or may not exist," he said.

Having current data is imperative to effective decision-making, allowing suppliers to react quickly when problems arise, Robinson said. In turn, key accounts can also access more information about where their orders are, making communication seamless and eliminating the need for time-consuming—and sometimes tense—back and forth.

As supply chain issues and logistics delays continue, transparency is essential in managing relationships with customers scrambling for goods to stock their shelves, Robinson said. Suppliers can automate report distribution giving clients access to insights that aid with planning and assortment.

“We are able to prioritize orders, and we have visibility with our carriers and other partners so we never have to cancel or miss an order,” United Legwear’s Ash said. Vendor integrations allow the supplier to check in on the whereabouts of materials and inputs, and then the company can track carrier shipments to the customer.

Traceability tech is also helping to bring the company “closer to net zero inventory,” he added, noting that United Legwear’s goal is minimize unsold product. With tools like Exenta, Ash said that hosiery and sock maker is able to “get to a higher pre-sold position, and know what our margins are before the orders go out the door.”

Source: sourcingjournal.com– Oct 24, 2021

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US budget deficit hits $2.77 trillion in 2021, the second highest

The U.S. budget deficit totaled USD2.77 trillion for 2021, the second highest on record but an improvement from the all-time high of USD3.13 trillion reached in 2020. The deficits in both years reflect trillions of dollars in government spending to counteract the devastating effects of a global pandemic.

The Biden administration said Friday that the 2021 deficit, for the budget year that ended Sept. 30 was USD360 billion lower than 2020 as a recovering economy boosted revenues, helping to offset government spending from pandemic relief efforts.

Before the pandemic deficits of the past two years, the biggest deficit the federal government recorded was a shortfall of USD1.4 trillion in 2009 during the Obama administration as the government spent heavily to lift the country out of a severe recession following the 2008 financial crisis.

Source: business-standard.com– Oct 22, 2021

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Vietnam keen to enhance bilateral trade with Pakistan

Vietnam has expressed the desire to increase its bilateral trade volume with Pakistan up to one billion dollars in the next two years.

Talking to APP in Islamabad, Vietnam's Ambassador to Pakistan, Nguyen Tien Phong said the two countries have great potential to increase bilateral trade, which is being discussed by both sides.

The Ambassador said presently, the volume of bilateral trade is about700 million dollars which is far below its potential.

He said the two countries have vast potential to enhance for bilateral trade in agriculture including tea, black pepper, cashew, coffee cotton and textile, seafood and dairy items.

Source: radio.gov.pk– Oct 24, 2021

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Bangladesh: Explore new markets to boost exports

Prime minister urges businesses

Prime Minister Sheikh Hasina yesterday stressed diversification of exportable products, urging businesspeople and officials concerned to expand production of export items and explore new global markets to strengthen the country's economy further through enhanced foreign earnings.

"Product diversification is indispensable to boost our export earnings...," she said while inaugurating Bangabandhu Bangladesh-China Friendship Exhibition Center at Purbachal as the chief guest.

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The exhibition centre is expected to host fairs on different product throughout the year and act as a business hub in the country.

Export Promotion Bureau (EPB) took up the project in Purbachal New City Project Area with joint financing by the Bangladesh government and China. China State Construction Engineering Corporation Limited (CSCEC) built the centre on 26 acres of land.

Joining virtually from her official residence Gono Bhaban, the premier also underscored the necessity of attaining efficiency in production to survive in the competitive global economy.

"Whenever you (businesspeople and entrepreneurs) produce a product, you have to maintain high quality to meet the needs of different countries...Then you can survive in the market," she said.

Sheikh Hasina opined that all the industries of the country should start taking preparations from now on to address future challenges, saying, "The government will extend all cooperation, but your (businesspeople) own initiatives have to be there".

She said one area for product diversification could be through digital devices as these were being produced here. "I think digital devices would be the major export items in the coming days," she added.

Referring to her initiative of setting up 100 economic zones across the country, she said the government has taken steps to create opportunities for local or joint investment there.

She added that readymade garment sector was being given the highest importance as a huge number of female workers were employed in the sector.

But at the same time, the government was prioritising other sectors, she said.

The premier also urged for new markets to be explored for textile, leather and leather industries, ceramics, frozen, fresh and processed fish; vegetables, fruits, light engineering, furniture, pharmaceuticals and small and cottage industries.

The prime minister said Father of the Nation Bangabandhu Sheikh Mujibur Rahman had attached importance on the private sector.

She mentioned that the government established Bangladesh Economic Zones Authority (BEZA) for industrialisation across the country and formed Bangladesh Investment Development Authority (BIDA) to bring ease to doing business here by offering one-stop service.

She added that during the Covid-19 pandemic in the last one and a half years, the government has tried to keep the wheel of the economy running and as a part of the strategy, a few fairs was organised on a limited scale while special cash incentives were provided.

"The matter of hope is that the export sector has rebounded very quickly due to the government's timely incentive packages and policy support," she said.

In fiscal 2020-21, export revenue increased by 14 per cent year-on-year to $45.37 billion, said the premier.

Sheikh Hasina said erecting and removing pavilions for the temporary trade fair venue was a money and time-consuming affair.

So, the exhibition centre was established to provide a better option for businesspeople to showcase their products, she said.

Meanwhile, the centre will be a source of income for the commerce ministry, she added.

She said through this exhibition centre, it would be possible to organise export and sourcing fairs so that Bangladeshi products can enter more international markets.

She asked the commerce ministry, EPB, exporters and business leaders to make the best use of the centre.

She thanked the Chinese government for financial and technical assistance in the construction.

She also hoped for China to play a role in fulfilling the Chinese president's pledge of strategic assistance by enriching Bangladesh's exports through the import of more goods and services from here.

With Commerce Minister Tipu Munshi in the chair, EPB Vice Chairman AHM Ahsan delivered the welcome address.

Chinese Ambassador to Bangladesh Li Jiming and Commerce Secretary Tapan Kanti Ghosh also spoke at the ceremony.

Source: thedailystar.net– Oct 22, 2021

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Is Bangladesh's apparel sector ready for industry 4.0?

The footprint of Bangladesh in the global apparel industry can be traced back to the early 1980s, and by now the industry has achieved phenomenal growth in exports. Until recently, the global apparel sourcing trajectory has been following a cost-based model and has always found its way to cheaper destinations. But as the evolution of fashion continues, global trade is increasingly affected by factors like fast fashion, social and environmental compliance, and responsible business.

Fortunately enough, the strategies adopted by Bangladesh over the years have mostly been in favour of the industry, which is why we could position ourselves as the second largest apparel exporting country in the world.

Today, fast fashion brands are selling new collections to their customers every week. On the other hand, seasonal collections would take six to eight months from the stage of design concept to the stage of the item being ready for production, combined with another two to three months before the product would reach the shopping outlets.

We are talking about a lead time of almost a year from concept to customer—this is no longer sustainable to serve today's customers. In this digital era, technology is now enabling customers to even ask Alexa, the digital assistant by Amazon, to search for that "trending" dress they saw the other day. AI-enabled Alexa can not only provide you with the most relevant choices, but can also give you some style tips and place the order for you without even needing you to key in your credit card number. This is happening now.

How will Bangladeshi apparel makers continue to stay relevant in this digital era? Can we continue to operate on the old model, and be the dinosaurs in the digital world?

The world is progressing faster in information technology and connectivity through smart devices than ever. Only in 1985 did we start to learn how to connect our files in the computer storage through a network system. The world now is virtually connected with almost zero lag in time.

We are now preparing to enter an advanced stage where the Internet of Things (IOT) will connect every object to Big Data, and IOT compatibility will be a requirement—be it an industrial good or a personal belonging. Big Data and Artificial Intelligence (AI) have transformed from being mere buzzwords to truly state-of-the-art, leading-edge technology enablers, which are now helping many tech-savvy apparel brands enhance customer experience.

According to the International Data Corporation, as many as 102 million wearable devices were shipped in 2016 to be stitched into our clothing. Smart wearables are seen as a great addition of value to life, and this has marked a new era in fashion evolution.

Digitisation is pervading every aspect of business and leading to higher productivity, reduced costs, reduced man-to-machine ratios, efficient use of resources, and so on. Nowadays, digital technology enables virtual photo-realistic simulation of garments that makes physical samples and proto-typing redundant.

