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INTERNATIONAL NEWS

Organic Cotton Expert Slams 'Certification Charade,' Calls for 'Sectoral Reinvention'

The recent New York Times exposé "That Organic Cotton T-Shirt May Not Be as Organic as You Think'" should not be misinterpreted as an affront to farmers who choose to grow organically or the organic agricultural philosophy—in fact, it can and should be viewed as quite the opposite.

Following what I imagine was a months-long and meticulous investigation, the piece should serve as a guidepost and wake-up call to proponents of organic agriculture around the world to demand more from the sector. This includes a directive for the key beneficiaries of organic cotton, including farmers, suppliers, certification owners, brands, and consumers, to reimagine the sector by refocusing on and investing more in farmers and textile workers—the people that grow and make what we wear, and what brands and retailers sell.

The "paper-based" system that once provided visibility and perceived trust among many suppliers, brands (and consumers) needs reinvention. Although progress has been made, the opportunities for corruption exist on many levels because selling the image of "organic cotton" has become an easy way to make money with little transparency, oversight or accountability. Amid a decade-long bull market for organic cotton, we have turned a blind eye to what was happening at the farm level and in the supply chain as the industry had experienced its very own subprime mortgage crisis.

As the article points out, widespread fraud in this sector is nothing new. It spans beyond cotton and into other organic products as well, but it is likely the most pervasive and insidious in the cotton industry.

When the first pieces of organic legislation were enacted into law in the early 1990s, the legal framework that was put into place to guide the management and handling of organic products once they left the farm gate was intended to protect consumers, yet the language was ambiguous and left too much to interpretation.

This legal ambiguity was seized on by the private sector which later devised what was then a fit-for-purpose system during the early growth stage of organic cotton into what is now more than a $200 billion industry globally. Many now recognize this system as no longer being effective in protecting the very consumers that the law had intended, particularly when it comes to organic cotton. There is a growing level of confusion and skepticism among consumers, both young and old, who view many of these certification labels as institutionalized greenwashing. As an industry leader, as much as I am reticent to admit it myself, they are probably right.

The system as it currently exists only truly benefits a few—mainly private standard holders and their accredited private certification bodies. Everyone from the farmers to the brands to consumers is paying the price—in terms of both cost and reputational risk.

Annual observational “check box” assessments do not adequately capture or verify the complexities and infinite physical movements and blending of fungible fibers and materials across millions of daily transactions as organic cotton is converted into yarn, fabric, and finally, into a pair of organic cotton labeled T-shirts, jeans, and other textile products.

Unfortunately, the advent of traceability and digital technology may have come too late, as the underlying gaps in the current system have engendered levels of both negligence and fraud that are already hardcoded into the culture of the organic cotton system. Simply digitizing this fraud forever into a private blockchain ledger is not a solution.

To be clear, short-term financial interests are at the core of many of these challenges. It is estimated that this system generates well over $200 million annually for its proprietors (standard owners and certification bodies) by charging more than 12,000 manufacturers from cotton gins to distribution centers, facility-level, and product-level certification fees, creating what some in the sector refer to as the “golden pipeline” alluding to the chain of custody system for organic cotton. These fees drive up the cost of organic cotton at all stages of the supply chain which are often passed on to the final consumer while delivering little or no monetary benefits to the actual farmers and their communities who choose to grow cotton organically.

Many of those working in these certified facilities have said that despite having a scope certificate, for which they are charged $5,000 – $15,000 per facility depending on its size, they cannot physically identify or prove that the products they are handling and manufacturing in the form of yarn, fabric and finished goods (jeans) are organic, let alone if the fiber that entered this “golden pipeline” was grown organically in the first place.

It is abundantly clear from our work at Sourcery—a sourcing agency that connects brands and suppliers directly to cotton farmers—that decades of neglect and underinvestment in farms and rural communities in India and around the world have led to many of the systemic challenges that most farmers who choose to grow organically face each day. These challenges include access to adequate extension services and training, high-quality (non-GMO) seeds, bio-based fertilizers and pesticides, and clear market incentives necessary for these farmers to assume and manage the additional risks that often come with growing cotton organically. There is a dire need for more funding and commercial investment at the farm level to adequately address these and other challenges.

