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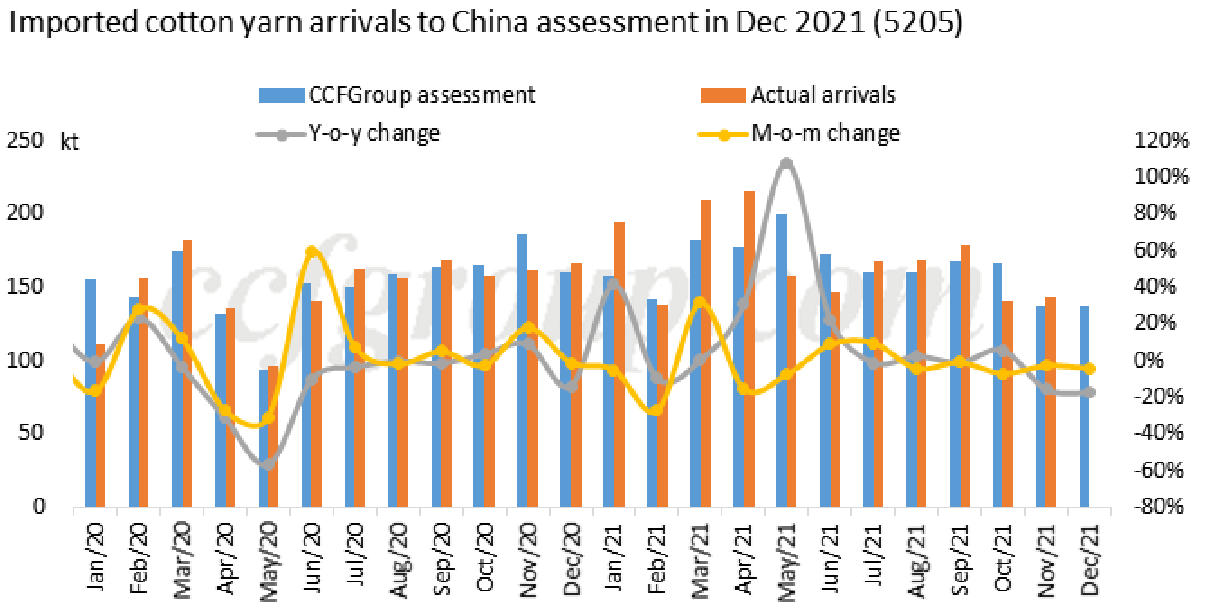
INTERNATIONAL NEWS

China: Dec'21 cotton yarn imports may move down 4.3% m-o-m to 137kt

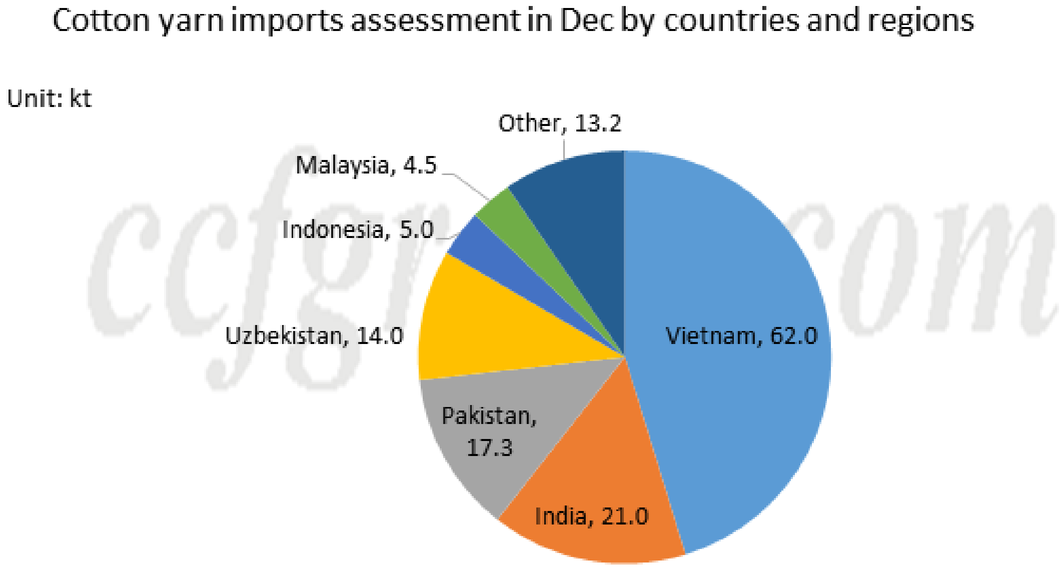
1. Imported cotton yarn arrivals to China assessment



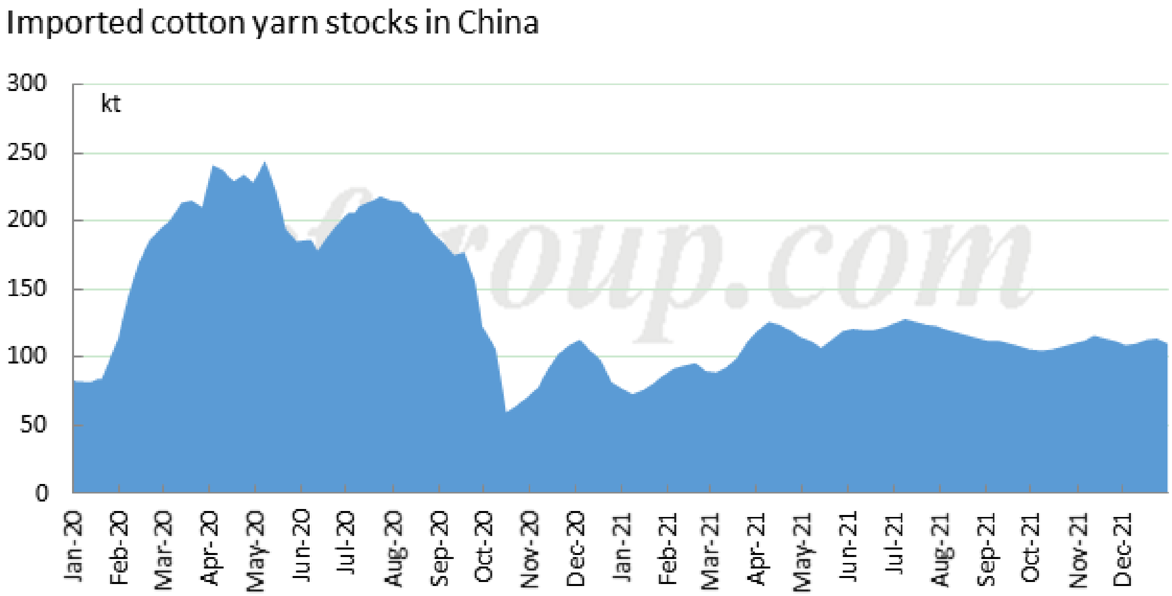
Cotton yarn imports of China in Nov reached 143kt, down 11.6% on the year and up 20.2% on the month. It amounted to about 1,862kt cumulatively in Jan-Nov 2021, up 14.2% year on year, and up 0.8% from the same period of 2019. The imports in the fourth quarter declined obviously. Since Chinese traders purchased intensively in Sep and the first half of Oct, they have not purchased at large amounts, so the arrivals in Nov-Dec were limited. But there were still supports from foreign markets like reflow of overseas investment, financing demand and dependency of end-user on products. By comparison, the imports in Dec is initially assessed at 137kt, down about 17.5% on the year and 4.3% on the month and it is expected to amount to about two million tons in the whole 2021, up 11.3%.

