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NEWS CLIPPINGS

	NATIONAL NEWS
1	Time for India: Road shows in Sweden! Focus on unlocking India's business potential
2	Triple tailwinds to lift revenue of home textile exporters by ~20%
3	Finance Ministry invites suggestions for changes in direct, indirect taxes from trade, industry bodies
4	India-UK FTA talks should champion digital trade
5	Logistics stocks on a roll as demand perks up
6	Bulging exports to lift home textile players' revenue 20% this fiscal: Report
7	Oct export data looks impressive but Govt must provide freight support till 31st March 2022: FIEO President
8	Cotton prices hit Rs 10,000, ride wave of low yield
9	Rural development ministry ties up with Flipkart to sell products made by artisans
10	How India can reinvent the goods and services tax
11	Bengal to set up about 2,500 high-end looms
12	These platforms are digitising India's textile industry and connecting artisans with international buyers

INTERNATIONAL NEWS

Biden Cuts Three African Nations from AGOA

President Biden on Tuesday announced that three countries will be terminated from the African Growth and Opportunity Act (AGOA) trade preference program as of Jan. 1, absent urgent action to meet statutory eligibility criteria.

“Our administration is deeply concerned by the unconstitutional change in governments in both Guinea and Mali, and by the gross violations of internationally recognized human rights being perpetrated by the government of Ethiopia and other parties amid the widening conflict in northern Ethiopia,” United State Trade Representative (USTR) Katherine Tai said. “These countries are set to be removed from this program due to actions taken by their governments in violation of the AGOA statute. The United States urges these governments to take necessary actions to meet the statutory criteria so we can resume our valued trading partnerships.”

Tai said she will provide each country with clear benchmarks for a pathway toward reinstatement and the administration will work with them to achieve that objective.

Biden cited Guinea and Mail “for not having established or not making continual progress toward establishing the protection of the rule of law and of political pluralism.”

“Despite intensive engagement between the United States and the governments of Ethiopia, Guinea and Mali, these governments have failed to address United States concerns about their non-compliance with the AGOA eligibility criteria,” the President said. “I will continue to assess whether the governments of Ethiopia, Guinea and Mali are making continual progress toward meeting the AGOA eligibility requirements.”

AGOA provides eligible sub-Saharan African countries with duty-free access to the U.S. market for over 1,800 products. To meet AGOA’s rigorous eligibility requirements, countries must establish or make continual progress toward establishing a market-based economy, the rule of law, political pluralism and the right to due process. Additionally, countries must eliminate barriers to U.S. trade and investment, enact policies to reduce poverty, combat corruption and protect human rights.

In 2015, Congress passed legislation modernizing and extending the program to 2025. For the year through August, apparel and textile imports from under AGOA increased 2 percent to 362.96 million square meter equivalents (SME) compared to 355.94 million SME in the prior 12-month period.

On Wednesday, American Apparel & Footwear Association (AAFA) CEO Steve Lamar renewed calls to end the Ethiopian crisis after denouncing the unrest last week.

“The humanitarian crisis in the Tigray region is simply unacceptable,” Lamar said. “We urge all parties to ensure the safe passage of emergency relief and aid as a first step toward the cessation of hostilities and a process that will result in lasting peace. It is also our hope that AGOA benefits will not be interrupted as this would exacerbate a growing humanitarian crisis.”

Lamar previously urged Ethiopian Prime Minister Abiy Ahmed to resolve the ongoing humanitarian disaster in the northern region of Tigray, where escalating conflict has plunged the region into the world’s worst hunger crisis in a decade.

For years, Ethiopia was seen as a “stable and progressive” investment partner, he wrote, and investments by the U.S. garment sector into Ethiopia’s expanding network of government-built industrial parks created the ability to “lift many out of poverty and supported sustainable economic opportunities for Ethiopian households and communities.”

“The tragedy in Tigray and nearby regions must be stopped,” Lamar added. “The humanitarian crisis must be solved and those who can best bring aid and relief need critical access. The ongoing violence and strife urgently need to be replaced by a ceasefire and talks from all sides that can lay the basis for lasting peace. But until that happens, it is absolutely vital that all parties ensure the immediate resumption of humanitarian aid to the people who have been most affected by this crisis.”

Lamar said news reports of the Ethiopian government blocking aid shipments, leaving starving Tigrayans to resort to eating leaves to survive, are “unacceptable and completely inconsistent” with AAFA’s values and expectations. Ethiopia has denied “purposely” hindering aid.

“We urge you to lead by example, making sure your government does everything in its power to see that relief supplies flow unimpeded,” he added.

Source: sourcingjournal.com– Nov 02, 2021

HOME

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US economy posts 17th consecutive month of growth in Oct: ISM

Economic activity in the US manufacturing sector grew in October, with the overall economy achieving a 17th consecutive month of growth, according to the country's supply executives in the latest Manufacturing ISM Report on Business released recently by Tempe, Arizona-based Institute for Supply Management's (ISM) manufacturing business survey committee.

The report shows new orders, production, employment, backlog, manufacturing inventories and exports are growing; imports are contracting; supplier deliveries are slowing at a faster rate; customers' inventories are too low; and prices are rising. "The October Manufacturing PMI [purchasing manager's index] registered 60.8 per cent, a decrease of 0.3 percentage point from the September reading of 61.1 per cent. This figure indicates expansion in the overall economy for the 17th month in a row after a contraction in April 2020," an ISM press release said quoting the report.

"The new orders index registered 59.8 per cent, down 6.9 percentage points compared to the September reading of 66.7 per cent. The production index registered 59.3 per cent, a decrease of 0.1 percentage point compared to the September reading of 59.4 per cent. The prices index registered 85.7 per cent, up 4.5 percentage points compared to the September figure of 81.2 per cent," it said.

"The backlog of orders index registered 63.6 per cent, 1.2 percentage points lower than the September reading of 64.8 per cent. The employment index registered 52 per cent, 1.8 percentage points higher compared to the September reading of 50.2 per cent. The supplier deliveries index registered 75.6 per cent, up 2.2 percentage points from the September figure of 73.4 per cent," it said.

The inventories index registered 57 per cent, 1.4 percentage points higher than the September reading of 55.6 per cent. The new export orders Index registered 54.6 per cent, an increase of 1.2 percentage points compared to the September reading of 53.4 per cent. The imports index registered 49.1 per cent, a 5.8-percentage point decrease from the September reading of 54.9 per cent," the report added.

Source: fibre2fashion.com– Nov 03, 2021

HOME

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Finding the True Value Behind the Peru Textiles Brand

A year into the Covid-19 pandemic, Peru has begun to reactivate its textile export industry.

During the first half of 2021, the country's international shipments reached a total of $723 million, a growth of 86 percent compared to the same period of the previous year. In total, 1,183 Peruvian companies exported 612 products to 92 markets around the world.

This rise in exports is mainly due to the increase in Peruvian shipments to large destination markets such as the United States ($401 million, up 93 percent), Chile ($41 million, up 138 percent), Colombia ($31 million, up 107 percent), Canada ($30 million, up 198 percent) and Brazil ($24 million, up 45 percent).

Likewise, among the most commercialized products abroad are cotton T-shirts ($87 million in June, up 67 percent; and $88 million in the rest of the first half, up 118 percent); T-shirts and undershirts ($44 million, up 202 percent); combed alpaca fine carded hair ($31 million, up 83 percent) and other cotton garments ($25 million, up 96 percent).

Excellence that transcends

The Peruvian textile industry offers garments made of cotton, alpaca and their different blends, which are successfully promoted in the international market. This industry is widely supported by its qualified workforce, as well as its verticality, dynamism, modernity and an export culture that guarantees clients timely dispatches and their desired volumes.

Backed by more than 5,000 years of textile heritage, Peru continues to set trends through unique and fashionable designs. The country's garments are durable, timeless and, above all, they contribute effectively to the world's sustainability.

The textile tradition, perfected through generations, leads to high-quality products that draw international recognition to Peru. One of the nation's greatest advantages is unique raw materials, such as tangüis and pima cotton, as well as alpaca and vicuña fibers.

Considering the everlasting satisfaction of its clients, the Peruvian industry stands out for its qualified workforce who, in addition to cutting-edge technology and the industry commitment to the community, have made it possible to achieve high international labor standards and compliance with liability laws required by the external market.

On-time dispatches and order compliances mark the industry as one of the most efficient and modern in the country. Currently, and in order to increase the competitiveness of the textile industry, it is innovating and investing in product development to make Peru one of the main full-package suppliers in America.

Peru Textiles

Since last year, Peru Textiles has positioned its brand around quality and sustainability. When it aimed to reach the North American market, for example, the main objective was to generate awareness of the sectorial brand and the attributes that characterize it, targeting buyers for specialized international premium brands.

One example of these high standards are exports of alpaca products, a vital feature in the Peruvian textile industry. During the first half of the year, these shipments almost doubled in value, growing 95 percent compared to the same period of 2020 and reaching $74 million. And this positive outlook is not a mere coincidence; the alpaca line has already achieved six months of constant growth compared to last year.

Peru's top 10 destination markets also increased their purchases. China, for instance, doubled its acquisitions to reach $17 million (growing 107 percent). The export of more value-added products is being encouraged, promoting sustainable management in said offer with the support of the sector brand.

Behind the Asian giant, the United States also doubled its purchases, with a total of $14 million in the first half, as well as a positive variation of 153 percent.

In Europe, Italy achieved a total $13 million in purchases and increased its demand by 35 percent, followed by Norway ($9 million, up 148 percent) and Germany ($3 million, up 304 percent). Finally, in Asia, during the first half of the year, alpaca also achieved great demand in South Korea ($1 million, up 1 percent) and Japan ($1 million, up 98 percent).

Employment and sustainability

Due to the above and many other factors, the textile and clothing sector is one of the most important industries in Peru. Not only is it the activity with the third highest contribution to manufacturing GDP, but it also generates around 400,000 direct jobs per year, 80 percent of which are created by microenterprises.

Moreover, the textile sector also has indirect employment impact. According to estimates by the National Society of Industries, there are 900,000 jobs generated thanks to linkages with other valuable industries such as manufactured fibers; natural resources, such as cotton; and livestock, such as wool and fine hairs.

