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INTERNATIONAL NEWS

Cotton prices increase for 7th consecutive month this Jan in Brazil

Cotton prices increased sharply in the Brazilian market in January, which was the seventh consecutive month of rise. The low supply, mainly of high-quality cotton, in the national spot market led the purchasers with urgent needs to pay more for the product. International valuations too influenced prices in Brazil, pushing up the export parity value.

In January 2022, the CEPEA/ESALQ Index for cotton set new nominal records in the series of CEPEA, hitting the highest level of BRL 7.0845/pound on January 20.

"Many farmers have made cash flow and did not have urgent needs to sell batches from the 2020-21 season in January. Traders bought batches to accomplish contracts previously closed. As for trading companies, some agents purchased and sold cotton too – however, some buyers opted for working with the product in stock, claiming difficulties to pass on cotton prices to by-products," the Center for Advanced Studies on Applied Economics (CEPEA) said in its latest fortnightly report on the Brazilian cotton market.

In the last days of January, agents from processors were focused on sales – which were low – and, thus, were not interested in buying cotton. This context added to the dollar depreciation against the real weakened prices, the report added.

In January, the CEPEA/ESALQ Index for cotton rose by almost 9 per cent, ending the month at BRL 6.9822/pound. The monthly average in January, at BRL 6.8121/pound, is the highest in the series of CEPEA, in nominal terms. In real terms (IGP-DI from December 2021), the average is 7.08 per cent higher than that in December 2021, 37.68 per cent above that in January 2021, and the highest since April 2011.

In dollar terms, the monthly average in January closed at $1.2313/pound, 6.6 per cent lower than the Cotlook A Index ($1.3181/pound), but 3.2 per cent higher than the first contract at ICE Futures ($1.1932/pound). In January, the average price for cotton in Brazil was 7 per cent higher than the export parity.

Meanwhile, cotton sowing in the 2021-22 season had reached 52 per cent of the estimated area until January 20, according to ABRAPA, the Brazilian association of cotton producers.

In Bahia, cotton sowing activities are complete in 84 per cent of the area, while it is 40 per cent in Mato Grosso, 84 per cent in Goiás, 85 per cent in Minas Gerais, 98 per cent in Mato Grosso do Sul, 67 per cent in Maranhão, 81 per cent in São Paulo, and 81 per cent in Piauí. Sowing is over in Paraná.

Source: fibre2fashion.com– Feb 04, 2022

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Iraq top target of China's Belt and Road in 2021: study

Iraq was the top target for China's Belt and Road infrastructure initiative last year, receiving US$10.5 billion in financing for projects including a heavy oil power plant, a study published on Wednesday said.

In total, China's engagement through investments and contractual cooperation across the 144 Belt and Road Initiative (BRI) countries was US$59.5 billion, in line with the US$60.5 billion in 2020, according to the report by the Green Finance and Development Center at Shanghai's Fudan University.

In Arab and Middle Eastern countries, investment last year rose by about 360 percent and construction engagement by 116 percent compared with 2020, the study said.

Iraq, where the US ended its combat mission last year, has become the third-biggest partner in BRI for energy engagement since 2013, after Pakistan and Russia, the study said.

China and Iraq are cooperating to build the US$5 billion Al-Khairat heavy oil power plant in Karbalah Province in Iraq and China's Sinopec Corp (中國石油化工) has won the contract to develop Iraq's Mansuriya gas field near the Iranian border. The two countries are also cooperating on an airport, solar and other projects.

China's BRI contract values last year were US$45.6 billion, up from US$37 billion a year earlier, while investments shrank to US$13.9 billion from US$23.4 billion.

Green energy finance and investment edged up to US$6.3 billion compared with US$6.2 billion in 2020, and China did not engage in coal projects last year, in line with Chinese President Xi Jinping's (習近平) pledge not to build coal-fired plants overseas.

For this year, the researchers expect an acceleration of green projects, in line with government guidelines, although oil-related finance and investment under BRI surged to US$6.4 billion last year from US$1.9 billion in 2020.

The Fudan University researchers expect Chinese BRI engagement to decline, citing China's five-year plan for 2021-2025 to invest US$550 billion abroad including non-BRI countries, down 25 percent from US$740 billion in the 2016-2020 period. Chinese BRI engagement declined by 48 percent last year from pre-pandemic levels, the researchers said.

After Iraq, Serbia and Indonesia were the top targets for BRI construction engagement.

Source: taipeitimes.com– Feb 04, 2022

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US Garment Imports as of November 2021 from various countries

Each month the US government publishes the latest garment import data. This data is very important for three reasons:

1. The United States is the world's largest garment importer, with the result that changes in US import patterns affect garment exporting countries everywhere.

2. The United States has virtually no domestic garment production. With 95 per cent of all retail garment sales derived from imports, changes in imports provide an important indication of retailers and brands future sales expectations.

3. US data includes all products that have passed customs, with the result that logistical delays, particularly at major ports have already been factored in.

All data below is a comparison between 2019, the last year before the global pandemic and 2021.

November 2021 finally brought an end to the greatest import decline in the US history. The recovery that began in August has now been completed. The successful garment exporting countries have all shown increases in the second half of 2021

The view from the top

China: There is now strong evidence that customers are returning to China. As of YTD August 2021, imports from China were down 35 per cent compared with the same period in 2019, YTD September showed some moderation to 32 per cent. The latest data for November shows that the recovery that began in August is now firmly in place. Yes! imports for the year-to-date are still down at an aggregate of 24 per cent, but the most recent data is very positive.