What many in the sector do not realize is that much of this potential funding and investment is already being apportioned, not only through excessive spending on certification, which as estimated above costs the sector over 80 cents per kilogram. This chain-of-custody premium is on top of a market premium the sector is expected to pay on organic fiber before it gets processed into textiles. These costs, along with margins added at all stages of production, amounts to billions of dollars suppliers, brands and consumers pay additionally for an organic cotton-labeled product that the sector itself cannot prove authentic.

Crispin Argento

As one of only a few industry leaders and commercial organizations willing to go on the record and named in the New York Times article, it is clear to me there is a great deal of fear and shame across the sector. This is reflected by the number of organizations and individuals that chose not to respond to interview requests and, on a more personal note, by the resentment directed at Sourcery for the quote that was published.

This is alarming because these organizations, many of which quietly share the same sentiment we do at Sourcery, are tired of the certification charade and want to see sectoral reinvention. However, because of the imbalance of power they choose to remain silent, for fear of client retribution and reputational backlash, which speaks to the depth of the moral degradation that continues to erode trust and integrity across much of the organic cotton sector. Until founding Sourcery, I too was complicit for the same reasons because I was powerless to effect real change.

The only way to restore the trust in organic cotton going forward is to call for a reinvention of the system. This begins by reinvesting the money spent on the “golden pipeline” back into the estimated 222,000 farmers and their communities that are said to grow cotton organically. This will begin to solve the first major challenge, literally at its root, where organic cotton is cultivated and grown.

To address the second major challenge, this industry and its leaders must champion legislation that asks the United States Department of Agriculture (USDA) and the Federal Trade Commission (FTC) and their governmental counterparts in other geographies, including India and Europe, to assume the regulatory authority and responsibility for managing organic cotton supply chains to ensure that the real organic cotton grown at farms around the world makes its way into organic products without private interests standing between transparency and integrity.

Given the current and proposed legislation that governments have made to address forced labor, greenwashing, circularity and climate action in these same supply chains—they must also act on organic cotton and other claimed “sustainable fibers” that are privately managed using this same defunct approach. What’s more, complementary and more robust systems have been developed around chemicals management and social compliance as well as innovative traceability technologies that can better serve suppliers and brands when handling organic cotton fiber and products that also protect consumers, who are empowered to make more informed purchasing decisions through enhanced transparency. These systems come at a fraction of the cost and can be deployed at a much larger scale than the existing paper-based systems (or its proposed digital twin) that currently define organic cotton and make it far too expensive and risky to adopt at scale.

If organic cotton is ever to gain a foothold as a trusted, sustainable fiber, a new way forward is needed that puts farmers at the head of the table. This is particularly the case as the sector transitions toward regenerative cotton, which requires real engagement, commitment and scientifically verified outcomes to address climate change and ecosystem restoration.

We are entering an era where true sustainable cotton will be defined by science, economics, and innovation, rather than qualitative romanticism or dogma.

The leaders in organic cotton have had two choices for some time and now must choose a path going forward. One, to continue the existing system and remain indifferent to the deep, systemic challenges for their own short-term financial interests, or a second, based on integrity, where the challenges are openly confronted, and the sector is positioned to deliver more meaningful and measurable outcomes for farmers, suppliers, brands and consumers.

Although it will likely hurt our own short-term business interests at Sourcery, we choose integrity because we choose a better future for everyone from farmers to consumers.

Source: sourcingjournal.com– Mar 03, 2022

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Pakistan: Textile exports jump 37 percent in Feb

The country's textile exports jumped 37 percent to hit the highest ever level of $1.69 billion in February on the back of orders captured from competing economies during the Covid peak, official data showed on Thursday.