Peru Textiles proposes a new starting point: to go back to basics. This includes understanding that the true value of what people wear and what Peru has to offer as a textile industry closely linked to the well-being of people and the world.

Social commitment is as important as the success of the business itself, because it is the success of each of those involved in creating a garment. True success only happens when everyone wins.

Source: sourcingjournal.com– Nov 02, 2021

HOME

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How will West Africa benefit from a shift in textile industry supply chains?

Amid attempts to increase textile production in West Africa and capitalise on the added value that comes from cotton processing, efforts are being made to reform supply chains both regionally and globally.

At present, the West African cotton and textile industry is concentrated at the early stages of the global supply and value chain.

West Africa is the world's sixth-largest cotton producing region, with Benin, Côte d'Ivoire and Burkina Faso the sixth-, seventh- and eighth-largest cotton producing countries in the world, respectively.

Once it is grown and collected, the vast majority of the region's cotton yield is sent abroad as raw cotton, to be processed and turned into textiles and clothing. In fact, some 90% is sent to Asia, with just 2% being processed locally.

The nature of global supply chains and West Africa's role in the textile industry are illustrated by the case of African wax prints, which are clothes with colourful patterns made out of 100% cotton fabric.

Despite being most popular in West Africa, the majority of African wax prints are made in the Netherlands. In terms of the supply chain, this means that the cotton is exported from West Africa to the Netherlands, where the clothes are produced, and then sent back into the region as finished products.

Bolstering processing capacity

By exporting lower-value spun or unspun cotton, only to import more expensive finished textiles, West African countries cannot capture the added value that comes from textile production.

For example, although Benin, Burkina Faso and Mali export 1.8m tonnes of cotton worth $922m per year, they import $2.8bn in cotton textiles and apparel.

The West Africa Competitiveness Programme, created as a partnership between the EU and ECOWAS, estimates that establishing a garment supply chain in the region could boost the industry's value by as much as 600%. This would involve building capacity along the entire supply chain: spinning cotton into yarn, weaving yarn into fabric, and dyeing, printing and designing finished clothing.

To this end, efforts are being made to bolster the supply chain and increase processing capabilities across West Africa.

As OBG has detailed, one of the most significant developments in recent times was the opening of Togo's Plateforme Industrielle d'Adetikopé Textile Park in June.

A public-private partnership between the government of Togo and Arise Integrated Industrial Platforms, the textile park is seeking to transform the industry by increasing processing and exports of finished garments.

The project aims to convert 56,000 tonnes of cotton fibre worth $73m into clothes and apparel worth $1.5bn. The park is expected to create 20,000 direct and 80,000 indirect jobs, and those involved in its development estimate that it could contribute up to 21% to GDP.

Elsewhere, construction work is ongoing on a textile park in Glo-Djigbé – around 45 km from Benin's economic capital, Cotonou – which will have the capacity to process around 100,000 tonnes of cotton fibre a year and house up to 30 factories for clothing production.

It is thought that the project will create as many as 250,000 jobs related to cotton spinning, weaving and clothing manufacturing.

West Africa is particularly well positioned to capitalise on certain global trends in textile production.

As labour costs in many countries in South and East Asia continue to rise, the region will be seen as an attractive alternative.

In addition to this, cheap and easy access to cotton is a huge competitive advantage, massively reducing the costs – and environmental impacts – associated with cotton being transported around the world for processing.

"Reducing cotton exports from Africa to Asia and other regions and processing it locally could also significantly contribute to curbing carbon emissions, bringing supply chains closer to the raw materials, reshaping internal logistics and leveraging Africa's carbon endowment," Gagan Gupta, founder and CEO of Arise, told OBG in June this year.

Trade and logistics remain key

Another key element of the supply chain relates to transport and logistics.

Poor-quality roads and a lack of transport infrastructure have long been obstacles to trade in Africa, thus inhibiting the development of supply chains and textile markets throughout the region.

According to the African Development Bank, the continent needs $130bn-170bn of annual investment in infrastructure such as roads and railway to meet baseline targets by 2025.

Although this remains a significant challenge for West African nations, in recent years there have been some attempts to improve logistical services throughout the region.

An example is Kobo360, a Nigerian start-up that connects truckers and companies to delivery services through its online platforms.

After launching in its home market in 2017, Kobo360 has since expanded to six additional countries – Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Togo and Uganda – and plans to move into another 10 after securing $30m in funding in 2019.

Another development that could significantly transform the textile supply chain in West Africa is the African Continental Free Trade Area (AfCFTA), which officially came into effect on January 1 this year.

AfCFTA obliges members to slash 90% of tariffs on goods traded within the area, facilitate the movement of capital and people, and take steps to create an Africa-wide Customs union.

In terms of the textile sector, industry figures say the agreement could lead not only to a rapid increase of exports, but also to investment in textile-related infrastructure.

"In the wake of the Covid-19 pandemic and its impact on global supply chains, and at a time when the long-awaited AfCFTA agreement has come into effect, we are presented with a strategically important moment to invest in the West African textile sector," Gupta said.

Source: oxfordbusinessgroup.com– Nov 02, 2021

HOME

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American e-commerce firm Amazon clocks $111 bn quarterly sales

Amazon, an American technology company which is also engaged in online apparel retailing, has reported its third quarter (Q3) FY21 sales of $$110.8 billion, a 15 per cent growth, compared to the sales of $96.1 billion in the corresponding period of 2020. However, net income for the three-month period slipped to $3.1 billion (Q3 FY20: $6.3 billion).

"We've always said that when confronted with the choice between optimising for short-term profits versus what's best for customers over the long term, we will choose the latter—and you can see that during every phase of this pandemic," Andy Jassy, Amazon CEO, said in a press release.

During the quarter ended on September 30, 2021, US e-commerce giant's operating income dropped to $4.8 billion ($6.2 billion), while operating expenses totalled to $105.9 billion ($89.9 billion).

By segment, sales from North America in Q3 FY21 rose 10 per cent to $65.5 billion ($59.4 billion), while international sales increased accelerated 16 per cent to $29.1 billion ($25.2 billion).

In its outlook for the upcoming quarter, Amazon said that it anticipates sales to be between $130.0 billion and $140.0 billion, up 4-12 per cent from Q4 FY20. Moreover, operating income is expected to be between $0 billion and $3.0 billion, compared to $6.9 billion in the same period of 2020.

"In the fourth quarter, we expect to incur several billion dollars of additional costs in our consumer business as we manage through labour supply shortages, increased wage costs, global supply chain issues, and increased freight and shipping costs—all while doing whatever it takes to minimize the impact on customers and selling partners this holiday season. It'll be expensive for us in the short term, but it's the right prioritisation for our customers and partners," Jassy concluded.

Source: fibre2fashion.com– Nov 03, 2021

HOME

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Finland proposes clothing, shoe material labelling law to satisfy EU

Finland in late October proposed to Parliament a piece of legislation on labelling of production material in footwear and textile products based on the European Union (EU) Market Surveillance Regulation, which would specify obligations of companies related to labelling of materials. The proposed law also enables the imposition of penalty payments for incorrect or deficient labelling.

The EU already requires that footwear and textile products clearly indicate what material the item is made of.

According to the proposal, the Finnish Safety and Chemicals Agency Tukes could impose a penalty payment for deficient or incorrect labelling of footwear and textile products, according to a press release from the Finnish ministry of economic affairs and employment.

The EU Market Surveillance Regulation requires that member states enact sanctions nationally.

Manufacturers, importers and marketers of footwear and textiles sold in the EU must ensure that all products bear a label indicating the material the product is made of.

In Finland, the labels must be in both Finnish and Swedish. Requiring labels of materials is not new, but penalty payments due to incorrect or deficient labels have not been possible before.

A key objective of the reform is to improve consumer protection, the press release said. It is due to come into effect as of the beginning of 2022.

The government proposal is part of a more extensive implementation of the Market Surveillance Regulation, the proposal on which was submitted to parliament on September 23 this year.

Source: fibre2fashion.com– Nov 02, 2021

HOME

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As US cotton exports grows, logistics issues persist

American weekly exports of cotton are up nearly a third from last year. The only thing holding shipments back is logistical chaos, and the difficulty of moving product right now amid high freight rates between Asia and the US.

December contract gained 2.9 per cent on ICE Futures US, bringing October's gain to 7.5 per cent. The commodity surged 52 per cent this year supported by projections for a second world deficit. Stockpiles at ICE-monitored depots are poised to drop to the lowest level in a year.

A large short position held by commercial traders has also kept prices firm, with those participants expected to cover shorts during retreats. Late US harvest, low certified stockpiles and huge demand from China will likely cause a squeeze for December contract.

Prices may climb higher in the next two months. While the US is expected to collect a bigger crop, the harvest is very late. Heavy rains in Southwest Georgia, the second-biggest producer, parts of Alabama and northern Florida will probably prove disruptive, though long lasting damage is unlikely. Consumer demand for cotton apparel is also exceeding supplies. The US is importing more, yet clothing stores are experiencing record low inventories compared to sales.

Source: fashionatingworld.com– Nov 02, 2021

HOME

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Jordan's apparel industry attracts Bangladeshi labor

Jordan has become a top destination for skilled garment workers from Bangladesh. Hundreds of Bangladeshi women are finding employment in the kingdom's clothing sector every week. Bangladesh started exporting skilled garment workers to Jordan in 2010.

Jordan's garment industry has expanded rapidly in the past few years, and two-thirds of Bangladeshi female workers in the kingdom now find employment at its clothing factories. The Jordanian garment sector currently employs 40,000 Bangladeshi women.

Demand for Bangladeshi labor has been on the rise since the lifting of coronavirus restrictions. In 2020, the kingdom accepted only about 3,700 garment workers from Bangladesh but this year more than 12,300 have already left for the Middle Eastern country. Jordanian employers bear all the costs of processing working permits, travel, accommodation and healthcare.

The employer bears all costs to have the migrants' services. For workers higher incomes are also a factor. And they find the working environment and salary structure much better than in Bangladesh. They earn more and don't have to face abuse.

Jordan's garment industry has been spared the worst effects of the pandemic, proving to be relatively resilient in its adaptability to new market trends. The economic downturn in Jordan's garment industry has only had a 15 per cent reduction in garment exports and a full rebound is expected by the end of 2021.