Though automation in apparel manufacturing is not expected to go to the same extent as other developed industries, significant progress has already been made in terms of introducing robots and cobots on the apparel production floor. Among other future technologies, 3D printing or additive manufacturing could absolutely revolutionise the fashion business through downloadable clothing. With continuous pressure on fashion brands to speed up marketing products and make turn-around time faster for product development, the only way forward is digital.

Changing customer expectations are forcing the traditional fashion business models to rethink and change their business—especially when they feel the threat from tech-savvy heavyweights like Amazon and young start-ups like Shoes of Prey, Unmade, Farfetched, etc—with innovative ways to serve customers and provide newer and elevated levels of customer experiences, giving the customers what they want, when they want it, and where they want it. The focus now is on business-to-customer (B2C) throughout the value chain, and no longer on B2B2C.

A smart way to pursue the SDGs

The world is increasingly leaning toward environmentally sustainable products and services. Bangladesh was an outstanding achiever of the Millennium Development Goals (MDGs) and is committed to pursuing the Sustainable Development Goals (SDGs). Our next generations also care about the environment as they make their purchase decisions based on their deepest value systems. Brands are now paying heed to sustainability and the environmental impact of their products, and the whole apparel eco-system is buzzing with innovations.

Bangladesh has already made a robust start in the area of green industrialisation within the apparel sector. The latest technologies and innovations are bringing major solutions to saving water, energy, and resources, which are of great value to the planet. Biofibres, waterless dyeing, and converting waste to brand new fibres—it's all happening these days.

Now, it is time to take a more aggressive step to enhance competitiveness and get compatible with industry 4.0. For us, the big questions are: Are we prepared to cope with industry 4.0? Do we have the strategy and required policies to create an enabling environment? Do we have the knowledge, resources, and motivation to go for smart factories? As we pursue the vision of taking our industry to the next level, technology and innovation are the only way to get there.

In order to accelerate technological progress, we must invest more in human capital. We need to keep track of the future state of technologies to be used by the fashion industry, what type of skills would be required to operate them, and of what quantity and quality. We need to equip workers with the right skill-sets, with tech in mind. Technology will be a game-changer for us in terms of sustaining competitiveness, product innovation, and sustainability.

"Manufacturing as usual" will be obsolete in a decade. Are we ready to embrace the change?

Mostafiz Uddin is the managing director of Denim Expert Limited. He is also the founder and CEO of Bangladesh Denim Expo and Bangladesh Apparel Exchange (BAE).

Source: thedailystar.net - Oct 25, 2021

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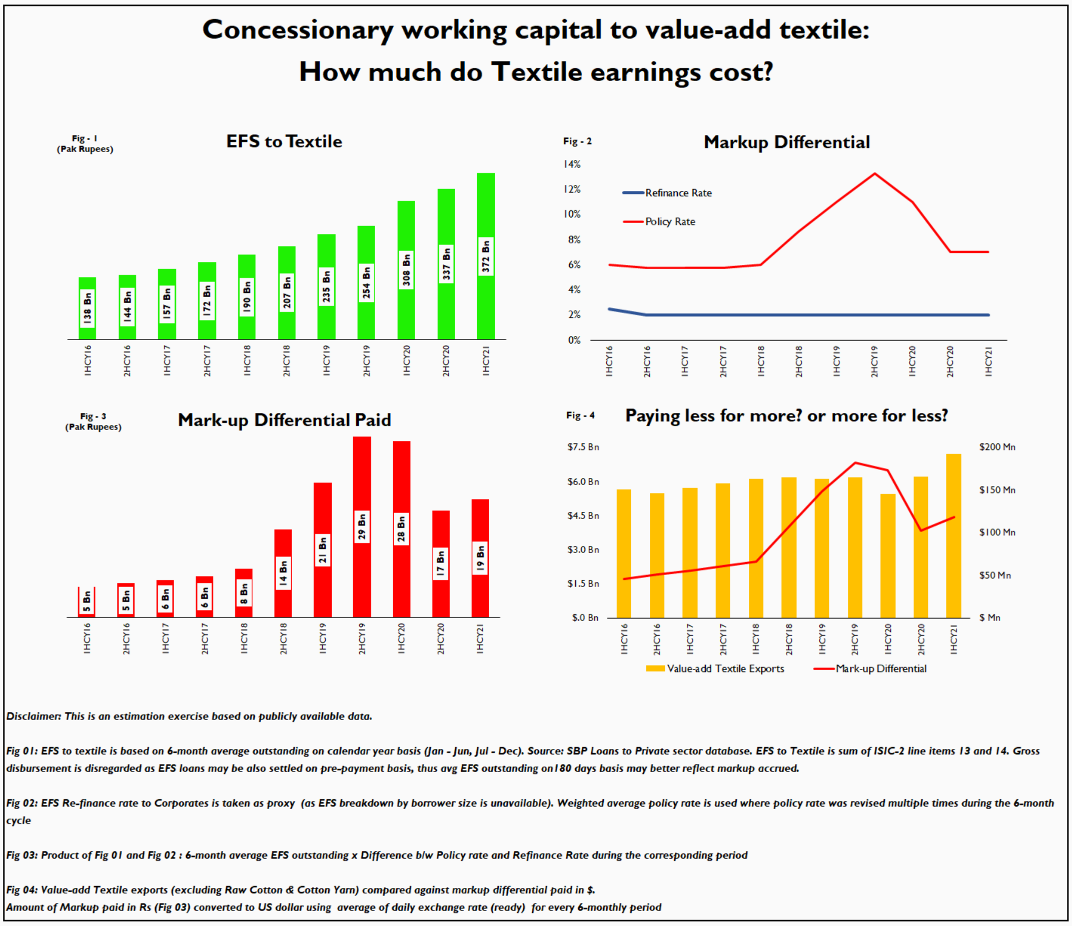
Pakistan: Export refinance: no room for limit enhancement?

As the honeymoon phase of TERF fizzles out (and markup payments come due), higher commodity prices will increase pressure on working capital requirement of manufacturing sectors. Wild growth in loans to private sector between Aug and Sep ’21 (Rs270 billion) seems to have kicked in right before monetary policy reversed gears. It doesn’t help that concessionary working capital loans extended to exporters are also rumoured to have been maxed out, with commercial bankers insisting that no increase in limit may be in sight.



But considering that a current account crisis is always lurking around the corner, an argument can be made that exporting sectors can use all the help that they can get to fetch the much-needed foreign exchange. Textile lobbyists – for example – are quick to draw a correlation between the 15 percent rise in sector exports (value) during FY21, and the Rs100 billion increase in refinance limits for exporting sectors back in August 2020. (For more, read “Measuring the impact of concessionary finance to exporters’ published on October 21st, 2021)

Of course, the argument can be turned on its head. One might point out that much of the $1.5 - $2 billion (depending upon base) increase in textile exports came on the back of increase in concessionary working capital, which rose by nearly two-thirds in dollar terms between June-19 and June-21. It may then be logical to ask whether the central bank can afford to enhance EFS limits indefinitely to support export growth? (For more, read “Is SBP footing the bill for export growth?” published on August 13th, 2021).

In this backdrop, BR Research has made a conceptual attempt to measure the cost of Export Finance Scheme for textile. The sector has been selected for the sake of simplicity and ease of comparison with sectoral export earnings (value-added segments only). Researchers may run similar exercises for other exporting sectors as well.

Before explaining the results, it is important to emphasize few caveats. The mark-up amounts calculated are only estimates, as actual data could not be found (or is unavailable). SBP’s annual financials do not disclose facility-wise markup accrual. Moreover, 6-month average of EFS outstanding has been used to estimate markup, instead of gross disbursement, due to widespread practice of pre-payment and rollover before 180 days. (For more detail regarding methodology employed, read disclaimer accompanying the infographic).

Although headline numbers suggest that EFS to textile has doubled in (Pak Rupees) over the past 3.5 years, the reality is not very cut and dry. An increase in working capital requirement of exporting sectors proportionate to the massive currency devaluation witnessed during the intervening period is only natural.

But more importantly, while the stock of loans extended under concessionary finance has expanded massively, the markup differential borne by the SBP (policy rate minus refinance rate) appeared to be on a decline after peaking in H2-CY19 (both in rupee and dollar terms). This indicates that while the rise in export earnings may have very well been financed by the concessionary loan schemes, incremental earnings cost less today than they did a year ago. But this may soon change.