Complete lockdown in India and Bangladesh pushed international buyers to seek Pakistani exporters. "Pakistan opted for smart lockdown, instead of going for complete lockdowns, which aided industries in continuing their fight against the pandemic," a leading textile exporter said.

According to latest figures of All Pakistan Textile Mills Association (APTMA) and Pakistan Bureau of Statistics (PBS) compiled by Arif Habib Limited (AHL), exports of textile goods jumped to $1.69 billion compared to $1.23 billion in the same month last year, registering massive growth of almost 37 percent. The export figures of textile sector were also up nine percent compared to the preceding month of January this fiscal.

During the first eight months of financial year 2021-22, export of textile goods surged to $12.62 billion against $10 billion in the corresponding months of last financial year, posting 26.2 percent growth. Pakistan's textile exports have been on a growth trajectory in the last several months despite gas shortage and expensive power, which textile exporters lived with to realise the full potential of the textile sector.

"Pakistan is still benefiting from the export orders it captured in the peak times of Covid in the world, when its competitors went under complete lockdown and Pakistan managed to keep its industrial sector open by opting for the smart lockdown policy," Javed Bilwani, chairman, Pakistan Apparel Forum said.

He pointed out that though the figures were impressive, the numbers would have been even higher if the country did not have to face gas shortage during winter.

About future prospects, Bilwani feared that export of textile goods might get hurt because of gas shortage, with severity increasing as RLNG prices rise in the world.

Referring to Russia-Ukraine conflict, the chairman said it raised some serious concerns about the movement of gas prices in the international market, especially once European nations begin purchasing gas from the global market following supply disruptions from Russia. “A country like Pakistan would be in a vulnerable situation, as expensive RLNG is not affordable for us,” he noted.

Source: thenews.com.pk– Mar 04, 2022

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FBCCI in Bangladesh wants no supplementary duty on domestic goods

The Bangladesh government should not impose any supplementary duty on goods produced in the country to promote the domestic industry, Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) president Mohammad Jashim Uddin recently told the federation's standing committee on budget, import duty, income tax, value-added tax (VAT) and other taxes.

As the government cannot protect the domestic industry as it is doing now after Bangladesh graduates from the least developed country (LDC) status, initiatives should be taken to strengthen the domestic industry through tax and duty exemption till 2026, Jashim Uddin said.

The FBCCI chief demanded an assessment of whether the various automation projects undertaken by the government in revenue management are being implemented properly.

At the meeting, Bangladesh Textile Mills Association (BTMA) president Mohammad Ali Khokon demanded the repeal of tariffs on man-made fibre in the next budget, a single rate of duty on the import of spare parts and retention of 15 per cent corporate tax on textiles till 2030.

Committee member Snehashish Barua suggested rationalising the advance tax rate and formulating a single rate of VAT in the next budget, according to Bangla media reports.

Source: fibre2fashion.com– Mar 03, 2022

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Sri Lanka aims to achieve $8 billion apparel export earnings by 2025: JAAF

Aiming to become a global apparel hub by 2030 vision, Sri Lanka proposes to increase annual export earnings to $8 billion by 2025. The country achieved its highest five-year apparel export levels in January this year as earnings surged to $487.6 million from $452 million in January 2019.

Cooperation key to achieving goals

Strong performance indicates the industry's ability to achieve its set goals by 2025, says Yohan Lawrence, Secretary General, Joint Apparel Association Forum (JAAF), Sri Lanka's apex industry body comprising supply chain partners, apparel manufacturers, buying offices and representatives of international brands in Sri Lanka. The apparel industry can become a major contributor not just to foreign exchange reserves but also employment sector through close cooperation with all industry stakeholders, Lawrence explains.

The industry has also adopted certain safety measures to curb COVID-19 spread amongst employees. Around 65 per cent employees have been fully vaccinated. Apparel exporters have also adopted additional safety measures to curb the spread of the Omicron variant

Digital technologies to mitigate supply chain issues

The Sri Lankan apparel sector strictly adheres to all safety and health protocols, affirms Saif Jafferjee, Managing Director (MD), Lanka Garments. This helps it reduce COVID-19 impact and ensure business continuity, he adds. Sri Lanka also mitigates supply chain issues by adopting various digital product development technologies. Larger apparel firms in the country are collaborating with smaller companies to help meet export targets, adds Jafferjee.

