IBTEX No. 237 of 2021 December 04, 2021

US 75.47| EUR 85.39| GBP 99.87| JPY 0.66

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INTERNATIONAL NEWS

Messe Frankfurt cancels international home textiles fair Heimtextil

The Messe Frankfurt Group has announced cancellation of Heimtextil, the leading international trade fair for home and contract textiles scheduled to take place from January 11-14, 2022, at Frankfurt am Main in Germany. The decision has been taken in view of the worsening pandemic situation in Germany over the past two weeks and the associated restrictions.

"Due to the unforeseeable dynamics in the development of the pandemic, the reciprocal and cumulative effects of the relevant factors, as well as the extreme escalation and deterioration of the pandemic situation in Germany within a very short period of time, including the decisions taken at the Conference of Minister Presidents on December 2, 2021, the date of

Heimtextil right at the beginning of the year, in the second week of January, cannot be kept," trade fair organiser Messe Frankfurt said in the announcement.

Messe Frankfurt is working closely with all industry partners to find out whether and within what framework Heimtextil can be held parallel to Techtextil and Texprocess from June 21-24, 2022.

Heimtextil as an international trade fair has always kicked off the spring trade fair season and is the first major international trade fair in Germany directly after Christmas and New Year with exhibitors and visitors from over 135 countries.

"The exponential increase in the number of infections in a very short period of time and the accompanying multitude of developments and resolutions that are clearly outside the realm of influence of the organiser have led to a significant deterioration in the general conditions and necessary requirements for holding Heimtextil as a major trade fair of international relevance at this early stage. These developments include in particular the classification of Germany as a high-risk area and the associated travel warnings, international and intercontinental travel restrictions in India, Japan, the United States and Great Britain, as well as the quarantine obligation and "2G" (only with vaccinated and recovered status)

requirements without recognition of the WHO vaccine list in Germany," the organisers said.

"Equally important are the steadily rising infection figures and the accompanying urgent appeal, including by the Robert Koch Institute, to reduce contacts to a minimum and to cancel all major events," the organisers added.

A large number of the exhibiting and visiting companies at Heimtextil are currently reacting to this with travel and trade fair attendance bans out of an obligation of concern towards their employees to protect them from health risks. The global willingness to travel is continuing to fall rapidly.

However, the planning and staging of the other spring trade fairs Ambiente, Christmasworld, Creativeworld and Paperworld is not affected. Due to their later dates in the year, at the end of January and mid-February respectively, these fairs are still planning to take place at the present time.

Further, compared to Heimtextil, which is the most international trade fair at the Frankfurt location, Frankfurt Fashion Week currently has a much lower international profile and from this perspective can therefore still take place. The extremely volatile situation is continuously reviewed and evaluated in close exchange with the relevant authorities and industry partners.

Source: fibre2fashion.com– Dec 03, 2021

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China on way to exceed economic growth target in 2021

China is on its way to achieve economic growth well above its target this year with a controllable inflation level despite the threats posed by COVID-19 variants and supply constraints, say government officials and experts. Vice premier Liu He said the economy has continuously recovered this year and its full-year gross domestic product (GDP) growth is projected to exceed the expected target.

Indicators of growth, employment, prices and international payments have overall remained at a normal level since the beginning of the year, Liu said recently addressing the Hamburg Summit via a video link.

China's annual economic growth target was set at above 6 per cent this year. Having grown by 9.8 per cent year on year in the first three quarters of the year, the world's second-largest economy is expected to achieve about 8 per cent GDP growth for the whole year, experts were quoted as saying by an official Chinese English-language daily.

Kang Yong, chief economist at KPMG China, said the strong export growth had driven a continuous recovery in industrial production and manufacturing investment.

"Despite the emergence of the Omicron variant, we kept our forecasts of China's GDP growth for this year and the next unchanged. It has been within expectation that new variants would appear as long as the coronavirus is yet to get controlled everywhere in the world," Kang was quoted as saying.

Unless Omicron is proven to be significantly more contagious than the Delta variant, its economic impact should be smaller than the latter as vaccination rates have increased while the world has got more experienced in coping with the pandemic, Kang said.

"I don't think the Chinese economy is facing stagflation," Kang added, stating that consumer inflation has remained mild while the spike in industrial goods prices has started to soften with the recovering supply of electricity and commodities.

Looking ahead to next year, the vice premier said China will maintain the continuity, stability and sustainability of its macro policy, make more efforts

to vitalize micro entities, and provide a better development environment for small and medium-sized enterprises and foreign businesses.

Hu Yifan, head of macroeconomics for Asia-Pacific with UBS Global Wealth Management, said Liu's remarks signaled that the Chinese government may moderately ease macro policy in the coming year to avoid any sharp economic slowdown, but aggressive stimulus measures will be unlikely given the emphasis on policy stability.

Source: fibre2fashion.com– Dec 04, 2021

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Cotton prices rise for 5th consecutive month in Brazilian market

Cotton prices increased for the fifth consecutive month in Brazil's domestic market in November. The CEPEA/ESALQ Index for cotton rose by 5.25 per cent to BRL 6.2602/pound on November 30. Earlier on November 26 it had set a new nominal record in the series of CEPEA, by closing at BRL 6.3389/pound, surpassing the previous record of BRL 6.30/pound.

The monthly average, at BRL 6.1111/pound, is a nominal record in the series of CEPEA, 3.42 per cent higher than that in October 2021, according to the Center for Advanced Studies on Applied Economics (CEPEA).

"Values were underpinned by sellers' firm stance on prices, increases in the export parity price and high values abroad. As most Brazilian farmers have sold a large volume of the 2020-21 output, they are now prioritising deliveries to both the domestic and the international markets," CEPEA said in its latest fortnightly report on the Brazilian cotton market.

"Traders have been purchasing cotton to accomplish contracts, and some purchasers are trying to ensure the product for delivery along 2022, which increased liquidity for term contracts for the 2020-21 and 2021-22 seasons. The agents from processors with urgent needs had to pay higher prices for cotton," the CEPEA report added.

Source: fibre2fashion.com– Dec 03, 2021

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Mexico to raise minimum wage by 22% next year

The National Minimum Wage Commission of Mexico will be increasing the daily minimum wage by 22 per cent from the current rate of 141.70 pesos ($6.65) to 172.87 pesos (US $8.11) in 2022, as per the Business Coordinating Council (CCE). The minimum wage in the Northern Border Free Zone near the US border will be higher at 260.34 pesos per day.