Vietnam: This is still the US' second largest supplier. 2021 results have been uneven. September/October was disappointing, while August/November were excellent. All things considered, Vietnam is still the

most important supplier after China, with a market share twice the #4 Bangladesh.

CAFTA-DR: This might be the great success story of 2021. After going nowhere for many years, they have moved up to 3rd place after China and Vietnam.

Bangladesh: This country has shown continuous increases during the second half of 2021.

India: Moving forward from August to the present.

Indonesia: 2021 has not been a good year for this county. However, October/November has brought improvement.

Cambodia: Looking excellent.

Countries to watch: Moving Up

Pakistan: Looking Excellent.

Egypt: This is a country with real potential.

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Source: fibre2fashion.com– Feb 03, 2022

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UK retail sales fall below seasonal norms in Jan: CBI survey

UK retail sales were viewed as poor for the time of year in January for the first time since September, according to the Confederation of British Industry's (CBI) latest Distributive Trades Survey, which expects sales to remain below seasonal norms next month. Sales grew at an above average pace in the year to January, while sales volumes are expected to grow at a slightly slower pace in the year to February.

Sales are expected to remain below seasonal norms in February (minus 17 per cent).

The survey of 101 firms, including 42 retailers, was conducted between December 22 and January 18. This was a period when the UK was operating under tightened COVID restrictions amid the spread of the omicron variant.

Growth in orders placed with suppliers eased markedly, despite this base effect. Internet sales were broadly flat in the year to January and are expected to remain broadly flat in the year to February, a CBI press release said.

Across the distribution sector, stock volumes in relation to expected sales were seen as too low, after being broadly adequate last month, with relative stock levels seen as too low in each of the three main sectors. Relative stocks are expected to remain too low again in February.

Source: fibre2fashion.com– Feb 03, 2022

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Strengthening garment industry vital for least developed countries in Asia graduating from category

Asian countries graduating from the least developed countries (LDCs) category need to take measures to bolster the textile and clothing sector as they graduate from this category, particularly in response to the economic impact of COVID-19, recommends a joint report by the World Trade Organization (WTO) and three UN bodies.

The report entitled "The Textile and Clothing Sector in Asian Graduating Least Developed Countries: Challenges and Ways Forward" and published on 1 February focuses on countries such as Bangladesh, Lao People's Democratic Republic and Nepal, where the textile and clothing (T&C) sector is a major industry and will be significantly impacted by graduation.

"This timely study highlights the distinct patterns of insertion of graduating LDCs into the textile and clothing global value chains and discusses how LDC graduation may affect related outcomes, said Rolf Traeger, chief of the LDC section at UNCTAD.

"Given the level of competitiveness of the garment industry, the prospect of losing preferential market access makes the imperatives of diversification and development of productive capacities is critical as ever for graduating LDCs. Hence the importance of their implementing effective industrial policies," he said.

Support measures benefit sector

LDC support measures offered by international development and trade partners have benefitted the T&C sector. Adjustments to these measures is part of the graduation process and will need to be managed to ensure a smooth transition for the countries overall, the report finds.

"The exports of textiles and clothing of graduating LDCs have largely been driven by LDC trade preferences. Examining the impacts of graduation for this sector is crucial for these countries to adapt to the new trading conditions. This collaboration is a unique effort of UN agencies and WTO to shed light on ways to fully realize the potential of this sector," said Taufiqur Rahman, head of the LDC unit at the WTO.

Combined T&C exports from LDCs in Asia account for 8% of the global total, which contracted in 2020 due to the pandemic. The sector is an important source of employment, especially for women.

Graduation offers an opportunity

The report notes that graduation presents an opportunity for the countries to develop strategies that can position the sector higher up the global value chain.

Manufacturers consulted for the report said they expected graduation to impact their export performance. In addition to facing higher tariffs, most garment manufacturers rely heavily on imported textiles and will struggle to meet more restrictive rules of origin criteria after graduation.

Many said they don't have a response plan yet for LDC graduation and are focusing on addressing the impact of the pandemic.

"This timely report sets out important preparatory measures to protect and strengthen the textile and clothing sector, the lifeblood of many LDCs in Asia, during and after graduation," said Roland Mollerus, secretary of the Committee for Development Policy.

"It provides some country-specific insights and serves as a valuable resource for countries and development partners to work together to chart a steady course for a smooth transition from LDC status and to reach critical targets in the final Decade of Action for the 2030 Agenda."
How graduation will affect sourcing

Many major clothing brands and retailers consulted for the report believe that LDC graduation will only modestly affect their sourcing and are planning to expand sourcing from graduating LDCs over the next three to five years.

Factors such as workplace safety, working conditions, environmental compliance, innovation and speed to market are increasingly becoming major factors for brands in their long-term sourcing.

"We have consulted many brands and retailers on their future sourcing plans and how it affects graduating LDCs. What we have found is that major buyers are consolidating their sourcing portfolio and, increasingly, they are seeking to source from larger, often multinational apparel manufacturers,"

said Matthias Knappe, programme manager, fibres, textiles and clothing at the International Trade Centre (ITC).

“This poses a challenge to many apparel-producing SMEs in LDCs. Together with our partners, we hope to provide support for these small businesses, boost their competitiveness, and overcome this challenge,” he said.