Source: fashionatingworld.com– Nov 02, 2021

HOME

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A new biodiversity baseline for the textile industry

After five years of corporate benchmarking focusing on driving a race to the top in preferred materials, Textile Exchange has extended the scope of its program to cover the vital area of biodiversity. Biodiversity action is a key component of a raw materials business strategy and can provide climate benefits as well as benefits to nature and people.

The goal of the benchmark, which we introduced earlier this year, is to bring Textile Exchange's Climate+ approach (where the "plus" includes biodiversity, water and soil health) to the center of the textile industry's action for material change. The just-launched Biodiversity Insights Report, incorporating data shared by 157 companies, sets the first baseline for the industry.

New understandings to drive action

According to the report, 51 percent of fashion and textile companies recognize biodiversity loss as a priority risk. It presents data submitted through our Biodiversity Benchmark to provide an industry-specific assessment of how fashion and textile companies are understanding and addressing their impact on nature. These new understandings will support businesses of all sizes in formulating where they should be heading and what best practice for biodiversity looks like today.

The benchmark, developed in partnership with The Biodiversity Consultancy and Conservation International and supported by Sappi, is the newest tool within the Textile Exchange Corporate Fiber and Materials Benchmark Program. It enables companies to understand their impacts and dependencies on nature in their materials sourcing strategies, chart a pathway to deliver positive biodiversity outcomes, and benchmark their progress.

Outcomes and learnings from the Biodiversity Benchmark can then be channeled back into the community to support transformative change for the industry. By approaching biodiversity through the lens of collaboration, we are facilitating a coordinated response to a complex, nuanced problem. Our vision is a future in which companies' individual material sourcing efforts and investments can evolve into collective, landscape-level action.

"The need to center biodiversity in the sustainability conversation has never been more clear for our company and our industry," said Jeffrey Hogue, chief sustainability officer at Levi Strauss & Co. "We need to get to a place where the protection of species, forests and ecosystems is designed into garments and the manufacturing process from the outset, and this report from Textile Exchange is an important step in that process."

We need nature

The release of the report comes alongside an important shift in the dynamic between business and nature.

It is estimated that 1 million of the planet's 8 million species are threatened with extinction, and the rate of this loss is accelerating, according to a recent report by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). Over a quarter of the species that have been assessed for the IUCN Red List are threatened with extinction.

In February, the Dasgupta Review, a U.K.-commissioned independent study on the economics of biodiversity, was released. Its core message was clear: The natural world underpins our economies. There will be no business as usual without a new financial system that is geared in favor of, rather than against, nature.

Also, this year, a landmark joint report by IPBES and the Intergovernmental Panel on Climate Change highlighted the integral role of biodiversity in mitigating climate change. And of course, the delayed United Nations conventions for both climate (COP26) and biodiversity (COP15) are happening after the pause COVID-19 placed on people's ability to respond to these longer-term agendas when responding to a global pandemic was, and arguably still is, front and center. COVID-19 and the emergence of zoonotic diseases must also be seen through the lens of climate change and biodiversity loss.

Industry's critical role

For fashion and textile companies, there is an increasingly urgent need to act. The industry relies heavily on land-based raw materials and it needs healthy, functioning ecosystems to produce them. There is also a high dependency on fossil-fuel-based, non-renewable materials. Regardless of the material type, there is a need to ensure protection of natural resources and ecosystems, while also reducing waste and pollution that affect biodiversity. Sourcing decisions made today will have a direct impact on the resources needed by the industry tomorrow.

Giving back to nature means playing an active role in protecting, preserving, restoring and regenerating it. The good news is that we are already seeing some frameworks emerge that can help the industry get there.

Launched this year, the Taskforce on Nature-related Financial Disclosures (TNFD) allows companies to report and act on nature-related risks. In turn, it aims to shift global financial flows towards better outcomes for nature. And, with science-based targets for nature in development, companies will soon have a methodology to set their biodiversity goals in line with the latest science. This is already being done for emissions reduction. As climate and nature are inextricably linked, solutions must go hand in hand.

But there is a limit to what can be achieved by individual producers, suppliers and brands. A free exchange of knowledge and information will be essential to help one another — and the sector as a whole — move forward. The Biodiversity Benchmark and Insights Report can serve as a beacon and a guide to the steps needed to take meaningful action and create the change our planet needs.

Where we are so far

Among the headline results from the benchmark:

- Biodiversity is fast becoming a focus area for fashion and textile companies. 51 percent recognize biodiversity risk as a priority and 59 percent have made public commitments to address it. And while biodiversity has only recently entered the sustainability conversation for fashion and textile companies, 8 percent already have an explicit biodiversity strategy in place.
- Sustainability standards are the most widely used measure by companies seeking to address their biodiversity impact. An impressive 80 percent of companies are increasing their uptake of certified materials as a way of managing their impact on biodiversity. Certified organic cotton and other cotton standards are the most popular.
- Over a third of companies are starting to take action to remediate biodiversity loss. Beyond standards, 38 percent of companies are beginning to implement restorative/regenerative measures in support

of biodiversity, opening up opportunities for collaboration across the value chain and within broader landscapes.
- A growing number of companies are investing in biodiversity either financially or in kind. 38 percent of companies are making some kind of investment to improve outcomes for biodiversity, focused on projects within their own supply chain or beyond.
- Greater transparency is still needed to track biodiversity outcomes. Only 14 percent of companies know the countries where their key raw materials are grown or extracted. Beyond country of origin, companies should also understand the broader landscape of where they are sourcing their materials, and 15 percent have already started mapping this against priority areas for biodiversity.

In it together

Understanding where the industry is at, and what the barriers and enablers are to the uptake of best practices, is an important first step. Only by knowing where we are will we be able to create the change needed to halt biodiversity loss and ensure the protection of nature for future generations and the health of our planet Earth.

Textile Exchange congratulates all baseline participants and invites others to join us in using the Biodiversity Benchmark to inform, measure and track improvements along a company’s individual biodiversity journey and as part of a collaborative effort to accelerate and scale action.

Source: greenbiz.com– Nov 02, 2021

HOME

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China's manufacturing PMI down to 49.2 in Oct from 49.6 in Sept

China’s manufacturing purchasing managers' index (PMI) came in at 49.2 in October, down from 49.6 in September, according to the National Bureau of Statistics (NBS).

The slowdown was a result of tight power supply and a sharp rise in prices of some raw materials, said NBS senior statistician Zhao Qinghe. A reading above 50 indicates expansion, while one below reflects contraction.

Data on October 31 also showed that the PMI for China's non-manufacturing sector came in at 52.4 in October, down from 53.2 in September.

In October, the sub-index measuring purchase prices of major raw materials rose by 8.6 percentage points from September to 72.1, while the ex-factory price index climbed to 61.1, up 4.7 percentage points from last month, an official news agency reported.

The sub-index for production retreated 1.1 percentage points to 48.4, while that for new orders dropped 0.5 percentage points to 48.8.

The figures showed that production and market demand in the manufacturing sector both weakened last month, said Zhao.

Source: fibre2fashion.com– Nov 02, 2021

HOME

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Under Armour Focuses on Logistics Woes as Vietnam Factories Return

With its factories in Vietnam finally coming back online, Under Armour is finding that logistics troubles are once again front of mind.

In a Nutshell: As of this week, “nearly all” factories Under Armour does business with, including those in Vietnam—a country that manufactures approximately one-third of the brand’s footwear and apparel product—are open, chief financial officer David Bergman said. Though ramping those facilities back up will still take another couple months, president and CEO Patrik Frisk said the company’s larger focus now is transportation and logistics.

“[It] has to do with just congestion at every step of the chain,” Frisk said on a call with investors Tuesday. “Whether it’s a container or a chassis or access to [ports] or unloading at port, and then the entire journey once it lands, inbound. So we see the logistics and shipment being the biggest concern for us, let’s say, in the medium term here as we turn a corner into ’22.”

When it comes to Under Armour’s bottom line, Bergman said the company is seeing “some minimal impacts” in the fourth quarter as it incurs “a fair bit more in inbound freight costs.” The bigger revenue impacts, he noted, will occur in the first six months of next year as a result of canceled purchase orders. “After that, it should start to dissipate,” he added.

Under Armour’s apparel and footwear divisions both saw double-digit revenue gains in the third quarter. The company’s apparel business saw sales climb 14 percent to $1.1 billion. In particular, Frisk noted success in Under Armour’s cooling Iso-Chill line, men’s and youth fleece and women’s leggings. Footwear revenue grew 10 percent to $330 million as the brand’s core running products achieved growth across all regions globally. Accessories, however, declined 13 percent due to lower face mask sales.

At the end of the third quarter, Under Armour’s inventory was down 21 percent to $838 million. Cash and cash equivalents totaled $1.3 billion, with no borrowings outstanding under the company’s $1.1 billion revolving credit facility.

Net Sales: Third-quarter revenue increased 8 percent—6 percent in currency-neutral terms—year-over-year to $1.5 billion. Direct-to-consumer sales rose 12 percent to $604 million amid improvements in average selling price and despite mixed store traffic trends and a 4 percent decline in e-commerce, Frisk said. Wholesale revenue, meanwhile, grew 10 percent to $911 million, driven by higher-than-expected demand in Under Armour's full-price business, Bergman said.

In North America, revenue increased 8 percent year-over-year to $1 billion, primarily due to higher demand in Under Armour's full-price wholesale and Factory House businesses. Versus 2019, its North America revenue increased just 2 percent in the third quarter.

"It is important, however, to revisit some key differences in these comparable periods, 2021 North America versus 2019, including a significant increase in our direct-to-consumer business, substantially lower off-price sales, reduced promotional and markdown activities, proactive supply constraints and undifferentiated wholesale exits," Frisk said. "So then meaningfully higher quality and more productive dollars [are] going through our P&L now than just two years ago."

Though Frisk noted traffic struggles in China—a country where Under Armour's sportswear competitors have seen difficulties amid a consumer boycott of Western brands—the company ultimately experienced a 19 percent increase, 13 percent in constant currency, in revenue in Asia-Pacific. The CEO attributed the bump to investments in marketing and store expansions. Sales increased 37 percent compared to 2019.