Mexico is one of the major denim manufacturers in the world.

The wage hike will help improve the workers' lots relative to an established economic standard, said Mexican media reports quoting the CCE.

The current daily wages in Mexico are one of the lowest in the Americas. They are even lower than the minimum wages in countries like Honduras, Guatemala and El Salvador.

Source: fibre2fashion.com– Dec 04, 2021

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Omicron's impact to depend on restrictions, policy support: Moody's

The economic impact of the new Omicron variant of the novel coronavirus on emerging economies will depend on a mix of government restrictions, public comfort with social interactions and capacity of governments and central banks to provide additional policy support to the private sector, according to Moody's Investors Service, which saw new risks to global economic growth and inflation outlook.

As several countries imposed new travel restrictions in recent days, these will likely increase over the coming weeks until scientists learn more about the variant, it said.

Continued progress in global vaccination efforts and public compliance with the use of tools such as masks and social distancing will be important factors in determining the economic impact of the new variant. "Countries with an assured supply of effective vaccines and delivery systems, and high levels of vaccine acceptance by the public, will remain better positioned," Moody's was quoted as saying by a news agency.

The US-based rating agency said European countries including the United Kingdom, Germany, France, the Netherlands and Belgium have detected Omicron cases, prompting new travel curbs. Moreover, the restrictions imposed following a recent rise in Delta infections could now be further extended and expanded.

China's zero-tolerance COVID-19 policy will further delay relaxation of rules surrounding international travel in the face of the Omicron variant. If the variant is discovered in the country, authorities likely will increase the severity of restrictions, it said.

"The economic impact on other emerging market countries will differ, and will depend on a mix of government restrictions, public comfort with social interactions, and the capacity of governments and central banks to provide additional policy support to the private sector, if needed. Emerging market countries facing travel bans, including South Africa, as well as those dependent on tourism revenue face further downside risks," Moody's said in a report.

Moody's said the emergence of the new variant also comes during a period of fragile economic recovery, with stretched supply chains, elevated inflation and labor market shortages. Business disruption resulting from the spread of the new variant could prevent supply chain stresses from easing, dampening productive capacity and stoking further cost pressures in sectors with exposure to global supply chains.

On the demand side, fear of infection could prevent a large proportion of individuals from engaging in economic activity that requires close contact. Thus, demand could diminish for services ranging from hospitality to travel, at a time when holiday-related spending would usually ramp up, the rating agency added.

Source: fibre2fashion.com– Dec 03, 2021

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Top priority is to eliminate CAD & foreign debt: Turkey's new FM

Turkey wants to boost investments, production and exports, and its top priority is to completely eliminate chronic problems such as current account deficit (CAD) and foreign debt, and increase employment and wages, Turkey's new finance minister Nureddin Nebati said during a handover ceremony in capital Ankara. Nebati succeeded Lutfi Elvan.

Protecting fixed income groups and pensioners from the impact of inflation, and taking measures to meet the needs of the business world quickly and proactively are also among the priorities for the government, Nebati said.

Meanwhile the Turkish Statistical Institute (TurkStat) has said that the country's annual inflation rate rose by 1.42 percentage points from 19.89 per cent in October to 21.31 per cent in November.

A day earlier, Fitch Ratings revised the Outlook on Turkey's Long-Term Issuer Default Ratings (IDRs) to Negative from Stable and affirmed the IDRs at 'BB-'. "The central bank's premature monetary policy easing cycle and the prospect of further rate cuts or additional economic stimulus ahead of the 2023 presidential election have led to a deterioration in domestic confidence, reflected in a sharp depreciation of the Turkish lira, including unprecedented intra-day volatility, and rising inflation. These developments create risks to macroeconomic and financial stability and could potentially re-ignite external financing pressures," the ratings agency said.

The central bank lowered its main policy rate to 15 per cent in November (cutting by a total of 400bp since September) despite rising inflation and the tightening of external financing conditions. As a result, real rates ex-post have fallen deep into negative territory (-4.9 per cent) from 2.75 per cent in March, weakening domestic confidence and increasing demand for FX.

"The central bank has repeatedly changed its policy guidance in recent months from a commitment to maintaining positive real rates to focusing on core inflation dynamics, and more recently on narrowing the CAD. Fitch considers that the recently announced central bank intervention in the FX market, if sustained, will not by itself address the main causes behind the depreciation pressures and risks further undermining the already weak central bank international reserves' composition," Fitch said.

The lira (Turkish currency) has depreciated by 46 per cent against the US dollar since the beginning of the year and 38 per cent since September, including days of large intra-day volatility. "Negative real rates, the absence of policy guidance, statements by government officials arguing for a weaker lira as part of an economic development strategy and rising inflation and inflation expectations will maintain pressure on the currency," the Fitch report added.

Fitch has projected Turkey's inflation to reach 25 per cent by end-2021 and is expected to remain one of the highest among rated sovereigns, averaging 20 per cent in 2022-2023.

Source: fibre2fashion.com– Dec 04, 2021

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USTR, AAFA to promote greater near-shoring of apparel production

The office of the United States Trade Representative (USTR) has expressed its commitment to work with the American Apparel and Footwear Association (AAFA) and other stakeholders to promote greater reshoring and near-shoring of apparel production and to do so in a way that strengthens the North American supply chain for textiles and apparel.

This commitment was expressed during a roundtable discussion this week with senior representatives of AAFA to discuss how US apparel brands and retailers can support new economic opportunities in Central America, especially in El Salvador, Guatemala, and Honduras, under the Dominican Republic-Central America-US Free Trade Agreement (CAFTA-DR).

The roundtable was co-chaired by deputy US trade representatives Sarah Bianchi and Jayme White. Michael Pyle, Chief Economic Advisor to the Vice President, also participated.

The participants discussed recent shifts in global sourcing of apparel and related opportunities to expand sourcing of apparel for the US market from the Western Hemisphere, including Central America.

Senior executives of AAFA member companies shared their ideas for how US trade policy can promote US textile and apparel investment and incentivise production of a greater scale and variety of apparel products in the CAFTA-DR region.

Ambassadors White and Bianchi underscored the importance of the agreement's rules of origin (RoO) in promoting investment in textile production and supporting manufacturing jobs in both Central America and the United States.

