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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	Eurozone productivity falls for 1st time since last March: IHS Markit
2	USA: Inflation Behind January's Rising Retail Apparel Prices
3	Australian cotton crop this year to be 2nd best on record
4	Bangladesh, Mexico Boosted US Jeans Imports in 2021
5	China's power consumption to rise 5-6% in 2022
6	'Sri Lanka needs GSP+ now more than ever following the pandemic'
7	Peru apparel industry welcomes tariff barrier to block import surge
8	Vietnamese economy to recover fast in 2022: Fitch Ratings
9	Cut corporate tax by 2.5 percentage points, DCCI to Bangladesh govt
10	Pakistan: Growth in textile exports — new beginnings, new hopes
11	Bangladesh: Apparel export to India rising fast

	NATIONAL NEWS
1	India's textile industry revs up, giving hope on jobs for PM Modi
2	RBI projects 7.8 per cent GDP growth for 2022-23
3	FTA: Piyush Goyal, Australian minister hold talks for trade deal
4	Textile demand momentum to continue in FY23: India Ratings
5	India's GDP growth to be fastest, sustainable, says FM
6	$113 billion in 2021: India-US goods trade marks new record
7	Indian cotton yarn's journey, from knitting to packing
8	CAIT urges Centre to withdraw 12% GST rate on textiles
9	NIFT should strive to work towards a larger vision of improving the incomes of weavers and artisans in the country , says Shri Piyush Goyal
10	Meeting with Top Job Portals of the Country for strengthening the "Employment and Skilling Ecosystem"
11	SUPPORT TO SMALL BUSINESSES
12	Spinning success: One-third of India's textile business is in Tamil Nadu
13	IKEA infuses ₹850 crore into India unit, plans to use it for omnichannel strategy

INTERNATIONAL NEWS

Eurozone productivity falls for 1st time since last March: IHS Markit

January witnessed renewed decline in eurozone productivity, faster manufacturing contraction and slower services growth, according to London-based IHS Markit, which recently said private sector productivity was down in Germany and France in the month and Italy posted stagnation. The fall in productivity was marginal overall, but ended a nine-month sequence of expansion.

The January data pointed to efficiency losses in the eurozone private sector, as output growth was restricted by lingering problems in supply chains and the new wave of COVID-19, IHS Markit said in a press release.

Goods producers signalled the sharpest deterioration in over one-and-a-half years, while service providers recorded the slowest gain in the current nine-month sequence of growth.

At 49.6 in January, down from 50.1 in December, the seasonally adjusted eurozone productivity purchasing managers' index (PMI)—compiled from IHS Markit's national manufacturing and services PMI survey data—was in contraction territory for the first time in ten months.

The latest reading was, however, indicative of a marginal rate of reduction overall. The downward movement in the headline figure reflected a faster decline in productivity among manufacturers and a slowdown in growth among services firms.

Eurozone manufacturers recorded a fourth consecutive monthly deterioration in workforce efficiency at the start of the year. Despite being moderate, the rate of reduction quickened to the fastest since mid-2020.

Productivity rose in the service economy, but the pace of growth was fractional and eased to the slowest in the current nine-month sequence of expansion. The worst trend for private sector productivity was recorded in Germany.

The rate of contraction eased to the weakest in four months and was slight overall. PMI data for January indicated that a marked and accelerated upturn in jobs underpinned a renewed expansion in output.

German manufactures saw efficiency losses for a fourth successive month. The rate of contraction was marked and broadly similar to that seen in December.

Productivity rose in the service sector, ending a five-month sequence of reduction. The pace of growth was, however, fractional. After registering efficiency gains for two months in a row, private sector companies in France signalled a reduction in January. The overall rate of contraction was marginal.

Source: fibre2fashion.com– Feb 11, 2022

HOME

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USA: Inflation Behind January's Rising Retail Apparel Prices

Hit by overall inflation and higher raw material costs in the sector, retail apparel prices increased a seasonally adjusted 1.1 percent in January from the prior month and were up an unadjusted 5.3 percent compared to a year earlier, the U.S. Bureau of Labor Statistics (BLS) reported Thursday in its Consumer Price Index (CPI).

The uptick was seen in virtually every clothing category. Women's apparel prices rose 0.7 percent last month, with increases of 6.5 percent in outerwear; 2 percent in the underwear, nightwear, swimwear and accessories group; 1.6 percent in dresses and 0.4 percent in suits and separates.

Men's wear prices inched up 0.1 percent, with gains of 2.8 percent in suits, sport coats and outerwear; 2.4 percent in shirts and sweaters, and 2.2 percent in the underwear, nightwear, swimwear and accessories group. Bucking the trend was a 5.1 percent decline in what people paid for pants and shorts.

Girls' clothing prices jumped 3.6 percent last month, while the cost of boys' apparel increased 1.8 percent, and infants' and toddlers' clothes cost 4.2 percent more.

Footwear prices rose 0.7 percent in January, with increases of 2.4 percent in boys' and girls', 1.6 percent in men's and 0.8 percent in women's.

Home goods weren't spared from higher prices, either. Retail prices for household furnishings and supplies were up 1.6 percent for the month and 9.3 percent for 12-month period. Furniture and bedding prices increased 2.4 percent in the month and were up 17 percent from January 2021.

E-commerce prices also fell victim to inflationary pressured last month. The Adobe Digital Price Index (DPI) showed online prices increased 2.7 percent year-over-year in January and 1.1 percent compared to December. Adobe said this marks the 20th consecutive month of year-over-year online inflation.

"While price drops in categories like electronics and apparel have brought online inflation down slightly from the record high last November, consumers are still contending with elevated prices in the digital economy," said Patrick Brown, vice president of growth marketing and insights at Adobe. "This is particularly notable in a category like groceries, where online prices continue to hit new records, while consumer demand for online grocery shopping remains heightened."

In January, 13 of the 18 categories tracked by the Adobe DPI saw year-over-year price increases, with apparel rising faster than any other category. For the month, 15 of the 18 categories posted price hikes, with price drops observed in three categories–apparel, medical equipment/supplies and flowers/related gifts.

The DPI for apparel was up 15.8 percent year-over-year and was down 1.7 percent from the holiday season, where prices increased 17.3 percent year-over-year in November and 16.6 percent in December. Adobe said the drop contributed to lower topline inflation for January, given the volume of e-commerce spending that occurs in this category.

The higher CPI for apparel stems from a variety of factors, with higher raw material prices and shipping rates at the forefront. U.S. spot cotton prices averaged $1.23 per pound for the week ended Feb. 3–the highest weekly average since July 7, 2011, when the average was $126. The weekly average was up from $1.18 the prior week and from 77.40 cents a year earlier.

The Producer Price Index (PPI) for synthetic fibers dipped a seasonally adjusted 0.3 percent in December, but was 23.2 percent from a year earlier. The PPI for processed yarns and threads rose 0.4 percent for the month and jumped 28.8 percent over the year, while prices for finished fabrics were up 0.8 percent in the month and increased 14.2 percent from December 2020.

In shipping, Drewry's composite World Container Index (WCI) dipped 0.2 percent for the week ended Thursday to $9,359.10 per 40-foot container or equivalent unit (FEU), but remained 80 percent higher than a year ago. The WCI for year-to-date was $9,468 per FEU, $6,486 higher than the five-year average of $2,982 per FEU.

The overall CPI increased a seasonally adjusted 0.6 percent in January, according to BLS and over the last 12 months was up and unadjusted 7.5 percent. Increases in the indexes for food, electricity and shelter were the largest contributors to increase. The food index rose 0.9 percent in January following a 0.5 percent increase in December, as the energy index also increased 0.9 percent over the month, with an increase in the electricity index being partially offset by declines in the gasoline index and the natural gas index.

The core index, excluding food and energy, rose 0.6 percent in January, the same increase as in December. BLS said this was the seventh time in the last 10 months it has increased at least 0.5 percent. Along with the index for shelter, the indexes for household furnishings and operations, used cars and trucks, medical care and apparel were among many indexes that increased over the month.

CPI rose 7.5 percent for the year through January, the largest 12-month increase since the period ending February 1982. The core index increased 6 percent in the period, the largest 12-month change since the period ending August 1982.

The energy index, important for business operations and transportation, rose 27 percent over the last year and increased 0.9 percent in January.

The inflationary trend in the U.S. economy is expected to get worse before it gets better, according to a new report from IHS Markit.

"We've revised up the forecast for CPI inflation in 2022 from to 4.2 percent to 4.5 percent," Joel Prakken, chief U.S. economist at IHS Markit, said. "However, we expect core inflation rates to subside close to the Fed's long-run 2 percent objective by 2023, with the partial reversal of pandemic-era increases in the prices of goods."

Source: sourcingjournal.com– Feb 10, 2022

HOME

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Australian cotton crop this year to be 2nd best on record

Owing to favourable conditions across most of Australia's cotton growing regions, the country's production this year is expected to be second best on record, according to Cotton Australia. Australian cotton, which is among the best quality sustainable cotton, was impacted by drought in 2019-20 when its yield was less than 590,000 bales, followed by 2.8 million bales last year.

"Substantial rain late last year and early this year have growers optimistic, and if good conditions continue, a crop of around 5.2 million bales is possible," Cotton Australia CEO Adam Kay said in a press release.