As SBP begins to raise the policy rate (albeit slowly and gradually) the differential between the policy rate and the refinance rate will rise; thus, every incremental dollar earned will cost more. (This is based on the assumption that the central bank will not increase refinance rate along with policy rate). Thus, while SBP may very well not reduce its exposure under

EFS, the rising differential cost may very well factor into its decision to raise the limit, to the disappointment of exporting sectors.

The million-dollar question then is: can export growth momentum continue without EFS enhancement? The global commodity price spiral may offer a temporary reprieve (as commodity prices trickle down into export unit prices). But can the volume growth persist too without an increase in concessionary credit? Let's see who wins the next round of staring contest between SBP and exporters.

Source: brecorder.com- Oct 25, 2021

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Pakistan announces Rs5bn assistance; steps to ease Afghan trade, movement

Foreign Minister Shah Mahmood Qureshi Thursday met with the leadership of Afghanistan's interim government wherein he announced in-kind assistance of Rs 5 billion besides announcing multiple measures to ease border movement and trade.

The foreign minister, in his first visit to Afghanistan after the Taliban takeover, met with interim Prime Minister Mulla Hassan Akhund, Deputy PM Abdullah Hanafi and other cabinet members to discuss the issues relating to trade, visa, flights and people's movement. After his day-long visit, the foreign minister told the media that he also interacted with his counterpart Amir Khan Muttaqi, Finance Minister Mullah Hidayatullah, Defence Minister Yaqub Mujahid, and other interim cabinet members.

Qureshi said during the meeting with Afghan leadership, the bilateral issues were discussed to facilitate the Afghan people and trade to avert any humanitarian crisis in the war-torn country. He said following the Afghan side's objection, the condition of gate pass had been withdrawn, visa on arrival introduced for medical and emergency cases, the requirement for COVID PCR test waived off and NADRA's service charges of $8.18 also suspended till December 31 this year.

The foreign minister was accompanied by a high-level delegation including secretary commerce, senior security officials, Chairman PIA, FBR's member customs, foreign secretary and Pakistan's Special Representative Ambassador Muhammad Sadiq.

The foreign minister told the newsmen that keeping in view trade the facilitation, Afghan businessmen would be given visas on arrival. Moreover, Pakistan's Embassy in Kabul has also been empowered to issue a five-year multi-entry visa to businessmen to facilitate bilateral trade.

The foreign minister told the Afghan leadership that Pakistan had decided to allow duty-free import of Afghanistan's fresh fruit and vegetables to support the economy and farmers.

Experts from both sides would also mull over to define the zero-rated duty items as well as others for tariff reduction. Similarly, he said the Afghan side had also expressed willingness to consider the reduction of duty for

Pakistani exports. For the pedestrian crossing, the timing for border crossing had been enhanced from eight to 12 hours and round the clock for trade trucks. Moreover, at the entry points, special lanes would be formed for the trucks carrying perishable goods.

He said the Afghan side was very appreciative of Pakistan for hosting millions of refugees for years. To a question about the return of Afghan refugees, the foreign minister said though Pakistan desired their dignified return, such a demand was ingenuine particularly amidst the frozen assets of Afghanistan and prevailing humanitarian situation and upcoming winter conditions.

He told the media that an Afghan delegation would also visit Pakistan for a follow-up meeting to resolve pending issues. The foreign minister said he also apprised Taliban leadership of the expectations of the international community and suggested ways forward to earn their recognition.

Regarding a question of recognition by Pakistan, he said Pakistan's solo step would be of no use rather it required a collective approach.

Source: dailytimes.com.pk- Oct 22, 2021

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NATIONAL NEWS

India-UAE FTA talks: Duty relief likely for job-intensive sectors

The FTA is expected to raise bilateral merchandise trade to $100 billion in five years following the signing of the pact from about $43 billion in FY21. It also aims to more than double bilateral services trade to $15 billion during this period.

India is in talks with its third-largest export destination, the UAE, for duty-free market access in products ranging from gems & jewellery and textiles & garments to certain engineering goods like steel under a proposed free trade agreement (FTA), sources told FE. It would be the first FTA to be signed by India in just over a decade.

To prevent any misuse of the FTA benefits and curb potential illegal inflows of Chinese goods through a key transit hub like Dubai, New Delhi will likely insist on strict rules of origin. It may either stipulate a 35% value addition at the UAE for all products to be eligible for duty concession under the FTA or impose similar conditions on select products where it sees the maximum scope for abuse, said one of the sources.

Both the sides started formal negotiations for a comprehensive economic partnership agreement (CEPA), as the FTA is formally called, in New Delhi from September 23. They aim to wrap up talks by December and sign a deal by March 2022.

About 87% of the products that the UAE imports are currently taxed at 5%, while 11% attract zero duty; the rest see higher duty incidence or are in the prohibited or special lists of goods, said another source. While it slaps a 5% duty on textiles & garments and jewellery, certain steel products are taxed at 10%. These three segments alone made up for 34% of India's $16.7-billion exports to the UAE last fiscal and 43% in the pre-pandemic year of FY20.

The UAE is not keen on scrapping duties on all engineering goods but it may allow tax-free imports of certain steel products.

Abu Dhabi's applied tariff (simple average for most-favoured nations) was 4.6% in 2020, much lower than New Delhi's 15%. The goods that are in the high-tax brackets in the UAE include alcohol (50%) and tobacco (100%). Its trade-weighted average tariff (total customs revenue as percentage of overall import value) was 3.4% in 2019, against India's 7%. So, New Delhi's tariff concession will be more substantial than Abu Dhabi's.

The FTA is expected to raise bilateral merchandise trade to $100 billion in five years following the signing of the pact from about $43 billion in FY21. It also aims to more than double bilateral services trade to $15 billion during this period.

The negotiations with the UAE are a part of India's broader strategy to forge "fair and balanced" trade agreements with key economies and revamp existing pacts to boost trade. The move gained traction after India pulled out of the China-dominated RCEP talks in November 2019. Balanced FTAs will also enable the country to achieve sustained growth rates in exports in the coming years. Already, India has set an ambitious merchandise export target of $400 billion for FY22, against $291 billion in FY21.

The UAE was India's second-biggest goods export market until FY20, behind only the US, before China pipped it in FY21 when the pandemic caused severe trade disruptions.

The UAE is the eighth-largest investor in India, having invested $11 billion between April 2000 and March 2021, while investment by Indian firms in the UAE is estimated to be as high as $85 billion during this period.

India's major exports to the UAE include petroleum products, precious metals, stones, gems and jewellery, textiles and garments, food items, engineering goods and chemicals. Its main imports from the UAE include petroleum and petroleum products, precious metals, stones, gems and jewellery, minerals, chemicals and wood and wood products.

Source: financialexpress.com– Oct 25, 2021

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Shri Piyush Goyal reviews the Amended Technology Up-gradation fund Scheme (ATUFS)

Union Minister of Textiles, Shri Piyush Goyal and Minister for State for Textiles, Smt. Darshana Vikram Jardosh reviewed the Amended Technology Up-gradation fund Scheme (ATUFS) with the different Ministries, Departments ,Textiles Industry Associations and Banks etc at the 5th Inter Ministerial Steering Committee (IMSC) meeting organized by the Ministry of Textiles.

They reviewed the Amended Technology Upgradation Fund Scheme to boost the Indian Textile Industry by enabling ease of doing business, bolstering exports & fuelling employment. In addition to fixing the timeline for conduct of IMSC meeting quarterly to facilitate implementation , some of significant decisions to resolve pending issues and way forward include :

- Reduction of Compliance burden by accepting only single certificate from the concerned bank instead of multiple documents regarding evidence of payment for claimed machineries
- Rationalisation of GR related to cases of consortium finance
- Consideration of Standalone embroidery machines wef inception of the ATUFS.
- Facilitating Industry by providing Condonation of filing for UIDs to 1795 pending cases besides the cases in which cut off dates falls during 23rd March 2021 and 22 October 2021(COVID Second wave period) with time line of its submission to Office of Textile Commissioner/iTUFS within 90 days (i.e., total period for unit & banks).
- Condonation for the submission of JIT request to 814 units besides the unit in which cut off date for submission of JIT request in post COVID-19.