The roundtable acquires significance as AAFA represents more than 1,000 world famous name brands, retailers, and manufacturers who together contribute more than $350 billion in annual US retail sales. Their decision to promote near-shoring will have implications on apparel manufacturing and exports in traditional supplier countries/regions.

Reflecting the near-shoring trend, US apparel imports from Honduras, El Salvador and Guatemala increased by 56.27 per cent, 54.97 per cent, and

38.68 per cent respectively during January-September 2021, according to data from the Office of Textiles and Apparel (OTEXA).

These countries together accounted for 7.73 per cent share of all US apparel imports during the period. If Mexico, another neighbouring country of US, too is included, then the share rises to 11.28 per cent or $6.608 billion of over $58 billion of clothing imports made by the US.

Source: fibre2fashion.com– Dec 04, 2021

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Vietnam textile & garment exports at $30.659 bn in Jan-Oct '21

Vietnam earned $30.659 billion from textile and garment exports in the first ten months of 2021. Of this, yarn exports accounted for $4.564 billion while fabric and garment exports were valued at $26.091 billion, according to the preliminary data released by the customs IT & statistics department, general department of customs, Vietnam's ministry of finance.

Fabric and garment exports from the Southeast Asian nation increased by 5.5 per cent year-on-year to $26.091 billion during January-October 2021. Of this, the US accounted for a major share totalling $12.803 billion, followed by Japan and South Korea with exports to these countries valued at $2.569 billion and $2.463 billion, respectively.

Vietnam also exported 1,611,383 tons of yarn, registering a rise of 16.4 per cent year-on-year by volume, according to the data. This was valued at $4.564 billion, registering a surge of 55.0 per cent. Of this, China imported around 54 per cent or $2.466 billion, followed by $56.164 million by India.

In 2020, Vietnam's textile and garment exports earned $33.546 billion, registering a decline of 9.35 per cent over $37.009 billion exports in the previous year. While yarn exports were down 10.5 per cent to $3.736 billion, fabric and garment exports decreased by 9.2 per cent to $29.809 billion.

For 2021, Vietnam has set a target to earn $39 billion from its textiles and garments exports, according to the Vietnam Textile and Apparel Association (VITAS).

Source: fibre2fashion.com- Dec 04, 2021

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Vietnam's export turnover projected to hit $535 bn by 2030

Vietnam's export turnover is projected to record an annual average growth of 7 per cent per year, hitting $535 billion by 2030, according to research by Standard Chartered. Global exports are also forecast to almost double from $17.4 trillion to $29.7 trillion over the next decade, says the report, titled 'Future of Trade 2030: Trends and markets to watch'.

The report found that 41 per cent of global businesses currently operate or plan to invest in Vietnam within the next five to 10 years. This shows that Vietnam will be one of the important motivations of global trade growth in the next 10 years, it said.

The United States and China will continue to be Vietnam's largest export markets, respectively accounting for 26 per cent and 19 per cent of the Southeast Asian country's total export turnover by 2030, Vietnamese media reports cited the document as saying.

Vietnam is an emerging manufacturing powerhouse with expanding international trading relationships.

According to Michele Wee, chief executive officer of Standard Chartered Bank Vietnam, Vietnam's increasing integration into the world economy through various free trade agreements (FTAs) brings it many advantages and allows it to expand its exports, move up value chains across sectors as well as create skilled jobs.

The report, prepared by PwC Singapore, is based on an analysis of historical trade data and projections until 2030, as well as insights from a survey of more than 500 senior leaders in global companies.

Source: fibre2fashion.com– Dec 03, 2021

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Denim exports from Bangladesh to the US on the rise

From January 2021 to September 2021 denim exports from Bangladesh to the US rose 31.40 per cent, making Bangladesh the top denim supplier to the US reveal OTEXA figures. But in the same period prices of Bangladesh-made denim fell 2.46 per cent. While unit prices of denim made in Mexico grew by 1.25 per cent.

China's dominance as one of the top denim sourcing countries has diminished significantly. Despite the fact that the country offers one of the bottommost unit prices among the top five denim exporting countries, all brands are lowering their reliance on Chinese cotton. And other prominent denim exporters are grabbing this opportunity.

An array of suppliers from Vietnam, Pakistan and Cambodia to Egypt, Jordan and Nicaragua, have consistently posted gains. US companies look elsewhere to save costs and reduce risks. They are accelerating the efficient and effective diversification of their manufacturing base.

Meanwhile consumers in the US are more into basic denim rather than high end denim. The US market is embracing denim clothing well in 2021 after falling in 2020 and 2019 on a yearly basis. And prices of denim have drastically gone down. This shows that consumer buying trends have shifted from high end denim to basic jeans and the US is looking for low-cost sourcing countries.

Source: fashionatingworld.com– Dec 03, 2021

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Bangladesh urges US to lift tariff on RMG made of US cotton

Bangladesh foreign minister AK Abdul Momen recently urged foreign entrepreneurs to invest more in his country, considering the rising competition amid the Fourth Industrial Revolution. Promising to continue buying US cotton, he also requested the United States to reduce the 15.2 per cent tariff on exported Bangladeshi garments made from US cotton.

He was speaking at an event organised by the American Chamber of Commerce in Dhaka.

"Many foreign investors are moving their industries out of China to survive the high competition there and so, they could consider Bangladesh as an alternative," he said.

Besides, Bangladesh has low energy prices and huge manpower while its government is investment centric, he was quoted as saying by Bangladeshi media reports.

The US is a major source of foreign investment for Bangladesh, accounting for about 20 per cent of the country's total foreign direct investment. "However, most of these investments are concentrated on a few sectors so it is time to diversify," he added.

Bangladesh's exports to the US amounted to $6.7 billion in 2019 while the country's imports from the latter stood at $2.3 billion.

Source: fibre2fashion.com– Dec 04, 2021

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Pakistan: No business on cotton market

He said the rate of cotton in Sindh remained between Rs 13500 to Rs 16700 per maund and the rate of cotton in Punjab was registered at Rs 15000 to Rs 16700 per maund. The rate of the new crop of Phutti in Sindh remained between Rs 4500 to Rs 68,00 per 40 kg. While Phutti prices in Punjab were between Rs 5400 to Rs 7200 per 40 kg.