Kay said some regions haven't had enough rain and others have suffered severe flooding, but the majority of growing regions have benefitted from warmer temperatures, good rain and manageable pest issues.

"It goes to show how diverse our cotton growing regions are with some farmers separated by thousands of kilometres. But what is clear is that most of Australia's 1500 growers are busy preparing for a good year and hoping they can find staff to help them through to harvest.

"While the yield per hectare can also vary significantly, particularly with dryland and irrigated cotton, some are forecasting 12-14 bales a hectare under irrigation. Good results are also expected in dryland areas because of the rain and natural conditions this year," Kay added.

Source: fibre2fashion.com– Feb 10, 2022

HOME

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Bangladesh, Mexico Boosted US Jeans Imports in 2021

After U.S. denim apparel imports declined nearly 25 percent to a value of $2.8 billion in 2020 as demand plummeted in the early onset of Covid-19, jeans shipments came roaring back in 2021, increasing 31.36 percent to $3.68 billion, according to the Commerce Department's Office of Textiles and Apparel (OTEXA).

Key production countries mounted clear comebacks, while other nations' manufacturers saw more modest gains.

Jeans imports from top supplier Bangladesh jumped 42.25 percent to $798.42 million in 2021 following 2020's 3.98 percent decline, according to OTEXA. While labor and factory safety concerns continued, Bangladesh's import market share rose to 21.69 percent last year from 20 percent in 2020.

No. 2 supplier Mexico roared back with a 39.6 percent hike to $654.87 million for the year, rebounding from a 41.54 percent falloff in 2020. Mexico's market share climbed to 17.79 percent in 2021 from 16.7 percent the prior year.

Imports from Vietnam rose 9.32 percent to $401.49 million last year after ending 2020 with shipments to the U.S. down 1.08 percent. Market share for the No. 3 supplier fell to 10.94 percent for 2021 from a year-earlier 13.1 percent, as summer factory closures forced importers to look elsewhere.

Observers have said that Vietnam's manufacturing capacity could be an issue in growing the sector. However, some new developments could change that dynamic.

Saitex has opened a vertical fabric mill 40 miles from Ho Chi Minh City that incorporates spinning, weaving, dyeing and fabric finishing. Advance Denim opened its newest production facility in Nha Trang, Vietnam, named Advance Sico, in 2020.

Vertical denim manufacturing maven Pakistan also revived production in 2021, with imports from the country soaring 54.8 percent to $389.76 million. This came a year after its shipments to the U.S. dipped 2.8 percent. Pakistan's market share stood at 10.59 percent at year's end, up from 9 percent in 2020.

Rounding out the Top 5 suppliers with notable denim import market share was China, which was the biggest loser in 2020 with a 52.29 percent drop off, but came back with a 16.87 percent increase in 2021 to $387.91 million. China's market share dipped to 10.54 percent from 11.8 percent.

Led by Mexico, Nicaragua, Colombia and Guatemala were among the Western Hemisphere supplier nations that helped push the region's shipments to the U.S. up 37.88 percent to 853.13 million last year.

Source: sourcingjournal.com– Feb 10, 2022

HOME

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China's power consumption to rise 5-6% in 2022

China's electricity consumption is expected to rise by 5 to 6 per cent year-on-year and record for usage between 8.7 to 8.8 trillion kilowatt-hours (kWh) in 2022. The country's power generation capacity will also experience a record high of 230 million kW nationwide, while its power usage growth rate will speed-up quarter on quarter this year.

China's power usage will continue to experience stable growth in 2022 being driven by the government to balance the country's economy, Chinese media reports said quoting China Electricity Council (CEC).

The country's non-fossil energy capacity is expected to record 1.3 billion kW this year-end, which accounts for half of the total power generation capacity. This includes 410 million kW of hydropower, 380 million kW of wind power, and 400 million kW of solar energy.

Source: fibre2fashion.com– Feb 11, 2022

HOME

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‘Sri Lanka needs GSP+ now more than ever following the pandemic’

Much has been said of the potential economic costs to Sri Lanka, of losing the Generalised Scheme of Preferences (GSP) Plus trade concessions to the European Union (EU). While these costs will be high, the social and human costs are likely to be even greater.

Considering official statistics for 2021, available up to end November, the EU was Sri Lanka’s single largest export market for 2021, accounting for nearly a quarter (24.1%) of our total merchandise exports of US$ 11.1 billion.

Given the EU’s importance to Sri Lanka, the loss of preferential tariffs for Sri Lanka’s exports to the EU through GSP+ previously, in 2010, had a substantial adverse impact on our economy. This likely led to an increase in poverty and income inequality as per academic studies (for example, Bandara and Naranpanawa, 2014). At present, given the ramifications of the pandemic, the consequences of the loss of GSP+ could be far more dire, leading to increase in unemployment, poverty, vulnerability and inequality, as well as loss of improvements achieved in female empowerment.

According to the World Bank’s estimates, Sri Lanka’s poverty rate rose from 9.2% in 2019 to 11.7% in 2020, putting more than 500,000 additional people in poverty. The country’s poorest were disproportionately negatively affected. Adding to the woes stemming from the loss of income and livelihoods – especially by informal workers who account for around 70% of Sri Lanka’s labour force – the cost of living has soared in recent times. Inflation was at a 12-year high in December 2021, with food prices surging to levels that have led to fears regarding increase in malnutrition and hunger.

In such a scenario, the loss of GSP+ would be highly damaging. EU is a key market for some of Sri Lanka’s largest export industries including apparel, food exports and plastic and rubber exports. These sectors employ a substantial portion of our workforce and are also characterised by the heavy presence of small and medium enterprises (SMEs). In addition, the EU has been a significant contributor to the growth of some of these exports industries – for instance rubber-based exports and seafood.

For Sri Lanka's biggest export industry, apparel, the EU is particularly critical, being the single largest market. The EU accounted for $2.2 billion or nearly half (43.6%) of the sector's total export earnings for 2021. The apparel industry employs 350,000 workers in the country, of which nearly 80% are rural women. Female representation in the industry is more than double the national average, considering the share of women in Sri Lanka's labour force. Therefore, if GSP+ is lost, vast improvements made in female economic empowerment and overall human capital could also be in jeopardy.

SMEs and family-owned businesses are also likely to be more severely affected if GSP+ is unavailable. Many apparel SMEs tend to depend on subcontracts from larger players, which will dry up if excess orders are not available due to loss of preferential access to key export markets. Earlier, when GSP+ concessions were removed in 2010, there were reports of several SME apparel factories being closed down, which also led to unemployment. Currently, SMEs account for approximately 45% or nearly half of Sri Lanka apparel manufacturing facilities and provide employment to around 50,000 employees.

Many apparel manufacturing facilities in the country are located outside urban areas and industrial zones and are crucial in generating rural employment. SMEs are particularly vital in this regard since due to their relatively smaller scale, which requires less workers, a high percentage of these factories are located in less-populated and lagging regions.

Many other sectors in the country rely on the apparel industry, given its heavy presence across the island. These include logistics and transport providers, raw material suppliers as well as small-scale businesses providing food and refreshments. In addition, several cottage industries, such as producers of carpets and pillow covers, depend on apparel factories in their neighbourhoods for raw material (in the form of waste fabric). If the industry is to suffer a downturn due to loss of GSP+, this entire economic ecosystem too will suffer adverse trickle-down effects.

In addition, the pandemic has led to global re-orientation of supply chains which Sri Lanka's apparel sector is well-positioned to capitalise on. However, this requires easy access to exports markets, through trade arrangements such as GSP+. Export earnings, which generate foreign exchange, are also vital for Sri Lanka's economic stability, as well as to meet our foreign debt obligations.

Hence, given these challenges and opportunity costs, Sri Lanka needs GSP+ now, perhaps more than ever before.

In discussions with the Government, the apparel industry and other export sectors have impressed upon the authorities the importance of retaining GSP+. These concerns have been met favourably by the authorities and the industry is hopeful of a positive outcome.

In addition to retaining GSP+ in the immediate future, it is important that Sri Lanka engages with the EU to enjoy the benefits of the new GSP+ facility, which will commence in 2024, replacing the existing scheme. Sri Lanka needs to be prepared to align itself with the 33 conventions of the new scheme, compared with the 26 conventions of the current GSP+ regime. It is critical that the policymakers and the authorities commence these preparations now.

In addition to GSP+, the apparel sector has also emphasised on the authorities the importance of low-tariff or tariff-free access to other key export destinations – such as USA, China, India (to which a quota applies for apparel exports from Sri Lanka), Japan and South Korea. The Government has responded favourably to these concerns and the industry is hopeful of a positive outcome. New Free Trade Agreements (FTAs) can provide a significant boost to expanding and diversifying Sri Lanka's and the apparel industry's export markets.

While these are critical at present, it is important to recognise that the apparel industry does not expect GSP+ concessions to remain indefinitely. We are mindful of the fact that the country will lose its trade concessions in the future, as we gradually transition to an upper middle-income nation.

With the assistance of other stakeholders, including the Sri Lankan Government, the apparel sector has commenced a series of concerted initiatives to prepare the industry for the potential loss of trade concessions in the future. These efforts are also aimed at transforming Sri Lanka into a global apparel hub, increase the sector's competitiveness and diversify its export markets.