Ministry of Textiles will simplify the procedure for Joint inspection using a calibrated approach to linking joint inspect to subsidy support size by reducing burden on bracket lower than Rs 50 lakh instead of present 100 %.

Secretary (Textiles) and Textile Commissioner will look into the modalities for simplification of enlistment of machinery manufacturers and accessories / spares parts manufacturers.

Speaking on the occasion, Shri Piyush Goyal said that despite the hindrances during COVID-19 pandemic, Ministry and the office of Textile Commissioner have put serious efforts in resolving the policy constraints and settling of the claims. He mentioned that a special measure was introduced to ease liquidity flow in the industry by introducing an option for getting part subsidy released against Bank Guarantee.

He noted with satisfaction that out of total settlements under ATUFS since inception, about 61% of claims have been settled during the peak of pandemic period i.e., in FY 2020-21.

The Minister also suggested that Ministry and Textile Commissioner should rework the physical verification mechanism to automated verifications through Video Conferencing mode. He said provision for self certification of machinery by units and random verification by office of Textile Commissioner may be considered in place of present physical inspection.

ATUFS Background

Ministry of Textiles had introduced Technology Upgradation Fund Scheme (TUFS) in 1999 as a credit linked subsidy scheme intended for modernization and technology up-gradation of the Indian textile industry, promoting ease of doing business, generating employment and promoting exports. Since then, the scheme has been implemented in different versions. The ongoing ATUFS has been approved in 2016 and implemented through web based iTUFS platform. Capital Investment Subsidy is provided to benchmarked machinery installed by the industry after physical verification.

ATUFS was approved for a period from 2015-16 to 2021-22 with an allocation of Rs. 17,822 crore (Rs. 12,671 crore for committed liability of previous versions of TUFS & Rs. 5151 crore for new cases under ATUFS). The scheme is being administered with a two stage monitoring mechanism by Technical Advisory-cum-Monitoring Committee (TAMC) and Inter-Ministerial Steering Committee (IMSC). ATUFS is implemented through web based platform, iTUFS.

Modifications carried out in scheme guidelines in 2018 and further streamlining of procedures have simplified the process for availing the subsidy under the scheme. In 2019, IMSC decided to introduce physical verification of machinery and computation of subsidy before releasing committed liability under previous versions of scheme (MTUFS, RTUFS & RRTUFS).

Source: pib.gov.in– Oct 24, 2021

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Time to create 100 Indian textile machinery champions- recognized across the world- Shri Piyush Goyal

Shri Piyush Goyal , Union Minister for Commerce and Industry, Textiles , Consumer Affairs, Food & Public Distribution has urged the Textile industry to focus on speed, skill and scale and get into innovative partnership. He called for developing 100 Indian textile machinery champions recognized across the world. This was stated by Shri Piyush Goyal , Minister for Commerce and Industry, Textiles , Consumer Affairs, Food & Public Distribution, while interacting with the Textile Machinery Manufacturers in a video conference on the topic 'Technology Gap and Way Forward for Textiles Machinery Manufactures'. Shri Goyal also asked the Textile Machinery Manufacturers to get out of command-and-control mindset and work through plug and play to make the textile sector vibrant in name and sprit.

He said that India should be looking to become a global player in producing textiles machinery, producing at scale, producing with quality & quantity the machinery of choice that the world requires. He said that we are not averse to imports but we must reduce the import dependency of the textile machinery in India by concerted effort between Textile Engineering Industry and Government together. He added that focus on quality will help to capture bigger markets and higher productivity.

Shri Goyal expressed hope that a modern and upgraded textile machinery ecosystem would have a cascading impact on unorganized Indian textile industry. This would set the momentum for continuous advancement and innovation resulting into ever evolving & enhancing competitive capabilities along the value chain. He said that the machinery manufacturing facility would change the inertia of the status quo, augment the dynamics along value chain and enhance the domestic consumption and further boost the exports of higher value goods while gradually reducing the import dependency.

For this it is important to synergise efforts of arms of Government between Textiles, Ministry of Heavy Industries, Digital Innovation/ adaptation possibilities in our quest of increasing efficiencies by reducing costs across manufacturing value chain,. Shri Goyal informed that Heavy Industries Capital Goods Scheme is a pilot scheme designed to support the industry to modernize domestic technologies.

He said that National Capital Goods Policy is a manufacturing sector policy devised by the Government of India aimed at increasing the production of capital goods from the 2014-15 value of approximately USD 31 Bn to USD 101 Bn by 2025.

Referring to India’s recent achievement of 100 crore vaccines, the Minister said that the historic achievement was the result a collective effort of 130 crore Indians and a proof of India's 'Atmanirbharta'. He also referred to Mission Chandrayan, which was also a breakthrough in India’s space programme. The Minister called upon the Textile Machinery Manufacturers to look at the same breakthrough of that nature in the textiles sector.

Shri Goyal said that we are on a mission of transformational change. He said when PM speaks of Atmanirbhar Bharat, it means to provide India its rightful place on the global map. He mentioned that today, India under the leadership of Prime Minister Narendra Modi feels reinvigorated, re-energised to think big & bold, to be more ambitious and to set for stiff targets.

The Minister said that government has set target of $100 bn for textiles and garment exports over next five years and Textile sector has an important part to play in achieving it. He added that Indian Textile Engineering Industry (TEI) is at the cornerstone of moving up the manufacturing excellence wherein the domestic R&D, entrepreneurial spirit and exploration of Joint Ventures have ushered in new opportunities.

The Minister also mentioned that history of textile production in India dates back to times immemorial. He said the simple act of adopting khadi and charkha, as propagated by Mahatma Gandhi, took the freedom movement to the masses and made charkha a symbol of Self-reliance. In many ways, this also resonates with our Prime Minister Narendra Modi’s vision for India and the spirit of ‘Aatmanirbhar Bharat’ (self-reliant India), he added.

Talking about Production Linked Incentive (PLI) scheme which talks of global champions and PM MITRA scheme which is trying to bring textiles clusters, Shri Goyal said that seven locations will be identified soon to encourage the industry and prepare a common infrastructure for plug and play. He also urged the manufacturers to come and join PM MITRA scheme and set up manufacturing units by reaping its advantages.

The Minister said that there are still some challenges like liquidity and rising costs of raw materials and freight movement for which government is actively taking many steps so that the TEI can overcome from such issues confidently. He also suggested that there is no harm in getting international capital which will help in creation of jobs in India, add value and expand the entire textiles ecosystem.

Referring to the Centre of Excellence (CoE) for textile machinery, the Minister informed that CoE at Central Manufacturing Technology Institute (CMTI), Bengaluru was established for development of shuttle less rapier looms of 450 Revolution Per Minute (RPM), towards promoting indigenous technology innovation and advance manufacturing processes. Similarly, CEFC at Bardoli, Surat was initiated by Science Engineering and Technological Upliftment (SETU) Foundation, and will have a design center, tool room, training center, and testing lab to cater to the requirements of textile engineering industry.

In Delhi, CoE at IIT-Delhi was established to focus on product development, especially with specified industry partners. Shri Goyal also called upon the younger generation to engage in business.

The Minister expressed hope that this very initiative of bringing all the relevant stakeholders viz industry, institutions and various government ministries on the same platform will synergize our efforts and will enable the Indian TEI to enhance its energies in the areas of state-of-the-art technology R&D, 'Atma Nirbhar Bharat' and export promotion.

Speaking on the occasion, Minister of State for Textiles, Smt. Darshna Jardosh stated that for textile industry, it is the golden period for investment and expand business as many important steps like PM MITRA Parks, PLI, RoDTEP, RoSCTL have been taken to boost the sector. She also said that textile machinery has an important part in the growth of this sector. And not only big machinery but small machinery also, is important to promote handloom and handicrafts sector, which are our cultural heritage and we need to preserve this legacy.

Secretary, Ministry of Textiles, Shri U.P. Singh, Addl. Secretary, Shri Vijay. K. Singh, Textile Commissioner, Chairman/President of the Textiles Machinery Manufactures Associations and CMDs/ MDs/ India heads of the leading indigenous and foreign Textiles Machine Manufacturers participated in the conference.

15 textile machines manufactures of foreign regions, 20 leading indigenous textile manufactures and 7 textile machinery and associated industry associations have participated and also submitted their view points.