According to export data of foreign markets in Nov, cotton yarn exports of Vietnam continued to decrease on the month. During the second half of Nov to the first half of Dec, Vietnam's cotton yarn exports reduced about 3.7% on the month, so the part to China is expected to be flat with last month. Cotton yarn exports of Pakistan in Nov fell by 3.3% on the month, and that to China may inch down in Dec.

India's cotton yarn exports in Nov also showed downtrend according to local mills as its export data for Nov has not been published, so the Dec exports to China is predicted to decrease on the month. The ordering for Uzbekistani cotton yarn weakened obviously in the third and fourth quarters, so the part to China in Dec is likely to slightly improve. Based on the above assessment, Dec cotton yarn imports of China is possibly to dip from the four major exporters. It is initially estimated that cotton yarn imports of China in Nov from Vietnam is at 62kt; from Pakistan 17kt, from India 21kt, from Uzbekistan 14kt and from other regions 23kt.



2. Imported yarn stocks moved up first and then fell down.

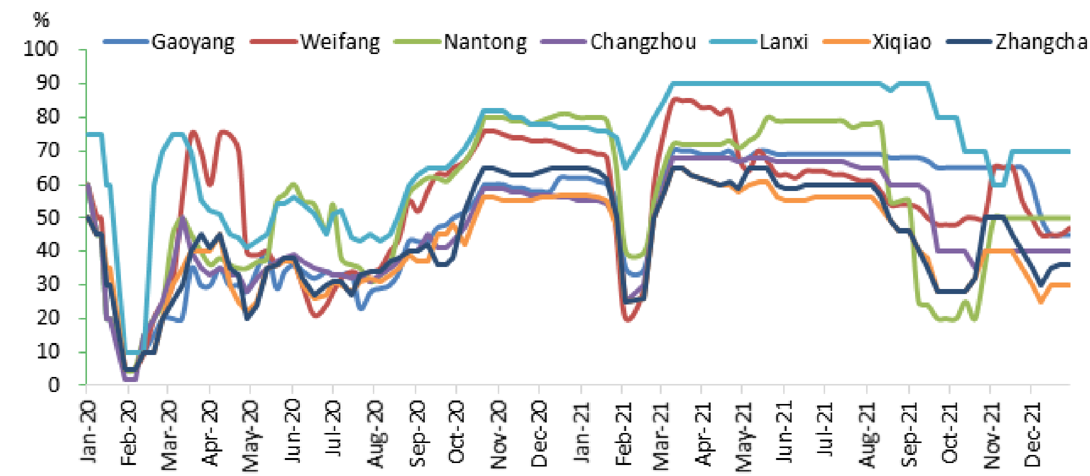


In Dec, the stocks of imported cotton yarn in China showed an up-to-down trend. In the first half month, downstream orders were slack and with successive arrivals, the stocks of imported cotton yarn increased. In the second half month, with reduced arrivals, underselling and improvement of the demand, the stocks declined slightly. In addition, the improvement of sales was heard to benefit from downstream replenishment, increase in orders and traders' changing hands.

Comprehensive operating rate of fabric mills in China

The operating rate of downstream weavers which use imported cotton yarn as raw materials moved down at first and then rose in Dec. In the second half month, it increased along with the improvement of orders, but only limitedly. The resurgence of COVID-19 pandemic in Shaoxing, Shangyu, Ningbo and Hangzhou of Zhejiang affected the logistics of cotton yarn. In Guangdong, it slid in the first half month and recovered somewhat later.

O/R of fabric mills in major cotton yarn consumption areas in China



Forward imported cotton yarn price kept higher than spot one, which hindered the replenishment of Chinese traders. After Dec consumption, tight supply of cotton yarn was seen in some regions and varieties. Then the mills started to raise offers tentatively, but the trades did not follow up. Jan arrivals will be those ordered in late Oct and Nov which was a small volume. Therefore, Jan arrivals of imported cotton yarn are likely at low level, and post-holiday ones may increase somewhat.

Source: ccfgroup.com– Jan 18, 2022

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Brazilian cotton prices likely to remain high in early 2022: CEPEA

Higher consumption, smaller production, and lower ending stocks, both in Brazil and in the world, are likely to underpin cotton quotes in early 2022, according to Sao Paulo-based CEPEA. In the off-season too, cotton prices in the Brazilian local market may continue firm and/or moving up as most of the 2020-21 crop has already been traded.

Brazil's National Supply Company CONAB estimates cotton ending stocks in the 2020-21 season (in December 2021) at 1.37 million tons, and for the next crop (December 2022), at 1.26 million tons, the smallest since 2017-18 (1.02 million tons).

"However, uncertainties about the purchasing power of the population and the price transfer to textile products lead companies to be cautious to purchase big amounts. These players also have their eyes on the pandemic and on the dollar fluctuation against real, mainly in this year of elections in Brazil," CEPEA said in its latest fortnightly report on the Brazilian cotton market.

Considering the 2021-22 season, the production is expected to increase. Players surveyed by CEPEA say that, with more regular rains this season, sowing activities for the second cotton crop may take place in the desirable period, especially in soybean areas in Mato Grosso, the biggest cotton producing state in Brazil. However, players are concerned with high production costs due to the increase of fertiliser prices.