The foundation has already been laid in this regard. For instance, Sri Lanka has positioned itself as a leader in sustainable apparel manufacturing. Sri Lankan apparel producers have invested significantly in manufacturing facilities that incorporate the latest environmentally-friendly features – minimising wastage, energy, and emissions.

The apparel sector has also made progress in further strengthening human resource practices. Through the 'Garments without Guilt' initiative, many Sri Lankan factories voluntarily submitted themselves to independent audits of working conditions. In December 2021, the apparel industry also signed a historic agreement with trade unions, paving the way for greater transparency in employee control over dispute resolution and grievance handling.

In the long run, these initiatives can strengthen Sri Lanka's apparel industry significantly and, by extension, the country's export sector, reducing the need for trade concessions. However, if these concessions are removed now, the social and human costs are likely to be dire. Given the pandemic's unprecedented impact, GSP+ to the EU is critical for Sri Lanka and its export sectors at present.

(Felix A. Fernando is the CEO of Alpha Apparels Ltd. and Sirio Ltd., and a Group Director of Omega Line, which ranks among Sri Lanka's five largest apparel exporters. He holds a MBA from the Post Graduate Institute of Management (USJ), in addition to being a Fellow member of the Chartered Institute of Management Accountants, U.K. He has received extensive Executive Education at Harvard, The Wharton School, National University of Singapore and AOTS, Japan. Fernando is also the Deputy Chairman of the Joint Apparel Association Forum Sri Lanka and a Past Chairman of the Sri Lanka Apparel Exporters' Association.)

Source: island.lk– Feb 11, 2022

HOME

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Peru apparel industry welcomes tariff barrier to block import surge

The World Trade Organisation (WTO) has reported that Peru has launched an inquiry into what is considers a glut of imports that is undermining the commercial health of the Peru apparel and textile industry's manufacturers.

It comes after the country's Commission on Dumping, Subsidies and the Elimination of Non-Tariff Trade Barriers of the National Institute for the Defence of Competition and the Protection of Intellectual Property (Indecopi) reported that clothing imports between 2016 and 2020 rose by 253.8% and they are still rising – in 2021 (January – June) they rose 8.9% year-on-year. As a result, between 2016 and 2020 clothing imports grew their share of the Peru apparel market by 13.4%, increasing it by another 2.9% year-on-year in January-June 2021. The report concludes that there is a reasonable indication of serious injury to the domestic apparel industry, including its internationally important alpaca segment.

"Peru is a small market compared to China and some other Asian countries. Hence, a garment can enter Peru for much less than the value of an identical or similar product entering the United States, a market several hundred times larger than ours. Such a situation has promoted a disproportionate increase in imports from China and other Asian countries, causing severe damage to the domestic Peru apparel industry, which is why safeguards are necessary," explained Martín Reaño, manager of Peru's Textiles and Clothing Committee of the National Society of Industries.

Indecopi highlighted China and Bangladesh suppliers as causing the most problems through increasing exports to Peru, with the objective of the safeguard duty being to give local 'pymes' (small-and-medium-sized enterprises) and mipymes (micro-enterprises) a fair chance to compete with clothing giants from Asia.

The investigation is still open and affected parties can comment until 24 February. Nevertheless, at any time, Indecopi can recommend the application of provisional safeguard duties lasting 200 days. If that happens, a government commission comprising the economy and finance ministry (MEF), production ministry (PRODUCE), and the foreign trade and tourism ministry (MINCETUR) will examine whether to confirm the duties. They have "a relatively short period to decide whether the provisional measures are applied or not," said Reaño.

He doubted the move would be challenged at the WTO, claiming Peru has a tougher standard for imposing these tariffs than in global trade agreements. He added there was no threat to any free trade agreements that Peru has signed with its partners or the WTO. Peru signed a Free Trade Agreement (FTA) with the US in 2009 and with the European Union in 2012.

The government of Peru, led by President Pedro Castillo, leader of Marxist party Free Peru, argues the country has maintained one of the lowest tariff and non-tariff restrictions for the import of clothing worldwide during the last five years, which has eased the increasing flow of garments from China and Bangladesh to the Peruvian market.

Source: just-style.com– Feb 10, 2022

HOME

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Vietnamese economy to recover fast in 2022: Fitch Ratings

Vietnam's recovery is set to gather momentum in 2022 as domestic demand rebounds and export performance remains strong, according to Fitch Ratings, which recently said improving levels of vaccination should reduce the risk that the recovery is set back by further COVID-19 outbreaks. However, the evolution of the pandemic remains subject to uncertainties.

Vietnam's economic growth in 2021, at 2.6 per cent, was much weaker than the 7 per cent that we had expected in April 2021, when Fitch affirmed Vietnam's rating at 'BB' and revised the outlook to positive, from stable.

This partly reflected a 6 per cent year-on-year (YoY) contraction in real gross domestic product (GDP) in the third quarter (Q3) of 2021 as the authorities moved to control a surge in COVID-19 cases.

Further pandemic-related shocks, while possible, are unlikely to be so severe, because the government has shifted from a 'zero COVID' approach to one of flexible adaptation as vaccination rates have increased, Fitch said in a release.

Fitch expects growth in the country to accelerate to 7.9 per cent in 2022 and 6.5 per cent in 2023 as the recovery becomes established. This partly reflects the low base set in 2021. Vietnam has also had less economic scarring than many emerging markets, as it is one of the few countries that did not experience an annual contraction in GDP amid the pandemic shock.

Growth will be led by exports, which rose by 19 per cent in 2021 in US dollar terms. Fitch expects goods demand growth to decelerate in the developed world in 2022 as activity normalises and services demand picks up.

However, Vietnam's export sector should remain a regional outperformer, benefitting from its cost competitiveness, diversion of trade from China and a variety of key trade agreements, Fitch said.

The temporary supply disruptions in Q3 2021 do not appear to have weakened Vietnam's attractiveness for export-related foreign investment. Inward investment remained strong in 2021, at $19.7 billion, down only slightly from $20 billion in 2020. The strong export performance that Fitch expects in 2022-23 will catalyse domestic investment and consumption, through positive spill-overs, for example from job creation.

Although Vietnam's economy continued to grow in 2021, the gap between its GDP per capita and the median of the 'BB' peer group widened.

Fitch's baseline forecast of a return to rapid growth rates, coupled with appreciation of the Vietnamese currency, should mean the gap with rating peers begins to narrow again in 2022-2023.

Source: fibre2fashion.com– Feb 10, 2022

HOME

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Cut corporate tax by 2.5 percentage points, DCCI to Bangladesh govt

The Dhaka Chamber of Commerce and Industry (DCCI) recently urged the government to cut the corporate tax rate by 2.5 percentage points in the next fiscal to align it with the regional average rate. DCCI president Rizwan Rahman told media persons that such a decision will boost local and foreign investment. He called for making the Income Tax Act 2022 business-friendly.

The corporate tax rate in Bangladesh is 30 per cent while the average rate is 29 per cent in Pakistan, 24 per cent in Sri Lanka, and 20 per cent in Vietnam, Cambodia and Thailand, according to a DCCI paper.

Rahman said after Bangladesh graduates from the grouping of the least developed countries (LDCs), the cost of doing business would increase and the tariff would go up by at least 6 to 7 per cent. sO the country has to formulate an export diversification strategy engaging all stakeholders to face the challenges, he said.

Tariff rationalisation, reduction of non-tariff barriers in cross-border trade and minimising anti-export bias are also important in this regard, he was quoted as saying by Bangla media reports.

Bangladesh's major export destinations are Europe and the US, covering almost 67 per cent of the total shipment, whereas Africa and the Middle East are untapped.

The DCCI chief stressed on automation of overall taxation, value-added tax, audit, arrears management, investigation and inquiry, appeal, revenue account management, taxpayer account management, and revenue information management.

He called for ensuring convenience, transparency and equity in the Income Tax Act 2022 and simplifying the value-added tax refund process.

Source: fibre2fashion.com– Feb 11, 2022

HOME

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Pakistan: Growth in textile exports — new beginnings, new hopes

A little over halfway through the current financial year, Pakistan's economic landscape looks strong for 2022 as it has bagged a growth of 5.37%, substantially higher than the previous two years. Several indicators reveal that our economy has done well in spite of the Covid-19 pandemic setbacks, with year-on-year improvements in key indices.

Textile sector, which is among the significant contributors, has played a pivotal part in this regard. Despite strict fiscal constraints, timely and appropriate policy measures taken by the government resulted in a V-shaped economic recovery. Effective policy measures taken by the government to contain the virus along with fiscal stimulus and monetary measures by the State Bank of Pakistan in FY2020 helped uphold the economy during the pandemic when severe economic depression was prevailing around the globe.

Sustainable and inclusive economic growth is the key to a strong and vibrant Pakistan, which can open doors for development and prosperity in the country. The economy of Pakistan was built around textiles and its base is still connected to this sector. The journey of the textile industry in Pakistan has not been a smooth road.

The emergence of economic crisis worldwide was an instant setback, coupled with rising manufacturing expenses, escalating energy tariffs, rising prices, shortage of raw material, frail infrastructure, obsolete technology and lack of investment were among the factors considered for the downfall of the textile industry.

However, this sector has now picked up a growing pace following the removal of Covid-19 restrictions witnessing a sharp surge of 26pc year-on-year to $9.38 billion in the first half of FY2021-22.