Similarly, prices of cotton in Balochistan were remained at Rs 15500 to 16,500 per maund while Phutti prices remained between Rs 6,200 to 8400 per maund, said Naseem Usman.

The rate of Banola in Sindh was between Rs 1350 to Rs 2100 per maund. While in Punjab rates of Banola were between Rs 1600 to Rs 2,200 per maund.

The Spot Rate remained unchanged and closed it at Rs 17200 per maund. The Price of Polyester Fiber was available at Rs 245 per kg.

According to report, China's cotton reserves management company said on Wednesday it will suspend its sales from Dec. 1 based on the current market situation. Cotton prices have dropped recently after Beijing launched a new round of daily auctions to boost supply of the fibre to the market.

Source: brecorder.com– Dec 03, 2021

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Pakistan: Tarin upbeat on economic revival as exports grow

Adviser to the PM on Finance Shaukat Tarin has claimed that the trade deficit will shrink and the national economy will further strengthen with an increase in exports and remittances.

Addressing a joint press conference along with Adviser to the PM on Commerce Abdul Razak Dawood on Friday, Tarin said that the country is facing escalation in import bill and inflationary pressure due to surge in prices of imported commodities. "The inflation and import bills are connected and have the same cause and that is international commodity prices," the adviser said.

He said that inflationary pressure is due to rise in international prices of commodities which it is importing, citing that the prices of fuel, LNG, coal, steel and edible oil rose in the international market and have an impact on inflation in Pakistan.

Comparing the imports of October 2021 and November 2021, the adviser said that the import bill went up from $6.3 billion in October to $7.5 billion in November, showing around $1.2 billion difference.

This difference, he said, was witnessed mainly due to import of four commodities, including raw materials, the imports of which grew by $252 million on a month-on-month basis while imports of petroleum products (oil, gas, coal) grew by $508 million, vaccine imports $400 million and edible oil $134 million. He added that despite the fact the vaccines were totally funded by donors, it is reflected in the import bill.

He said all other countries are also affected by international commodity prices, adding that the import bill of neighbouring country India also doubled to $20 billion due to rise in international prices.

The adviser said that the imports into the country have increased more in terms of value and less in terms of volume. He said there is 72 percent increase in imports of petroleum products in terms of value and only 11 percent in terms of volume. Likewise, crude petroleum imports increased 86 percent in value and only 5 percent in quantity while palm oil and soybean increased 75 percent in value and only 5 percent in volume. Same was the case with pulses, which grew by 34 percent in value and only 5 percent in quantity.

The adviser said that the situation will not last long and expressed the hope that this disequilibrium would end soon and commodity prices would come down in the international market and consequently have an impact on commodity prices in Pakistan.

On the other hand, he said that fundamentals of the economy are on strong footing as revenues have witnessed 36 percent growth, including 32 percent increase in income tax, which shows the growth is all across the board. Likewise, electricity consumption increased along with growth in agricultural production, he said, adding as long as the economy is growing, there is no need to worry.

He said the agriculture products, including sugarcane, have witnessed enhanced production in the country. The adviser informed that prices of petroleum products are pushing back at the international market and the price of edible oil is also expected to come down next month.

Tarin said the government is fully cognizant of the problems being faced by the lower and lower-middle income groups due to price hike. He said the government is taking measures to provide relief to the lower-class through Ehsaas Ration Programme and Kamyab Pakistan Programme.

Speaking on the occasion, Abdul Razak Dawood said that national exports are increasing both in quantity and value. He said that record exports of $2.9 billion were registered during the last month, adding that exports will touch the $3 billion mark this month.

Dawood said that the country's exports are witnessing record increase and the reason for which is growth in raw material imports. He said that the country's imports including cotton, yarn and home appliances increased both in quality and value to achieve the annual target of exports.

Source: pakistantoday.com.pk– Dec 03, 2021

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Pakistan: Cotton arrivals up 54pc

According to fortnightly cotton arrival report of the Pakistan Cotton Ginner's Association (PCGA), cotton arrivals recorded at 7.16 million bales, higher by 2.52 million bales against the last year's arrivals of 4.64 million bales by the same time.

Out of arrivals, only 16,000 bales were exported against 45,300 bales of the previous year, recording a decline of 64.68 percent. Around 6.67 million bales were sold to the mills, higher by 2.96 million bales, compared with 3.70 million bales of the last year.

Fortnightly flow remained at 315,295 million bales, down by 47.69 percent to the last year's fortnightly arrivals of 602,716 million bales.

By November 30, cotton arrivals in Sindh reached 3.48 million bales, higher by 73.28 percent to the last year's data of 2.01 million bales by the same time. Punjab witnessed a crop arrival of 3.67 million bales, up by 39.65 percent against 2.63 million bales arrived by the same time last year.

Source: thenews.com.pk– Dec 03, 2021

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NATIONAL NEWS

'Proposed India-Australia early harvest trade pact likely by year-end or early 2022'

India has a unique opportunity to step in as China is no longer a trusted trading partner, says Abbott

The proposed early harvest free trade agreement between India and Australia which may lead to lower import duties on a handful of items is well on track and is likely to be signed by the month-end or "very early" in the new year, said Tony Abbott, Special Trade Envoy to the Australian Prime Minister.

China is no more a trusted trading partner for Australia as it had "weaponised" trade, and India had a unique opportunity to step in and fill the gap, said Abbott, who is in India to take stock of the on-going trade negotiations.

"I have had a good and productive discussion with Minister Piyush Goyal and other officials. Both sides are keen to meet the time-line of having an early harvest agreement by the year-end. Based on the discussions, I am confident that we can agree to a pact — which will be fairly large — by the end of the year or very early next year," Abbott said in an interaction with the media on Friday.

Comprehensive agreement by 2022

The time-line for completing negotiations on a full-fledged India-Australia Comprehensive Economic Cooperation Agreement (CEPA) by 2022, covering areas such as goods market access, rules of origin, non-tariff barriers, cross-border trade in services, financial services, investment (including investor-state dispute settlement), government procurement, intellectual property, geographical indications, movement of persons, competition policy, and sustainable development is also likely to be met, Abbott said.

The early harvest or interim pact, which will cover fewer areas, is likely to include Australian wine, Abbott said, adding that the Australians made one of the best wines. The pact is also expected to include measures to ease the

movement of professionals between the two countries, a key demand for India.