CONAB expects Brazilian cotton production to total 2.7 million tons in the 2021-22 season, 11 per cent up compared to the previous and the third biggest in history. The planted area may increase 12 per cent to 1.542 million hectares, and productivity is likely to total 1,756 kilos per hectare (+1.5 per cent).

Source: fibre2fashion.com– Jan 18, 2022

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Supply chain disruptions stall global cargo growth in Nov 2021: IATA

Data for global air cargo markets have revealed slower growth in November 2021. Supply chain disruptions and capacity constraints affected demand despite economic conditions remaining favorable for the sector. Global demand, measured in cargo tonne-kilometres, was up 3.7 per cent compared with November 2019 (4.2 per cent for international operations).

This was significantly lower than the 8.2 per cent growth seen in October 2021 (9.2 per cent for international operations) and in previous months. Capacity was 7.6 per cent below November 2019 and remains constrained with bottlenecks at key hubs, including New York's JFK, Los Angeles, and Amsterdam Schiphol, the International Air Transport Association (IATA) said in a press release.

In general, the economic conditions continue to support air cargo growth. The retail sales in the United States and China remain strong. In the United States, retail sales were 23.5 per cent above November 2019 levels. And in China online sales for Singles' Day were 60.8 per cent above their 2019 levels. Global goods trade rose 4.6 per cent in October (latest month of data), compared with pre-crisis levels, the best rate of growth since June.

Global industrial production was up 2.9 per cent over the same period. The inventory-to-sales ratio remains low. This is positive for air cargo as manufacturers turn to air cargo to rapidly meet demand. The recent surge in COVID-19 cases in many advanced economies has created strong demand for PPE shipments, which are usually carried by air.

"All economic indicators pointed toward continued strong demand, but the pressures of labour shortages and constraints across the logistics system unexpectedly resulted in lost growth opportunities. Manufacturers, for example, were unable to get vital goods to where they were needed, including PPE.

Governments must act quickly to relieve pressure on global supply chains before it permanently dents the shape of the economic recovery from COVID-19," said Willie Walsh, IATA's director general.

To relieve supply chain disruptions in the air cargo industry, IATA is calling on governments to ensure that air crew operations are not hindered by COVID-19 restrictions designed for air travelers. They should implement the commitments governments made at the ICAO High Level Conference on COVID-19 to restore international connectivity, including for passenger travel.

This will ramp-up vital cargo capacity with belly space. There should be provision of innovative policy incentives to address labor shortages where they exist. The governments should support the World Health Organisation / International Labour Organisation Action Group being formed to assure freedom of movement for international transport workers, the release added.

Source: fibre2fashion.com– Jan 18, 2022

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Germany's GDP up by 2.7% in 2021 over 2020 figure

The price-adjusted and calendar-adjusted gross domestic product (GDP) in Germany was 2.7 per cent higher in 2021 than in 2020, according to According to first calculations of the Federal Statistical Office (Destatis). “The economic development was highly dependent on COVID-19 infection rates and the associated preventive measures also in 2021,“ said Destatis president Georg Thiel.

GDP was still 2 per cent lower in 2021 than in 2019, the year before the Covid-19 crisis began.

“Despite the continuing pandemic situation, more delivery bottlenecks and material shortages, the German economy managed to recover from the sharp fall last year although the economic performance has not yet reached its pre-crisis level again,“ Thiel continued.

In contrast to 2020, when production was in part reduced sharply on account of the pandemic, economic performance increased in nearly all economic sectors in 2021.

The price-adjusted gross value added in manufacturing rose markedly by 4.4 per cent year on year. Notable increases were recorded also for most of the service sector compared with 2020, Destatis said in a press release.
Despite the increases of 2021, economic performance has not yet reached pre-crisis levels in most economic sectors. Economic performance in manufacturing, for instance, was still 6 per cent below the level of 2019 in 2021.

In 2021, foreign trade recovered from the strong decreases of the previous year. German exports of goods and services were up a price-adjusted 9.4 per cent on 2020. Imports increased by a price-adjusted 8.6 per cent in the same period. In 2021, Germany’s trade with foreign countries was thus only slightly below the level of 2019.

Source: fibre2fashion.com– Jan 18, 2022

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Singapore, Bangladesh agree to conclude FTA early

Bangladesh and Singapore have agreed to accelerate the process of signing a free trade agreement (FTA) to further strengthen bilateral trade ties. This was decided during a recent telephonic conversation between foreign minister AK Abdul Momen and his Singaporean counterpart Vivian Balakrishnan. Momen suggested Singapore to consider employing more skilled workers from Bangladesh.

Momen also urged Singaporean investors to further invest in power, telecommunication, renewable energy and power transmission sectors in Bangladesh and take advantage of the investment-friendly atmosphere, an official release said.

Source: fibre2fashion.com– Jan 18, 2022

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China's RMG imports from Bangladesh drop due to duty barriers

Bangladesh's readymade garment (RMG) exports to China have dropped during last couple of years as some 53 items still face duty barriers. COVID-19 pandemic and US-China trade have contributed to the downturn, say experts. These two extraneous factors forced Beijing to look inward to use its capacity to meet local demand. During the first half of the current fiscal, Bangladesh's apparel exports to China dropped 21 per cent to $110.39 million from $139.81 million during the corresponding period of last fiscal.

Abdullah Hil RAKIB, Director, BGMEA said, earlier 226 apparel items in HS8 tariff schedule from Bangladesh used to enjoy duty-free access under the Asia-Pacific Trade Agreement (APTA). And the recent extension of the product coverage by China, published on July 1, 2020, extended the RMG coverage to 299 in HS8 digit.

An analysis shows that Bangladesh exported US$506.5 million worth of garments to China in FY2018-19 and 93 items out of these exports enjoyed duty-free access. These 93 items fetched US$308 million, he said, adding that garments worth $198 million had to face duty on entry to China at varying MFN rates (average 16 per cent).

China has reduced its purchase and meets local demand through its own production because of the China-US trade war, says Mohammad Halem, Executive President, BKMEA. Fazlee Shamim Ehsan, Vice President, adds, China's export to the world, including the USA and the European Union, also forced the former country to use its capacity through local consumption.