Half-year exports of readymade garments went up 22.93 percent to $1.831 billion from $1.490 billion, knitwear increased by 35.21 percent to $2.5 billion from $1.849 billion, bedwear increased 19 percent to $1.659 billion from $1.394 billion, towels climbed up 17.54 percent to $523.686 million from $445.697 million.

Likewise, cotton cloth went up 21.35 percent to $1.134 billion from $935.009 million, raw cotton exports went up 197.30 percent to $1.763 million from $0.593 million last year. This indicates country's preferences are shifting from raw and intermediate goods to value-added exports.

Increased textile exports have come on the back of quantum growth in high value-added products. Likewise, the export of textiles posted a 22.94pc growth in FY2020-21 compared to the same period a year ago. In absolute terms, the total exports of textile remained $15.4 billion in 2020-21 against $12.526 billion of the previous year. Exports of 13 sectors, including value-added textiles, posted double-digit growth in FY2020-21 compared to corresponding year.

Strengthening exports is critical for economic growth. To sustain strong economic growth, Pakistan needs to increase private investment and enhance export volume according to the World Bank's Report – Pakistan's Development Update, October 2021. Textile sector is capable of harnessing $30 billion for the economy of Pakistan. This is a wake-up call for the policymakers who have been facing an economic conundrum for quite a while now.

Reportedly, Pakistan is missing out on almost $30 billion worth of exports related to the textile industry which can prove to be a major boon for Pakistan's debilitating economic situation characterised by repeated boom-bust cycles. The sector not only provides large-scale jobs but also has a huge share in the exports of the country coupled with a magnanimous room for value-added textile products. These pertinently shed light upon the importance of textile industry in Pakistan which, unfortunately, is facing numerous problems.

To benefit from the economic potential that lies in the textile sector, a number of carefully curated policy measures have to be taken that can support the sustainable growth of textile industry. Declining share of China in the US apparel market and shifting focus from apparel to global textile market have already created room for Pakistan and other competitors to enhance their shares in apparel exports.

Textile industry, which comprises 46 percent of the total manufacturing sector, provides employment to around 25 million Pakistanis, contributes 8.5 percent to the GDP, is the industry that can lead Pakistan towards economic prosperity.

The future of textile industry is bright in Pakistan and promises new dawn given that its grievances are addressed properly. Government should focus on how to increase the textile exports. If the bottlenecks are removed, textile industry is capable of carving a pathway for an economically stable and prosperous Pakistan.

Current conditions for textile industry are very favourable. However, unprecedented hike in input prices at international level and continuous fluctuation in exchange rate has significantly increased the working capital requirements of the export industry. The SBP's Export Refinance Scheme is the only support for the exporters to meet the capital investment requirements. Rs2022 billion were disbursed to the textile and readymade garments sector from January to June 2021 and only 19pc (Rs387 billion) of the above was financed through EFS. Sufficient lines of ERF may be allocated to banks for onward sanctioning to exporters based on performance. Reallocate export financing away from working capital and into capacity expansion through the Long-Term Financing Facility.

The following points should be noted:

- In 2021, textile sector showed significant growth in exports. Consequently, their entitlement to Export Refinance has also been increased substantially. In order to create room for growing number of export orders, ERS support should be enhanced.

- The initiative to provide energy resources to export-oriented industries at regionally competitive prices (electricity @ 9 cent/kwh and as @ $6.5 per MMBtu) brought positive outcomes registering upward growth in exports. To continue this momentum, continuous supply of energy at regionally competitive prices should be ensured. This package is not a subsidy, instead, there is no cost of the service study, all sector inefficiency, subsidy to domestic consumers, AJK, Fata, Balochistan and high T&D losses in the DISCOs are included in the basket tariff. An extension in energy package and allowing tariff on existing consumption to direct and indirect exporters will result in further increase in exports and also conduct a Cost-of-Service Study and set tariffs accordingly.

- In order to gear up textile exports, Duty Drawback of Taxes (DDT) incentive was allowed to textile exporters based on their exports which resulted in significant growth in textile exports. Duty Drawback of Taxes (DDT) incentive should be continued to for growth momentum.

- SBP has amended foreign exchange regulations requiring exporters to bring export proceeds within a maximum period of 120 days from shipment. These payments terms can be the most challenging as our regional partners offer 180-day terms in the international market as the importers carefully evaluate the pricing policies. All prudential regulations should be aligned with the international regulatory framework, considering the regional competition in international trade.

- Government has taken exemplary initiatives to streamline the refund process. However, old outstanding refunds (around Rs365 billion in Sales Tax, Duty Drawback and Income Tax refund regime, Rs85 billion under textile policy incentives i.e. DLTL, TUF and mark-up support scheme) are still outstanding.

- SEZs are being established to promote industrialisation and investment in the country and several Chinese textile industries are making joint ventures with Pakistani counterparts. However, it is imperative to focus on production of such raw materials that are being imported from China. This would help decrease production cost of our export items.

- Upgradation and development of infrastructure in industrial clusters, especially road infrastructure, healthcare centres, trauma centres and security issues has become need of the hour.

- Reduce effective rates of protection gradually through a long-term tariff rationalisation strategy to encourage exports.

- Consolidate market intelligence services by supporting new exporters and evaluating the impact of current interventions to increase their effectiveness

- Design and implement a long-term strategy to upgrade productivity that fosters competition, innovation and maximises export potential.

Textile exporters have time and again proved that if given a level playing field, they can compete against the best in the world. We are not short on innovation and taking bold decisions. The sky is really the limit for our textile exports to grow and contribute substantially not only to foreign exchange earnings but also to overall sustainable economic growth.

Source: thenews.com.pk– Feb 11, 2022

HOME

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Bangladesh: Apparel export to India rising fast

Riding on the zero-duty trade benefit and competitive prices, the shipment of apparel items to India is growing fast, a development that would help Bangladesh narrow its trade gap with the neighbouring country.

Bangladesh is already a very lucrative source for formal shirts, tops, denim trousers, undergarments, polo shirts, t-shirts and bottoms for both men and women belonging to India's middle-income consumers.

Bangladesh shipped garment items worth $365.95 million in the July-December period of the current fiscal year, up 58.07 per cent from the $231.53 million recorded in the same period a year ago, according to data from the Export Promotion Bureau.

Of the receipts, $161.69 million came from knitwear shipments, up 66.46 per cent year-on-year. Woven garment shipments surged 52 per cent to $204.26 million at the same time.

Exporters say the demand for Bangladeshi garment items is rising in India because of the expanding middle-income groups in the world's second-most population nation. Many prefer garment items produced in Bangladesh as they cannot afford expensive Indian high-end garment items.

Many western clothing retailers and brands have outlets in India and they source apparel items from Bangladesh to sell in Indian markets.

What is more, local clothing retail outlets and brands have sprung up to serve the readymade garment market. They also buy apparel items from Bangladesh.

Some Indian garment exporters re-export Bangladeshi garment items to other countries as well.

Many Dubai-based garment importers place orders with Indian manufacturers which buy products from Bangladesh as the cost of production is lower here than in India.

Classic Fashions Ltd sends nearly $3 million worth of garment items to a Dubai-based company through Indian exporters.

Md Shahidullah Azim, managing director of the company, says a lot of Indian businessmen are placing a good number of orders in Bangladesh to re-export to other countries.

"This is one of the major reasons for the increasing garment export to India."

Ananta Group, another exporter, sells $10 million worth of garment items, mainly denim, ladies underwear, woven shirts and knitwear items in India every year, said its Managing Director Sharif Zahir.

Md Shahidul Islam, managing director of Rupa Knitwear (Pvt) Ltd, says he sends more than one lakh pieces of sweaters every year.

"If the testing facility becomes smooth, garment exports to India will grow a lot."

India's domestic textile and apparel production is worth $140 billion, including $40 billion of textile and apparel export, according to the Press Information Bureau, reported the Economic Times newspaper in January.

This means the country could be a major destination for Bangladeshi garment producers, who have long been relying on the US and European markets to sell most of their products.

"Garment export to India will grow more soon," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

A good number of BGMEA members will participate at a trade show for apparel items in Bangalore in June. Bangladesh, Myanmar and Vietnam will participate in the fair.

The BGMEA will also send a business delegation to India in April to discuss business and investment in Bangladesh by Indian entrepreneurs.

However, a 12.50-per cent countervailing duty on garment items acts as a major barrier for Bangladeshi producers in Indian markets, exporters say.

Two-way trade between the two countries is heavily tilted towards India, which ships goods worth $8 billion on average to Bangladesh.

Total merchandise exports to India from Bangladesh stood at $1.06 billion in the July-December period of 2021-22. It was $1.27 billion in the entire fiscal year of 2020-21 and $1.09 billion in 2019-20.

Source: thedailystar.net– Feb 11, 2022

HOME

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NATIONAL NEWS

India's textile industry revs up, giving hope on jobs for PM Modi

At Texport Industries' factories in India's south, thousands of mostly women workers are busy converting yarn and fabrics into T-shirts, shirts, spaghetti tops and kids' clothes for U.S. customers of Tommy Hilfiger and Kohl's Corp.

After being outpaced in recent years by neighbouring Bangladesh and then hammered by the COVID-19 pandemic, India's garment factories are now humming near full capacity - a rare labour market bright spot for Prime Minister Narendra Modi and his ruling party as they head towards an election in 2024.