The interaction was aimed at devising possible strategy to develop a facilitating Ecosystem for growth of the Textiles Engineering Industry (TEI) in India under Make in India in order to Compete globally in all industry segments on strength of Technology and scale, Initiatives towards Atmanirbhar Bharat: Meet 75% of domestic demand by 2026-27 and Cost reduction for the Textile Manufacturers and Enhancement of Value exports.

Source: pib.gov.in– Oct 24, 2021

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Govt notifies PM Mega Integrated Textile Park Scheme for greenfield, brownfield sites

Will also offer a competitiveness incentive support for early establishment of units

The Textiles Ministry has issued the notification for setting up of seven PM Mega Integrated Textile Region and Apparel (PM MITRA) parks with a total outlay of ₹4,445 crore to be disbursed over five years specifying that these will be set up at both greenfield (not earlier been built on) and brownfield (which has been built on) sites located in different willing States.

“Proposals of States having ready availability of contiguous and encumbrance-free land parcel of 1,000+ acres along with other textiles related facilities & ecosystem are welcome,” according to an official release issued by the Textile Ministry on Friday.

For a greenfield PM MITRA park, the Centre’s development capital support will be 30 per cent of the project cost, with a cap of ₹500 crore. For brownfield sites, after assessment, development capital support of 30 per cent of project cost of balance infrastructure and other support facilities to be developed will be extended. The limit has been set at ₹ 200 crore.

State government support will include provision of 1,000 acre land for developing a world class industrial estate, the release stated.

The Centre will also offer a competitiveness incentive support of ₹300 crore to each PM MITRA park for early establishment of textiles manufacturing units. “Such support is crucial for a new project under establishment which has not been able to break even and needs support till it is able to scale up production and be able to establish its viability,” the release stated.

The PM MITRA scheme, approved by the Cabinet earlier this month, seeks to develop integrated large scale and modern industrial infrastructure facility for the entire value-chain of the textile industry. The objective is to reduce logistics costs and improve competitiveness of Indian textiles.

“The scheme will help India in attracting investments, boosting employment generation and positioning itself strongly in the global textile market. These parks are envisaged to be located at sites which have inherent strength for textile Industry to flourish and have necessary linkages to succeed,” the release added.

Source: thehindubusinessline.com– Oct 22, 2021

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Non-tariff barriers to trade need to be studied, resolved: Piyush Goyal

On reaching the 100-crore vaccination mark, the minister said it is a symbol of India's ability, resilience, and strength of 135 crore Indians.

Commerce and Industry Minister Piyush Goyal on Friday said there are lot of non-tariff barriers that need to be addressed and wherever India will find unfair treatment to domestic industry, it will have to take reciprocal action. Non-tariff barriers to trade are restrictive practices which create impediments in smooth flow of imports and exports.

“Trade today requires a lot of study, deep diving into what practices other countries follow. There are a lot of non-tariff barriers that need to be studied, we need to work to resolve those barriers. Wherever we will find unfair, unjust treatment to India, India will have to take reciprocal action,” he said at the 54th convocation of Indian Institute of Foreign Trade (IIFT).

The minister said India is negotiating free trade agreements with several countries including the UK, UAE and Australia and young talents from IIFT can help in achieving the transformational agenda for India’s international trade.

On the country’s exports, Goyal exuded confidence that the country will achieve the USD 400 billion target for this fiscal.

“We are confident of achieving this year. We have already done USD 197 billion in six months. We are aspiring to go up to USD 1 trillion in near future, each for goods and services…For this we need thousands of young boys and girls coming out from IIFT,” he added.

Further he said during FTA talks, the subject of dual degrees and collaborations with IIFT come up for discussions.

“I would urge you take the process of dual degrees forward, to fast track it and identify institutions of excellence across the world…Australia, the UK, and UAE have already shown huge interest in collaborating with Indian universities and institutions of eminence and I would urge IIFT to take this process forward,” he added.

On granting the institute of national importance tag to IIFT, he said the ministry will pursue that in the forthcoming months through the necessary legislative changes that it would require.

On reaching the 100-crore vaccination mark, the minister said it is a symbol of India's ability, resilience, and strength of 135 crore Indians.

"The vaccine century is a true symbol of the collective wisdom of India. It is a victory for Make In India for the world," he said.

Meanwhile, commenting on the milestone, industry chamber PHDCCI's President Pradeep Multani said it is encouraging to note the vaccination drive has not only increased the confidence of people, trade and industry, but has also created positive economic projections by various national and international organisations.

"The use of technology and scientific approaches for vaccine distribution and procurement are the key to India's Vaccination drive. Through this, there is high optimism among investors to invest in India as well as some key sectors like housing, agriculture, sports as these are booming and creating jobs for youth," Multani added.

Source: financialexpress.com– Oct 22, 2021

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PLI tweaks to push textile exports, $65b target realistic: CII-Kearney

The report suggested India to create FTAs with large importers such as the EU, the UK, and other moderately-sized markets such as Australia, Canada and Japan.

India should target a "realistic" goal of $65 billion worth of textile exports in the next five years, industry body CII and global management consulting firm Kearney have said in a report, adding the government's aim of $100 billion of exports is a "very steep goal". The report also said India should ink trade pacts with the EU, the UK, Australia, Canada, Bangladesh and Vietnam. India exported textiles worth $36 billion in 2019.

The report, titled Creating a competitive advantage for India in the global textile and apparel industry, also suggested the government to tweak the production-linked incentive (PLI) scheme for technical textiles and manmade fibres, and expand it to fabric and garments made of natural products, saying the selected companies may struggle to reach the threshold investments set in the scheme.

"Reaching $100 billion in five years will be a very steep goal. Hence, India could emulate the best-in-class exports growth seen over the past 10 years (9-10% by Vietnam in 2011-2015) and target a realistic goal of $65 billion in five years," the report said, adding that India will be able to expand its share of global exports to 6.6% from 4.5%.

Expediting the implementation of key legislations such as the adoption of fixed-term employment across states, and policies to encourage indigenous textile machinery manufacturing in India, are the other suggestions made in the report. This assumes significance as commerce and industry minister Piyush Goyal has called for developing 100 Indian textile machinery champions that are recognized across the world.

On the recently-approved Rs 10,683-crore PLI for manmade fibre (MMF) apparel and fabrics, and technical textiles, CII and Kearney suggested "select tweaks" though the "boldness" is reflected in the scheme design where a starting revenue of Rs 200 crore indicates steady-state revenue of around Rs 490 crore (after four more years), which indicates investment of about Rs 140 crore.

While this scheme allows manufacturers to start availing benefits any year (starting from the third year) in the seven-year window scheme, they said select garmenters may struggle to reach the Rs 200 crore threshold in the third year and therefore may not be able to avail the benefit offered for the entire five years but only for a curtailed period.

"Hence, as a refinement, the government may look to tweak this framework to ensure that the benefits are provided for the full duration to such garmenters. Based on feedback from initial implementation, the government must explore expanding this scheme to fabric and garments made of natural products as well to support overall fabric and apparel growth," CII and Kearney said.

Covid-19 has triggered the redistribution of global trade shares and a recalibration of sourcing patterns through "China plus one" sourcing, according to the report.

FTA, FDI

As per the report, India must renegotiate free-trade agreements (FTA) and preferential trade agreements (PTA) with key markets such as the EU, the UK, Australia, and Canada, and key fabric-exporting Asian markets such as Bangladesh and Vietnam.

This is crucial as exports declined 3% during 2015-19 and 18.7% in 2020 while other low-cost countries such as Bangladesh and Vietnam have gained share.

In apparel, they have asked to create FTAs with large importers such as the EU, the UK, and other moderately-sized markets such as Australia, Canada and Japan. India should strive for lower duties in Indonesia, currently at 4% duty, in MMF as Jakarta gets about 42% of its imports from China at zero duty.

Source: economictimes.com– Oct 25, 2021

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Govt, industry need to cooperate to build Brand India in textiles: Report

The government and industry needs to act as a combined force to build Brand India in the textiles and apparel sector, according to a report.

The CII-Kearney joint report suggested that the government should focus on putting in place key enablers to attract investments in the domestic textiles sector and optimise operations like improved market access and cost-competitiveness while creating an enabling business environment.