The report was produced by the WTO, the UN Department of Economic and Social Affairs, ITC and UNCTAD, bringing together different areas of expertise on LDC graduation and the T&C sector.

Source: unctad.org – Feb 03, 2022

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Why New York Fashion Act Critics Urge Reuse Over Textile Recycling

More tweaks might be in store for a groundbreaking New York bill that seeks to take fashion's biggest brands to task for their social and environmental impacts.

Spearheaded by Circular Services Group founder Rachel Kibbe, the second call for amendments in a month comes from the textile management community which wants the Fashion Sustainability and Social Accountability Act, also known as Assembly Bill A8352, to prioritize reuse over recycling as the primary way to decouple industry growth from virgin resource extraction. This includes resale, donation, refurbishment, repair and rental in their various forms.

Writing to Senator Alessandra Biaggi and Assemblywoman Anna R. Kelles, the legislation's Democrat sponsors, organizations such as Fabscrap, ThredUp, Trove, Kept SKU, the OR Foundation, The Renewal Workshop and Wearable Collections said they are "concerned that this bill falls short of acknowledging, defining and proposing a binding solution to textile waste, which is a massive environmental harm owned by the fashion industry." The lawmakers did not respond to requests for comment.

Textile waste is a mounting problem, both in the Empire State and elsewhere, they said. Every year, New Yorkers throw out 200 million pounds of textiles, or the equivalent of more than 440 Statues of Liberty. Globally, 73 percent of the materials used to produce clothing are landfilled or incinerated at the end of their life, while less than 1 percent of old garments go into making new ones.

While requiring brands and retailers making at least $100 million in revenue to set binding science-based targets is critical, the organizations said, these goals typically cover only greenhouse-gas emissions, not the disposal of physical waste, which has turned developing nations such as Chile and Ghana into fast-fashion dumping grounds with informal landfills and obstructed waterways.

"Textile-waste management employs hundreds of thousands of people nationally and millions globally, however, there are neither legally binding policies surrounding waste reporting nor financial support for the collection, sortation, and responsible management of global textile waste,"

they said. “Much of the cost of the fashion industry’s textile waste is shouldered by non-profits, private companies and tax dollars from our communities that pay for waste hauling. Large portions of what is collected eventually wind up in global communities that don’t have the waste management infrastructures to handle what they cannot sell.”

With the double whammy of Covid-19 and climate change driving domestic supply chain disruptions, keeping resources in circulation is “more important than ever before,” they added. Extending clothing use for an additional nine months can reduce their carbon, water and waste footprints by 20 percent to 30 percent, according to WRAP (Waste and Resources Action Programme). Textile recycling, on the other hand, has its limits, since “virtually all” recycled fiber used in clothing hails from recycled PET bottles, which cannot be recycled again at scale. It also diverts feedstock from the bottling industry, which has an established recycling infrastructure, while doing nothing to discourage further fossil-fuel extraction for new plastic.

At the same time, the organizations would like to see fashion’s biggest polluters provide reparations to communities in the global south most affected by textile waste. They are urging the development of product durability standards, as well as consequences for the destruction of returned and excess inventory. Fashion companies will also need to provide customers with information such as end-of-life management and intended durability at the point of sale and on their websites, they said. If the garment isn’t part of an existing recycling supply chain, that needs to be “clearly stated.”

James Reinhart, CEO of ThredUp, which bills itself as the largest online consignment and thrift store, told Sourcing Journal that out of the estimated 36 billion items of apparel that are thrown away in the United States, as much as 95 percent could be reused or recycled. Establishing a “common sense” waste hierarchy that acknowledges that reuse is environmentally preferential to recycling will “further strengthen” the bill, he said.

There can be financial carrots, too. Resale, for example, is expected to double in value to $77 billion by 2025 as it outpaces the broader retail sector 11 times, ThredUp reported last year. With secondhand apparel currently accounting for less than 1 percent of the total apparel volume sold by brands and retailers with a resale component, such as Adidas, Madewell and Patagonia, there is plenty more where that came from.

"To broaden the bill's influence, we should consider tax policy incentives to encourage brands and retailers to adopt reuse and other circular business models," Reinhart added. "Further collaboration across public and private stakeholders in the industry will be the fastest path forward in ushering in a more sustainable and circular future for fashion."

An earlier letter by a group of 20 human-rights, labor and fashion sustainability organizations pushed Biagi and Kelles to move beyond social and environmental disclosures and "truly hold brands accountable for their behavior" by requiring them to "actively identify, prevent, mitigate and account" for any adverse activities or face legal and fiscal ramifications.

"We are concerned that this bill falls short of what is needed to protect people and the environment from the multiple harms caused by the sector," the letter said. "We know from failed policies like the U.K. Modern Slavery Act that disclosure bills often do not drive corporate accountability or protect human rights and the environment."

Biagi and Kelles previously told Sourcing Journal that they'll be incorporating these concerns and others into a final bill so that it can have the "greatest positive impact" on the industry. The measure is currently wending its way to the Senate and Assembly committees for budget negotiations, with a vote poised for late spring.

"We share a common goal of ensuring that the Fashion Sustainability and Social Accountability Act drives the most positive change for the people most impacted by the fashion industry," Biaggi said. "Since announcing this bill, we are grateful for the attention and input we have received from all stakeholders, including those on this letter. The success of this legislation is dependent on a wide coalition of support, and we look forward to meeting with as many stakeholders as we can to advance the strongest piece of legislation that can be passed in New York."