“As part of the deal, we would have enhanced mobility,” Abbott said.

Abbott, however, added that Australia was aware of the sensitivities that India had in agriculture because of the small size of its farms, and there have to be “carve-outs” in the area.

Chinese partnership

On Australia’s economic relationship with China, Abbott said that although the two countries had a free trade agreement, Beijing had changed under President Xi Jinping and was no longer a trusted partner.

“As an Australian, we have seen the weaponisation of trade. Some $20 billion-worth of Australian trade has been disrupted or suspended by China,” he said. He said India was is in a very different situation, as it had democracy, the rule of law and respected the sanctity of contracts.

“The difficulties with China certainly mean that India has a unique opportunity; particularly with the supply chain that needs to be absolutely reliable,” Abbott added.

Withdrawal from RCEP

Abbott also said that India had done well in withdrawing from the Regional Comprehensive Economic Partnership (RCEP) negotiations which had sixteen discussants including the ASEAN, China, Australia and India. The India-Australia CECA talks have been back on track since then.

The decision to re-start talks on CECA, which were suspended in 2015, was taken by Prime Minister Narendra Modi and Australian Prime Minister Scott Morrison last year.

Two-way trade between India and Australia was at $12.29 billion in FY21 and India was Australia’s seventh-largest trading partner in 2020.

Source: thehindubusinessline.com- Dec 03, 2021

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US largest trading partner of India during April-October: Govt

The government on Friday said during the April-October period this fiscal, the US has once again emerged as the largest trading partner of India with bilateral merchandise trade of USD 67.41 billion.

The US has been the largest trading partner of India with respect to merchandise trade since 2018-19, except in 2020-21, when trade with America declined marginally on account of the COVID-19 pandemic, Minister of State for Commerce and Industry Anupriya Patel said in a written reply to the Rajya Sabha.

"In the current 2021-22 (April- October), the US has once again become the largest trading partner with bilateral merchandise trade of USD 67.41 billion, accounting for 11.98 per cent of India's total merchandise trade," she said.

She also said that India's bilateral trade with Australia has increased to USD 13.88 billion in 2021, from USD 7.48 billion in the corresponding period of 2020.

Similarly, the bilateral trade with UAE has grown to USD 49.06 billion in 2021, from USD 29.48 billion in 2020 for the same period.

"The bilateral trade with Belgium has also grown to USD 13.70 in 2021, from USD 7.63 billion in 2020 for the same period," she added.

In a separate reply, Patel said the share of export of goods and services in GDP has increased to 18.7 per cent during 2020-21, over 18.4 per cent in 2019-20, and 21.7 per cent in 2021-22 (April-September) over 19.4 per cent in 2020-21 (April-September).

In another reply, she said India's import of pulses dipped marginally to 10,34,491 ton during April-September this fiscal, as against 10,39,861 ton in the same period last year. It was 24,66,156 ton in 2020-21 as against 28,98,078 ton in 2019-20.

In a question whether it is a fact that the ministry has prepared a plan to build a 5-star hotel at Pragati Maidan, Patel said: "Yes". The construction has not started yet, she said.

Replying to another question on exporters' refund, she said as on November 25, out of all Merchandise Exports from India Scheme (MEIS) claims applied for period 2020-21, duty credit scrips have been issued for 97.3 per cent of claims and 2.7 per cent claims are under various stages of approval process.

"Completed MEIS applications are largely system driven except for certain applications which require manual examination such as for exports from non-EDI (Electronic Data Interchange) ports. Disposal of pending applications is also dependent on compliance of deficiencies by the applicant exporters," she added.

Source: financialexpress.com- Dec 03, 2021

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Weak exports in November widens India's trade deficit

Weaker exports in November have widened India's trade deficit. The November trade deficit at $23.3 billion surpassed the previous high of $22.6 billion in September, data showed.

"The deficit widened mainly due to a sharper fall in exports than imports, possibly reflecting rising Covid cases in some of the key markets. Even as the trade deficit is likely to stay high in 2HFY22 (second half of financial year 2022), we pencil in some moderation from current levels. We revise up our FY2022 CAD/GDP (current account deficit / gross domestic production) estimate to 1.6 per cent with USD-INR in the range of 74.5-76.5 in the near term," a report from Kotak Securities said.

Exports register sharp drop

Exports in November fell by 16.2 per cent month-on-month (m-o-m) against 27 per cent growth y-o-y (year-on-year) to $29.9 billion (October: $35.7 billion). Non-oil exports also fell by 14.4 per cent m-o-m (18.3 per cent growth y-o-y) at $26.1 billion. Compared to November 2019, exports were higher by 16.1 per cent and non-oil exports by 18.9 percent.

After plateauing around $33-35 billion over the past few months, exports dropped sharply possibly due to rising cases in Europe and other economies as well as supply shortages impeding order deliveries. Top exports (over November 2020) were petroleum products (145 per cent), plastic and linoleum (43 per cent), cotton yarn/fabrics, made-ups, handloom products, etc. (41 per cent). In eight month FY2022, exports at $263.7 b increased by 52 per cent over 8MFY21 and by 25 per cent over eight month FY2020.

Imports remain high

Imports in November increased by 57 per cent to $53.2 billion (October: $55.4 billion). Non-oil imports remained high at $38.5 billion (October: $40.9 billion) reflecting strong domestic demand even as the festive season impact has faded away.

A slight fall in electronics imports to $5.7 billion (October: $6.8 bn) and gold imports to $4.2 billion (October: $5.1 billion) primarily contributed to lower non-oil imports, though in absolute levels it remained high, Kotak said.

Compared to November 2019, imports were 39 per cent higher and non-oil imports were 40 per cent higher. Imports have been increasing since the slight dip in May 2021. Top imports (over November 2020) were coal, coke, and briquettes (136 per cent), petroleum crude and products (132 per cent), and vegetable oils (79 per cent).

In eight months of FY2022, imports at $382.9 billion increased by 76 per cent over eight months FY2021 and by 18 per cent over eight months of FY2020. Trade deficit in November was at $23.3 billion (October: $19.7 billion) and $119.1 billion in eight months of FY2022.

"The external sector will be subjected to risks arising from a relatively wide trade deficit amid normalising economic activity, and high commodity prices, reversal of accommodative policies across major developed markets and possible spread of Omicron variant and global vaccination pace. Policy divergences are expected to lend support to USD, especially as the Fed signals a faster taper and possibly earlier-than-expected rate hike, which could be headwind for emerging market currencies," Kotak said.