Strong demand for apparels in the domestic market has resulted in a healthy pipeline of orders for upcoming months. However, the international apparel market looks challenging due to growing geopolitical tensions in Europe, adds Jafferjee.

Source: fashionatingworld.com– Mar 03, 2022

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Bangladesh's annual textile sales grow to $9 billion in 5 years

Production of diversified fabrics and growing consumption amongst middle-income group has caused Bangladesh's annual textile sales to nearly double to $9 billion within a span of five years. As per a Daily Star report, a cut in dependence on fabric imports, new machines and expansion of middle-income group consumers have pushed growth of Bangladesh's local textile and fabrics market. Women customers consume 40 mt. fabrics a year while males consume 35 mt. says Mohammad Ali Khokon, President, Bangladesh Textile Mills Association (BTMA)

Currently, 300 spinning mills, more than 10,000 small, medium and large weaving units and 1,200 dyeing mills produce textile and fabrics to meet the local demand, adds Monsoor Ahmed, CEO, BTMA. Fabarics worth over $2 billion are sold during Eid-ul-Fitr, the main sales season for local businesses. However, 60 per cent branded clothes for women are imported either through formal or informal channels as demand grow many fold during the season, adds Ahmed. Khorshed Alam, Managing Director, Little Group, informs, spinners and weavers are producing more polyester fabrics as China has cut back the production of the item because of the higher cost of production.

Source: fashionatingworld.com– Mar 03, 2022

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Egypt: UNECE, AU discuss new technologies at Business Forum in Egypt

To enhance sustainability in fashion and apparel value chains in Europe and Africa, partners attending the United Nations Economic Commission for Europe (UNECE) - African Union (AU) Business Forum in Egypt, discussed the need to introduce new cutting-edge technologies. The seventh Business Forum between UNECE and EU was attended by 15,000 experts, members of governments, international organizations and professionals who discussed on the need to strengthen the sustainability of the fashion and garment industry.

Their discussions revealed, currently worth $31 billion, the sub-Saharan African apparel and footwear industry is expected to grow 5 per cent until 2024. Both organizations agreed to implement blockchain, a strategy to establish business collaboration between Europe and Africa in sourcing raw materials and exporting African designs.

The Business Forum also signed a joint Europe-Africa Business Declaration, aimed at influencing policy-making and business activities, and conciliating concrete actions for a sustainable fashion and textile industry. This declaration includes respect for environmental, social and governance (ESG) criteria in the face of the challenges of African exports, which may entail costs related to the need to strengthen human resources, management capacities and technological skills.

Source: fashionatingworld.com– Mar 03, 2022

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NATIONAL NEWS

FinMin to monitor revenue, expenditure on daily basis from March 15

Keen to keep government deficit within stated targets, the finance ministry will from March 15 start daily monitoring of the revenue receipts, including tax collections, as well as expenditure.

The move comes against the backdrop of a possible deferment of the initial public offering (IPO) of LIC, which was expected to fetch over Rs 60,000 crore, to the next financial year in view of the ongoing Russia-Ukraine war and its implication on Indian markets.

On the other hand, the government's decision to bring back thousands of Indian students stranded in Ukraine will impose an additional burden on the exchequer.

According to officials, the daily monitoring of tax and non-tax revenue collections will help the government in taking timely corrective actions, wherever needed.

"The CBDT and CBIC have been asked to report flash figures up to the previous day latest by 12 noon. Besides, other non-tax and disinvestment receipts would have to be reported on a daily basis," the official told PTI.

Officials said that the Controller General of Accounts (CGA) has been asked to provide daily revenue collection and expenditure figures of various ministries between March 15 and March 31 to the expenditure secretary.