Source: sourcingjournal.com– Feb 03, 2022

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Bangladesh allows exporters to make overseas equity investments

Bangladesh recently permitted domestic entrepreneurs to make offshore equity investment to the tune of 25 per cent of net asset of a company. Seven core conditions are tied to the investment abroad—a long-sought option by big businesses. Such investors will have to take prior government permission through the central bank, as per the guidelines.

They will be allowed to make equity investment abroad up to 20 per cent of their average annual income from exports during the last five years or 25 per cent of net asset mentioned in the last audited financial report.

Another condition is that an entrepreneur who wants to make overseas investment has to be an exporter with adequate balance in his company's Exporters' Retention Quota (ERQ) account. The entrepreneur needs to be financially sound, according to audited accounts of his or her company in the past five years, in line with the directives in the Financial Reporting Act 2015.

No loan defaulters should be allowed to make investment abroad. The credit-rating grade of the entrepreneur has to be at least 2.0, according to the mapping set in the Guidelines on Risk-Based Capital Adequacy, prepared by the central bank. The equity-investment proposal has to be proved economically viable in a feasibility study.

The financial institutions division of the ministry of finance published a gazette notification on the 'Capital Account Transactions (Overseas Equity Investment) Guidelines 2022', Bangla media reported.

The government has permitted eight companies to invest abroad since 2013. The firms are DBL Group, Mobil Jamuna, ACI Healthcare, Square Pharma, Incepta Pharmaceuticals, BSRM Steel, Spectrum Engineering and Akij Group.

The Ha-Meem Group, the Nitol-Niloy Group, the Summit Group, the Meghna Group and the Pran-RFL Group have also expressed interest in making equity investment abroad.

A 15-member high-powered committee, comprising representatives from various ministries, divisions, and departments, led by the central bank governor, will scrutinise overseas equity-investment proposals and have decision by consulting the government, says the investment guidebook.

Overseas equity investment will get priority in countries where there are no restrictions on Bangladeshi nationals to work and repatriate their income to Bangladesh.

The countries with which Bangladesh has dual taxation-avoidance agreement, and where investment from Bangladesh and the repatriation of capital including capital gains, dividends, and other admissible earnings including technical know-how fees, royalty, consultancy fees, commission or other entitlements are allowed will get priority for investment.

Also, overseas equity investment will get priority in countries with which Bangladesh has agreements on bilateral equity investment, development, expansion and conservation.

However, equity investment by Bangladeshi entrepreneurs would not be allowed in countries where sanctions have been imposed by the United Nations, the European Union, Office of Foreign Asset Control (OFAC), and the countries which are not compatible with Financial Action Task Force (FATF) requirements.

Entrepreneurs also would not be allowed to make equity investment in countries with which Bangladesh has no diplomatic relations.

Source: fibre2fashion.com– Feb 04, 2022

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Bangladesh's textile millers urge govt not to raise gas prices

Claiming that its export-oriented factories incurred $1.75-billion production losses in the past three months due to gas supply crunch, the Bangladesh Textile Mills Association (BTMA) recently said gas shortage has led to several spinning, weaving, dyeing and printing mills in Dhaka, Gazipur, Savar, Ashulia and Narsingdi industrial zones not running at full capacity.

If the gas price is hiked at the proposed 103-116 per cent in such a situation, they need an additional Tk 20.47-23 as electricity cost to produce a kg of yarn, BTMA claimed.

"The overhead per-kilo production cost of yarn will be double or 50 cents from its existing rate of 25 cents if the proposed gas hike takes effect," BTMA president Mohammad Ali Khokon told a press conference in Dhaka.
Opposing the state-owned distribution company's proposal for gas price hike, BTMA said the hike in gas price would erode competitiveness of the sector, according to Bangla media reports.

Khokon urged the government to ensure uninterrupted gas supply by not raising the price further.

Although some 1200 electronic volume corrector (EVC) meters have been imported, he said, a negligible number of factories get such devices installed. Despite the gas crisis, factory owners have been forced to pay millions in bills to Titas Gas Transmission and Distribution Company in the absence of EVC meters, he claimed.

The BTMA chief urged the government to immediately install EVC meters at captive power generator mills for bill payment.

He also demanded uninterrupted gas supply to industries by halting supply to fertiliser factories and transport sector for an interim period.

He sought a 5-10-year energy policy to help the sector plan investment accordingly to produce additional raw materials worth $10 billion.

Source: fibre2fashion.com– Feb 03, 2022

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NATIONAL NEWS

PLI for textiles: Govt so far receives 69 registrations, 42 draft applications, 8 final ones

Expect final applications to shoot up towards end of deadline exhausting available funds in one go, says Textile Secretary

The Textile Ministry is hopeful of full utilisation of the ₹ 10,683 crore corpus for the Production Linked Incentive scheme for textiles with as many as 69 companies having already registered for it of which 42 companies have filed their draft application and eight companies their final ones, a senior official has said.

"The response from investors has been good so far with a substantial number of registrations and draft applications already been made. Applicants generally put off filing their final applications till the deadline, that was extended to February 14, so we expect numbers to increase towards the end.

Investors were also waiting for notification of new HSN codes for technical textiles which have been provided in the Union Budget," Textiles Secretary Upendra Prasad Singh told BusinessLine.