Driven by wholesale, revenue in Europe, the Middle East and Africa rose 15 percent—or 11 percent in constant currency—compared to last year and 50 percent against 2019. Strength in the company's full-price wholesale and distributor business pushed Latin America sales up 27 percent, or 20 percent in currency-neutral terms. Versus 2019, however, revenue in the region increased just 8 percent.

Internationally, sales increased 18 percent—13 percent in constant currency—to $510 million.

The brand once again raised its full-year 2021 revenue growth guidance, this time up to 25 percent. The forecast includes a "high-twenties" percentage-rate increase in North America and a "mid-thirties" increase internationally. By channel, wholesale is expected to be up at a "mid-thirties" rate, while direct-to-consumer is forecasted to see growth in the "mid-twenties." A quarter ago, Under Armour was projecting it would see revenue growth in the "low-twenties."

Net Income: Under Armour recorded an operating income of $172 million and an adjusted operating income of $189 million. Its net income totaled $113 million, or $0.24 per diluted share, while its adjusted net income came in at $145 million, or $0.31 per diluted share.

Under Armour nearly doubled its operating income forecast from a previous range of $215 million to $225 million to approximately $425 million. Excluding the impact of restructuring efforts, adjusted operating income is expected to hit $475 million. The company raised its diluted earnings per share to approximately $0.55, up from a $0.14 to $0.16. Adjusted diluted earnings per share are expected to reach approximately $0.74, up from an expected range of $0.50 to $0.52.

CEO's Take: "I feel good about the progress we've made, the resiliency we've earned and the potential we have to do even better in the future," Frisk said. "Demand for our product and consideration for our brand is growing. That gives me confidence that despite potential impacts from near-term headwinds, the long-term opportunities before us and our ability to compete and win in an ever-changing global landscape are stronger than ever."

Source: sourcingjournal.com– Nov 02, 2021

HOME

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Standard Chartered Bank paves the way for sustainable trade in Bangladesh

Standard Chartered Bangladesh has executed the country's first sustainable trade finance transaction locally.

The bank provided sustainable trade finance support to Square Textiles, a subsidiary of Square Group, in supplying yarn made from sustainably sourced cotton to their local buyer Echotex Ltd under a Letter of Credit transaction, according to a press release.

Square Textiles Ltd is a manufacturer of sustainable yarn, produced from cotton that was sourced from sustainable cotton producers who are also members of the Better Cotton Initiative (BCI).

Better Cotton Initiative (BCI), is the largest cotton sustainability programme in the world, which was formed to register and recognize members within the textile and clothing industry who contribute towards and actively promote soil health, water stewardship, emissions reduction as well as social factors like decent work and diversity.

Standard Chartered Bank's sustainable trade finance framework enables the identification of sustainable activities in the physical supply chain or manufacturing process and enables capital to be directed towards these to encourage and enable such activities.

One of the pillars in that framework is about financing sustainable goods that carry certifications from certain approved bodies, like the BCI.

Echotex Ltd is a 100% export-oriented ready-made garments company and is also a member of BCI, producing apparel from fabric made with sustainable yarn, and selling to global buyers who also want to sell goods produced under sustainable practices.

Naser Ezaz Bijoy, CEO of Standard Chartered Bank, Bangladesh said: "Our vision is to become the most sustainable and responsible bank, and the leading private sector catalyser for the Sustainable Development Goals where it matters most, across Asia, Africa and the Middle East."

"Providing sustainable trade finance to Bangladeshi textile and garments industry is a big step towards realising this vision. As in terms of export of clothing Bangladesh is one of the leading countries in the ready-made garments sector in the world, there is a significant opportunity here to provide sustainable trade finance to our backward linkage manufacturers, who source sustainable cotton, and to our direct exporters, who produce using sustainable fabric and sell to retailers who are conscious about their sustainability footprint," he added.

Tapan Chowdhury, chairman of Square Textiles, said: "Sustainability and concern for the environment should be a key consideration for any manufacturing business. It is certainly a key agenda here at Square Group. As one of the leading textile companies in the country, we are aware of our responsibility to lead by example, and hence we have invested heavily in our sustainability drive."

Mohammad Bin Quasem, director of Echotex Ltd said: "Here at Echotex, we take our responsibility to the environment very seriously, which is why we use yarn and fabric produced with sustainable cotton to manufacture our products. Many of the retailers we export have BCI membership. In addition to our own concern for the environment, being sustainable is also commercially beneficial."

He also added saying: "Standard Chartered's sustainable trade financing program is an apt way to support us in our sustainability initiative."

Standard Chartered Bank is the largest international bank in Bangladesh and has a track record of bringing in many firsts for the banking industry in the country.

Sustainable trade financing is the latest among many other "firsts" that the bank has introduced including the country's first blockchain letter of credit last year.

Standard Chartered was the first bank to issue a Letter of Credit from Bangladesh and has since retained its position as one of the top trade banks in the country.

Source: dhakatribune.com– Nov 02, 2021

HOME

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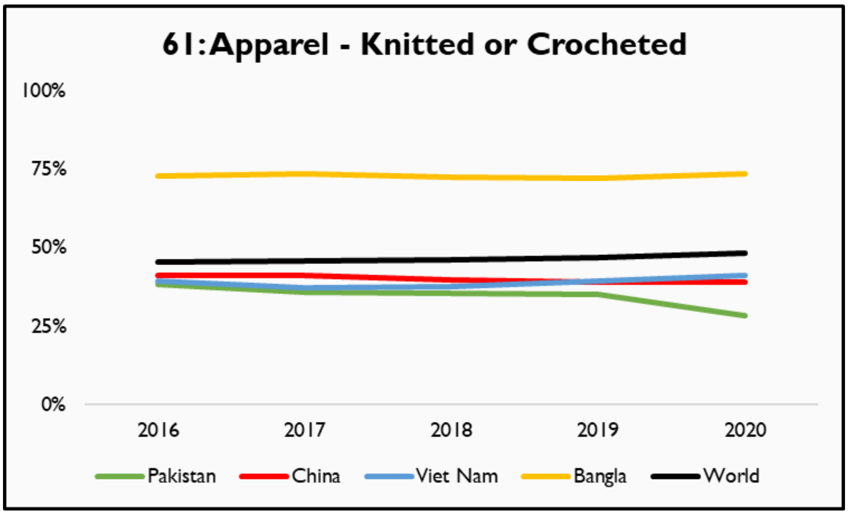
Pakistan: MMF: only road to higher apparel exports?

Does Pakistan need more Man-Made Fibres (MMF) to grow its share in global apparel exports? Studies conducted by various trade organizations place share of MMF in global textile trade anywhere between 55 to 70 percent. Yet, a comparative analysis of regional exporting countries show that while higher use of MMF can definitely help Pakistan increase its apparel exports, it is not a make-or-break in achieving the pipe dream of $30 billion in textile exports.

To understand the role of MMF and other non-cotton fibres (such as synthetic, artificial, animal, and non-cotton plant-based fibres), BR Research conducted a time series analysis of regional exporters' performance using trade statistics from International Trade Centre. Bear in mind, the following analysis is restricted to trade value and not volume, as quantity statistics for all countries were either not available, or used varying units (metric tons, versus units in dozens) which rendered volumetric analysis futile. Analysis is based on Product Clusters at 6-digit level, which lists various products 'by type of fibre' used in manufacturing.

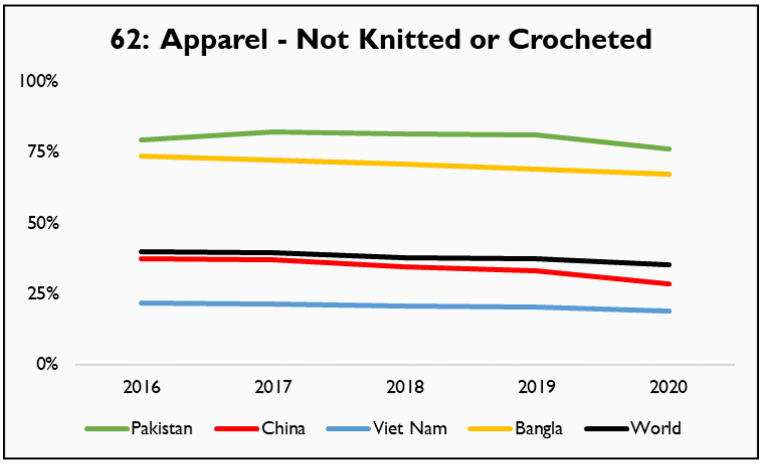


Based on ITC data, annual global apparel trade (HS Code Chapters 61 and 62) has averaged close to $450 billion per annum for the past five years. Of this, 42 percent consists of apparels – both knitted/crocheted as well as woven – made of cotton-based fibres. The remainder 58 percent not only includes man-made fibres, but also other natural fibres such as silk, wool, hemp etc. However, synthetic and artificial fibres have the greatest share of pie, varying between 45 – 48 percent (in value terms!)

But country-wise analysis reveals more startling trends. The three Asian apparel giants – China, Bangladesh, and Viet Nam – that together boast 45 percent share in global apparel exports - have followed different trajectories to unlocking apparel export success.

Over the past five years, share of cotton in Viet Nam's apparel exports has averaged less than 30 percent, while MMF have maintained a lion's share. It is pertinent to note while Viet Nam's apparel exports are evenly divided between knitwear (HS Chp. 61) and readymade garments (HS Chp. 62) in value terms, share of cotton fibre is significantly higher in Vietnamese knitwear – nearly 40 percent; and while share of apparel made-of cotton fibre in non-knitted garments is less than 20 percent!

The case of Bangladesh is even more stark! Just like Viet Nam, apparel exports are neatly divided between knitwear and non-knitwear garments, each with a share of $19 billion per annum. But surprisingly, share of apparel made of cotton-based fibres in Bangladesh's exports is significantly high! During the last five years, share of cotton-fibres exceeded 70 percent within Bangladesh's apparel exports, averaging 75 percent for apparel in the knitwear category.