The Central Board of Direct Taxes (CBDT) and the Central Board of Indirect Taxes and Customs (CBIC) are the apex bodies responsible for collecting direct and indirect taxes, respectively.

Likely deferment of LIC IPO along with additional burden on bringing back Indians stranded in Ukraine will put pressure on the fiscal deficit, which has already been raised in the Revised Estimates (RE) to 6.9 per cent of GDP, from 6.8 per cent estimated earlier.

The government has collected Rs 15.47 lakh crore in net tax revenue, which is 87.7 per cent of the full-fiscal target of Rs 17.65 lakh crore.

Similarly, non-tax revenue collections stood at Rs 2.91 lakh crore till January, or 92.9 per cent of the RE target of Rs 3.13 lakh crore.

However, the government has raised only Rs 12,423 crore from disinvestments so far this fiscal, against the revised target of Rs 78,000 crore. It has been banking on LIC IPO to meet the target.

The government's total expenditure till January-end worked out to be Rs 28.09 lakh crore, as against the RE of Rs 37.70 lakh crore for the entire fiscal.

Source: business-standard.com– Mar 04, 2022

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Piyush Goyal calls for increasing export share in GDP to 25%

Industry needs to find out ways to raise the share of exports in the country's gross domestic product (GDP) to about 25%, commerce and industry minister Piyush Goyal said on Thursday. He also made a fresh appeal for driving up the share of the manufacturing sector in GDP to 25%.

According to the second advance estimate of GDP, manufacturing will make up about 14% of GDP in FY22, while exports of goods and services will account for 20.8%. Of course, the share of merchandise exports would be smaller than this.

Addressing the closing session of his ministry's webinar on 'Make in India for the World', he stressed a five-point vision to promote manufacturing as well as exports.

"How can we really take our manufacturing contribution to the GDP to 25%? Can we increase our global trade to 10% of the size of our economy?... These are ambitious but achievable targets," he said.

"Can we look at being one of the top-three nations in services exports? Can we look at supporting MSMEs (micro, small and medium enterprises) to increase their participation in foreign trade," Goyal added.

'World emulating India story'

Citing the "bold reforms" undertaken by the government in recent years, Goyal said India's Aatmanirbhar (self-reliance) initiative has inspired other nations to adopt its policies. "The world wants to emulate the India story," he said. "Indian companies should support goods manufactured in our country. The National Single Window System needs to grow significantly," he added.

Interestingly, in the latest State of the Union Address, US President Joe Biden announced a raft of reforms, aimed at improving the lives of Americans. In his speech, the economic vision of the Biden administration included the need to 'Make in America' and ensure jobs creation.
In recent years, the Indian government has already been aggressively promoting such ideas by seeking to ensure the ease of doing business as well as living, reduced compliance burden of India Inc and minimal government

interference. For instance, India has launched the Jal Jeevan Mission to provide tap drinking water to every household. Already, almost six crore rural households have been provided tap water connection.

Source: financialexpress.com– Mar 04, 2022

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Shri Piyush Goyal calls for increasing India's share in global trade to 10%

"Today other countries are also talking of programmes very similar to AatmaNirbhar Bharat; the world today wants to emulate the India story": Shri Goyal

Let all of us become job creators and work towards strengthening India's Manufacturing ecosystem, says Shri Goyal

Need to develop skills of tomorrow for the industry: Shri Goyal

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal has called for increasing India's share in global trade to 10% and taking our share of exports in GDP to about 25%.

"These are ambitious targets, but I think doable," said Shri Goyal, addressing the Closing session of the Post-Budget Webinar on 'Make in India for the World'.

Shri Goyal said the Prime Minister, in his Inaugural Address to the webinar, renewed emphasis to promote Manufacturing and make India self-sufficient.

"Today other countries are also talking of programmes very similar to AatmaNirbhar Bharat. And I think there can be no better endorsement of the importance and the success of this vision than the fact that the world today wants to emulate the India story," he said.