"We have been so busy," said Parashuram, the head of one of the Texport factories who goes by one name, as a batch of 60 new women recruits practiced stitching. "We are constantly looking to hire workers."

The company is scouting for land to add new factories around its main production base in Hindupur, about 100 km (60 miles) north of tech hub Bengaluru. Sustained success for the textile and apparel (T&A) industry, the country's biggest employer after farming, is crucial if Modi is to succeed in taming unemployment.

India's jobless rate is above 7% and estimated to have exceeded the global average in five of the last six years - a massive problem for a country that must create millions of jobs each year just to keep pace with the young people joining the labour market.

HIGHER LABOUR COSTS

India is the world's fifth biggest T&A exporter with a 4% share of the $840 billion global market, while China controls more than a third of it. India's exports were on a par with closest rival Bangladesh about a decade ago but have lagged in recent years - especially on garments - partly due to higher labour costs that make Indian clothes some 20% costlier.

Indian T&A companies say they are now adding new clients, selling more to old ones and raising production capacity as foreign buyers seek to diversify their supply chains. Other than China, only India has a big supply chain of everything from cotton to garments.

Still, some industry leaders said that unless India signed free trade agreements with Western countries - which New Delhi says it is working on - it would not be easy to outsell Bangladesh, which also enjoys preferential export terms from many buyers as a least developed country.

Indian companies such as Texport, Welspun India and Raymond - whose buyers include Western retailers Amazon, Target, Costco, Walmart Inc , Tesco and Macy's - have managed to lift sales in recent quarters. Modi wants them to create some 1.5 million jobs in the sector over the next five years or so.

India's junior textiles minister, Darshana Jardosh, on Wednesday listed recent announcements to support the industry, such as setting up seven huge all-in-one textile parks for about $600 million to further increase employment and make it easier for foreign buyers to place orders and monitor supply chains. The government has also proposed production-linked incentives worth $1.4 billion.

The American Apparel & Footwear Association (AAFA) said India's ongoing and planned investments had resulted in "more companies looking at India as a potential source of growth over the coming years", without giving specifics. Two industry sources with knowledge of the matter said both Fast Retailing's Uniqlo and Gap Inc were in talks to expand purchases from India. The companies, who source from India mainly from the country's biggest garments exporter Shahi Exports, did not immediately respond to requests for comment.

Shahi Exports Managing Director Harish Ahuja declined to discuss individual buyers but said demand was high from its existing customers.

CAPACITY CONSTRAINTS?

India's April-December T&A exports soared 52% to $30.5 billion from the year-ago period, and the government has set a full fiscal-year target of $44 billion, which would be a record.

While global textile exports recorded a compounded annual growth rate of 2% between 2015 and 2019, India's shrank 0.8%, according to an industry report. Both Bangladesh and Vietnam grew at 10% or more.

One factor behind the surge in sales for Indian companies to the United States and Europe in the past few quarters has been alleged rights abuses in China's main cotton growing province of Xinjiang, where the minority Muslim Uyghur community lives.

U.S. President Joe Biden in late December signed into law legislation that bans imports from Xinjiang. China has rejected accusations of forced labour or any other abuses in Xinjiang.

The China Cotton Association referred Reuters to a December statement that warned of "severe impact" on its cotton textile industry because of the U.S. move.

Raymond, an Indian exporter of men's suits, jackets and denim, said the China factor helped it recently sign up new clients that it had long pursued.

"At current capacity, we may not be able to pick up as much as the orders coming our way, as much as buyers want to ship away from China," said Narendra Goenka, chairman of the Apparel Export Promotion Council of India and a founder of family owned Texport.

Goenka said his company was spending some $25 million to raise its capacity by more than a quarter over the next two years, with the addition of 8,000 jobs on top of its current workforce of more than 10,000.

For 19-year-old Lopamudra Patel, from the eastern state of Odisha, whose family struggled to survive on her father's income as a part-time driver, the industry has come as a saviour. She joined Texport a few weeks ago for a monthly wage of $100.

"It was very difficult at home," she said, standing next to whirring sewing machines in the training room. "I will now be able to send some money home."

Source: economictimes.indiatimes.com– Feb 11, 2022

HOME

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RBI projects 7.8 per cent GDP growth for 2022-23

The Reserve Bank on Thursday pegged the economic growth rate for 2022-23 at 7.8 per cent, down from 9.2 per cent expected in 2021-22, in view of uncertainties on account of the pandemic and elevated global commodity prices. The Reserve Bank's growth projection for next financial year is lower than 8-8.5 per cent projected by the Finance Ministry in the recent Economic Survey which was tabled in Parliament earlier in the month.

Unveiling the bi-monthly policy, RBI Governor Shaktikanta Das said, "recovery in domestic economic activity is yet to be broad-based, as private consumption and contact-intensive services remain below pre-pandemic levels." He observed that the announcements in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure are expected to augment growth and crowd in private investment through large multiplier effects.

"Global financial market volatility, elevated international commodity prices, especially crude oil, and continuing global supply-side disruptions pose downside risks to the outlook," he added. Overall, he said, there is some loss of the momentum of near-term growth while global factors are turning adverse.

"Looking ahead, domestic growth drivers are gradually improving. Considering all these factors, real GDP growth is projected at 7.8 per cent for 2022-23 with Q1:2022-23 at 17.2 per cent; Q2 at 7.0 per cent; Q3 at 4.3 per cent; and Q4 at 4.5 per cent," he said.The first advance estimates of national income released by the National Statistical Office (NSO) on January 7, 2022 placed India's real gross domestic product (GDP) growth at 9.2 per cent for 2021-22, surpassing its pre-pandemic (2019-20) level.

"All major components of GDP exceeded their 2019-20 levels, barring private consumption. In its January 31 release, the NSO revised real GDP growth for 2020-21 to (-) 6.6 per cent from the provisional estimates of (-) 7.3 per cent," he said. Available high frequency indicators suggest some weakening of demand in January 2022 reflecting the drag on contact-intensive services from the fast spread of the Omicron variant of coronavirus in the country, he said.

Rural demand indicators – two-wheeler and tractor sales – contracted in December-January, he said, adding, area sown under Rabi crops up to February 4, 2022 was higher by 1.5 per cent over the previous year. Amongst the urban demand indicators, he said, consumer durables and passenger vehicle sales contracted in November-December on account of supply constraints while domestic air traffic weakened in January under the impact of Omicron.

Investment activity displayed a mixed picture – while import of capital goods increased in December, production of capital goods declined on a year-on-year (y-o-y) basis in November. Merchandise exports remained buoyant for the 11th successive month in January 2022; non-oil, non-gold imports also continued to expand on the back of domestic demand.

The bi-monthly policy comes against the backdrop of the Budget presented earlier this month estimating a nominal GDP of 11.1 per cent for 2022-23. The Economic Survey pegs economic growth at 8-8.5 per cent for next financial year. The government expects this growth to be fuelled by a massive capital spending programme outlined in the Budget with a view to making crowd in private investment by reinvigorating economic activities and creating demand.

Finance Minister Nirmala Sitharaman raised capital expenditure (capex) by 35.4 per cent for 2022-23 to Rs 7.5 lakh crore to continue the public investment-led recovery of the pandemic-battered economy. The capex this year is pegged at Rs 5.5 lakh crore.The spending on building multimodal logistics parks, metro systems, highways, and trains is expected to create demand for the private sector as all the projects are to be implemented through contractors.

With regard to borrowing, the government plans to borrow a record Rs 11.6 lakh crore from the market in 2022-23 to meet its expenditure requirement to prop up the economy. This is nearly Rs 2 lakh crore higher than the current year's Budget estimate of Rs 9.7 lakh crore. Even the gross borrowing for the next financial year will be the highest-ever at Rs 14,95,000 crore as against Rs 12,05,500 crore Budget Estimate (BE) for 2021-22.

Fiscal deficit — the excess of government expenditure over its revenues — is estimated to come down to 6.4 per cent of GDP next year as against 6.9 per cent pegged for the current fiscal year ending March 31.

Source: financialexpress.com– Feb 10, 2022

HOME

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FTA: Piyush Goyal, Australian minister hold talks for trade deal

Commerce and industry minister Piyush Goyal held "comprehensive talks" with his Australian counterpart Dan Tehan in New Delhi on Thursday to firm up an interim trade deal at the earliest. In December, both the countries decided to expedite the pace of negotiations for the early-harvest deal, which will be followed up with a broader free trade agreement (FTA).

"We had an engaging discussion on ways to further deepen India-Australia economic and trade ties," Goyal tweeted. A joint press conference is scheduled for Friday.

The India-Australia Comprehensive Economic Cooperation Agreement will be a new-age FTA, which would cover not just traditional pillars like goods, services and investments but also broad range of other critical areas, including government procurement, logistics, standards and rules of origin. Goyal has been striving to get duty concession for Indian products in critical sectors, including agriculture and textiles, and greater market access in pharmaceuticals.

India had a merchandise trade deficit of $4.2 billion with Australia in FY21, as it shipped out goods worth over only $4 billion, while bilateral trade stood at $12.3 billion. Major traded items include mineral fuels, pharmaceutical products, organic chemicals and gem and jewellery.

The negotiations with Australia are a part of India's broader strategy to forge "fair and balanced" trade agreements with key economies and revamp existing pacts to boost trade. The move gained traction after India pulled out of the China-dominated RCEP talks in November 2019.