Back home, comparison to global trends makes little intuitive sense, if not altogether comical. In line with other regional exporters, Pakistan's apparel exports are also evenly divided between knitwear and woven garments (albeit with a slight tilt towards knitwear, 52-48) in value terms. Share of cotton-based fibres in knitwear exports averages under 35 percent for Pakistan, which is lowest among the group of countries selected! Yet, higher use of MMF by Pakistani knitwear manufacturers has certainly not helped the country grow its share in world market, which averaged at 1.2 percent, compared to 6 and 9 percent for Viet Nam and Bangladesh, respectively.

In sharp contrast, share of cotton-based fibres in Pakistan's woven and other non-knitwear garments averaged at over 80 percent during the past 5 years, possibly highest in the world. Although higher share of cotton-based garments is understandable (due to higher share of cotton-based denim garments in Pakistan's readymade garment exports). But it comes as little surprise that Pakistan's share in global trade of non-knitted garments is also abysmally low (in value terms), averaging at 1.1 percent during the period under review.

Of course, there is little denying that global textile mix is shifting towards man-made fibres, with share of cotton-fibres observing a secular decline over the past century.

However, as the exponential growth of Bangladesh's apparel exports over the past two decades show, MMF is certainly not the only route to success in global trade; which is even more remarkable for a country with little to no indigenous production of cotton.

Source: brecorder.com– Nov 03, 2021

HOME

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NATIONAL NEWS

Time for India: Road shows in Sweden! Focus on unlocking India's business potential

More than 200 participants have registered for the weeklong road show in Sweden, for boosting India's bilateral trade and economic relations with the European nation.

The focus of the road show is going to be on showcasing the opportunities available in both Indian and Swedish markets in various sectors and how the businesses on both sides can discuss future ventures. There are business opportunities that can be tapped in India, despite the setback after the second wave of COVID-19.

'Time for India' is a series of breakfast seminars during which there will be exchanges between representatives of companies from both sides from different sectors and markets, and keeping in mind the recent economic developments post-COVID the representatives get a chance to exchange notes on how to strengthen India business strategies.

For the weeklong road show in Sweden, the high level delegation will leave India led by that country's Ambassador to India Klas Molin, also accompanying him will be the Consul General of Sweden to Mumbai Anna Lekvall, Counsellors for Science & Innovation and Trade Per-Arne Wickström, Markus Lundgren, Trade Commissioner Cecilia Oskarsson, and General Manager of the Swedish Chamber of Commerce to India Sara Larsson. They were later joined by India's Ambassador to Sweden & Latvia Tanmay Lal and Chairman of Sweden India Business Council Håkan Kingstedt.

The 200 plus delegates will hold meetings and seminars in various cities including Stockholm to Luleå to Göteborg to Malmö. There will be attendance of a large number of companies and Swedish investors.

Travel to Sweden post-COVID

According to a top diplomat of Sweden, as per the policy the travelers to that country are expected to take COVID-19 test on arrival. There is no quarantine or vaccination required to enter Sweden.

The European nation too had an entry ban during the pandemic, which is now in the process of being reviewed. But visas were issued for essential travels including business purposes as well as students. Travels for tourists have yet to be opened up.

What will be the focus of the road show?

The focus of various seminars and meetings will be to share with interested companies and those interested in trading and investing in India about the immense opportunities available.

What is the goal?

Ambassador Klas Molin of Sweden in India says: “Our goal is to increase opportunities, employment, investments, and the flow of services and goods between the two countries.” This show is part of an ambition which has been shared by the leaders of both countries to strengthen and increase bilateral trade and investments.

Team Sweden and Team India will assist in the process of meeting with the representatives of the decision makers, private sector, and government to talk about investments and trade as well as how to facilitate further business collaboration.

According to the Trade Commissioner Cecilia Oskarsson of Sweden there is potential for collaboration and investments. “The Indian government has brought most of the key infrastructure sectors in India which will have 100% FDI. And this will be through the automatic route,” the Trade Commissioner added.

Bilateral Ties

India is a huge market for Swedish companies. There are opportunities to sell not only fighter jets but also guns and household goods in huge chains like Ikea.

Bofors 155-mm Howitzer field guns of Sweden continue to be in service with the Indian Army and deployed along the Line of Actual Control. SAAB’s `Gripen’ fighter is in race for the 114 including the Medium Multi-Role Combat Aircraft (MMRCA) fighter jets Indian Air force is planning to buy.
Big chains like Ikea and H&M are present in India.

Source: financialexpress.com- Nov 02, 2021

HOME

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Triple tailwinds to lift revenue of home textile exporters by ~20%

Exporters of home textiles are set to weave 20% revenue growth this fiscal, and therefore achieve higher global market share, CRISIL's analysis of 50 companies that account for over 60% of such revenue indicates.

The growth will ride on three tailwinds – strong retail sales in the US and better outlook for the upcoming festive season in export markets; continued focus on health and hygiene; and the 'China plus one' sourcing strategy adopted by large customers.

Exports account for 60% of the Rs 55,000 crore revenue-a-year Indian home textiles industry, which comprises terry towels, bed sheets/spreads, pillow covers, curtains, rugs and carpets. Domestic sales account for the balance.

Says Gautam Shahi, Director, CRISIL Ratings, "Export demand has been healthy so far this fiscal and is expected to stay strong in the third quarter, going into the festive season, as the impact of the pandemic wanes. While vaccination has gained pace globally, work from home continues to a reasonable extent and replacement demand from the hospitality segments has risen with occupancy levels improving and hotels adhering to stricter sanitisation standards."

Home furnishing retail sales in the US – a key export market that accounts for 55% of the export revenue pie of Indian home textile sector – jumped 42% on-year in the first half of calendar 2021, compared with 15% growth in the corresponding pre-pandemic period of calendar 2019.

Also, the 'China plus one' strategy is clearly playing out. This is visible in a sharp increase in India's share of US imports of cotton bed sheets and terry towels to 51% in the first eight months of calendar 2021 vis-à-vis 46% in calendar 2020, while that of China has reduced to 16% from 20%1.

Not surprisingly, average capacity utilisation of three large listed home textile players in the bed linen segment increased to ~87% in the first quarter this fiscal compared with the pre-pandemic level2 of ~68%; and for bath linen segment to ~75% compared with ~66%.

Operating profitability is thus expected to improve 200-250 basis points to ~18% this fiscal. Extension of the Rebate of State and Central Taxes and Levies (RoSCTL) scheme till March 2024 and better coverage of fixed costs from higher capacity utilisation will help offset the sharp increase in prices of cotton, the key raw material.

While the increase in revenue and profitability will improve cash flows, current high capacity utilisation and healthy demand outlook will encourage capacity expansion in the near to medium term. This may result in higher debt levels.

Says Kiran Kavala, Associate Director, CRISIL Ratings, “Improvement in operating profitability will offset the impact of higher debt levels, lending a positive bias to credit quality of home textile manufacturers.

We expect the interest coverage ratio for CRISIL-rated home textile players to improve to 6-6.5 times over the medium term from 5.5 times in fiscal 2021, while the ratio of debt to earnings before interest, taxes, depreciation and amortisation (Ebitda) will also improve to 2-2.2 times from 2.5 times.”

Home textile manufacturers deriving a larger part of their revenue domestically would continue to underperform exporters due to the accentuated impact of the second wave and a slow recovery.

In this milieu, continued order flow from key export markets and a potential third wave of the pandemic, which could disrupt manufacturing, supply chain and demand, will be the key monitorables.

Source: crisil.com- Nov 02, 2021

HOME

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Finance Ministry invites suggestions for changes in direct, indirect taxes from trade, industry bodies

The Finance Ministry has invited suggestions for changes in direct and indirect taxes in the Union Budget, from trade and industry bodies. Suggestions can be submitted on or before November 15.

The Union Budget for Fiscal Year 2022-23 is expected to be presented on February 1. Direct taxes include Personal Income Tax, Corporate tax, Equalization levy and Securities Transaction Tax, while indirect taxes refer to Central Excise Duty and Custom Duty.

“You may like to send your suggestions for changes in the duty stricture, rates and broadening of tax base on both direct and indirect taxes, giving economic justification for the same,” a Revenue Department’s letter addressed to Trade and Industries Association said.

Talking about direct taxes, the department said: “As can be seen that the Government policy with reference to direct taxes in the medium term is to phase out tax incentives, deduction and exemptions, while simultaneously rationalizing the rates of tax.”

Accordingly, it said that it would also be desirable that while forwarding the suggestions/ recommendations, positive externalities arising out of the said recommendations and their quantifications are also indicated. “You may also like to give suggestions for reducing compliances, for providing tax certainty and reducing litigation,” the letter said.

The 2020-21 budget noted that the Income-tax Act provided more than one hundred exemptions and deductions of different nature. “I have removed around 70 of them in the new simplified regime. We will review and rationalise the remaining exemptions and deductions in the coming years with a view to further simplifying the tax system and lowering the tax rate,” Finance Minister Nirmala Sitharaman had said.

Similarly, for indirect taxes, the 2020-21 budget withdrew 80 exemptions related to customs duty, while the 2021-22 budget proposed to review more than 400 old exemptions through extensive consultations from October 1, 2021.

The department clarified that GST related requests were not examined as part of the Annual Budget. Hence, recommendations and suggestions should be related to Central Excise and Custom Duty. GST related issues have been discussed and decided by the GST Council since 2017.

The department has asked trade and industry bodies to supplement and justify their suggestions and views by relevant statistical information about production, prices, revenue implication of the changes and any other supporting information.

The department made a specific mention about the inverted duty structure (higher duty on input and lower duty on output). It said the request for correction of an inverted duty structure for a commodity should necessarily be supported by value addition at each stage of manufacturing. “It would not be feasible to examine suggestions that are either not clearly explained or which are not supported by adequate justification/statistics,” the department said.

Source: thehindubusinessline.com- Nov 02, 2021

HOME

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India-UK FTA talks should champion digital trade

In a world reliant on digital connectivity and data, it critical that India plays a leading role in developing the international rules that will shape how we connect with friends and family and how international trade and investment will flow in the decades to come. Jobs creation and prosperity depend on digital and data trade.