Shri Goyal called for taking India among the top 3 nations in Global Services Trade. He called for supporting MSMEs in foreign trade, besides creating Top 10 R&D labs/innovation centres to position ourselves as a leader in technology during the next 25 years as India embarks upon the Amrit Kaal towards India@100.

"Let all of us become job creators, let all of us work towards strengthening India's Manufacturing ecosystem in a collaborative approach, let's all of us make India AatmaNirbhar," he said.

Stating that the Government is looking at a more liberal regulatory regime for the Drones sector barring the Defence systems, Shri Goyal said the Industry should aim to make India become the manufacturing hub of Drones. He called for integrating Quality in full value chain and said it should not just come into picture once the final product is made.

Underlining the need to develop technical skills of tomorrow for the industry, Shri Goyal called for the need to reorient academic courses to make it relevant to the "needs of today".

"Very often, demand of time is moving very fast, change in curriculum moves much slowly, Of course, there are lot of problems, you cannot change curriculum overnight, but I think more relevant, contemporary education is equally important,... so more academic courses relevant to what you require, and for that we will need to do some research for what is being taught today and how contemporary that is," he said.

Earlier in the day, the Prime Minister Shri Narendra Modi delivered the Special Address to the webinar organised by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry. Following the opening session, three consecutive sessions were held covering (i) Paradigm shift in manufacturing in India @ 100, (ii) Charting out the strategy for Realizing India's Trillion Dollar Goal in Exports and (iii) Exploring how the MSMEs will act as the Growth Engine for Indian Economy. The closing session witnessed the Presentation of Action Plans by three senior Industry leaders, i.e, the Session Moderators, on the outcomes and the way forward. Senior officials of the Central and State Governments also participated in the deliberations.

Source: pib.gov.in– Mar 03, 2022

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De-SWIFTING Russia: India may be less impacted as it isn't a major trading partner

The wide-ranging financial sanctions imposed by the West on Russia after its military offensive in Ukraine do create uncertainties for India as it has close relations with Moscow. The sanctions include a growing list of Russian banks being removed from SWIFT, a network that connects thousands of financial institutions around the world, besides bans on transactions with the Russian central bank and new sanctions on a sovereign wealth fund run by an oligarch with close ties with president Vladimir Putin.

These impact Russia's trade and financial transactions with the rest of the world, besides blocking access to its $630 billion of foreign exchange reserves to support the plunging rouble and payments for imports. Indian banks are worried about these developments and have kept on hold fresh transactions with Russian lenders. Indian exporters, too, face uncertainties as they have payments in the ballpark of $400-600 million pending in Russia. Sending fresh consignments is difficult as leading shipping lines have suspended deliveries to and from Russia. India may experience cancellations of supply orders by the Russians, while domestic exporters, too, may choose to cancel some shipments. For such reasons, the Indian government is worried about the war's fall-out on India's trade.

Despite the uncertainties, the impact of 'de-SWIFTing' Russia on India is likely to be relatively low as it is not a major trading partner. Bilateral trade amounted to only $9.4 billion this fiscal, which could limit the possible impact of the escalating conflict in Ukraine. India mostly buys petroleum products, diamonds and other precious stones, and fertilisers from Russia while shipping out electrical machinery, pharmaceutical products, organic chemicals and auto parts. Over a half of its imports from Moscow until December this fiscal comprised petroleum products.

Farm products and pharma account for 18% and 15% of India's exports, respectively. In the case of tea, Russia is a major market, accounting for 18% of India's exports. The overall trade balance favours Russia amounting to $4.3 billion. The grounds for cautious optimism regarding the limited fall-out of sanctions is that outbound shipments of farm, pharma and petroleum products so far remain out of the ambit of American sanctions on Moscow, according to a story in this newspaper. The Federation of Indian Export Organisations has in fact asked about two dozen export promotion councils under it not to unduly panic about the trade-related impact of Russia's ongoing conflict with Ukraine.