The Ministry may be able to select 50-60 companies for the scheme but the actual number would be tied to the size of the proposals coming in. "This is a fund limited scheme.

The number of beneficiaries would depend on how big the companies are and what kind of projections they make. It may be possible that the available fund gets exhausted with 20-25 companies. Or it may be possible to accommodate 60-70 companies," Singh said.

The PLI scheme for textiles, which has been allocated a budgetary outlay of ₹10,683 crore, covers 40 MMF (man-made fibre) garment items, 14 MMF fabric items and 10 technical textile items.

The objective is to push the production of MMF and technical textiles in India, where the country has been lagging behind, but which together contribute to an estimated two-thirds of international trade in textiles. India has been traditionally strong in cotton textiles.

Benefits under the scheme

Benefits under the PLI scheme are to be provided for five years on incremental turnover achieved. The scheme is divided into two parts with higher incentives of up to 15 per cent of turnover (in the first year) for companies investing a minimum of ₹300 crore and 11 per cent for companies investing a minimum of ₹ 100 crore.

Thereafter, the incentive earned will be one per cent lower every year for the next four years on achieving minimum turnover of ₹600 crore in the first year and incremental turnover of 25 per cent for investors under part one, and a minimum turnover of ₹200 crore in the first year and an incremental turnover of 25 per cent in the following four years for investors under part two.

Singh said the applications that have been made so far are a mixture of big companies and smaller companies. “If we are in a situation that we need to select amongst the applicants, we will go by the selection criteria mentioned in the guidelines and also scrutinise the projections made by the companies to see if they are feasible,” the Secretary said. He added that the Ministry expected to exhaust the provision of the scheme in one go.

As per government estimates, the PLI scheme for textiles will attract fresh investment of more than ₹19,000 crore and cumulative turnover of over ₹ 3 lakh crore over the next five years. It is also expected to generate additional direct employment of 7.5 lakh and indirect employment of several lakhs more.

Source: thehindubusinessline.com– Feb 03, 2022

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RBI may hike reverse repo rate by 0.25 pc in next week's policy: Report

"Growth concerns amid spread of the Omicron variant and relatively benign inflation out-turns provide the RBI with enough room to maintain its growth-supportive monetary policies," analysts at Barclays said, ahead of the resolution announcement next week.

The Monetary Policy Committee (MPC) may go for a hike of up to 0.25 per cent in the reverse repo rate at which the RBI absorbs excess liquidity and leave the repo rate at which it lends, to narrow the policy rate corridor, a British brokerage said on Thursday.

"Growth concerns amid spread of the Omicron variant and relatively benign inflation out-turns provide the RBI with enough room to maintain its growth-supportive monetary policies," analysts at Barclays said, ahead of the resolution announcement next week.

The RBI will hike the reverse repo rate by 0.20-0.25 per cent, given its liquidity management actions, it said.

The brokerage joins a growing list of watchers expecting a reverse repo hike. Other analysts also blame the surprising hike in the government borrowing announced in the budget for the RBI's likely call for policy normalisation.

Barclays said the budget's focus on capital expenditure is expected to provide a back-loaded fiscal impulse to the economy and does not change the macro backdrop, which includes concerns on inflation.

On the surging global oil prices, which generally play into domestic inflation through corresponding price hikes of fuels locally, the brokerage said the inflationary pressures are unlikely to rise before the state elections finish by March, hinting of no pass-through.

Even though the inflation is benign lately, the RBI needs to be vigilant, it said, pointing to its own forecasts suggesting the headline number staying in the upper end of the 2-6 per cent band and also the crude prices moving higher.

It said till now, the liquidity signals from the RBI have been mixed, which have included shelving of the bond purchasing programme GSAP, an increase in both the quantum and cut-offs for voluntary reverse repo rate auctions and some bond sales in the secondary market last month.

The policy guidance will be dovish when compared to RBI's global peers who have been guiding or announcing rates hikes as inflations become into a concern, it said, adding that inflation in India should trend lower through 2022.

Source: financialexpress.com– Feb 03, 2022

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US regains top spot as India's trade partner in 2021

The US has regained its position as India's top trading partner in calendar year 2021 with China slipping to the second spot. But imports from Beijing spiralled 49 per cent to $87.48 billion, compared to imports in 2020, widening the bilateral trade deficit. The escalation in imports from the China, however, is mostly due to an increase in shipments of capital goods, intermediate goods and raw materials, with a much lower rise in consumer goods, according to figures collated by the Commerce Department.

Import of consumer goods from the country in 2021 have actually declined, compared to imports in 2019. "Most of the import that is taking place from China is restricted to what is essential for our manufacturing industry and necessary to keep our industrial activity going. It is heartening to see that there has been a slowdown in imports of consumer goods," said an official tracking the matter.

Total value of trade

In 2019, the pre-pandemic year, the US was India's largest trading partner with total trade valued at $90.1 billion (share of 11.1 per cent), while China was at the second spot with total bilateral trade at $85.5 billion (share of 10.5 per cent). In 2020, due to pandemic-related disruptions, India's bilateral trade with the US fell to $76 billion and it slid to the second place. India's trade with China, too, took a hit and dropped to $77.7 billion in 2020, but it was higher than trade with the US.

Recovery in demand

In 2021, with a global recovery in demand, India's bilateral trade with the US increased to $112.3 billion and the country re-gained its top spot, while China fell to the second place with bilateral trade valued at $110.4 billion, according to government figures.