The UK and India can play a pivotal role in shaping the global data and digital rules, and the imminent Free Trade Agreement (FTA) negotiation is an ideal opportunity to support core features of a thriving international digital environment: cross-border data transfers; personal information protection; mechanisms to promote interoperability among privacy law frameworks; transparent access to government information; and consumer protection and choice online. In terms of managing non-personal data, businesses would like to see an agreed approach that balances innovation, market forces, security and protects businesses proprietary data.

Key to an expansion of digital and data services trade are the data protection regimes in both countries, and they should be aligned with those of other major economies. The hope is that India's Personal Data Protection (PDP) Bill will become leading-edge legislation, balancing privacy and innovation, and that this will enable the UK and India to align regulations with each other and with economies like the EU, Japan and Brazil.

India's non-personal data framework is also critical. Businesses from both countries that invest in the creation and collection of non-personal data are concerned that their investments will be undermined by being required to share that data—their asset—with third parties. So, while protecting data is a fundamental, it is important too that non-personal and personal data can move across cross-borders to promote innovation and investment. The two governments should sign an India-UK Data Adequacy Agreement that facilitates the cross-border movement of personal data and/or anonymised data sets based on mutual adequacy.

Such an Agreement should incorporate provisions that protect the personal data and privacy of Indian and British citizens and guarantee the enforceability of those rights. In the absence of, or pending, an Agreement, other enforceable tools such as Binding Corporate Rules and model contract clauses to enable cross-border movement of personal data between the UK and India must be used.

AI is an area that India and the UK, working together, can be pioneers, utilising their existing strengths in data and digital tech, to lead the world. But, to stay at the forefront, it will be important to increase technical skills and engender a greater cultural acceptance of AI, which will involve educating citizens, businesses, and indeed governments, of the potential societal benefits.

Through the FTA, the two governments should jointly work towards establishing a consistent approach to ethical principles with trust built through the development of internationally agreed principles (Fairness, Accountability, Sustainability & Transparency).

It is fair to say that India's telecoms sector has not been in rude health. The recent reforms by the government of India has certainly reduced the risk of the market shrinking to a duopoly, for all that means for consumer choice.

So things are looking more promising than only a few weeks ago. This is critical as a robust digital infrastructure is key to digital transformation across sectors and across rural and urban areas and it underpins how efficiently and effectively digital trade grows. Therefore, supporting a vibrant telecom sector would support the pace of digitisation and help achieve India's vision and ambition of becoming a trillion-dollar digital economy.

The UK trade secretary, Anne-Marie Trevelyan, recently unveiled a new five-point plan for digital trade, during London Tech Week, stating that her department (the department for international trade) is committed towards facilitating more open digital markets; advocating for free and trusted cross-border data flows; championing consumer and business safeguards; promoting the development and adoption of innovative digital trading systems such as digital customs processes, e-contracting and paperless trading; and establishing global cooperation on digital trade.

This approach creates the foundation for an even stronger UK-India partnership. A partnership that can lead the world in digital, data and AI-driven services. The UK-India FTA can build on this foundation, turning aspiration into reality.

Source: financialexpress.com- Nov 03, 2021

HOME

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Logistics stocks on a roll as demand perks up

Better Q2 results, tariff hike turn sentiments positive

With the arrival of festive season, stock prices of all major logistics companies shot up on Monday – the larger trigger being the huge demand for supply chain to make sure that the goods reach on time and safely from the factory to the end-customer. The FMCG and e-commerce sectors are helping the logistics sector, said experts.

Record FASTag

Interestingly, media reports indicated that toll collections through FASTag transactions recorded an all-time high of ₹122.81 crore on Saturday. FASTag toll collection reached a record ₹3,356 crore in revenue in October 2021 from around 21.42 crore transactions. The 4 million strong truck community has a strong contribution in the toll payment, experts said.

The October e-way bill generation was 84 per cent higher than in May and 8 per cent more than in September. The daily e-way generation rose 4.7 per cent to 23.71 lakh in October compared with 22.65 lakh in September.

Upbeat results

Companies like Gati, Blue Dart, All Cargo, Snowman Logistics and VRL Logistics all have reported better financial results and some profits as against losses seen last year due to Covid-19.

For instance, in the second quarter of the current fiscal, Gati's revenue was up 19 per cent y-o-y at ₹401 crore, Blue Dart reported 30 per cent increase in revenue at ₹1,124 crore, and VRL Logistics' revenue in Q2 grew by 45 per cent to ₹636 crore.

Gati said that it achieved the highest ever quarterly tonnage and revenue in express business. It was a similar trend among other companies, experts said.

Balfour Manuel, Managing Director, Blue Dart, says, "The company witnessed strong pull back in demand during the quarter as wave II of the pandemic started slowing down. All economic indicators like GDP growth, Index of Industrial Production, GST collections etc. reflected strong recovery. Growth during the quarter is testimony to heightened business activities of key industrial verticals."

Ahead of the festive season, Snowman Logistics expanded its operational capacity, and began operations of its temperature-controlled warehouse at Siliguri, West Bengal. It is also expanding its e-commerce warehousing facility in Pune in addition to its 54,000 sq ft warehouse in Mumbai.

Most of the leading logistics companies have started doing well after a long time and post-Covid the demand has gone up substantially. Today, to be successful in business, the supply chain is extremely important and the tariffs have gone up after almost a decade of downward spiral. This has resulted in reasonable top line growth as well as disproportionately higher growth in bottom line in the recent quarters, said market expert V Nagappan.

Source: thehindubusinessline.com- Nov 02, 2021

HOME

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Bulging exports to lift home textile players' revenue 20% this fiscal: Report

Home textile exporters are set for a big order boost from the biggest shopping season in the Western market and push their topline by around 20 per cent, said a credit rating agency, which has also upgraded the industry outlook to positive. Exporters of home textiles are set to weave 20 per cent revenue growth this fiscal, and therefore achieve a higher global market share, Crisil said in a note based on the analysis of 50 companies that account for over 60 per cent of such revenue indicates.

The report said the projected growth is riding on three tailwinds -- strong retail sales in the US and a better outlook for the upcoming festive season in other export markets; the continued focus on health and hygiene; and the 'China plus one' sourcing strategy adopted by large customers.

Exports account for 60 per cent of the Rs 55,000-crore domestic home textiles industry, which comprises terry towels, bed sheets/ spreads, pillow covers, curtains, rugs and carpets. Domestic sales account for the balance, according to the agency.

Home furnishing retail sales in the US, the key export market accounting for 55 per cent of the total export revenue pie, jumped 42 per cent year-on-year in the first half of 2021, compared to 15 per cent growth in the same period in 2019.

Also, China plus one strategy is clearly playing out, which is visible from the sharp increase in the country's share of US imports of cotton bed-sheets and terry towels to 51 per cent in the first eight months of 2021 as against 46 per cent in 2020, while that of China has come down to 16 per cent from 20 per cent.

Not surprisingly, the average capacity utilisation of three large listed home textile players in the bed linen segment rose to 87 per cent in the first quarter this fiscal compared to 68 per cent in the pre-pandemic level; and for the bath linen segment to 75 per cent from 66 per cent.

Accordingly, the operating profitability is expected to improve 200-250 bps to 18 per cent this fiscal.

Extension of the rebate of state and central taxes and levies scheme till March 2024 and better coverage of fixed costs from higher capacity utilisation will help offset the sharp increase in prices of cotton, the key raw material, the report said.

While the increase in revenue and profitability will improve cash flows, current high capacity utilisation and healthy demand outlook will encourage capacity expansion in the near to medium-term, resulting in higher debt levels.

Improvement in operating profit will offset the impact of higher debt and the resultant positive bias to credit quality and their interest coverage ratio to improve to 6-6.5 times over the medium term from 5.5 times in fiscal 2021, the report concluded.

Source: economictimes.com- Nov 02, 2021

HOME

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Oct export data looks impressive but Govt must provide freight support till 31st March 2022: FIEO President

Reacting to the monthly trade data for October, 2021, Federation of Indian Export Organisations (FIEO) President, Dr A Sakthivel said that the monthly exports performance of USD 35.47 billion with an impressive double-digit growth of more than 42 percent, signifies the importance of opening up and further recovery of economies across the globe coupled with buoyant order booking position across sectors.

This has not only added positive sentiment for exports but has also further enthused the exporters to perform with much more vigour and zeal thereby achieving the USD 400 billion merchandise exports target in the current fiscal.

However, the FIEO Chief is of the view that although the government has announced a slew of measures to support exports, the need of the hour is to soon announce extension of the interest equalisation scheme, augmenting the flow of empty containers and establishing a regulatory authority to seek justification of freight hike and imposition of various charges by the shipping lines need urgent intervention of the government.

Dr Sakthivel said that the Federation has also urged the Government to provide freight support to all exports till 31st March 2022 as freight rates have skyrocketed and are likely to sombre by March 2022.

He praised efforts of the exporting community, who have continued to perform remarkably well during these challenging times.

Dr Sakthivel also welcomed the steps taken by the government under the able and dynamic leadership of Prime Minister, Narendra Modi and also the Union Finance Minister and the Union Commerce & Industry and Textiles Minister for showing confidence and trust on the exporters.

The FIEO President said that the top sectors, which performed impressively during the month were Engineering Goods, Petroleum Products, Gem & Jewellery, Organic & Inorganic Chemicals, Drugs & Pharmaceuticals, Electronic Goods, Cotton Yarn/Fabrics/Made-ups, Handloom Products etc., RMG of All Textiles, Marine Products and Plastic & Linoleum.

He emphasised that many labour-intensive sectors were major contributors, which itself is a good sign, further helping job creation in the country.

“However, imports yet again clocking over USD 55 billion with a growth of over 62 percent during the month should be analysed,” said Dr A Sakthivel.