Source: thehindubusinessline.com- Dec 03, 2021

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India-UAE Comprehensive Economic Partnership to benefit bilateral trade and create new jobs: Shri Piyush Goyal

Union Minister of Commerce and Industries, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal, met the representatives of Aluminium, Copper, and Chemicals and Petrochemicals Industry here today as part of the ongoing multi-stakeholder consultations related to the India-UAE Comprehensive Economic Partnership Agreement (CEPA) negotiations.

The third round of India-UAE CEPA negotiations are scheduled to be held in New Delhi on 06-10 December 2021 wherein both sides aim to conclude the negotiations. Shri Piyush Goyal apprised the representatives from the Industry about the importance of the CEPA in elevating the overall economic and commercial relations with UAE which in turn will not only benefit bilateral trade but also create new jobs and provide wider social and economic opportunities.

Providing a way forward on these discussions, Shri Goyal appreciated the accommodative spirit of the Industry and urged the Industry representatives to continue to support the CEPA negotiations in the same spirit in the wider interests of the nation contributing to the holistic development of multi-sectoral economic value chains in the country.

The Minister also stressed on the potential benefits from the envisaged CEPA agreement for Industries which are labour intensive in nature and also on the numerous complementary spill-over economic benefits, including increased investments, job creation and employment opportunities. Further, industry representatives were also apprised of the strategic importance of the agreement which encompasses deeper bilateral economic engagement and wider market access.

The stakeholders expressed gratitude to the Minister for taking into consideration concerns of Indian Industry and provided constructive inputs on this matter with a view to ensure overall balance between market access and domestic sensitivities.

Source: pib.gov.in- Dec 03, 2021

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Govt seeks greater industry role in boosting exports

Having hit a monthly record of $35.7 billion in October, merchandise exports dropped below the $30-billion mark in November. Exports still registered a 26.5% rise in November from a year before but it was the lowest growth rate this fiscal.

The commerce ministry has asked state-backed export councils and key industry bodies to work more closely with various government departments and overseas missions, and suggest, through research and studies, "relevant areas for intervention", as part of its broader effort to realise the lofty $400-billion export target for FY22.

Having successfully weathered the damage caused by two Covid waves, Indian exporters face fresh uncertainties now from the emergence of a new Covid variant in Africa that can further disrupt the already-burdened global supply chains.

For its part, the ministry is planning to bring in a new set of reforms to invigorate special economic zones (SEZs), once considered to be drivers of export growth in future, under an "SEZ-plus" initiative, an official source told FE. The new plan could include revised norms for SEZs to sell in the domestic market at lower duties and easier exit route for loss-making firms in these duty-free enclaves.

The ministry also wants industry to take advantage of various production-linked incentive schemes and identify areas of benefits from potential free trade agreements with key economies.

It also wants export bodies to raise the issue of non-tariff barriers posed by any country so that New Delhi can put in place appropriate retaliatory measures. At the same time, it has asked industry bodies to be "vocal about local" and more proactive in their approach to bolster exports.

Commerce and industry minister Piyush Goyal, who has already held scores of meetings with various state-run as well as industry bodies, has also proposed to reduce the compliance burden of India Inc, which will help boost exports as well.

In September, the government also decided to release `56,027 crore to clear all the pending dues owed to exporters until FY21 under various schemes to ease any liquidity crunch. A major part of the funds will be released in the last quarter of this fiscal.

Merchandise exports fluctuated between $250 billion and $330 billion since FY11; the highest export of $330 billion was achieved in FY19. In the first eight months of this fiscal, exports hit as much as $262.5 billion. However, a slowdown in export growth in November, amid persistent bottlenecks in the global supply-chain such as elevated shipping costs and container shortage, brings to the fore new risks.

Having hit a monthly record of $35.7 billion in October, merchandise exports dropped below the $30-billion mark in November. Exports still registered a 26.5% rise in November from a year before but it was the lowest growth rate this fiscal.

Adding to exporters' woes, some countries in Europe, a major market, have already imposed travel and other curbs in the wake of the emergence of the new Covid strain, which last week led the World Trade Organization to defer its ministerial meeting. China, another key market for India, has also seen a surge in Covid cases of late. While some experts have suggested against undue anxiety over the ferocity of the new variant, some others have advised a cautious approach.

Source: financialexpress.com- Dec 03, 2021

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Govt proposes to have national retail trade policy: Som Parkash

The government proposes to have a national retail trade policy for creating a conducive environment to streamline the growth of all formats of such trade, and stakeholder consultations are being held for that, Parliament was informed on Friday.

Minister of State for Commerce and Industry Som Parkash in a written reply to a query in the Rajya Sabha said a conducive environment can be created by simplifying rules and regulations.

"The government proposes to have a national retail trade policy for creating a conducive environment for streamlining growth of all formats of retail trade, including by simplifying rules and regulations.

"Stakeholder consultations are being held," he said.

Replying to a separate question, Commerce and Industry Minister Piyush Goyal said that the Centre has approved the inclusion of the Hyderabad Bengaluru Industrial Corridor (HBIC) under the Industrial Corridor Programme in response to a request from Andhra Pradesh.

"The Government of India has also approved the development of Orvakal node under the Hyderabad-Bengaluru Industrial Corridor.

"Consultant has been appointed for project development activity including preparation of detailed master plan and preliminary engineering of Orvakal node," he said.

Source: financialexpress.com- Dec 03, 2021

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More efforts needed to popularise Udyam

The Centre announced two important steps over the last year to support MSMEs disproportionately affected by the Covid-19 pandemic. First, it introduced a new composite criterion based on higher investment and turnover thresholds for classifying MSMEs so that they could continue reaping benefits provisioned under the MSMED Act, 2006. Second, the government introduced a new, fully-digital registration system called the Udyam to facilitate the ease of doing business for MSMEs.

The Udyam initiative is particularly noteworthy as it represents a significant step towards creating a level-playing field for MSMEs through digital inclusion.