Source: fashionatingworld.com– Jan 18, 2022

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Thailand And Bangladesh Can Benefit From Growing Trade Ties

Bangladesh thinks that Thailand is a reliable and credible partner and friend as Bangladesh has enjoyed strong bilateral relations with Thailand since independence. Bangladesh and Thailand both share a common regional platform like BIMSTEC.

Trade relations between Bangladesh and Thailand have been very strong in recent years, especially in the field of commodities. As Thailand became more developed, many Bangladeshi students went there to study science. Bangladesh has called on Thailand to participate more in the economic field of Bangladesh. According to the Ministry of Finance of Bangladesh, Thailand can contribute more to the economy of Bangladesh.

According to Bangladeshi media outfits, Thailand is keen to sign a free trade agreement (FTA) with Bangladesh to boost up bilateral trade. On May 2, 2010, it was announced that Thailand would host a four-day trade fair in Bangladesh. The event was attended by 48 Thai companies (for the development of trade relations between the two countries). The trade between Thailand and Bangladesh has grown to about $ 980.41 US Dollars in 2019. (According to Bangkok Post)

According to Bangladesh Foreign Ministry, Thailand and Bangladesh signed a trade agreement on 22 August. The trade volume between Thailand and Bangladesh has steadily increased. Initiatives are being taken to strengthen bilateral economic ties with Thailand. In this case, Bangladesh is asked to invest in Thailand. On the other hand, Thailand is taking steps to increase exports to this country. Export trade has always been in favor of Thailand. Thailand-Bangladesh both built Bangladesh-Thailand Joint Trade Committee (JTC) to address the bilateral trade issues. Both sides had agreed to set a target of $2 billion in 2020, in the JTC meeting held in Bangkok.

JTC meeting was held in Bangkok in January 2020, stakeholders emphasize on promoting trade between the two countries and focused on agriculture, fisheries, livestock, health services and transportation. Thailand considers Bangladesh as an important strategic partner in terms of investment, trade and transportation. Bangladesh was Thailand's third-largest trading partner in South Asia in 2018.

Meanwhile, a statement from oec.world said that in the last fiscal year 2018-2019, Bangladesh exported goods worth 74.8 million US dollars to Thailand, while importing goods worth 973 million US dollars. Bangladesh exports leather and leather products, medicines, marine fish and other animal products, paper and paper pulp, soap, articles of apparel, plastic products and rubber products, electrical & electronic equipment, made textile articles, products of animal origin, vegetable textile fibers, fish and crustaceans, etc. Bangladesh has signed MoU to import rice from Thailand.

On the other hand, electrical equipment, electronics, iron and steel, organic chemical products, cement, cereals, plastics and articles thereof, man-made staple fibers, sugar and sugar confectionary, machinery and mechanical appliances, cotton and cotton fabrics, synthetic fiber and cotton are imported from Thailand. Bangladeshi products have the opportunity to increase exports to Thailand. It is hoped that it will be possible to increase the export of all these products of Bangladesh through discussion in the meeting.

It is learned that there is a demand for jute and jute products of Bangladesh and other agricultural products in the country. If the market for Bangladeshi products is expanded in Thailand, the bilateral trade between the two countries will be balanced. Proposals to increase connectivity with Bangladesh, especially the work of connecting the port of Ranong in Thailand with the port of Chittagong are also being considered. Both countries can reconsider to simplify the visa process.

Besides increasing exports, the country's investment was sought. Every year about one and a half lakh Bangladeshis go to the country for medical and trade purposes. Bangladeshis have a big role to play in the development of Thailand's tourism industry. But compared to that, Thai investment has not come to this country. Not only that, getting a visa is now a new embarrassment. Trade deficit is not in favor of Bangladesh, trade inequality is increasing every year. Stakeholders believe that Thai investment is needed to reduce trade inequality. To this end, the current government is considering allocating land to establish a special economic zone for Thailand.

It is learned that duty free facilities are sought from Thailand, including medicines, leather goods, jute and jute textile fabrics, textiles made of jute yarn, knitted and woven shirts, T-shirts, knitted garments, women's towels, cotton shirts. Leather sacks are significant. The country exports only 60 million US Dollars' worth of ready-made garments (ovens) every year.

However, the country has an annual clothing demand of about 40-42 million dollars. China, India, Vietnam and Indonesia export huge quantities of garments to the country every year with duty free facilities. Bangladesh does not get this benefit in exports. Bangladesh and Thailand should sign a bilateral FTA to boost up trade for ensuring mutual interest.

According to BEPZA and BEZA of Bangladesh, Bangladesh is building 100 Free Economic Zones for foreign investors. One Economic Zone is allocated for Thai investors. Bangladesh is giving 'One Stop Service' for foreign investors. Trade, connectivity, energy and development cooperation, Covid-19 vaccine diplomacy, counter-terrorism, trade in goods, services and investments are some sectors for ensuring mutual benefits. Thailand can invest and establish an automotive assembly plant in Bangladesh so that the latter can re-export the automotive parts and components to Thailand. Thai investment in tourism, Buddhist Circuit tourism, health, hospitality, food processing, taking advantage of the SEZs and IT Park are some are of potentials.

Bangladesh is going to a be rising South Asian economic miracle. There are many potentials in economic sectors in Bangladesh. Thai businesses and investors can utilize this opportunity for their business interest. On the other hands, tourism sector of Thailand, Technical education sector may be the strong sectors in this regard. Thailand can get access to South Asian markets through Nepal, Bhutan, North East India, Tibet region of China, Central Asia, Middle Asia, Africa easily. Cox's Bazar airport, Matarbari deep Seaport may a potential for Thailand for maritime trade with South Asia. Pharmaceuticals and chemicals, chemical products, leather and leather products, frozen fish, raw jute and jute goods, ceramic tableware, knitwear and woven garments, tea etc. have good prospects in Thai market. Thai products are getting popular in Bangladesh with the expansion of the local economy.

Thailand-Myanmar-Bangladesh connectivity can boost the trade relations between two countries. Thailand is an economic superstar in South East Asia. The Thai government is developing the standard of the livelihood of Thai People. Bangladesh and Thailand may be a 'Hub' between South Asia and South East Asia.

Source: eurasiareview.com– Jan 18, 2022

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Bangladesh: Garment, accessory makers form joint panel to boost apparel export

The manufacturers of garment and its accessories today formed a joint committee to expedite export of apparel items.