Source: knnindia.co.in- Nov 02, 2021

HOME

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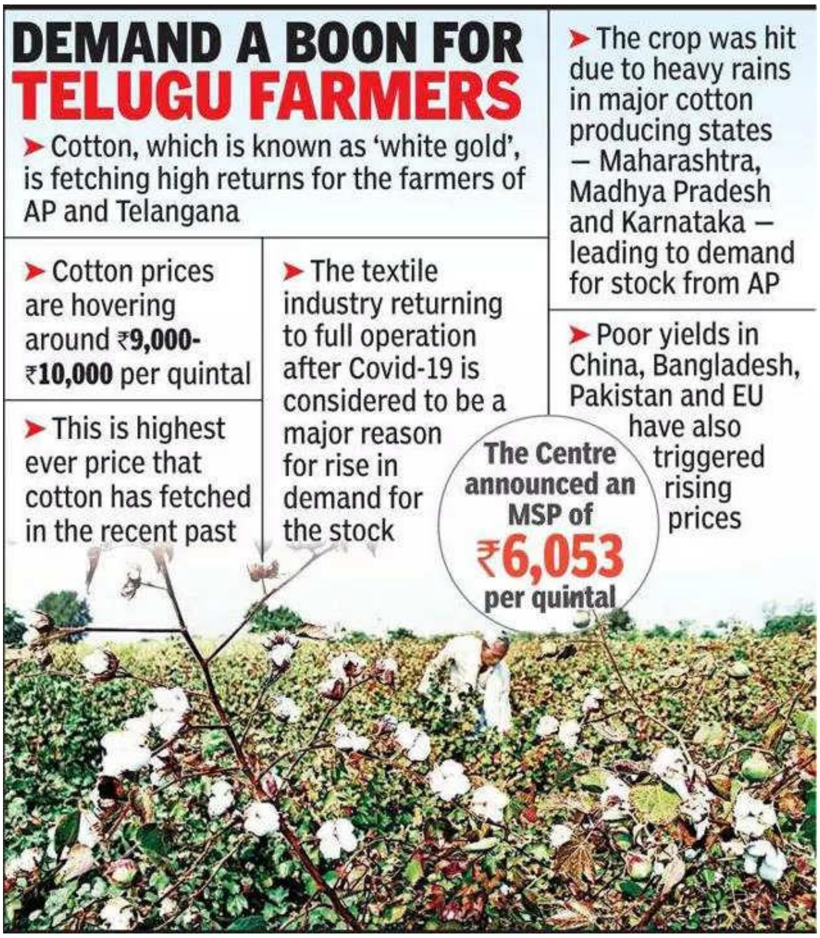
Cotton prices hit Rs 10,000, ride wave of low yield



Diwali has arrived a little earlier for cotton farmers as prices have touched Rs 10,000 per quintal against Rs 5,000 last year. The farmers are jubilant over the rising prices as they are likely to fetch decent profits in the next two months.

Although unseasonal rains are worrying farmers in some places, a majority are relieved as they have sold their first pick of the yield during the current season.

Sources said prevailing prices are the highest in the recent past and are likely to go up in the next few weeks depending on quality of the stock. Market analysts said reports about low yields from the cotton producing states of Maharashtra, Karnataka and Madhya Pradesh due to heavy rains and cyclones are reported to have created demand for cotton from Andhra Pradesh and Telangana.

Traders initially offered around Rs 6,500 per quintal at the beginning of the season last month and slowly increased prices. With more players joining the trade, prices jumped to Rs 10,000 per quintal in select markets, including Adoni in Kurnool district.

Sources said the textile industry returning to full production levels after nearly two years is also a major reason for increased demand for cotton across the globe.

Interestingly, the Cotton Corporation of India (CCI) has not launched procurement operations by setting up purchase centres anywhere in the state due to heavy demand for stocks from traders.

Source: timesofindia.com – Nov 03, 2021

HOME

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Rural development ministry ties up with Flipkart to sell products made by artisans

The rural development ministry has tied up with e-commerce giant Flipkart to sell products made by millions of artisans under the Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM) program on the e-commerce platform. The move will help artisans reach out 10 crore of Flipkart's existing customers, thus substantially scaling their outreach.

“India’s homegrown e-commerce marketplace Flipkart has signed a memorandum of understanding (MoU) with the ministry of rural development for Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM) program,” the rural development ministry said in a statement.

“The move will help empower local businesses and self-help groups (SHGs), especially those that are led by women, by bringing them into the e-commerce fold,” it said.

“We are identifying and collaborating with all possible partners who can contribute to this cause and partnership between DAY NRLM and Flipkart will help in the process,” rural development minister Giriraj Singh said.

According to minister Singh, rural products from SHGs have huge potential of acceptance among the masses in India and abroad and e-commerce platforms will prove to be an effective tool to harness it. “This MoU will enable rural women to sell their products to more than 10 crore of Flipkart's customers,” he added.

The MoU is a part of the Flipkart Samarth program and aims to provide skilled yet under-served communities of craftsmen, weavers and artisans with national market access through the Flipkart marketplace, as well as dedicated support for knowledge and training.

The Flipkart Samarth program was launched in 2019 as a sustainable and inclusive platform to empower underserved domestic communities and businesses with better opportunities and livelihoods. Flipkart Samarth is currently supporting the livelihoods of over 9,50,000 artisans, weavers and craftsmen across India, and is continuously working towards bringing even more sellers onto the platform.

The rural development ministry's DAY-NRLM programme with its outreach in 6768 blocks of 706 districts across all 28 states and 6 UTs has 7.84 crore women mobilized into more than 71 lakh SHGs.

Under the mission, poor women from different cross-sections of class and caste form into SHGs and their federations, providing financial, economic and social development services to their members for enhancing their income and quality of life.

Source: economictimes.com – Nov 02, 2021

HOME

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How India can reinvent the goods and services tax

Recently, the goods and services tax (GST) completed a tumultuous four-year journey. Though simple as compared to the erstwhile indirect taxes' regime, the implementation still remains an unnecessarily complex one.

While the initial idea was to implement one national GST, given the federal structure of our country and the demands raised by various states, a grand bargain was arrived at. A dual GST was adopted. The Centre and the state governments now have equal tax jurisdiction across goods and services and have equal right to levy GST on the supply of taxable goods or services on intra-state transactions i.e., on consumption in the destination state rather than the producing state.

Unlike in the previous indirect tax regime where the tax base for levying excise duty and the state value-added tax (VAT) was different, the GST regime levies on a common base. Further, with regards to the inter-state transactions and transactions involving imports, an integrated goods and services tax (IGST) is levied by the central government, proceeds of which are equally shared between the Centre and the states.

While this looks simple as a concept, it is being implemented in the same old structure—a taxpayer having pan-India presence still needs to obtain as many state goods and services tax (SGST) registrations and track all of them separately besides the central goods and services tax (CGST) and IGST. This was the case in the erstwhile VAT regime as well where the taxpayer was required to follow as many state VAT laws.

However, an important silver lining is the fact that SGST laws and procedures are uniform across the country unlike the state VAT laws. Indeed, this has made life easier for the taxpayers and has reduced the anxieties and uncertainties surrounding the compliance procedures. Nevertheless, payment of GST, filing of returns, etc., have to be undertaken state-wise and not at one go. That's a shadow of complexity from the erstwhile VAT era.

Realizing the necessity to simplify, the GST Council has recently set up two group of ministers, one for GST rate rationalization and the other for GST system reforms. It is about time that the GST Council takes bold steps.

Make it comprehensive

While introducing the GST in 2017, the GST Council took many decisions to arrive at a consensus. One such set of decisions was to keep certain products and services out of the GST net. Thus, petroleum products (crude oil, natural gas, petrol, diesel, and aviation turbine fuel), electricity, alcohol for human consumption, real estate have been kept outside the ambit of the GST regime.

However, keeping the end products outside the GST net and levying GST on inputs, input services and capital goods in the manufacture of these products results in a huge cascading effect leading to increased costs and loss for the manufacturers. Consequently, prices increase for end consumers. Petrol, diesel, electricity are glaring examples of such high input costs being recovered from end consumers. Further, these are making our exports non-competitive as the costs cannot be passed on to the international buyers unlike the domestic consumers.

Petroleum products should be brought under the GST net. To protect the revenue concerns of the Centre and states, a non-vatable cess can be levied over and above GST to be divided between the Centre and states. These levies will also play the role of “carbon tax" and promote de-carbonization, thus, help India achieve the Paris Agreement commitments.

A suitable non-vatable cess also needs to be levied on coal to promote de-carbonization. The biggest beneficiary of this change would be the transport sector, which becomes an important input for almost all the businesses and also for those sectors that use petroleum products as inputs. For instance, aviation turbine fuel is used by the airlines, and petroleum products by the petrochemicals as well as pharmaceutical sectors. They should be allowed to claim input tax credits of GST paid, thereby, reducing the cost of operations.

Furthermore, revenue loss if incurred by the states from the inclusion of petroleum products within the GST framework can be met by the Centre. Once this is done, electricity, real estate and finally alcohol should also be brought under the purview of GST so that the inefficiencies and cost escalations can be put to rest, once and for all. The inclusion of electricity in the GST ambit would also be extremely beneficial to the trade and industry.

The task force on GST and the 13th Finance Commission observed that the impact of embedded taxes in power generation and distribution could account for up to 30% of the cost of production and distribution. If electricity is brought under GST, it will substantially enhance the cost efficiency as electricity is an input to almost all the trade and industry. Particularly, this can have a positive impact on labour intensive industries such as textiles, boosting exports especially in sectors where China is vacating its presence.

GST revenues for states have come under pressure during the pandemic and it is imperative that the states have a few additional sources of revenue to sustain their developmental agenda and provide resources for extended support during natural calamities. Bringing real estate into the GST fold fully will also uplift tax revenues significantly. The real estate sector is notorious for large unaccounted money transactions.

While the Real Estate Regulatory Authority (RERA) regulations were introduced a few years back to enhance transparency, an end-to-end tracking of the money—from the land owner, sand supplier to the interior decorator—is necessary to unplug rampant tax leakage. The state-level stamp duty needs to be subsumed within GST. These measures will boost the housing sector, thereby, providing employment to a large number of skilled and unskilled workers. These reforms will also enable the urban local bodies to mobilize higher amount of property taxes.

Simplify the structure

Four years ago, the prevalent cumulative tax rate (excise duty+VAT) largely influenced the finalization of the GST rate structure. As a result, we have a rate structure that has five different rates, besides the compensation cess on certain goods. This plethora of rates has made the Indian GST a complex one.

For arriving at the appropriate GST rate, budget neutral rate (BNR) would have been a better criterion than the one that was adopted i.e., the revenue neutral rate (RNR). As far as the government budget is concerned, GST affects both the revenues as well as the expenditure.