The report also underscored the need for industry players to adopt global best practices in terms of manufacturing competitiveness, enhancement of service levels, capabilities in design, innovation and need for more investments in sustainability and traceability.

It also highlighted that achieving the USD 65-billion exports target up from USD 36 billion in 2019 will require India to carefully strategise actions in five key areas, including apparel, fabric, home textiles, man-made fibre and yarn and technical textiles.

The report calls for targeting a USD 16 billion increase by riding the China Plus One sentiment. India is suitably positioned on this, thanks to its relatively large strategic depth compared with Vietnam or Bangladesh. Besides, it recommends a USD 4-billion jump by positioning India as a regional fabric hub, starting with cotton wovens and then extending to other sub-categories.

The report also suggests setting a target of USD 4 billion increase by building on existing advantages to expand the global customer base, and targeting a USD 2.5 billion-USD 3 billion jump with a focus on gaining share in MMF (man-made fiber) products.

Confederation of Indian Industry (CII) Director-General Chandrajit Banerjee said, "The Indian textile industry is one of the largest manufacturing sectors by employment. To realise its full potential in the global market, strengthening of the textile industry value chain and broader market access is a must.

Source: business-standard.com– Oct 24, 2021

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Power ministry notifies rules to address cost recovery concerns of renewable energy

Most power supply agreements include the CIL provision, under which appropriate alterations are required to be made in the tariff structure if the cost of electricity supply is impacted by enactment, amendment or repeal of any law after the initial agreement has been signed by buyers and sellers.

The Union power ministry has notified new rules to address concerns of renewable energy players about the timely recovery of costs due to changes in law and curtailment of renewable energy by various state-run electricity distribution companies (discoms).

The new rules direct electricity regulators to make adjustments in tariffs for 'change in law' (CIL) cases within 60 days. They also allow solar and wind power plants to sell power in the exchanges if their supply has been curtailed by their designated buyers.

Most power supply agreements include the CIL provision, under which appropriate alterations are required to be made in the tariff structure if the cost of electricity supply is impacted by enactment, amendment or repeal of any law after the initial agreement has been signed by buyers and sellers.

Changes in taxes and license fees are also included in the CIL provision. As per the new law notified by the government, power plants have to give a three weeks prior notice to the buyers about the proposed impact in the tariff to be recovered under CIL. Subsequently, the power company will have to furnish relevant documents and their calculations of monetary impact of the CIL event to electricity regulators for adjusting the tariffs, and the regulator will have to verify such claims within sixty days of receiving the documents.

The latest rules also state that in cases where power has been curtailed due to technical constraints, renewable energy power plants can sell electricity in the power exchanges. If any profit is made by the generator by selling in the spot market, it "shall be adjusted against the compensation payable by the procurer (which had curtailed procurement)".

Electricity generated from must-run power plants can be curtailed or regulated only due to technical constraints or for security of the electricity grid. Compensation for curtailment are supposed to be paid as per the terms of the power purchase agreement.

Despite, renewables having a 'must run' status, instances of curtailment are regularly observed in several states. This is mainly because renewable power supply is intermittent and unreliable, and discoms have to spend significant amount in ensuring back-up arrangements when green sources do not supply as per prior promise. India has announced international commitment to set up 175 GW of renewable energy capacity by 2022 and 450 GW by 2030. "These rules will help in achieving the targets of renewable energy generation," the government said.

Source: financialexpress.com– Oct 24, 2021

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Energy and efficiency improvement opportunities in the Textile Industry

The recent IPCC report has established the inadequacy of efforts being made to keep the global rise in temperature to a permissible limit of 1.50 C. As we move closer to COP26 to discuss further the pathway to accelerate climate action, it is important to develop a common consensus and streamline our efforts towards the broader decarbonization objective. One can't deny the need to join the race to zero by all sectors of society, with pledges from companies, cities, states, and regions. Decarbonizing supply chains is a major opportunity for nations to put commitments into practice, as it offers a game-changing opportunity (Net-Zero Challenge: The supply chain opportunity, 2021).

According to Cushman & Wakefield's (Global Manufacturing Risk Index – 2021), India has emerged as the second most preferred manufacturing destination over other countries, including the U.S and Asia-Pacific region. Redesigning the supply chain induced with green technology will help adapt to climate change mitigation measures. The industrial sector in India, being the most energy-intensive sector with its share of 42.7% (MoSPI, 2019) towards total energy consumption, holds the second highest potential for decarbonization.

Furthermore, within industries, the textile industry, which is a significant contributor to economic growth and jobs, holds significant potential for decarbonization through the implementation of energy efficiency and clean technology measures. India is the world's second-largest producer of textiles and garments, also the fifth-largest exporter of textiles and is expected to grow at a CAGR of 12% in future (IBEF, 2021). After agriculture, the sector adds a considerable 4% to the country's GDP and is the second-largest employment generator with around 45 million direct workers (Trends in Textile Engineering & Fashion Technology, 2018).

The textiles industry in India covers the entire manufacturing value chain from fibre to apparels, constituted by players of all sizes, from large corporates to MSMEs and spread across clusters throughout the country. The Indian government has taken a firm step towards dominance in the global textile market by recently introducing the Production Linked Incentive Scheme. This growth can be modernized and accelerated while improving livelihoods for millions, by usage of decentralized renewable energy.

However, the textile industry, including the production of all clothes which people wear, contributes to around 10% of global greenhouse gas emissions due to its long supply chains and energy-intensive production (World Bank, 2019). Clean technology interventions in the sector will help in driving climate change mitigation and help industries improve their overall profitability, thereby ensuring long-term sustainability. Decarbonised garment manufacturing could deliver 90 million tonnes of GHG emissions savings (Comparative study of energy assessment from apparel industries, 2006).

While the large textile industries have raced ahead by implementing clean technology interventions due to their access to PAT scheme and net-zero commitments, the MSMEs (micro, small and medium enterprises) still face technical, financial, institutional, and social barriers. To address the challenges, a range of initiatives involving capacity-building, awareness programs, and financial subsidies organised and supported by bilateral and multilateral institutions. However, some of the challenges continue to persist and hinder the large-scale energy transition in this sector due to barriers to accessing finance, inadequate policy incentives as well as lack of technical awareness.

Improvements in energy efficiency and a transition from fossil fuels to renewable-energy sources could deliver about 1 billion metric tons of emission abatement in 2030 across the textile value chain. (Fashion on Climate, 2020). Thus, there is an imminent need for holistic scalable solutions and ecosystem-based comprehensive approaches that leverage multi-stakeholder partnerships in order to combat the multitude of obstacles plaguing the energy transformation of the sector.

Paving the Way Forward: Potential Opportunities & Approaches

Potential technological options to decarbonize the textile sector are energy-efficient boilers, waste heat recovery systems, air to fuel ratio controllers, energy-efficient motors, and compressors. However, the large-scale adoption of these possible solutions requires the following interventions:

- Adoption of a holistic approach for achieving large-scale transition, which ensures inclusion of aspects related to sustainability and scalability of interventions.

- Enabling and strengthening local ecosystems by ensuring skilled technology suppliers, technical assistance, and training to build a skilled workforce focused on gender empowerment.

- Policy interventions to create a conducive environment for achieving energy efficiency and clean technology adoption at scale.

- Collaboration & Green Partnerships: Coherent aligned efforts from all stakeholders is bringing in accelerated transformation. Brands are actively engaging with manufacturers in their value chain to roll out cleantech interventions at scale. Likewise, SMEs across industry clusters are accessing technical assistance and demonstration support for torch-lights' wider sectoral adoption. Such collaboration measures can be further enhanced with green partnerships that bring in a cross-section of players from technology, financing and energy together.

- Innovations in Business Models – demand aggregation, market transformation, and ESCO-financing based approaches addressing barriers related to higher cost and upfront investment.

- Program interventions involving the suggested approaches could help the country achieve its Nationally determined contributions and Net-zero ambitions while making the industries more sustainable and resilient. Transitioning to a clean energy-based system can bear risks and weather tomorrow's crises, which is one of the main challenges to be addressed by the industry and government today.

Source: financialexpress.com– Oct 24, 2021

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Strong GDP growth expected in coming quarters: PHDCCI

Out of the 12 lead economic and business indicators of QET (Quick Economic Trends), tracked by the industry body, nine have shown an uptick in the sequential growth for the month of September 2021 as compared to six showing the uptrend in August 2021.