The committee was formed by the leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA) to ensure better supply chain collaboration and mutual benefits.

The committee was constituted during a meeting by the leaders of the associations at BGMEA office at Uttara in Dhaka on January 18.

They will also work unitedly to increase garment exports and enhance image of the industry.

BGMEA President Faruque Hassan presided over the meeting, the garment makers' platform said in a statement.

The 11-member committee headed by BGMEA Vice President Md Nasir Uddin will act as a bridge between the manufacturers of garments and accessories and packaging to strengthen business relationship through collaboration.

The committee will deal with trade related issues and settle disputes that arise among garments manufacturers and accessories-packaging suppliers.

The BGMEA president said garment accessories and packaging industry plays a significant role in meeting the demand of the garment sector, thus complementing each other.

Both garment exporters and accessories' suppliers need to work together in a cooperative and collaborative approach to create a win-win situation for all parties, he added.

Source: thedailystar.net– Jan 19, 2022

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BGMEA sees great potential of Bangladesh, S Korea to boost trade

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Faruque Hassan recently said his country and South Korea have great potential for bilateral trade collaboration, especially in the apparel and textile sector. He said this while meeting ambassador of South Korea to Bangladesh Lee Jang-keun recently at the BGMEA office in Dhaka.

Both discussed possible areas of expanding trade and how both countries can collaborate in a meaningful way to boost trade, according to Bangla media reports.

Hassan requested the envoy to encourage Korean businessmen to invest in the backward linkage industry of Bangladesh, especially the non-cotton textile sector.

The envoy pointed to extending incentive facility to garment factories inside the export processing zone (EPZ) against their exports to new markets.

Source: fibre2fashion.com– Jan 18, 2022

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NATIONAL NEWS

PM MITRA: Government releases 5 metrics to decide sites

The government has released operational guidelines for PM Mega Integrated Textile Region and Apparel (PM MITRA) parks scheme as per which the state government will transfer land to the Special Purpose Vehicle- a legal entity with 51% equity shareholding of the state and 49% of the centre.

As per the guidelines released by the textiles ministry, the sites for the parks will be selected basis five metrics- connectivity to site, existing ecosystem for textiles, availability of utilities services at site, state industrial /textile policy, and environmental and social impact.

The nearest highway from site, distance from air cargo, airport/railhead, distance from sea port/inland waterway/dedicated freight corridor and distance from multi modal logistic park /will have a weightage of 25%. Similarly, the existing ecosystem for textiles like distance from existing textile cluster, availability of raw materials and skilled manpower suitable for textiles industry, availability of skill development institutes/research associations/institutes will also have a 25% weightage.

A 20% weightage will be given for assurance of availability of good quality power source at the site to support the development and operation of park, assurance for power distribution license for Master Developer for park area along with permission for open access sourcing of power.

“The selection of PM MITRA Park sites will be done in a two stage selection process on Challenge Method,” the ministry said.

In the first stage, expenditure on constitution of SPV, planning of the parks, project management agency selection, model Request for Qualification/Request for Proposal Development, Concession Agreement and Selection of Master Developer will be permitted.

“The Master Developer is to be selected by a transparent process and should have adequate capacity and experience,” the ministry said.

It should prepare the detailed project report/Master Plan of the PM MITRA Park including the core infrastructure of roads, drainage, sewage, solid waste management, and treatment plants to be developed. This Master Plan should be approved by the SPV.

The second stage involves the development of the park once the first instalment of the grant to the selected sites is released.

“Phase-II development will be triggered once land occupancy by construction of minimum 60% of planned development in industry/processing area,” it said, and added that one of following conditions are simultaneously met- cumulative investments of Rs 1000 crore made at the PM MITRA Park, and cumulative annual employment of 25000 people generated at PM MITRA Park.

With a budget outlay of Rs 4,445 crore, the scheme includes administrative expenses of Rs 30 crore over a seven-year period up to 2027-28.

For incentivising manufacturing units to get established early in PM MITRA Park, there is a Competitive Incentive Support (CIS) provision of Rs 300 crore per park. This incentive will be provided to manufacturing units up to 3% of the total sales turnover to the unit established in the park to reduce its cost and offset its disadvantages to a certain extent.

The CIS will be fund limited and will be available on a first-come-first-serve basis.

The incentives will only be available to those manufacturing companies who are not availing benefits of Production Linked Incentive (PLI) for textile scheme.

There will be a cap of Rs 10 crore per annum on the incentive and a maximum cap of Rs 30 crore on incentive for one anchor investor company with an investment of Rs 300 crore or above in its unit in these parks.

Similarly, there’s a cap of Rs 5 crore per annum on incentive and a maximum cap of Rs 15 crore on incentive for one investor company with an investment of Rs 100-300 crore.

There will be a cap of Rs 1 crore per annum on incentive and a maximum cap of Rs 3 crore on incentive for other investor companies and tenant companies, but they must have employment of 100 persons and above, the ministry said.

Tamil Nadu, Punjab, Odisha, Andhra Pradesh, Gujarat, Rajasthan, Assam, Karnataka, Madhya Pradesh and Telangana expressed interest to setup PM MITRA Parks.

The centre will provide Development Capital Support in the form of grant in aid (capital) to the Park SPV.

Source: economictimes.com– Jan 19, 2022

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UK hopes FTA with India will address peak tariffs on Scotch, vehicles, pharma

The UK is hopeful that its FTA with India will help bring down tariff peaks applied on items such as Scotch whisky, vehicles and chemicals & pharmaceuticals. These goods together accounted for almost a third of overall import duties imposed by India on British goods in 2019.

"A new FTA with India could reduce these tariff barriers and increase the competitiveness of UK exports in the Indian market, further enhancing trade," according to a report on 'UK's Strategic Approach to the India-UK FTA' compiled by the UK Department for International Trade.

In an observation favouring Indian exporters, the study also pointed out that it could be beneficial for the UK industry if it removes tariffs on Indian imports of items such as textiles and textiles articles and vehicles as most of these imports were used as intermediate products in the UK.

Bilateral FTA

India and the UK launched negotiations for a bilateral free trade agreement (FTA) last week covering a multitude of areas including goods, services, and investments, and have set a year-end deadline for concluding the pact. The two sides seek to double bilateral trade in goods and services from existing $50 billion to $100 billion by 2030.