Yet another relevant issue is the choice of the time horizon. Major structural reforms such as GST are really like capital expenditures that have upfront costs but yield results over a longer period. Hence, in arriving at an appropriate GST rate, the requirement of achieving budget neutrality in the first year itself is not useful. The burden on the budget due to GST reforms in the initial years should be treated as an investment made by the government with long-term gains. In most of the developed and emerging market economies as well, there is a single GST or VAT rate on all the goods and services. Countries with a single rate and simple GST or VAT laws have been successful in optimizing tax revenue and minimizing tax disputes. Of the countries that have implemented a GST or VAT in the past two decades, around 80% have chosen a single rate.

All along, a single GST rate for India has been an unmet goal. In fact, very early on, a single rate of 12% was recommended by the 13th Finance Commission. The age-old tax policy of having a differential tax rate for “must have" and “nice to have" goods and services should be done away with. The revolutionary reform of introduction of a single GST rate with additional non-vatable taxes on few demerit goods is now required. This will simplify the GST structure to a very large extent, putting to rest almost all the classification issues.

A lower rate of GST would also mean less incentive for fraudsters to evade taxes. The genesis of the current GST frauds lies in the very structure of the rates as high rates make it lucrative for the fraudsters to evade taxes. We have examples of successful standard single rate GST/VAT regimes in Singapore, New Zealand, United Arab Emirates and Japan, to name a few. A single GST rate of 12%, 6% for the Centre and 6% for the states and Union territories (UTs), should be introduced at the earliest.

Ease the compliance

The current GST compliance requirement is to a large extent digitized and the introduction of e-invoicing in a phased manner is a step in the right direction. However, the input tax credit (ITC) mechanism needs to be simplified to a large extent. The key highlight of any value-added tax system is the ability of the tax payers to claim ITC of almost all the goods and services procured for supplying taxable goods and services.

The tax paid on the input side ought to be available as a set-off against the liability on the output side. A simple provision allowing input tax credits of almost everything (with a small negative list) that the businesses procure and the expense of which is debited to the profit and loss account needs to be introduced replacing the existing complex ITC mechanism.

The e-invoicing mechanism is now mandatory for taxpayers who have a turnover of more than ₹50 crore. The plan is to make it compulsory for every taxpayer, eventually. Most of the high-value transactions are now covered by the e-invoicing mechanism. It is therefore suggested that the generation of e-way bill for those who are covered by the e-invoicing mechanism should be done away with. This will ease the burden of compliance for taxpayers, leading to a quicker turnaround of transport vehicles.

The Indian GST has been hailed as “one nation, one tax" since its inception. Indeed, there are no other taxes levied on the supply of goods and services that are under the purview of GST and the state GST rates, which are now uniform across all the states and UTs. However, businesses operating in more than one state or UT have to obtain the goods and services tax identification number, or GSTIN, for each of the states and UTs. They also have to file GST returns on the GST portal state-wise or UT-wise using as many usernames and passwords based on the number of states and UTs they operate in. This has resulted in cumbersome compliance.

This has also not helped in reducing compliance costs. In fact, in some cases, compliance costs have gone up substantially given the sheer number of state-wise reconciliations that are required to be performed, month-on-month and annually. A single PAN-based GST login and password should be provided without the need for businesses to use state-wise login and password for compliances on the GST portal. A taxpayer having pan-India operations should be able to access the GST portal with a single click for all states. This one change itself will provide huge relief to businesses.

Yet another compliance issue is audits. Currently, GST audits can be undertaken by both the central as well as the state GST authorities. There has to be a mechanism in place to ensure that there are no ‘dual audits’ undertaken for the same taxpayer which may lead to unnecessary burden.

The current bifurcation of the taxpayers, done between the central GST authority and the state GST authorities, could be followed for conducting the audits. Or, a turnover threshold-based system could be designed to divide the audit activity. All taxpayers having a turnover above ₹5 crore, for example, can be audited by the central GST authority while those below the ₹5-crore mark can be audited by the state GST authorities. The audit program should be consistent across the country and a national audit GST manual should be designed to be followed by audit officers.

The GST Council has already formed a committee of officers to have a joint and collaborative approach for GST audits as well as capacity building. The terms of reference for this committee should be extended to include GST enforcement and intelligence initiatives as well. The current GST dispute resolution mechanism also needs to be reformed to a large extent to smoothen the overall compliance experience.

Time is opportune to make the Indian GST a simple one, paving the way for reduced compliance burden on taxpayers by simplifying the GST structure and procedures. By adopting the best international practices mentioned above, India can play a pivotal role in becoming a dominant player in the global value chain and accelerate economic growth as the refined GST will attract new investments and make our economy a counter magnet to China. There is a tremendous potential for increasing India's share in the global value chain with enhanced investment flows. These investments will generate greater employment opportunities and enhance the GDP growth. It will also provide resilience to the global economic system.

Source: livemint.com– Nov 03, 2021

HOME

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Bengal to set up about 2,500 high-end looms

Aiming to make Bengal self-sufficient in producing fabric needed to stitch uniform for school goers, the Mamata Banerjee government targets setting up of at least 2,500 high end looms across the state to meet the annual requirement of around 6 crore metres fabric. Already 350 entrepreneurs, who have the high-end machines at their units, have entered into agreement with the state government and there are another 200 in the pipeline.

Owners of these 200 existing power loom units have informed the state government that they have already taken the move to set up these looms needed to weave fabric for suiting and shirting. Also Read - TMC sweeps Bengal bypolls 4/4 There are over 15,000 power looms in the state. But maximum of these have the infrastructure to weave only sarees and dhoti.

So there is now requirement to set up high-end looms, which could be rapier looms or even of better categories. A senior officer of the state government said the target is to ensure that at least 2,500 looms with high-end machineries get set up in Bengal in next two years. It would help us to meet the demand of 6 crore metres of fabric needed annually to stitch uniforms of school goers. MSME minister Chandranath Sinha said: "Our aim is to upgrade and utilise the existing infrastructure of our state to produce the needed fabric as it would improve Bengal's economy besides making it self sufficient".

The state Micro, Small and Medium Enterprises and Textiles (MSME and T) department, on behalf of the government, is entering into an agreement with the entrepreneurs who are interested in weaving the fabric for school uniforms. The reason being it is the state government only that provides the thread to these units to weave the fabric.

The state government is also setting up 10 "Suto Hubs (thread hub)" across the state. Initially, two are coming up including one at Purbasthali in East Burdwan while the second "suto hub" is coming up in Cooch Behar. The Mamata Banerjee government every year provides free-of-cost uniforms to students of class I to VIII in state-run and aided schools. In the absence of infrastructure to produce 6 crore metre fabrics to stitch school uniforms, it had to be brought from Uttar Pradesh with production of only one crore metre Tamralipta and Kangshabati mills in Bengal.

Source: millenniumpost.in– Nov 03, 2021

HOME

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These platforms are digitising India's textile industry and connecting artisans with international buyers

The Indian textile and apparel industry is estimated to be worth $75 billion in the current year, according to a report by Wazir Advisors. Additionally, the market fell by 30 percent from $ 106 billion in 2019-20 and is expected to recover and grow at a CAGR of 10 percent to reach $ 190 billion by 2025-26.

Like several other sectors, the textiles sector (including handloom and handicrafts segment) came to a grinding halt when the COVID-19 pandemic struck.

One of the biggest lessons for this sector has been to embrace digitisation in order to move forward in the post-COVID-19 world. However, making the shift online is another challenge that persists.

The biggest advantage and outcome of digitisation has been the elimination of middlemen that has not just increased the income of the people involved in this industry but also given a face to the original creators.

This week, SMBStory lists three platforms that are digitising the handloom and handicrafts sector.

Lal10

Noida-based Lal10 was founded in 2017 by Maneet Gohil, Sanchit Govil, and Albin Jose. It is an online wholesale marketplace for rural micro, small and medium enterprises (MSMEs) in India. From apparel, handbags, to lampshades, it has a total of 30,000 stock-keeping units (SKUs).

The name Lal10, pronounced lalten (meaning lantern), is derived from the company's mission to "bring light to the artisans".

In March 2020, Lal10 raised a seed round from Sorenson Impact from Utah and a few angel investors. The brand has connected weavers and artisans with labels, including Zara, Anita Dongre, Toast, Wills Lifestyle, FabIndia, Four Seasons, and Taneira.

Today, the platform is working with 1,500 artisans across the country and helping them connect with retailers in India and 19 countries.

In a conversation with SMBStory, Maneet talks about the company's effort in digitising and organising the sector and how COVID-19 brought changes within the organisation.

Sowtex

Delhi-based Sowtex Network, a B2B sourcing platform for textile buyers and sellers, was founded by Sonil Jain.

Sowtex offers 46 categories of items on its platform, including fabrics, motifs, laces, badges, apparel machines, testing equipment, neck patches, buttons, threads, interlinings, yarns, zippers, and much more. It also helps facilitate international transactions, including in countries like Bangladesh, Sri Lanka, Indonesia, and Korea.

The company claims to have facilitated business worth Rs 20 crore since its inception in 2017. The intention behind starting Sowtex was to bring the industry closer and eliminate the role of middlemen, which it has largely accomplished. The seller gets a good price for his produce whereas the buyer can get a price which is 5 to 25 percent cheaper, Sonil claims.

From 5,000 users before the pandemic, Sowtex today has a reach of more than 14,500 active users (in total since its inception), which it plans to scale up to 1 lakh active users in the next 12-18 months.

Yarn Bazaar

Mumbai-based The Yarn Bazaar is another company that is digitising the yarn industry. Since its inception, the company has closed a GMV of Rs 58 crore.

The business model functions through a website, and Android and IOS mobile applications. It is a holistic one-stop platform for discovering good quality yarn, getting the best price, and vendors.

Both buyers and sellers have to create their profiles on the platform. The buyer can post requirements, compare prices from a list of sellers, and place orders accordingly. The buyer can also request for a sample of the yarn and order for a test report to keep track of the quality of the yarn. When both the parties are satisfied, the transaction happens through the platform.

The Yarn Bazaar charges a convenience fee from the transactions, which it did not reveal. So far, more than 1,300 sellers have registered on the platform.

Source: yourstory.com– Nov 02, 2021

HOME

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