Benefits for MSMEs

First, Udyam allows MSMEs to auto-register in the Government e-Marketplace (GeM), which facilitates online procurement of common-use goods and services by various government departments, organisations and PSUs. Registration provides MSMEs with an equal opportunity to access and sell to the B2G market segment. Ongoing efforts to integrate GeM with the Indian Railways E-Procurement System (IREPS), India Post and the Ministry of Panchayati Raj will further expand business opportunities for registered MSMEs.

Second, MSMEs registered with Udyam can also participate as sellers on one of the three Trade Receivables Discounting System (TReDS)—Receivables Exchange of India (RXIL), M1Xchange and Invoicemart. Since TReDS facilitates financing of trade receivables of MSMEs from corporate buyers through multiple financiers, such a factoring arrangement can help reduce the working capital demands of MSMEs.

Third, despite some compensatory provisions under the MSMED Act, 2006, the issue of delayed payments remains a critical challenge for MSMEs. In this regard, over 90,000 complaints, involving a sum of around Rs 24,300 crore have been filed by MSMEs over the past four years. Udyam-registered MSMEs can take advantage of the Samaadhan portal, a delayed payment redressal platform, to resolve their outstanding issues in a more streamlined and time-bound manner.

The Micro and Small Enterprise Facilitation Council (MSEFC) has the power to direct the buyer unit to pay a monthly compound interest of three times the bank rate for any payment default beyond 45 days.

Fourth, Udyam registration also simplifies availing of financial assistance from central and state government financial institutions. Registered entities can get easier access to benefits, including guarantees, work execution loans, bill discounting, government promissory note discounting, and equipment finance for amounts up to Rs 50 crore. Financial institutions are often reluctant to lend to MSMEs because they lack access to information regarding their creditworthiness. The Udyamportal, with its interlinking to GST and TReDS platforms, can provide the relevant data to carry due diligence exercises by the financial institutions.

Poor response

Despite having several advantages, the Udyam initiative has not received an encouraging response so far. Of a total of 6.33 crore MSMEs in India, the number of enterprises registered for Udyam since its launch is only 57.1 lakh, less than the number of registered enterprises under the Udyog Aadhar Scheme (little over 1 crore). In July 2021, RBI allowed wholesale and retail traders, estimated to number around 2.5 crore, to get classified as MSME and register on the Udyam portal. Seen in this light, the registration numbers appear even more dismal.

A plausible reason could be the confusion created through different circulars concerning the need for GST Identification Number (GSTIN) to register on the Udyam portal. Many MSMEs have an annual turnover of less than Rs 40 lakh, the threshold limit for GSTIN exemption under the GST Act, 2017. While the government has now clarified that GSTIN is no longer required for registration, the same is not communicated unambiguously on the official website of Udyam. Additionally, the extension of validity for using the Udyog Aadhar Memorandum (UAM) until December 31, 2021, for claiming existing benefits could have put enterprises in a wait-and-watch mode.

Policy imperatives

That said, the key underlying issue leading to poor response might be the fear of excessive scrutiny of business operations by government agencies and a related rise in compliance costs for the enterprises. The government should allay such concerns by creating robust monitoring systems that can

arrest undue harassment of small traders on account of unauthorised access and abuse of user information. The official advertorials are conspicuously silent on data protection questions.

The government should also contemplate creating additional incentives for the onboarding process. For example, Udyam registration can be tied to availing of special tax incentives for early-bird registrations, or used as an eligibility criterion for interest subvention schemes, or for availing benefits of schemes launched by different ministries of the government, and/or those offered by financial institutions for standalone or bundled products and services.

Needless to say, the government must create greater awareness about the process and benefits of Udyam registration than is the case currently. No dedicated official app for Udyam registration exists today. Given the ubiquitous usage of mobile apps for various activities, an app-based registration process (instead of a web-only based process) can simplify and improve the onboarding system.

The government must become more sensitive to the apprehensions of the MSMEs and act, even while it laudably intends to mainstream the enterprises within the formal systems.

Source: financialexpress.com- Dec 03, 2021

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Freight demand drops in November

The freight movement dipped last month due to slower industrial activity and high cost of transportation.

The quantum of freight moved was flat to negative in the month after the pre-festive buzz in October, according to a Crisil Research report.

However, the cut in taxes and fall in crude oil prices is expected lower the cost of transportation.

Despite cut in diesel prices, profit of transport companies fell month-on-month in November as freight demand dipped.

However, freight rates for haulage of essentials such as FMCG had remained relatively resilient in November.

After the festive stock-up, freight rates for discretionary goods such as auto carriers and textiles are seeing more pressure compared to other sectors.

Mining, cement and steel freight rates have also fallen as infrastructure activity was subdued month-on-month. However, the drop is not significantly more than the fall in diesel price in the case of cement, said the report.

In the first week of November, the Centre announced a ₹10 per litre reduction in the Central Excise applicable on diesel. A few States also followed suit by announcing additional cuts in State taxes on diesel.

This augurs well for the profitability of transporters. However, the freight industry is very dynamic and competitive, so demand-supply factors also play a material role in freight rates.

The excise duty cut translates to a 3-5 per cent reduction in the cost structure of a transporter. Add the cropping of VAT rates by a few States, and the reduction would be 4-6 per cent.

Source: financialexpress.com- Dec 03, 2021

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Despite a slight drop, Nov Services PMI expands at second fastest pace in 10 years

The Purchasing Managers' Index (PMI) for services dripped a tad to 58.1 in November from 58.4 in October, yet it expanded at the second fastest pace in over a decade.

Economic research firm IHS Markit, which conducts the survey , indicated that India's service sector continued to strengthen, underpinned by a substantial upturn in new orders.

Inflation worries

"Although companies forecast higher business activity volumes over the course of the coming year, the expansion is expected to be restricted by price pressures.

According to monitored companies, the upturn reflected sustained increases in new work and ongoing improvements in market conditions," it said.

Commenting on the latest survey results, Pollyanna De Lima, Economics Associate Director at IHS Markit, said the service sector's recovery extended into November, with a robust improvement in sales translating to the second fastest rise in business activity in nearly ten-and-a-half years.

Companies were somewhat convinced that the output level would continue to rise in the year ahead, but worries on inflation weighed on the confidence levels, again.

Further, De Lima said services firms saw their expenses rise the steepest in a decade in November. Some of the additional cost burden was passed onto customers by way price hikes. The rate of charge inflation eased from October, however, and was only moderate.