Annual duties on UK exports to India were estimated be around £810 million based on 2019 trade data of which £164 million was on account of whisky attracting tariffs of 150 per cent, £49 million on account of vehicles and parts (not railway-related) attracting tariffs averaged at 59 per cent and £43 million on account of chemicals and pharmaceuticals attracting peak tariff of 100 per cent.

Annual duties of £184 million were also imposed on precious stones and metals in 2019.

"Removing tariffs through an FTA would benefit UK businesses by increasing competitiveness, especially when compared to competitors exporting to India from countries without an FTA," the report stated.

India is projected to become the world's fourth largest economy by 2030 and is one of the UK's most economically and strategically important trade and investment partners, the report said stressing on the importance of an FTA with India.

"India is one of the dynamic, fast-growing economies at the heart of the Indo-Pacific and while our bilateral trading relationship is already significant, amounting to £23.3 billion in 2019, an FTA could strengthen it further as UK exports could increase by up to £16.7 billion by 2035," it pointed out.

Middle-class market

The Indian middle-class market is growing fast –estimated to encompass 60 million consumers by 2030 – and is expected to increase the country's demand for healthcare, education, and premium products. India's overall demand for imports is projected to reach £1.38 trillion per year by 2035, it added.

"An FTA with India could support jobs across the UK. Experimental analysis shows that exports to India were estimated to support (directly and indirectly) around 63,000 UK jobs in 2016," it said.

Source: thehindubusinessline.com– Jan 18, 2022

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ECLGS: Indian Banks' Association pitches for 1-year extension

The Indian Banks' Association (IBA) has urged the government to extend the ₹4.5-lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) — an MSME support initiative — by one more year beyond March 31, the announced end date for the scheme. This is needed given that the pandemic's effect on economic activity is still continuing, and more so when the expected revival of the economy has not materialised and MSMEs are struggling to come out of their financial difficulties, IBA said.

IBA has conveyed, in a letter to the Department of Financial Services in the Finance Ministry, that support needs to be extended till the economy regains its strength, sources in the IBA said.

Mitigating Covid impact

It maybe recalled that ECLGS was launched with the objective of providing additional liquidity to MSMEs to help them cope with the crisis arising out of Covid-19. Under this scheme, loans extended to MSMEs by banks and NBFCs would be 100 per cent guaranteed by the National Credit Guarantee Trustee Company (NCGTC). The loan will be extended in the form of additional working capital term loan facility in case of banks and additional term loan in case of NBFCs to MSMEs and interested Pradhan Mantri Mudra Yojana borrowers.

In September 2021, the government had extended the validity of ECLGS till March 31, 2022, or till guarantees for an amount of ₹4.5-lakh crore are issued under the scheme, whichever is earlier. The last date of disbursement under the scheme was also extended to June 30, 2022.

Additional credit support

Meanwhile, IBA has also made a case for additional funding of 10 per cent of eligible finance for all borrowers continuing to be affected by the extended disruptions.

With the continuing effects of the pandemic, the assumed cash flows have not materialised fully. In addition to this, the existing malaise of delayed payments of MSME dues by large corporates has exacerbated due to their own constricted cash flows. Thus, there is a need for an incremental dose of funding to these MSMEs to help them tide over the current situation, IBA has said.

Extend cover to SMA 2

Sources added that IBA has also recommended that the cover under ECLGS scheme be extended to all MSMEs irrespective of sector and size so that a broad-based recovery will be possible, and those units found viable and now classified as Special Mention Accounts (SMA) 2 be made eligible for additional funding under the Guarantee Cover of ECLGS.

SMA 2 is a category where the amount is overdue for tenure between 61 days to less than 90 days. Under the current framework, eligibility for additional funding is restricted to SMA 0 and SMA 1 accounts.

IBA is understood to have highlighted that SMA 2 accounts also deserve a chance to survive the harsh post-Covid environment and that if no assistance is extended, there is a real danger of these accounts slipping into NPAs.

Source: thehindubusinessline.com– Jan 18, 2022

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India's 2021-22 cotton output estimate cut by 12 lakh bales

The Cotton Association of India has reduced India's annual cotton output estimate for the current season -- which started in October -- to 348 lakh bales.

The earlier estimate was at 360 lakh bales (a bale is approximately 170 kg).

The latest revision was done after a virtual meeting held on Monday where all 29 members representing all cotton producing states and stakeholders participated.

Gujarat, a major producer, is expected to produce five lakh bales lower on year, the association said. Telangana and Karnataka are seen producing two lakh bales lower each.

Consumption of the commodity is expected to increase by 10 lakh bales to 345 lakh bales as against the previous consumption estimate of 335 lakh bales.

Imports into the country is seen at 15 lakh bales, which is largely unchanged from the last season, the association said.

On exports, the association kept the estimate unchanged at 48 lakh bales.

Besides, cotton stocks held by mills as on December 31, 2021, are estimated at 65 lakh bales.

"The 'CCI', Maharashtra Federation, MNCs, ginners, traders, MCX, etc. are estimated to have a total stock of about 48.77 lakh bales of 170 kgs each as on 31st December 2021," the association said.

While, the total stocks held by spinning mills and stockists including the cotton sold but not delivered as on December 31, 2021, is estimated at 113.77 lakh bales.

Source: smetimes.in– Jan 18, 2022

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Govt calls meeting of key stakeholders on draft e-commerce policy

The Centre called a meeting of key stakeholders, including e-commerce players such as Amazon, Flipkart, Tata, Snapdeal, retailers bodies and traders' associations on Tuesday to discuss the provisions of a draft comprehensive e-commerce policy covering all web-based transactions, including digital commerce and online services.

Traders' body Confederation of All India Traders (CAIT) strongly argued for a robust and unambiguous e-commerce policy that will establish an empowered Regulatory Authority on the pattern of TRAI, according to a statement issued by CAIT following the meeting.

FDI policy

Alleging that many provisions of the FDI policy have been continuously violated by foreign funded e-commerce companies, CAIT proposed that the e-commerce policy should have clear stipulations about transparent operations of e-commerce platforms and avoidance of conflict of interest between marketplace platforms, sellers & various service providers on the platform.

It also made a case for easy accessibility, adequate grievance redressal system and non-discriminatory access of marketplace platforms to all stakeholders and value chain, per the statement.