That said, no doubt concerns will persist in India if more stringent Western sanctions are imposed on Russia, including more and more banks being removed from SWIFT. According to the Wall Street Journal, seven are being delisted from SWIFT including VTB, VEB RF, Bank Rossiya and Bank Otkritie. The decision to delist some, and not all, Russian banks represents a compromise as a number of countries, including Germany, have argued it is important to ensure some banks remain on SWIFT to help Europe pay for energy imports from Russia. So long as the curbs remain limited to a few Russian banks, workarounds are possible that route trade transactions through other Russian financial institutions that are still outside the ambit of sanctions.

Barter deals with trade partners are also possible like oil and gas in exchange for other commodities. Russia may also decide to receive payments in gold. As India has time-tested relations with Russia, the problem of payments for trade transactions can also be tided over if both agree to mutually settle payments in national currencies as in the days of the Soviet Union. The rupee-rouble trade account can certainly be re-activated to soften the impact of financial sanctions on Russia.

Source: financialexpress.com– Mar 03, 2022

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India's quick commerce market to witness 15x growth in three years: RedSeer

Total addressable market for quick commerce in India stands at about $45 billion

India's quick commerce market is expected to witness a 15X growth by 2025, reaching a market size of close to $5.5 billion, according to consulting firm RedSeer. This market size would put India ahead of other leading markets (including China) in terms of quick commerce adoption.

RedSeer's report on this segment noted that quick commerce boasts of a significantly higher NPS than online grocery delivery incumbents, suggesting that their customers are more likely to recommend them to a friend. One reason for this difference is said to be the faster shopping experience provided by quick commerce platforms.

'Provide better shopping experience'

"They load online shopping carts faster, have fewer steps required to buy products, and provide a better shopping cart experience overall. It gives people exactly what they want, when they want it, without forcing them to wait days or weeks for delivery. The convenience and speed of quick commerce is a key reason why customers love it and why the segment is only bound to soar upwards," the report added.

The total addressable market (TAM) for quick commerce in India stands at about $45 billion, and metro and tier 1 cities drive this market on the back of mid-high-income households. Over the last two years, quick commerce has seen a significant uptake in urban areas such as Bengaluru, Chennai, and New Delhi.

During a recently conducted event by RedSeer, Ground Zero 6.0, Abhishek Gupta, Engagement Manager, RedSeer, said, "India has laid the foundation for a well-positioned market for quick commerce adoption. A large pie is at stake — about $45 billion TAM indicates very large growth potential.

The growing online population and an increasing preference for online shopping over brick-and-mortar shopping is enabling this market to grow rapidly".

Source: thehindubusinessline.com– Mar 03, 2022

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India considers relief for exporters hit by Ukraine crisis: Report

India is considering guarantees of lenders' letters of credit and soft loans for exporters hit by a cash squeeze following Russia's invasion of Ukraine and Western sanctions imposed on Moscow, two people familiar with the matter told Reuters.

Indian banks are scrambling after bills for imports from Russia have started bouncing and payments for exports have been stuck.

A government official, who declined to be named because the discussions were not public, said Indian exporters are owed about $500 million from Russia and the government may guarantee banks' letters of credit or loans to help ease the crunch.

"Letters of credit is the most likely option," the official said.

A senior banker familiar with the developments said "letter of credit or some form of bank guarantees can be given, so that trade settlement is not hampered. We are looking into it".

The finance ministry and Reserve Bank of India did not immediately reply to requests for comment.

CHEAP LOANS

The government is also looking at having state-owned banks lend to exporters at reduced rates or provide funds to them directly up to the amount of pending payments from Russia and Ukraine.

The official said the decisions could be taken in a couple of weeks.

The banking source said then the central bank could follow up and "find solutions to how bilateral trades can be settled."

India exported $3.33 billion worth of goods to Russia in 2021, mainly pharmaceutical products, tea and coffee, while imports totalled $6.9 billion, including defence goods, mineral resources, fertilizers, metals and precious stones.

"We will first look to ease the pain of Indian exporters. Import settlement issue resolution could take some time," the government official said.