Industry chamber PHDCCI on Sunday said it expects strong GDP growth in the coming quarters with the economic recovery gaining momentum.

Out of the 12 lead economic and business indicators of QET (Quick Economic Trends), tracked by the industry body, nine have shown an uptick in the sequential growth for the month of September 2021 as compared to six showing the uptrend in August 2021.

"The uptrend in the lead economic and business indicators in the recent months shows that the economic recovery is catching pace and strong economic growth is expected in the coming quarters," said Pradeep Multani, President, PHD Chamber of Commerce and Industry (PHDCCI).

However, he suggested, at this juncture, there is a need to address the high commodity prices and shortages of raw materials to support the consumption and private investments in the country.

GST collections, stock market, UPI transactions, exports, exchange rate, forex reserves, CPI inflation, WPI inflation and unemployment rate have registered positive sequential growth in September 2021 as compared to August 2021, PHDCCI stated.

Besides, the unemployment scenario improved to 6.9 per cent in September 2021 from 8.3 per cent in the previous month.

"Stock Market (SENSEX -average of daily close) have recorded the sequential growth of 6.4 per cent from 55,238 in August 2021 to 58,781 in September 2021. GST collections registered the sequential growth of 4.5 per cent from Rs 1,12,020 crore in August 2021 to Rs 1,17,010 crore in September 2021," PHDCCI said.

Supply-side issues such as high input prices, shortages of raw materials, among others are impacting the production possibilities and reducing the price-cost margins of the businesses, said Multani.

He observed that the drivers of household consumption need to be further strengthened to enhance the aggregate demand as it will have an accelerated effect on the expansion of capital investments.

India's economy grew by 20.1 per cent in the first quarter of 2021-22, helped by a low base of the year-ago period, according to the official data released in August.

Source: financialexpress.com– Oct 24, 2021

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Monetary Policy Committee minutes: Continued monetary support necessary, says RBI governor Shaktikanta Das

While observing that lower food prices may take the headline inflation numbers down in Q3, RBI deputy governor Michael Patra observed that fuel inflation being at an all-time high posed risks to the upside.

With the outlook on inflation improving and projections for the same easing, there is a need for continued monetary support to a still-recovering economy, Reserve Bank of India (RBI) governor Shaktikanta Das wrote in the minutes to the October meeting of the Monetary Policy Committee. However, other RBI executives on the rate-setting panel flagged risks emanating from high fuel prices and stressed the need to remain focused on inflation-targeting.

Das wrote that the outlook on inflation had improved and the inflation projection for FY22 had been revised downwards by 40 basis points (bps) to 5.3%. The medium-term focus of the MPC has successfully moderated undue expectations of a possible reversal of the monetary policy stance and is helping anchor expectations in the right direction, while navigating the economic recovery from the crisis. “At this critical juncture, our actions have to be gradual, calibrated, well-timed and well-telegraphed to avoid any undue surprises,” he said.

While observing that lower food prices may take the headline inflation numbers down in Q3, RBI deputy governor Michael Patra observed that fuel inflation being at an all-time high posed risks to the upside. It was, therefore, important to remain on guard about second=order effects from these transitory disturbances that could make some components of inflation more persistent.

However, pressures from wages and rentals remain muted and staff costs in the organised sector are rising again as hiring and normal work processes resume. “There is also some evidence forming that cost pressures may not be able to be absorbed any longer and selling prices may turn up. Thus, while the trajectory of inflation may undershoot the projections made in August, it is likely to be uneven, sluggish and prone to interruptions,” Patra wrote.

The RBI executive director Mridul Saggar stressed on the need to remain data-dependent. Capital flows can turn volatile in either direction if taper paths come with surprises.

“Amid these uncertainties, policies will need to respond with alacrity and should be untangled from any pre-commitments,” Saggar said, adding, “If at all some guidance is needed at this stage, it has to be a soft one; with the Reserve Bank preparing markets that while policy stance is likely to remain accommodative till growth is revived on a durable basis, liquidity levels will be adjusted dynamically to appropriate lower levels that are still consistent with accommodative stance.”

Further, Saggar said that the MPC needs to reinforce its commitment to the assigned inflation target guided by data inflows on growth, inflation and other parameters. It also needs to now focus more on risks to both inflation and growth and calibrate policies as the situation evolves. “…in my judgement, if no new disruptions to growth emerge, output gap will close sometime in 2022-23 and monetary policy should start to gradually reposition to lowering underlying inflation and inflation expectations next year,” Saggar said.

Source: financialexpress.com– Oct 23, 2021

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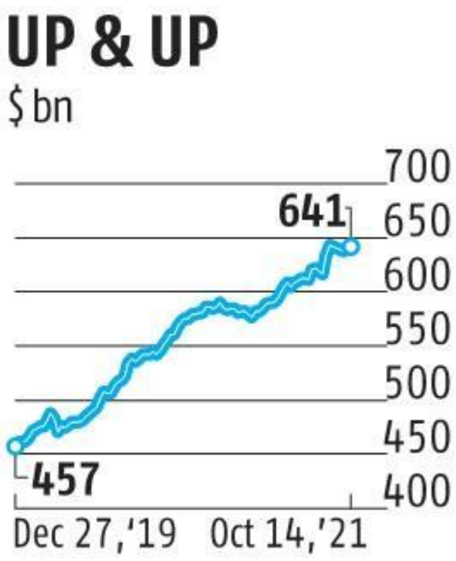
India's foreign exchange reserves up by $1.492 billion to $641 billion

The country's foreign exchange reserves rose by $1.492 billion to reach $641.008 billion in the week ended October 15, RBI data showed on Friday.

In the previous week ended October 8, the reserves had increased by $2.039 billion to $639.516 billion. The reserves had touched a lifetime high of $642.453 billion in the week ended September 3, 2021.



In the reporting week ended October 15, the rise in the forex kitty was mainly on account of an increase in foreign currency assets (FCAs), a major component of the overall reserves

FCAs rose by $950 million to $577.951 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 by $557 million to $38.579 billion in the reporting week, the data showed.

The special drawing rights (SDRs) with the International Monetary Fund (IMF) declined by $21 million to $19.247 billion.

The country's reserve position with the IMF rose by $6 million to $5.231 billion.

Source: business-standard.com– Oct 23, 2021

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Govt to soon set up panel for National Employment Policy

The proposal to bring in a dedicated National Employment Policy was first mooted in 2008. An inter-ministerial group during the United Progressive Alliance regime had examined the proposal but nothing concrete emerged.
The government will soon set up a committee to frame India's first National Employment Policy with an aim to significantly push up employment generation in the country.

Work has begun to identify the members of the committee that is expected to have representatives from stakeholder ministries, academia, experts and representatives of employers and trade unions, a senior government official told ET.

"The new committee will be notified soon. We hope to put in place the first draft by next fiscal," the official said, adding that the policy will be based on the data that emerges from employment surveys currently under way.
The policy is expected to take into account the jobs estimated to be created under the production-linked incentive (PLI) scheme across a dozen sectors besides the rising number of gig workforce and platform workers in the country.

Last year, a group of ministers led by then social justice & empowerment minister Thawar Chand Gehlot, had suggested that the National Employment Policy should lay out a sectoral roadmap with incentives for employment generation.

According to the official, the policy will have twin objectives of creating an enabling environment for attracting new enterprises and industries to generate employment opportunities while improving the skill sets of the existing workforce to make it employable and competent enough to match global standards with special emphasis on increasing the headcount of female workforce.

The renewed focus on the country's first National Employment Policy came after the Covid-19 pandemic took away millions of jobs, raising the overall unemployment rate to alarming levels.

Even after 19 months since the pandemic first hit India in March 2020, the country's overall employment is lower than pre-pandemic levels while at least five million youth are added to the country's 450-million workforce every year.

The proposal to bring in a dedicated National Employment Policy was first mooted in 2008. An inter-ministerial group during the United Progressive Alliance regime had examined the proposal but nothing concrete emerged.

The idea finally took some shape at the first meeting of the BRICS employment working group in 2016, following which the NDA government started work on it. However, even that could not progress much.

Source: economictimes.com– Oct 25, 2021

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Need for a separate ministry focusing on micro enterprises with dedicated policy support: CIA

Ease of Doing Business for MSMEs: Consortium of Indian Associations (CIA), a prominent MSME body representing around 50 MSME associations across the country, has urged the government to create a separate ministry for micro enterprises for better focus and policy support catering to micro entrepreneurs.