With manufacturing activities picking up pace in 2021, India's imports from China shot up to $87.48 billion in 2021, which was 49 per cent higher than imports in 2020 and 28 per cent higher than imports in 2019. India's exports to China also increased in 2021 to $22.9 billion, but it was at a lower rate of 21 per cent compared to 2020, and 33.9 per cent compared to 2019. As a result, India's trade deficit with China increased to $64.5 billion in 2021, compared to $39.8 billion in 2020 and $51.2 billion in 2019.

Interestingly, much of the increase in imports from China in 2021 can be attributed to a rise in capital goods and intermediate goods. India's capital goods imports from China were valued at $46.74 billion in 2021, which was 50.78 per cent higher than imports in 2020 and 37.86 per cent higher than imports in 2019.

Intermediate goods imported from China valued at $30.5 billion were 54.39 per cent higher than imports in 2020, and 28.88 per cent higher than imports in 2019. Import of raw materials at $1.17 billion were higher by 116.75 per cent, compared to imports in 2020, and 65.46 per cent, compared to imports in 2019.

On the other hand, import of consumer goods from China, at $9.06 billion, increased at a more moderate rate of 22.3 per cent, compared to imports in 2020, and was lower by about 10 per cent, compared to imports in 2019. India's list of top ten trading partners also includes the UAE, Saudi Arab, Switzerland, Hong Kong, Singapore, Iraq, Indonesia and South Korea.

Source: thehindubusinessline.com– Feb 03, 2022

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ECLGS extension, customs duties calibration in Indian budget praised

Extension of the Emergency Credit Line Guarantee Scheme (ECLGS) till March 2023, exemptions allowed on imports based on export performance in handicrafts, garments and leather, and calibration of customs duties for a few critical components in textiles, leather and footwear industries in the budget have been praised by Indian industry representatives.

Vinod Kumar Gupta, managing director of Dollar Industries Ltd., welcomed the move of extending the ECLGS scheme, which, he felt, will be beneficial for micro, small and medium enterprises, which comprise several textile and hosiery players.

"The credit and fiscal support of ₹5 lakh crore will give a huge boost to this sector, encouraging new businesses to come to the fore. Besides, the announcement will certainly generate more than 10 lakh of employment opportunities in a short span," he said.

"The proposal of 350 exemption entries to be gradually phased out is a significant move. These include exemption on certain agricultural produce, chemicals, fabrics, medical devices and drugs and medicines for which sufficient domestic capacity exists. We are hopeful that this is likely to benefit the textile industry," Gupta added.

"Although there has been a 41 per cent increase in textile exports from April-December 2021 against last year, the measures taken [in the budget] can further help the sector to be more competitive with global economies. Additionally, the exemptions allowed on imports based on export performance in handicrafts, garments, and leather will work well for the industry," said Sanjay Jain, chief executive officer, PDS Limited.

PDS Limited operates as an integrated design-led platform offering product development, sourcing, virtual manufacturing, and distribution for major brands and retailers worldwide.

"India's textile industry must aim for $65 billion in exports in the next five years, especially with the 'China Plus One' sentiments providing India a commendable position as global companies look at sourcing and manufacturing destinations outside of China," Jain said.

Harkirat Singh, managing director of Aero Club that makes Woodland and Woods brands of footwear, feels the well-balanced budget has a clear focus on investment to stimulate growth and development.

Calibration of customs duties for a few components in the textiles, leather and footwear industries are bound to further boost the Aatmanirbhar Bharat vision of the government and will certainly lead to value-added manufacturing and reduction of imports, he said.

“Industries based in India will certainly see a better scope for the 'Make in India' programme with home manufactured goods and better justification for the growth of Indian industries. This budget will give way to exports from India and is bound to bring a positive environment for all-round growth,” Singh added.

Source: fibre2fashion.com– Feb 03, 2022

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Don't blame Covid alone: $5 trn economy goal to be delayed by two years

The Indian economy will have to wait another two years to achieve the $5-trillion milestone, a target the government was originally hoping to meet by 2024-25. India's economy needs to grow annually by 16.95 per cent at current prices over the next three years if it is to hit the $5 trillion mark by 2024-25. This is an extremely difficult task.

This is a slightly lower yearly growth than 17.6 per cent, the officially projected figure for the current financial year. However, FY22 is an exception in terms of economic growth.

The projected real gross domestic product (GDP) growth of 9.2 per cent in the year will come on the base of a contraction of the economy by 7.3 per cent in the previous year. Deflators, which measure the rate of change in prices, are projected to grow by 8.8 per cent in the year as per the advance estimates released by the National Statistical Organisation (NSO). This is mainly due to the high wholesale price index (WPI)-based inflation rate for most sectors. Most deflators used in the GDP calculations are based on WPI. The average WPI inflation rate for the economy remained in double digits for each of the first ten months of FY22.

There isn't a single year other than FY22 when the economy grew by 17.6 per cent in nominal terms since 2012-13 which is covered by the new GDP series. The second highest growth was in 2012-13, when the economy expanded by 13.8 per cent at current prices. If the Budget assumption of 11.1 per cent nominal GDP growth for 2022-23 is considered, the GDP needs to zoom by almost 20 per cent a year in the next two financial years to embrace the $5 trillion tag. This is a near impossible task.