"Looking at the manufacturing and service sectors combined, the results are encouraging and bode well for economic performance in the third quarter of 2021-22. With production growth quickening considerably in November, private sector output expanded at its fastest pace since January 2012," she said.

PMI data

Manufacturing PMI, too, had risen in November. Both the PMI data are released every month by IHS Markit, ahead of comparable official economic data. Services has a share of 57 per cent in the Gross Value Added (GVA), while for manufacturing, it is over 14 per cent.

Both PMIs are prepared by compiling responses from questionnaires sent to a panel of around 400 companies each from manufacturing and services sector. A diffusion index is calculated for each survey variable. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

Source: thehindubusinessline.com- Dec 03, 2021

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Singapore fits into India's development journey, says Sanjeev Sanyal

Singapore fits very much into what India will do in the next 30 years as part of the ongoing reform process and building on the past three decades of liberalisation, acclaimed economist and Principal Economic Advisor to the Indian government Sanjeev Sanyal has said.

Speaking at an event organised by a Singapore-based think tank on Thursday, Sanyal said India and its States have a lot to learn from Singapore's development programmes, especially in infrastructure, municipal management, waste and water management, as well as energy conservation.

"All of these are issues which India, at different scales of urban systems, requires to do," he said at the Seventh Lecture on 'After The Pandemic: India's Reforms and Renewal' organised by the Institute of South Asian Studies (ISAS) and the Indian High Commission here. The event was held virtually on Thursday.

Responding to a question on Singapore's relevance to reforms and redevelopment in India, Sanyal said: "It fits very much into what we are going to be doing for the next 30 years of reforms", particularly in the delivery of services.

"This is a journey (of India) in which Singapore has a lot to do," he said, pointing out the expected developments and implementations of projects by India over the next 30 years as part of the ongoing reform process and building on the past three decades of liberalisation that was started in 1991. Describing Singapore as an excellent example of development, he said, "We have a lot to learn from Singapore."

Separately, the ISAS, a think tank of the National University of Singapore, is partnering with the Ministry of Trade and Industry (MTI) here in a project to guide investors and potential partners in Singapore on how best they can join the redevelopment programme of India, said Vinod Rai, the former Comptroller and Auditor General of India. Rai, the lecture chairperson and a Distinguished Visiting Research Fellow at ISAS, chaired the lecture.

“ISAS is working with MTI to study India’s recent economic policies and their investment prospects and potentials. Apart from the central government’s policies, ISAS is also focusing on state-level policies, with the aim of informing businesses and investors in Singapore of the economic possibilities in the country,” ISAS said.

Source: financialexpress.com- Dec 03, 2021

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Forex reserves down by USD 2.713 mn to USD 637.687 bn

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

The country's foreign exchange reserves declined by USD 2.713 billion to USD 637.687 billion in the week to November 26, RBI data showed. In the previous week ended November 19, the reserves had increased by USD 289 million to USD 640.401 billion. It touched a lifetime high of USD 642.453 billion in the week ended September 3, 2021.

In the reporting week ended November 26, the dip in the foreign exchange reserves was on account of a decline in foreign currency assets (FCA), a major component of the overall reserves and gold reserves, Reserve Bank of India's (RBI) weekly data released on Friday showed.

FCA dropped by USD 1.048 billion to USD 574.664 billion in the reporting week, the data showed. Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

Gold reserves were down by USD 1.566 billion to USD 38.825 billion in the reporting week, the data showed. The special drawing rights (SDRs) with the International Monetary Fund (IMF) dipped by USD 74 million to USD 19.036 billion.

The country's reserve position with the IMF declined by USD 25 million to USD 5.162 billion in the reporting week, the data showed.

Source: financialexpress.com- Dec 03, 2021

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Raw cotton prices crash on Omicron fears

The chances of re-emergence of the Covid through the Omicron variant is said to be having a global impact. The slump in the prices of cotton crop is also being seen as the direct impact of this. The prices of raw cotton have witnessed a slump of up to Rs 2,000 per quintal in the last fortnight.

The prices that were being quoted up to Rs 9,400-9,500 per quintal are now have come down to Rs 7,500-7,700 per quintal. The lower quality crop is being traded even at Rs 6,200-6,500 per quintal. Apart from slump in prices, the quality of the crop and yield too have come down due to pink bollworm attack on the crop.

The impact of the pink bollworm could be gauged from the fact that the arrival of the cotton crop in the mandis is less than half than the corresponding period in the previous year. As against the arrival of 19.96 lakh quintal till December 1 in 2020, this year the arrival till that date is only 9.20 lakh quintal in mandis across seven districts of Punjab. The cotton is also more yellowish than pure white. Cotton has been grown in 3.04 lakh hectares in Punjab.

"The industry is fearing adverse impacts due to spread of the new variant and prices of cotton have come down," said cotton trading body Indian Cotton Association Limited (ICAL) president Mukul Dev Tayal.

Cotton Ginning Factories Association president Bhagwan Dass Bansal said the entire business community is fearful, which has resulted in the decline in prices.

The same is being echoed by the authorities of Punjab State Agricultural Marketing Board (PSAMB), which manage the cotton arrival and sale data. PSAMB state cotton coordinator Rajnish Goel said, "The prices have nosedived by nearly Rs 2,000 per quintal in a fortnight and the arrival is much less than the previous year. According to industrial houses, the prices are down due to low demand in the international markets".

The damage to cotton crop due to pink bollworm attack and the resultant low yield were somehow compensated with spurt in prices — some even had breached the psychological barrier of Rs 10,000 per quintal. "Now, the slump in prices has minimised that compensation,"said farmer Nachhattar Singh from Naruana village in Bathinda, who had brought crop from his

leased 10-acre to Bathinda grain market. Nachhatar said as against the yield of at least eight quintals per acre in the previous years, now he got a little over five quintal and the quality too is not good. “I was expecting to get price of nearly Rs 9,000 per quintal, but it is even less than Rs 8,000 per quintal.” Mohinder Singh from Kot Shamir village said, “We have double blow in yield and prices, as these have come down considerably than what these were 15 days ago.”

Arrival till Dec 1, 2020 | 19.96 lakh quintal

Arrival till Dec 1, 2021 | 9.20 lakh quintal

Price now | Rs 7,500-7,700 per quintal

Fortnight ago | Rs 9,400-9,500 per quintal

Source: timesofindia.com- Dec 03, 2021

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