Balanced FTAs are expected to also enable the country to take advantage of a resurgence of industrial demand in advanced economies and achieve sustained growth rates in exports in the coming years. Already, India has set an ambitious merchandise export target of $1 trillion by FY28. In the current fiscal, it's on course to realise the lofty export target of $400 billion, against $291 billion in FY21.

Source: financialexpress.com– Feb 11, 2022

HOME

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Textile demand momentum to continue in FY23: India Ratings

Reduction in impact of Covid-19's third wave, as well as accelerated re-opening activities, will boost textile demand in FY23, said India Ratings and Research (Ind-Ra).

The ratings agency cited that reduction in logistics issues for export demand will aid in keeping healthy demand.

"Domestic demand for all the textile sub-sectors has continued to improve from 2QFY22, after a slight dip in 1QFY22. The increased demand momentum along with the supply chain issues has increased the realisations," it said.

"Demand for cotton remained all-time high in 2HFY21, leading to reduced opening stock for the new cotton season. The rise in prices of cotton has led spinners to accumulate the stock."

Furthermore, it said that demand for MMF (man-made fibre) has continued to increase, mainly due to the rise in cotton prices, leading to a shift of demand from cotton to MMF, to an extent.

"The demand momentum sustained for home textiles in the domestic market because of improved consumer spending."

In addition, the agency cited that textile exporters in the cotton yarn segment continued to witness an improvement during 7MFY22 with volumes exceeding 47 per cent YoY over FY21.

"Ind-Ra expects export volumes to remain higher for FY22 over FY20 and FY21, on back of an increasing demand for Indian yarn.

"The export of fabric and apparel also recovered to the Pre-Covid levels during 8MFY22 and is likely to sustain with the opening up of economies and the adoption of 'China Plus One' strategy by importing countries."

Source: business-standard.com– Feb 10, 2022

HOME

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India's GDP growth to be fastest, sustainable, says FM

Finance Minister Nirmala Sitharaman on Thursday attributed the differences in growth estimates by Economic Survey, Union Budget and the Reserve Bank of India to factors for calculation. However, she maintained that Indian economy will achieve fastest and sustainable growth.

The Economic Survey projected real growth rate of 8-8.5 per cent in fiscal tear 2022-23. Though Union Budget has given nominal growth rate estimate of 11.1 per cent and not given the estimate for real GDP growth, but Finance Ministry officials later said that it is likely to be below 8 per cent. On Thursday, RBI projected growth rate of 7.8 per cent for next fiscal.

"Economic Survey's projection was based on Advance Estimate of National Statistical Office and did not factor impact of Omicron. However, Union Budget did take note of Omicron," she said while adding that RBI has its own mechanism for projection.

She highlighted projection given by global agencies which is 9 per cent for FY 2021-22, 9 per cent again for 2022-23 and 7.1 per cent in 2023-24. GDP decelerated by 6.6 per cent in 2020-21. At the same time, US economic growth for 2020 is (-) 3.4 per cent which is estimated at 5.6 per cent in 2021, 4 per cent in 2022 and 2.6 per cent in 2.6 per cent.

High capex

Talking about high capital expenditure, Sitharaman quoted a study by RBI where it has been said that one rupee of revenue expenditure has a multiplier effect of 45 paise in first year and additional 10 paise in next year. At the same time, one rupee of capital expenditure will give a multiplier effect of ₹2.45 in first year and then additional ₹3.14 in next year.

On a specific question on umbrella, she said that earlier basic custom duty on finished product was 10 per cent and 5 per cent on parts. However, considering 2.5 crore umbrella pieces being imported every year and that too from just one country (China), it was necessary to protect especially domestic MSMEs. Keeping that in mind, custom duty has been doubled.

Taking strong note of question raised on her being Rajya Sabha Member, she said first she is not nominated member and then she is elected to Rajya Sabha. Also, members from upper house can be part of Council of Ministers.

Without taking name of member who raised her Rajya Sabha stature, she said father of the said member who served the upper house thrice put forward put India's stand strongly in World Trade Organisation. She was referring to then Commerce Minister late Murasoli Maran.

Source: thehindubusinessline.com– Feb 10, 2022

HOME

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$113 billion in 2021: India-US goods trade marks new record

In yet another sign of the deepening economic relationship between India and the United States (US), bilateral trade in goods between the two countries crossed the $100 billion mark in 2021, making it the largest volume of goods trade in a calendar year in India-US economic history.

This also represents an almost 45% jump from 2020, and while US trade with its top 15 partners increased over the past year, the single biggest jump was with India.

India retains a trade surplus in the relationship.

According to figures released by the US Census Bureau, India-US bilateral goods trade was worth $113.391 billion from January to December 2021. India exported goods worth over $73 billion, and imported goods worth a little over $40 billion dollars. In 2020 – an unusual year because of the pandemic and subsequent economic restrictions – trade fell to a little over $78.2 billion, from the high of $92.1 billion in 2019. India had then exported goods worth $57.8 billion and imported goods worth $34.2 billion.

Placing the figures in perspective, Richard M Rossow, the Wadhwani chair in US-India Policy Studies at the Centre for Strategic and International Studies (CSIS) and the foremost expert of the bilateral economic relationship in Washington DC, said that bilateral trade has been on an upward trajectory for 20 years, and shrunk year-on-year only thrice since 2002. "While we should certainly pause to celebrate the milestone of crossing $100 billion in bilateral trade, it is not far off the overall trajectory of the trade relationship in this period." The 45% jump, he said, was due to the "deep trough" in 2020, as both India and the US dealt with the initial onslaught of the coronavirus pandemic.

Mukesh Aghi, president and chief executive officer of the US-India Strategic Partnership Forum (USISPF), said that a key reason for the spike in Indian exports to the US was the concerted increase in demand in the US market. "The US has seen consumption-driven growth in the past year. There was pent-up demand for items such as jewellery and electronics, which has got channelled in the last six months. The fact that US companies have also sought to diversify their supply chains has played a role, too. Electronic component markets have moved production to India. For instance, Apple now exports a million smart phones from India to the US every month." The challenge, he added, was to sustain the momentum.

When asked what had driven the spike, Rossow said that while the details of which products drove the record-breaking year was not clear yet, the push by the Donald Trump administration to sell American hydrocarbons to India had been a key factor in enabling greater trade. "A decade ago, the US had nearly zero exports of natural gas, coal, or crude oil to India. Today, these three are all among the 10 biggest export categories. US imports from India are more balanced, with good increases in trade among a range of categories. But a few stand out as over-performers such as furniture, aluminium and food products."

An official familiar with the bilateral relationship said that the spike in trade was also a product of the concerted Indian attempts to deepen economic ties with a range of American economic stakeholders – be it through extensive commercial engagement or facilitating business-to-business exchanges or working to get commitments by major American corporates to source material from India or proactively leveraging the sentiment in the US to diversify from China.

A second official pointed out that the trade figures also firmly rebut the impression of India turning inwards and protectionist, and in fact, show that its outwards economic engagement, on its own terms, will only increase.

While India is working with Australia, the UK, European Union, Canada and the US to push through larger trade arrangements, any major free trade agreement is unlikely, especially with the US, given the domestic political mood in Washington against trade pacts.

When asked if the increase in India-US trade showed that both countries have found ways to deepen ties while circumventing established formats, Rossow said, "Trade deals are helpful to boost trade ties, but far from essential.

In recent decades, nations such as Japan, [South] Korea, Taiwan, and China managed to become major global trade players without vast networks of trade deals. It does, however, feel like our nations continue to defy gravity. Both governments have taken protectionist steps in recent years, both globally and towards each other. Whether this continued growth in trade can be sustained in light of anti-trade policies remains to be seen."

'ROBUST BUSINESS PARTNERSHIP'

A commerce ministry spokesperson said, "The India-US Trade Policy Forum Ministerial meeting held in November after a gap of four years has given further positive momentum for enhancing bilateral trade relations. In the meeting, ministers (India's commerce minister and the US trade representative) agreed to intensify their engagement on trade matters and take up outstanding issues for resolution in a time-bound manner. A robust business partnership between two countries is going to grow further due to the inclusion of more goods and services, and the hard work being put in by all the stake holders."

Earlier, an official working in the economic affairs ministry said, requesting anonymity, "India and the US are deeply engaged with each other, which reflects in the enhanced trade numbers and the potential is immense."

According to India's official data, India-US trade in calendar year 2021 (Jan-December) was $112.626 billion - $71.203 billion exports to the US and $41.423 billion imports. Principle commodities exported to the US are precious and semi-precious stones, drugs and pharmaceuticals, petroleum products, cotton fabrics, garments, marine products, iron and steel products, electrical equipment and auto components.

Crude oil was the biggest import from the US, worth $10,395 billion in 2021. Other items of imports are pearls, precious and semi-precious stones, petroleum products, coal, coke, organic chemicals, gold, paper and paper board.

Recently, the US approved imports of mangoes and pomegranate from India and secured New Delhi's approval to export cherries, alfalfa hay, pork and pork products to India, said a second person who wished not to be named.

"This is as per a recent agreement between the Department of Agriculture and Farmers Welfare and the US Department of Agriculture for implementing '2 vs 2' agri market access," the person said. The agreement follows the 12th India-US Trade Policy Forum (TPF) meeting held on November 23, 2021.