In the current financial year, the economy is projected to grow to Rs 232 trillion, or $3.12 trillion. For the calculation, an exchange rate of Rs 74.27 to the dollar has been considered. This was the average monthly rate for the first 10 months of the current fiscal.

If the Budget assumption is taken for consideration as cited above, and projections for real GDP growth and inflation given by the International Monetary Fund (IMF) are taken into account, the economy will wear the $5 trillion hat by 2026-27. The exchange rate cited above-–Rs 74.27 to the dollar--is taken into consideration for the calculation.

IMF projected the economy to grow by 6.1 per cent and the consumer price index (CPI)-based inflation rate to stand at 4 per cent during 2026-27. Assuming deflators behave like this inflation rate, this would mean a nominal GDP growth rate of 10.1 per cent, which is a bit lower than the growth rate assumed in the Budget for 2022-23. We have assumed IMF projections cited above for 2024-25 and 2025-26 too. This would imply a wait of two years beyond than 2024-25, the original deadline set by the Modi government for expanding the economy to a $5 trillion size. By 2024-25, India's economy may become $4.21 trillion.

It should be noted that only Covid-induced lockdowns are not to blame for this delay. In fact, the economy slowed down in 2019-20 too, when the effect of the lockdowns were felt only in the last week or so of March. It grew by just 6.2 per cent in nominal terms that year. The real GDP growth rate was merely 3.7 per cent. Though the advance estimates projected the economy to grow by 9.2 per cent at constant prices in the current fiscal year, it would mean just 1.3 per cent growth over the pre-Covid 2019-20. The new gross domestic product (GDP) data put out on Monday would mean real economic growth of 8.8 per cent for 2021-22, which would translate into 1.6 per cent growth over pre-Covid 2019-20.

In this respect, one has to cross the fingers to see if the Budget's focus on capex-led economic recovery bears fruit or not.

Table: Road to a $5-trillion economy

Financial year	GDP at current prices in Rs cr	GDP at current prices in $ trillion
2022-23*	25,800,000	3.47
2023-24	28,405,800	3.82
2024-25	31,274,786	4.21
2025-26	34,433,539	4.60
2026-27	37,911,327	5.10

Notes
* Budget assumption : Exchange rate: $1=Rs 74.27 (average of first 10 months in current financial year) GDP growth taken as 10.1% in nominal terms, based on IMF projections

Source: business-standard.com– Feb 03, 2022

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EXPANSION OF MSME SECTOR

Promotion and development of enterprises is a State subject. The Central Government supplements the efforts of the State/UT Governments through various schemes, programmes and policy initiatives for promotion, development and enhancing the competitiveness of MSMEs and to increase employment opportunities in the country.

The Ministry of MSME implements various schemes and programmes for growth and development of MSME Sector in the country. These schemes and programmes inter-alia include Prime Minister's Employment Generation programme (PMEGP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI), A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE), Credit Guarantee Scheme for Micro and Small Enterprises, Micro and Small Enterprises Cluster Development Programme (MSE-CDP) etc.

Benefits under these schemes are available to all eligible MSMEs throughout the country. Ministry of MSME has also been implementing a special scheme viz. 'Promotion of MSMEs in North Eastern Region and Sikkim' which focuses on improving the condition of MSME Sector in North Eastern States including Assam. The Scheme-wise Budget allocation of these schemes is given below:-

		Budget Allocation (Rs. in crore)		
S.No.	**Name of the Scheme**	**2019-20**	**2020-21**	**2021-22 (As on 31.12.2021)**
1	Prime Minister's Employment Generation Programme (PMEGP)	2,327.10	2,500.00	2,000.00
2	Scheme of Fund for Regeneration of Traditional Industries (SFURTI)	125.00	464.85	170.00

3	A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)	50.00	30.00	15.00
4	Credit Guarantee Scheme	597.00	100.00	0.04
5	Micro and Small Enterprises Cluster Development Programme (MSE-CDP)	227.90	390.69	156.60

This information was given by Union Minister for Micro, Small and Medium Enterprises, Shri Narayan Rane in a written reply in Lok Sabha today.

Source: pib.gov.in– Feb 03, 2022

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Cold wave grips north India; Extends wait for demand of cotton yarn

With the entire northern India shivering again due to rains, hailstorm and cloudy weather, the wait for better demand of cotton yarn seems only extended. Cotton yarn prices remained stable in north Indian markets today. Traders said they can now expect better demand for cotton yarn from the downstream industry only when the temperature increases.

"Demand dampened again in Delhi market as buyers were absent from the market due to bad weather. Millers from northern India raised cotton yarn prices by ₹10-15 per kg on Wednesday but they had to backtrack due to poor demand," Suresh Gupta, patron of Delhi Yarn Merchant Association told Fibre2Fashion.

According to market sources, mills had to offer discount of ₹5-7 per kg to woo the buyers. Another trader said such practice from the millers disrupted market activities as it created confusion on price front.

Ludhiana and Panipat yarn market also followed same trend. According to traders, the market remained under pressure due to poor buying. The demand can improve when temperature goes upside. Downstream businessmen were reluctant for fresh buying. Traders said that fabric manufacturers were buying only for immediate demand.