According to sources who attended the meeting, e-commerce players such as Amazon and Flipkart reiterated that they have been focusing on leveraging technology to build an ecosystem of inclusive growth and have been working closely with kiranas, small businesses and artisans in the country.

The meeting was chaired by Department for Promotion Investments and Internal Trade (DPIIT) Additional Secretary Anil Agarwal. Others who attended the meeting include All India Consumer Products Distributors Federation, Retailers Association of India, Laghu Udyog Bharti and Federation of Indian Micro, Small and Medium Enterprises (FISME).

In June 2021, the Consumer Affairs Ministry had come up with a revised draft of the Consumer Protection (E-Commerce) Rules, 2020, proposing prohibition of deep discounts and flash sales on e-commerce sites and making e-commerce marketplaces take responsibility for goods sold. This had resulted in strong protests from major e-commerce players which argued that it went against the spirit of the FDI policy.

The government's effort now is to come up with an e-commerce policy that will plug all existing loopholes in rules governing online commerce while giving a fair hearing to concerns of foreign-funded e-commerce players.

Source: thehindubusinessline.com– Jan 18, 2022

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Poor demand, higher prices limit cotton yarn trade in south India

There was limited trade in south Indian cotton yarn market today due to poor demand and higher cotton yarn prices. In Mumbai, cotton yarn prices increased by up to ₹55 per 5 kg for selected varieties. Traders said that prices rose due to costlier natural fibre, but demand remained very weak and only compulsory buying for export orders materialised.

There was no trade today in Tiruppur market due to the ongoing two-day strike in the textile city. The Tiruppur Exporters' Association (TEA) has given the call for the strike on January 17 and 18, 2022.

In Mumbai market, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,950-2,010 per 5 kg and ₹1,690-1,740 per 5 kg respectively. Warp variety yarn has seen a price rise of ₹20-40 per 5 kg, but weft yarn traded flat. 80 count carded cotton yarn of weft variety was sold up by ₹65-70 at ₹1,880-1,920 per 4.5 kg. Carded cotton yarn (44/46 count) of warp variety was sold at ₹1,720-1,780 per 5 kg, which appreciated by ₹20 per 5 kg.

In Mumbai market, cotton yarn prices pushed up due to higher cotton prices. However, demand did not support market sentiments. According to market sources, buyers were looking for fresh deal in urgent need only, like fulfilling an export commitment. Currently, buyers are buying cotton yarn for their urgent need and in smaller quantity. Fabric manufacturers are trying to hold production due to higher cotton yarn prices. It is likely that powerlooms in Bhiwandi will be closed for the next 3-4 days to manage mounting fabric stocks. However, there is normal production in Ichalkaranji.

Another source from Ahmedabad told Fibre2Fashion that production activities are slow in this vibrant textile hub as domestic summer clothing season is yet to begin. Higher cotton yarn prices are also discouraging production activities. There is glut situation for cotton yarn, but grey fabric is not available in required variety because fabric production declined after yarn price rise. "Fabric manufacturers are fearful for losses at current production cost. Garment and apparel manufactures are looking for grey and finished fabrics but there are not ready to pay higher price as production for the summer season is yet to begin properly."

Meanwhile, cotton prices firmed up further in domestic market. In Maharashtra, cotton prices surged by ₹200-300 per candy of 356 kg amid increased demand from spinning mills and higher arrivals. The prices of cotton (30mm variety) in Nagpur and Yavatmal line were ruling between ₹77,300-77,800 per candy. In Jalgaon Line, 29mm RD 75 variety cotton was priced at ₹74,000-75,500 per candy. The price of cotton of 30 plus mm RD 75 variety in Silod line of the state was ₹77,300 to ₹78,7200 per candy.

ZCE cotton yarn May 2022 futures traded lower by CNY 220 at CNY 28,925 per ton while September 2022 traded lower by CNY 150 at CNY 28,385 per MT today. There was no trade in ICE cotton on Monday.

Source: fibre2fashion.com– Jan 18, 2022

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Monitor schemes implemented by govt, Stalin urges State Planning Commission

Tami Nadu Chief Minister on Tuesday urged members of the State Planning Commission (SPC) to come up with comprehensive suggestions for the development of the State. He also urged them to monitor whether the government's welfare schemes reached people at the grassroots.

If the schemes implemented by the government are not reaching the people, there is no use, he said at a meeting with the SPC members.

He also urged the members to suggest measures on saving funds. Revenue is mainly generated only through Registration and Excise, and there is a need to generate revenue from sectors like tourism, MSMEs, handicraft and handlooms, says a press release.

Source: thehindubusinessline.com– Jan 18, 2022

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Fashion retailers to see 8% dip in FY22 revenues amid covid wave, says report

Fresh curbs on operating hours for malls and non-essential stores and mobility restrictions amid India's third covid wave could shave off an estimated 8% of fashion retailers' revenues in the current financial year, credit rating agency Icra Ltd said on Tuesday.

The agency lowered its revenue forecast for fashion retailers for the current fiscal, expecting retailers to touch 70-72% of their pre-pandemic revenues in FY22 as against the earlier projection of 78-80%.

“This is based on an estimated 20% decline in store-operating hours during the fourth quarter vis-à-vis rating agency’s earlier expectation, leading to a commensurate decline in Q4 revenues. The restrictions are expected to be limited to Q4 FY2022 and estimated to be around six to eight weeks. Strong rebound in sales is, however, expected upon lifting of restrictions, akin to that witnessed post the second wave," Icra said.

ICRA has a “negative outlook" on the segment. It expects fashion retailers to return to pre-covid levels by the second quarter of the next financial year, assuming absence of any fresh wave of infections.

The recent surge in covid cases, especially of the Omicron variant, has once again brought with it localised restrictions in the form of night curfews and timing restrictions. Delhi is currently observing weekend curfews as well.

Aa a result, retailers are now stuck with excessive stocks and face a greater risk of significant inventory markdowns.

“Typically, January and February are the months of the end-of-season sales (EOSS), where retailers attempt to liquidate their (winter stock) inventory, prior to the launch of fresh spring-summer collections. With restrictions on mobility, retailers face a great risk of inventory markdowns as they are expected to resort to higher levels of discounting to attract customers," said Sakshi Suneja, assistant vice president and sector head, Icra.

While the third wave will dent profitability in Q4 FY22, the credit profile of large, listed entities is expected to remain adequately supported by strong balance sheets, Suneja said.