Source: hindustantimes.com– Feb 10, 2022

HOME

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Indian cotton yarn's journey, from knitting to packing

India is hoping its labour-intensive textiles and apparel (T&A) companies will help it address a jobs crisis, and has promised to pump about $2 billion into the industry over the next few years to generate more than 1 million jobs.

About a third of the money would go into setting up seven so-called Mega Integrated Textile Region and Apparel parks, each spanning across more than 1,000 acres (404 hectares).

The government says India's T&A companies, small and large, are too scattered across the vast country, which delays delivery and raises cost.

At a Dubai expo late last year, a senior Indian textile ministry official laid out the typical cotton-to-clothes network in India:

Cotton is grown in states such as Telangana and Andhra Pradesh in the south; then goes further south to Tamil Nadu for spinning into yarn; weaving happens in the western states of Gujarat and Maharashtra; processing occurs in neighbouring Rajasthan; from where it goes to the national capital region of Delhi in the north, Bengaluru in the south and Kolkata in the east for garment-making.

Cotton produced by a farmer in Telangana can move thousands of kilometres to become a T-shirt, compared with barely a few hundred kilometres in Bangladesh, though the latter is reliant on cotton produced in India and China.

Some Indian textiles industry officials say many companies have now moved their factories closer to raw materials. Here is an illustration of how cotton is turned into shirts in India, using the example of Texport Industries, whose buyers include Walmart Inc, Kohl's Corp, Tommy Hilfiger and Nautica.

YARN

Texport, whose main factories are in the town of Hindupur in Andhra Pradesh, sources white or dyed yarn from suppliers in Gujarat, Maharashtra and Tamil Nadu. The supplies come from factories located anywhere between 350 km (215 miles) and 1,450 km (900 miles) away.

FABRIC
the Hindupur factories use South Korean knitting machines to produce rolls of fabric from yarn to make products such as T-shirts for Tommy Hilfiger.

The factories buy woven fabrics to make shirts and tops for Kohl's from firms spread across various textile clusters in Tamil Nadu, located within a radius of 350 km.

GARMENTS
The in-house and third-party fabric rolls then move to giant plants nearby where thousands of people work machines, scissors and hot irons in eight-hour shifts.

The dyed and washed rolls are unrolled using machines. Plain ones are shaped by machines in batches, checked ones using scissors.

An army of mostly women seamstresses then stitch them into T-shirts, shirts, tops and kids' jumpsuits that are inspected, washed, dried, pressed, tagged and then packed into cartons to be trucked to the seaport in Chennai, some 400 km away, before they are shipped to nearly two dozen countries, mainly the United States.

Source: economictimes.indiatimes.com– Feb 11, 2022

HOME

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CAIT urges Centre to withdraw 12% GST rate on textiles

The Confederation of All India Traders on Thursday urged Union Finance Minister Nirmala Sitharaman to withdraw the proposed GST tax on textiles.

In the GST Council meeting in late 2021, it was unanimously decided to defer the hike in tax rate on textiles from 5 per cent to 12 per cent and the matter was sent to the tax rate rationalisation committee which will submit its report by February. Currently, the textiles sector is being taxed at 5 per cent tax rate, the traders' body said.

In a joint statement, CAIT National President B.C. Bhartia and Secretary General Praveen Khandelwal said: "In communication to Mrs Sitharaman, we said that the proposed hike, which is in abeyance stage, should be withdrawn in the larger interest of consumers of the country as such hike will load an extra burden of 7 per cent tax rate on general consumers and will also hit the traders by blocking their capital with the department in the shape of refunds."

There was no tax on textile or fabrics for a number of years, the joint statement added. The increase in GST rates on textile will not only add to the financial burden on end users but will also affect small businessmen badly and will encourage evasion of tax and various malpractices being undertaken by habitual offenders of law, the trade body said.

"Bringing the textile Industry back under the tax net itself was a big blow to the entire textile industry. The trade associations across India led by CAIT had made representations immediately after the last GST Council meeting wherein it was proposed to correct the inverted duty structure on textile." It was requested by the trade and industry that the status quo be maintained at 5 per cent and the rate be reduced from 12 per cent to 5 per cent, wherever applicable, it said.

"This view of the traders was also supported by Union Textile Minister Piyush Goyal who categorically assured a CAIT delegation that Textile Ministry is in favor of keeping the textile under tax rate of 5 per cent and the Ministry has already informed the Finance Ministry about the view," the statement said.

Source: daijiworld.com– Feb 10, 2022

HOME

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NIFT should strive to work towards a larger vision of improving the incomes of weavers and artisans in the country , says Shri Piyush Goyal

The Minister for Textiles, Commerce & Industry and Consumer Affairs, Food & Public Distribution Shri Piyush Goyal reviewed key Consultancy and Developmental Projects being implemented by National Institute of Fashion Technology (NIFT). The projects included National Sizing Survey of India, VisionXT – Trend Insight and Forecasting Lab, NIFT Design Incubators, Pratibha – A digital platform for Rural Businesses, USTAAD, Centre of Excellence for Khadi, Craft Cluster Initiative, The Respositories – Textiles and Craft (RTC) Project. Shri Upendra Prasad Singh, Secretary, Ministry of Textiles was also present.

Talking about the new possibilities opened in the post-covid world, the Minister asked NIFT to come up with initiatives to introduce hybrid courses, short-term and skill development courses to expand its reach. He said that NIFT should strive to work towards a larger vision of improving the incomes of weavers and artisans in the country. Shri Goyal said that the projects like National Sizing Survey of India and VisionXT-– Trend Insight and Forecasting Lab could provide a big boost to our apparel exports.

Shri Goyal commended the efforts put forth by NIFT and complimented all the Project teams for this. Appreciating the craft cluster initiative, as part of which student undertake projects with artisans at the grassroots level, the Minister said that each NIFT student could adopt an artisan, which would go a long way in diversifying the products and improving both the quality and the processes of artisans. He however asked NIFT to expedite the progress in each project so that the desired outcomes reach the public and industries soon. The Minister also asked for exploring the possibility of converging some of the projects with similar existing projects.

Sh. Shantmanu, DG NIFT gave an overall review and informed that in addition to imparting world class fashion education NIFT also executes various consultancy projects. He gave a presentation on 8 such projects. Details of the Project are as under :

INDIAsize- NIFT is currently undertaking national sizing survey called INDIAsize, to address the disparities and inconsistencies in apparel sizing systems and fits. It is a pan India exercise, where anthropometric data is being collected, using state-of-art 3D whole body scanners, male and female population of age 15 to 60+. Project aims at creating a database of body measurements which is a true representative of the Indian population and will result in a creation of Size identification number for a customer through mapping, categorization and defining of their body shapes. The standardised body size chart thus created will help manufacturer to produce goods suited for the target consumer and help consumer to identify size which will be best suited for them resulting in a match and hence sales. This project is funded by Ministry of Textiles, Govt. of India and partly through internal resources of NIFT.

VisioNxt-Trend Insight & Forecasting Lab - VisioNxt-Trend Insight & Forecasting Lab is the first ever Artificial intelligence and Emotional intelligence enabled fashion

trend insights and forecasting initiative in India which aims to identify, map and analyse

geo-specific trends that will address the plurality of this nation. This project is fully funded by Ministry of Textiles. The team comprises 20 faculties and more than 400 trendspotters. The project has its Creative Lab in Delhi and AI Insights Lab in Chennai.

Repository: Textile & Craft- This is sponsored by DC (Handlooms) and DC (Handicrafts), Ministry of Textiles. The project aims to develop a national knowledge portal in the form of an integrated system that will lay down a framework to weave the past and present status of textiles, clothing and related crafts with focus on futuristic developments. The portal will aggregate data and repositories, including the rich information sources available within the Textiles Ministry and its subordinate offices. Collaboration with other institutions and ministries as well as select collections in museums, galleries and private collections are also envisaged.

4. Design Innovation & Incubation- Its objective is to develop an eco-system enabling pre-incubation and accelerator support by assisting the fashion, textile, lifestyle accessories, and design community entrepreneurs including NIFT members, craftsperson, artisans, and external community entrepreneurs in commercializing their products/service ideas. Four incubation centres are being set up in the NIFT premises at Delhi, Mumbai & Chennai.

Craft Cluster Initiative- NIFT with active support from the Offices of DC (Handlooms) and DC (Handicrafts) has developed and implemented the Craft Cluster Initiative Program. Through this initiative, NIFT aims to reach out to the artisans and craftsmen at the grass root level. The artisans and

craftsmen involved in the initiative benefit through knowledge dissemination and exposure to urban markets and design intervention,
innovative designs and linkages with new markets. The uniqueness of the initiative lies in the fact that it has been integrated into the curriculum of every department in NIFT across the all domains.

This initiative at NIFT is designed with the objectives to sensitize NIFT students to the realities of the craft sector and give insight into regional sensibilities and diversities, resources and environment.

Apart from these projects of MoT, NIFT also executes consultancy projects of other ministries. Three of them were discussed in the meeting.

6. USTTAD

NIFT, as the knowledge partner for USTTAD, has identified crafts predominantly being practiced by minority communities and is supporting the Ministry of Minority Affairs through various activities like an extensive diagnostic study of the crafts and creating linkages between practicing designers and artisans to build long-term relationships.

With a collaborative approach for sustaining livelihoods and craft heritage, the products showcased have been co-created to combine the visual language of artisans with that of contemporary designers.