In Ludhiana, cotton yarn of 20 and 30 counts in combed variety were traded steady at ₹360-370 per kg and ₹390-400 per kg respectively. Carded yarn in 30 counts was quoted at ₹360-370 per kg. In Delhi, cotton yarn 30 count combed was traded steady at ₹400-410 per kg, 40 count combed at ₹430-440 per kg, 30 count carded at ₹350-360 per kg and 40 count at ₹400-410 per kg, according to Fibre2Fashion's market analysis tool TexPro. 10 count weaving (O/E) yarn was quoted at ₹125-130 per kg, while 16 count weaving (O/E) at ₹165-170 per kg.

In Panipat, cotton yarn prices were recorded as: 10s recycled yarn (white) at ₹95-100 per kg, 10s recycled yarn (dyed) ₹90-100 per kg, and 20s recycled yarn (dyed) ₹100-125 per kg. 10s optical yarn was traded at ₹90-100 per kg in the market.

Meanwhile, cotton prices softened by ₹200-300 per candy of 356 kg in north Indian market for the second consecutive session on Thursday amid reduced demand from mills, while daily arrivals also recorded a decrease. In Punjab, cotton was quoted at ₹73,000-74,000 per candy. In Haryana, cotton was priced at ₹70,600-72,500 per candy. In Upper Rajasthan, cotton was sold at ₹73,200-Rs 73,900 per candy. In Lower Rajasthan, cotton prices ranged between ₹71,000-73,000 per candy.

ICE cotton futures closed with mixed trend in Wednesday session. The weekly export sales report from the United States Department of Agriculture (USDA) was highly awaited by investors. Cotton contract for March 2022 closed at 126.33 cents, down 100 points; May 2022 closed at 123.03 cents, down 86 points; December 2022 closed at 102.95 cents, up 52 points. A trade analyst said, “We are seeing a pause after the market has run up 7-8 cents and it seems to be waiting for the next round of news, which would be tomorrow’s sales report.”

ZCE cotton recorded no trade today due to weeklong holiday on account of the Chinese New Year.

Source: fibre2fashion.com– Feb 03, 2022

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Homes textiles major Welspun India Q3 net falls 25% to Rs 131 crore

Homes textiles major Welspun India Ltd on Thursday reported a 25 per cent decline in consolidated net profit at Rs 131.06 crore for the third quarter ended December 2021.

The company had posted a consolidated net profit of Rs 174.8 crore in the same quarter last fiscal, Welspun India said in a regulatory filing.

Consolidated total income in the third quarter stood at Rs 2,437.92 crore, as compared to Rs 2,049.71 crore in the same period last fiscal, it added.

Total expenses were higher at Rs 2,234.95 crore as against Rs 1,800.83 crore in the year-ago quarter.

Welspun Group Chairman B K Goenka said, "In Q3, we witnessed further strong performance in home textile with 19 per cent growth year-on-year and the home textile segment alone is poised to cross USD 1 billion revenues in this fiscal year."

However, he said increasing input costs, rising energy prices and global logistics issues continued to weigh on the margin front.

"At Welspun, we are making our best possible efforts to control these adversities and counter it through our strong in-house manufacturing capabilities, well-recognized branding, and innovative product offerings," Goenka added.

Stating that the global textile industry is going through a transformation phase both in demand and supply side, he said the de-risking strategy of shift in sourcing goods from more than one country is anticipated to benefit major industry players.

"Furthermore, the banning of Xinjiang Cotton (which accounts for 20 per cent of world's cotton production) by the US brings additional advantage for the country and players like Welspun," Goenka said.

Source: business-standard.com – Feb 03, 2022

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Indian manufacturer Raymond's textile sales up 49% in Q3FY22

Raymond’s branded textile segment sales reported growth of 49 per cent to ₹899 crore in the third quarter of 2022 from ₹603 crore in the third quarter of the previous year. The growth driver is the improved consumer sentiments and strong momentum in secondary sales due to buoyant festive demand, wedding related purchases and higher footfalls in retail outlets.

In the branded apparel segment, strong sales growth was witnessed in all trade and retail channels across regions leading to an increase in sales by ₹105 crore from ₹211 crore in the third quarter of previous year to ₹316 crore in the third quarter of 2022. Online channel continued to contribute well during the quarter. The segment reported a healthy EBITDA margin of 10.7 per cent higher by 771 bps compared to previous year mainly due to better sales and continued operational efficiencies, Raymond said in a press release.

For the reported period, garmenting segment sales grew strongly by 48 per cent to ₹203 crore compared to ₹137 crore in the third quarter of 2021, mainly driven by growth in bulk business due to high demand from customers in US, UK & Europe markets. EBITDA margin for the quarter improved to 8.6 per cent, higher by 204 bps compared to previous year, mainly due to higher utilisation levels.

In the third quarter, high value cotton shirting segment sales recorded a high growth by 72 per cent to ₹148 crore compared to ₹86 crore in previous year, led by higher cotton fabric sales in domestic markets. The segment reported lower EBITDA margin of 8.6 per cent, impacted due to higher raw material prices.

“I am pleased to announce an overall strong performance in the quarter with business achieving 100 per cent of pre-COVID levels. With our focused approach on capitalising on the growing demand for our products and continued cost optimisation, we delivered record profitability.

We generated free cash flows to reduce debt and are progressing towards being a net debt free business. With Union Budget to be announced shortly, we are hopeful that there will be a further impetus for improving consumerism and expect reforms that increases the spending power of the consumer which will provide opportunity for Indian economy to achieve higher GDP growth in the coming fiscal,” Gautam Hari Singhania, chairman & managing director, Raymond Limited, said.

Source: fibre2fashion.com– Feb 02, 2022

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