The demand stems from the fact that over 99 per cent of enterprises in the MSME category are micro units, which have turnover less than Rs 5 crore, that aren't comparable to businesses with turnover up to Rs 250 crore. According to the MSME Ministry's 2020-21 annual report, of 6.33 crore MSMEs in India, 6.30 crore are micro enterprises, while 3.31 lakh are small units, and only 5,000 are medium businesses accounting for 0.52 per cent and 0.01 per cent of the total estimated MSMEs, respectively.

"How can we have the same lane on a highway for a cyclist and a lorry? That's exactly what's happening in the name of MSME. A company doing a turnover of Rs 1 lakh a month and Rs 20 crore a month are both called an MSME. All this is manageable when the going is good but surely not when there is chaos. Now we are unable to administer any stimulus or relief to any enterprise in the country even though we want to.

For example, we offer the same stimulus scheme for a company engaged in running a salon or a transporter or a manufacturer, or an exporter or a training institute. Giving one medicine for all issues makes it impossible to expect any cure unless strong luck saves the patient," KE Raghunathan, Convenor, CIA told Financial Express Online.

The association along with its members had conducted a survey in June this year covering more than 81,000 self-employed and entrepreneurs running micro and small businesses. The survey noted that 73 per cent of SMEs didn't make any profit during the FY21 while 88 per cent of respondents were yet to avail any of the stimulus packages introduced by the government.

To support micro enterprises recovering from the Covid impact, the CIA also suggested the government to exempt the units from GST for two years along with exemption from PF/ESI for two years. Other key asks were unconditional moratorium of all types of loans below Rs 2 crores to start

EMI payments from 2022 September onwards and till then the interest to be in line with RBI Repo interest, immediate clearance of all pending dues payable from central public sector units, state undertakings, and corporates, offer additional loans to any micro enterprises that seek funds without any eligible conditions up to 50 per cent of their current facility, waive from Capital Gains tax for the sale of factories to settle loans and to reinvest in the business, open Fair price shops and offer raw materials at fixed prices for one year and with credit terms to micro Entrepreneurs, etc.

Source: financialexpress.com– Oct 24, 2021

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Easy cargo movement, startup collaboration key for India-ASEAN relationship: CII

Ahead of the India-ASEAN Summit next week, industry has pushed to prioritise the expansion of the scope of the Bilateral Air Services Agreement to enable easier cargo movement, and suggested collaboration between the startups of both sides in digital payments, e-commerce and cybersecurity, home healthcare, e-pharmacy, and fitness and wellness apps.

The Confederation of Indian Industry (CII) has also said that India's pharmaceutical industry can become a key supplier of generic drugs, medical devices and vaccines to the ASEAN nations.

ASEAN, or Association of Southeast Asian Nations, comprises 10 countries—Indonesia, Thailand, Singapore, Malaysia, the Philippines, Vietnam, Myanmar, Cambodia, Brunei and Laos.

"A regional approach to energy security will help manage its supply and demand m crucial requirement of these high-growth economies," CII said in its report titled "ASEAN-India: Identifying emerging opportunities together".

It added that India has begun collaboration with a few ASEAN countries such as Vietnam and Myanmar in areas such as renewable energy, and development of refineries.

With the success of CO-WIN app, India can support other countries who may want to use CO-WIN or design a similar digital vaccination management system, according to the industry chamber.

"An ASEAN Visa and cross-country exchanges related to cultural and leisure programmes will go a long way in increasing people-to-people connectivity and potentially boosting SME trade," CII said in its report.

ASEAN-India trade witnessed a decline of 9.2% in FY21 owing to the pandemic and ASEAN's trade expansion with US and China. The decline in trade and India's increasing trade deficit in the last few years have led to a call for a review of free trade agreements (FTA) with ASEAN, as India targets better trade balance.

“The review will be aimed at issues such as removal of non-tariff measures, especially in the auto and agriculture sectors, and rules of origin,” CII said.

This is crucial as since the FTA finalisation, India’s imports from ASEAN continued to increase sharply, in comparison with exports. As a result, India’s trade deficit increased to $15.9 billion in FY21 from $4.9 billion in FY11.

Source: economictimes.com– Oct 22, 2021

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Cotton production may decline but prices will remain firm: JAU report

The price range forecast by the JAU report is higher than Rs 6,025 per quintal fixed by the Central government as the minimum support price (MSP) for long-staple Bt cotton variety.

Cotton production may see a decline in India this year after damage to the crop due to heavy rain in Maharashtra Gujarat and Madhya Pradesh in September and an attack by pink bollworm, though robust global demand will keep the prices firm, according to a price forecast report released by the Junagadh Agricultural University (JAU) in Junagadh on Friday.

The report released by the WTO Cell of the Department of Agricultural Economics (DAE) of the JAU underlined the fact that cotton acreage in the country declined to around 124 lakh hectare (lh) in Kharif season 2021-22 as against 131 lh in 2020-21 due to variations in advent of monsoon in some of the key regions of this crop. This, coupled with heavy rains in September may lead to a decline in production this season, the report said.

“This year, at country level, cotton production is estimated 362 lakh bales (First Advanced Estimate, dt. 21-09-2021) slight more than the last year (354 lakh bales).

But the torrential rain received in the last week of September, 2021, in Maharashtra, Madhya Pradesh and Gujarat has damaged the crop to large extent, besides huge damage due to pink bollworm is also feared, (this) may result in lower production than last year,” the report prepared by DAE’s associate research scientist Maganlal Dhandhalya and his team stated.

The report forecasts that in Gujarat, among the leading cotton producing states of India, production may remain stable in 2021-22.

“Current year in Gujarat, the area under cotton is estimated about 22.56 lakh ha, same as last year (2020-21) and production is estimated 80.95 lakh bales, which is about 8 lakh bales more than last year (72.7 lakh bales).

But damage caused in last week of September, 2021 (and) delayed first picking will result in low yield same as last year,” the report said.

Citing the United States Department of Agriculture (USDA), the JAU report states that global cotton production is projected at 1,531 lakh bales in 2021-22, compared to 1,439 bales the previous year.

However, the consumption of cotton is expected to remain 1,588 lakh bales — 57 lakh bales more than last year. This, the JAU report said, is expected to keep the price of cotton firm in world market in the current year.

Source: indianexpress.com– Oct 23, 2021

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Good rate for cotton cheers north Maharashtra farmers

The new season has kicked off on a good note for over 3.5 lakh cotton growers from North Maharashtra as the sale price of raw cotton is significantly higher than the last season.

Cotton crop is grown on over 9.30 lakh hectares in Jalgaon, Dhule and Nandurbar districts. The cotton season starts in October and stretches up to August-September next year.

"This season, the cotton growers are fetching on an average Rs 7,000 for one quintal of raw cotton. Last season, the sale price was below Rs 5,000 a quintal. The Covid pandemic had impacted both, the cotton farmers and traders, last year. Now things are fast improving," Pradeep Jain, president of Khandesh gin/press factory owners association, told TOI.

There are 150 ginning units in these three districts, which buy bulk of the raw cotton from the farmers. These units then process them to make cotton bales, which are then sold to various cotton textile spinning mills, multinational firms, etc. They buy the raw cotton directly through farmers or through auctioning in the mandis in the three districts.

The ginning units of the region make over 25 lakh bales during the season and the demand for cotton bales of North Maharashtra is high because of the superior quality.

"In the last season, the demand for cotton bales was sluggish as like many other sectors, the textile sector was hit hard due to the pandemic. The scenario has changed this season and the sector is witnessing an upswing in demand. Our feedback is that the domestic consumption of cotton bales is around 3.60 crore at present, which is over 20-25% higher during the corresponding period last year," added Jain.

According to him, the Centre's recent announcement of the Production-Linked Incentive (PLI) scheme would have a positive impact on the prices of raw cotton.

Pravin Koli, a cotton farmer from Jalgaon, said they were forced to sell the produce at a cost lower than the production cost last year. "The mood among the cotton farmers is upbeat as the prices are high. This will help some farmers make up for the losses they suffered due to crop damage after heavy rainfall last month," he said.

Source: timesofindia.com– Oct 23, 2021

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