7. PRATIBHA

PRATIBHA- (Programme for Rural Artisan income Transformation through Incubation of Business ideas in Handmade sector). NIFT and Ministry of Electronics and Information Technology (MeitY) have joined hands to engage NIFT Alumni, young entrepreneurs and collaborate with artisans to develop co-owned enterprises and further showcase the enterprise stories, artisan profiles and product catalogues on a digital platform for wider reach.

8. Centre of Excellence for Khadi

A project sponsored by Ministry of MSME was sanctioned to NIFT to set up a Center of Excellence for Khadi in 2021. The Center of Excellence for Khadi (CoEK) has been set up at NIFT to address the need of the Khadi & Village Industries Commission (KVIC) in India.

The objective is to help Khadi Institutions to effectively design, produce and market high quality differentiated khadi products in the Indian and global market.

CoEK is envisaged to be a Center for experimentation, innovation and design for khadi fabrics, apparel, accessories and home fashions. It is working on Hub (at Delhi) and spoke (at Bengaluru, Kolkata, Shillong & Gandhinagar) model.

Source: pib.gov.in– Feb 10, 2022

HOME

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Meeting with Top Job Portals of the Country for strengthening the "Employment and Skilling Ecosystem"

The Ministry of Labour and Employment is implementing the National Career Service (NCS) Project as a Mission Mode Project for transformation of the National Employment Service to provide a variety of employment related services like job matching, career counselling, vocational guidance, information on skill development courses, apprenticeship, internships etc.

The services under NCS are available online which was dedicated to the Nation by Hon'ble Prime Minister in 2015. All the services available in the portal are free of cost for all stake holders including jobseekers, employers, training providers and placement organizations. The NCS portals can be accessed directly or from Career Centres (Employment Exchanges), Common Service Centres, Post Office Network, mobile devices, cyber cafes etc.

Shri Sunil Barthwal, Secretary, Ministry of Labour and Employment held a meeting today i.e. 10th February 2022 with representatives of the top private Job Portals of the country for discussion towards strengthening the "Employment and Skilling Ecosystem" in India.

The Secretary, Labour & Employment briefed about the vision of the Ministry to strengthen the ecosystem to enhance job and skilling opportunities for its users and also informed the participants that the Udyam, e-Shram, NCS and ASEEM portals will be interlinked as per the Budget announcement made by the Honorable Minister of Finance.

The representatives from top private Job Portals like Naukri, Monster, LinkedIn, Indeed, TimesJobs, Quess Corp Limited, HT Shine, Freshersworld (A TeamLease Company), QuikrJobs, Portea, Freshers Live, HireMee, FirstJob enthusiastically participated in the meeting and appreciated the transformational vision of the Ministry of Labour and Employment.

Further, Secretary, Ministry of Labour and Employment informed that the top industry associations namely the Confederation of Indian Industry (CII), the Federation of Indian Chambers of Commerce and Industry (FICCI) and the National Association of Software and Services Companies (NASSCOM) are also onboard on the theme of strengthening the "Employment and Skilling Ecosystem", in the country.

The Secretary, Labour & Employment outlined the vision of the Ministry to enhance the reach of National Career Service Portal (NCS) for all Employment and Skilling initiatives across all the industries and emphasised on the upcoming linkages with e-Shram, Udyam and ASEEM portal. The participants were also informed of the initiative of the Ministry to leverage Universal Account Number (UAN) issued by eShram and EPFO to facilitate easy registration on NCS.

Source: pib.gov.in– Feb 10, 2022

HOME

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SUPPORT TO SMALL BUSINESSES

Ministry of Micro Small and Medium Enterprises through its MSME-Development Institutes (DIs) situated in all States, facilitates Micro Small and Medium Enterprises (MSMEs) to export from Domestic Tariff Area (DTA) and Special Economic Zones. For this purpose, 52 Export Facilitation Centres (EFCs) have been established to provide hand-holding support to MSMEs as well as creating linkages with Export Promotion Councils, Commodity Boards, etc.

To support MSMEs reach out to customers across the world, the Ministry is implementing International Cooperation Scheme (IC) facilitating participation of the MSMEs in International Exhibitions, Trade Fairs, Buyer-seller meets, etc. Further, a comprehensive B2B Portal- MSME mart.com is being operated by the National Small Industries Corporation (NSIC) as a one stop digital solution to all business needs of MSMEs and provide next generation services to MSMEs to make them competitive in global market.

The Ministry has also established Enterprise Development Centres (EDCs) with the aim to build a network of entrepreneurial leaders by providing professional mentoring and handholding support services to existing as well as aspiring entrepreneurs. So far, 102 EDCs have been established all across the country.

Further, various other schemes are being implemented by the Ministry to help MSMEs expand their business in the global market by providing them assistance for technology upgradation, skill development, quality certification etc. Besides, Directorate General of Foreign Trade (DGFT) is implementing schemes like Niryat Bandhu Scheme (NBS) for mentoring new and potential entrepreneurs about the intricacies of foreign trade.

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

Source: pib.gov.in– Feb 10, 2022

HOME

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Spinning success: One-third of India's textile business is in Tamil Nadu

From saris and dhotis to bedspreads and kitchen towels, industries in Tamil Nadu make them all.

Boasting at least one-third of the textile business in the country, with 2,032 spinning mills (total mills in India: 3,542), 5.63 lakh powerlooms (India: 24.86 lakh), 1.55 lakh handlooms (India: 23.77 lakh), and nearly 15,000 garment units (close to one lakh units nationally), Tamil Nadu is regarded as numero uno in textiles and garments. It also supplies to global brands.

The journey started over a century ago when spinning mills came up in a few pockets in the State. Though cotton production has dwindled over the years, the industry has developed and the State now houses clusters of the entire textile value chain –spinning, weaving, processing, and garmenting.

Policies of successive governments and spirit of entrepreneurs have sustained this industry over the years, according to Ravi Sam, chairman, Southern India Mills' Association (SIMA). "Tamil Nadu was the first State to bring in a textile policy. It promoted the development of industries in backward districts. The continued focus by entrepreneurs, for generations, investing to upscale technology, productivity and quality, have all helped," he said. Today, textile and clothing sector is a major employment generator.

A significant stimulus

A significant stimulus came when Chief Minister M.K. Stalin recently announced the removal of market committee cess on waste cotton and cotton. This decision will have long-term implications as it will make cotton cost-competitive for the consumer industry. Another decision that will provide the required impetus is bifurcation of handlooms and textiles and having separate Commissionerates for them.

Dharmendra Pratap Yadav, Principal Secretary, Department of Handlooms, Handicrafts, Textiles and Khadi, said the State will also get one mega textile park, spread over 1,000 acres, under the PM Mega Integrated Textile Region and Apparel Park Scheme.

"After discussions with the Agriculture Department, we have formed a committee to work out a 'cotton mission'. We want to rework the textile policy too," he said, indicating the State government's proposed measures to strengthen the textile and clothing sector.

M. Senthil Kumar, chairman and managing director of Palladam Hi-Tech Weaving Park, earlier said the weaving units were producing mainly two types of fabrics –grey cloth (printed or dyed) and yarn-dyed fabrics. With the increasing demand for ready-made garments, varieties of fabrics made have expanded. More number of shuttleless looms, which give consistency in quality, are installed compared to the traditional powerlooms.

According to Raja M. Shanmugham, president of Tiruppur Exporters' Association, successive governments ensured a conducive environment to promote growth of textile clusters. Almost 60% of the country's knitwear production is from Tiruppur. Development of labour-supportive infrastructure will help this sector grow manifold, he added.

SIMA vice chairman Durai Palanisamy said Tamil Nadu's strengths are not just in cotton and cotton blended textile products, but also in man-made cellulose fibre, such as viscose. The State accounts for almost 75% of the country's man-made cellulose yarn production.

With the growing demand in casual wear for women and children, capacities are on the rise in spinning and weaving in this segment.

Since weaving and processing remain weak in the value chain, the government wants to encourage powerlooms' modernisation with incentives. On the processing front, it wants to introduce more units to make dyed yarn, Mr. Yadav added.

Source: thehindu.com– Feb 11, 2022

HOME

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IKEA infuses ₹850 crore into India unit, plans to use it for omnichannel strategy

Swedish furniture maker IKEA has infused ₹850 crore in its India entity. The company plans to use it to support its omnichannel expansion plans here.

Ingka Pro Holding BV and Ingka Holding Overseas BV, IKEA's parent company and its controlled entities have bought 85 crore shares in Ikea India Private Limited for ₹10 each, financial data accessed by business intelligence platform Tofler showed.

In response to BusinessLine's query to understand what the money would be used for, an IKEA spokesperson said, "India is identified as a future growth market for Ingka group. The fund infusion received is part of the ₹10,500 crore announced initially. This new infusion will support our omnichannel expansion plans in India to enable us to reach many more people in India for their life at home needs with our affordable and sustainable products."

IKEA has been on a spree of expanding its presence in India through both online, and offline presence.

Exactly two months ago, IKEA opened its first store in Mumbai. The first-of-a-kind Worli City Store is spread over 80,000 sq. ft. Speaking to BusinessLine earlier, Per Hornell, Expansion Manager for IKEA India, had said that from a 2030 perspective, India is in its top 10 markets.

Source: thehindubusinessline.com– Feb 10, 2022

HOME

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