Fashion retailers are sitting on ₹2,500 crore of cash and liquid investment balances vis-a-vis total debt of ₹2,100 crores as on 30 September 2021, said Suneja.

These retailers reported strong recovery during Q3 FY22 nearing pre-covid level in terms of sales.

A sluggish January and higher input costs--cotton yarn and manmade fibres--are likely to impact gross margins and rental negotiations.

Retailers that have a greater share of stores in malls are expected to see a bigger impact on business as recovery in malls is typically delayed.

Meanwhile, those with omni-channel presence are better placed to tide over the third wave. The ratings agency expects the share of online sales to double to 7-8% in FY22 from 3-4% pre-covid.

Source: livemint.com– Jan 18, 2022

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Suchita Oswal Jain bats for women empowerment, 35% of Vardhman Textiles workforce comprises females

Suchita Oswal Jain, Vice-Chairman and Joint MD of Vardhman Textiles, is the epitome of grit, vigour and determination. At the forefront of one of the country's leading textile conglomerates manufacturing yarns, fabrics, acrylic fibres, threads and garments, she is considered a trailblazer and an inspiration.

Jain joined the company in her early 20s, at a time when few women were in positions of power. With the economy opening up, she took a wise decision and initiated the forward integration of Vardhman Textiles. The leader of yarns ventured into the manufacture of fabrics.

Through her endeavours, Vardhman is today a preferred partner for most of the renowned national and international brands including GAP, Uniqlo, Marks & Spencer, Target, H&M, Kohl's, Calvin Klein and Muji, exporting to over 75 countries.

Vardhman Group employs about 30,000 people and has 18+ state-of-the-art manufacturing facilities across four states.

Jain is an advocate of women empowerment, with 35 per cent of the workforce comprising women. The organisation was the first to request and acquire permission from the Government of Punjab for allowing women to work night shifts. To ensure safety, only those women were allowed who resided within the premises and safety measures were further revamped. Today, over 13 per cent of women employed comfortably work night shifts in the organisation.

Vardhman Group has supported over 65 government schools and 40 anganwadis through its School Development Program. In the direction of health care, adva nced medical equipment is provided to hospitals. "We are here not to make money but to contribute to the growth of the country and society. As an organisation committed to sustainable development, it is our primary concern to address the triple bottom-line," says Jain.

Source: economictimes.com– Jan 18, 2022

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Several textile cos' stocks rallied in past 1 yr on GST hike deferment, PLI

Shares in textile business have witnessed a consistent uptick in the recent months due to various policy measures and on hopes of a firm outlook for the sector going ahead.

Besides, the GST council's recent move to defer rate hike on textiles has buoyed investors' sentiment.

In its latest GST council meeting, it was unanimously decided to defer a hike in rates on textiles from 5 per cent to 12 per cent, which was to come into effect from January 1.

The matter will be discussed again in the next council meeting.

The deferment came as several states flagged higher tax rates on textile products to be put on hold.

The decision by the Council gave a breathing space to the industry.

Accordingly, stocks of several textile firms zoomed.

Till date, shares of Bhilwara Spinners, Nitin Spinners and Nahar Spinning Mills have seen a sharp rally.

The shares of Bhilwara Spinners, Nitin Spinners and Nahar Spinning Mills companies rose 252 per cent, 316 per cent, 711 per cent, respectively, over the past one-year period.

Notably, much of the rally in the textile stocks was due Centre's production-linked incentive (PLI) schemes in the key manufacturing sectors, which included the textiles sector.

On September 8, 2021, the Union Cabinet had cleared the PLI scheme for the textile sector with an estimated budget outlay of Rs 10,683 crore.

The Centre, through the scheme, aims to provide a big fillip to the man-made fibres and technical textiles segments by promoting industries that invest in the production of some select textile categories.

Consequently, shares Of companies such as Alok Industries rose 40 per cent, Trident 333 per cent, KPR Mill 315 per cent, Arvind 195 per cent, Welspun India 134 per cent, Gokaldas Exports 344 per cent, Lux Industries 147 per cent, Filatex India 109 per cent, and Ambika Cotton Mills 105 per cent during the period.

In addition, analysts said that the stock price movement is likely to continue in the near future.

Source: business-standard.com– Jan 18, 2022

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Indocount- Pioneers of the Indian Textile Industry gets ICRA A1+ credit rating, the upgrade signifies highest degree of safety

Mr Rajiv Merchant is considered as one of the few pioneers of the Indian bed and bath Industry our country has today Boutique Living and Layers, from the house Of Indo Count, are an end to end bedding solutions brand which has been leading in the Home Textile Industry for the past 31 years. Boutique Living brings its expertise in refined quality bed linen, currently experienced by linen brands across the globe.

Layers, on the other hand, offers smart bedding with a wide range of beautiful designs powered with experience and innovation. Boutique Living and Layers offer superior products ranging from 300 thread count to 1000 thread count with their robust R&D technical know-how and in-house production. They are extremely agile with their sustainable practices at all manufacturing stages.

Mr. Rajiv Merchant is considered as one of the few pioneers of the Indian bed and bath category. Over the past three decades, Mr. Merchant has introduced memorable bed and bath brands, innovative product lines and contemporary and western home textile designs to the Indian customers.

In the past three decades, Mr Merchant has won more than 14 awards- from DuPont, USA in packaging innovation, Best Home- Ware Brand by Shoppers Stop, Most Promising Brand for Tangerine by ET and The Most Talented Retail Professional Of India IHV by CMO Asia in 2015 to name a few. His ability to curate latest global design trends for domestic customer-oriented solutions as per Indian taste has made him one of the pioneering leaders of the industry.

ICRA Limited has upgraded the credit rating for Indo Count Industries Limited's long-term bank facilities and reaffirmed credit rating for the short-term bank facilities.

For long-term bank facilities of the company, ICRA AA- with Stable outlook was upgraded from ICRA A+ with Outlook Positive. The said credit rating signifies a high degree of safety regarding timely servicing of financial obligations. Such facilities carry low credit risk, the company said in a filing on Monday.

For the Short term bank facilities, the ICRA A1+ rating was reaffirmed. The said credit rating signifies a very strong degree of safety regarding timely payment of financial obligations. Such facilities carry lowest credit risk, it added.

Source: apnnews.com– Jan 18, 2022

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