India, which has deep trade and defence ties with Russia, has avoided criticising its long-standing arms supplier publicly and urged both sides to cease hostilities instead, causing frustration among its other allies including the United States.

Source: moneycontrol.com – Mar 03, 2022

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Western sanctions on Russia: Indian exporters fear fresh supply woes, payment defaults

The Ukraine crisis and consequent western sanctions on Moscow have caused fresh supply-chain disruptions for exporters and cast a shadow on the flow of payments from Russia.

Global shipping companies, such as Ocean Network Express and Germany's Hapag Lloyd have suspended booking to or from Russia, and Maersk – one of the world's largest – says it is considering such a move.

Moreover, while state-run Export Credit Guarantee Corporation of India (ECGC) has rejected reports that it has withdrawn coverage of outbound shipment transactions involving Russia, it has tightened the norms, much to the dismay of some exporters. The agency has now modified the insurance category of Russia from "open cover" to "restricted cover category – I" for which revolving limits (usually valid for a year) are approved on a case-to-case basis. ECGC has an 85% share of India's export credit insurance market.

Several exporters and trade experts that FE spoke to said payments from Russia and Ukraine could turn out to be a major issue for them in the coming weeks and months – apart from battered supply chain, especially in Ukraine – if the conflict escalates. Some of them also feared short-term defaults by few Russian importers, given that select Russian banks have been cut off from the SWIFT global payment platform.

R Uday Bhaskar, director general at the Pharmaceutical Export Promotion Council, said while the crisis hasn't yet affected India's pharmaceutical exports, payments and supply challenges are going to create problems.

Moscow has also closed its air space for dozens of countries, mainly from Europe. This has severely reduced despatch options for those Indian pharmaceutical exporters who used to rely on European airlines to ship out products to Moscow. Some ports in Ukraine are learnt to have been bombed, causing a disruption in supply links, Bhaskar added.

On top of these, to support a falling rouble, the Russian central bank has raised its key interest rate to 20% from 9.5% and Moscow has asked its exporters to sell 80% of their foreign currency revenues in the market. Precise impact of these measures is yet to be assessed. However, Bhaskar said, since India has been a long-term supplier of pharmaceutical products to the CIS countries, mainly Russia, trade will continue despite potential delay in payments and short-term supply woes.

Gem and Jewellery Export Promotion Council chairman Colin Shah said the Reserve Bank of India will likely clarify soon on how to undertake monetary transactions involving Russian entities in these circumstances. Since Russia is a major supplier of rough diamonds to India for value addition and re-export purposes, the crisis, unless resolved soon, will cause problems for the Indian gems and jewellery trade from April onwards. However, for now, domestic firms have enough stocks. “So, if the crisis gets over soon, I don’t see much of a problem,” he said.

India’s exports to Russia grew 36% on year until December this fiscal to $2.55 billion but its imports jumped 81% to as much as $6.89 billion, leading to a trade deficit of $4.34 billion for New Delhi. India mostly buys petroleum products, diamonds and other precious stones and fertilisers from Russia. Similarly, it ships out capital goods, pharmaceutical products, organic chemicals and farm products to Moscow. Capital goods and certain consumer products made up 25% of India’s exports to Russia in the first three quarters of this fiscal, while pharmaceutical and organic chemicals accounted for over 22% and farm items 18%.

According to Mahesh Desai, chairman of engineering goods exporters’ body EEPC, “If the war continues for some more days, engineering exports to Russia may not reach the expected level by the end of the fiscal.” The engineering exports to Russia has been targeted at $1.2 billion for the current fiscal. Between April and January, engineering exports to Russia hit $790 million, he added. This means substantial trade must take place in the last two months of the fiscal for the target to be realised.

Raja M Shanmugham, president of the Tirupur Exporters’ Association, expressed surprise at the ECGC move to tighten the coverage norms for exports to Russia. “Already, the ECGC coverage factors in various risks, including natural calamities and war, when it gives “open cover”. So, what is the rationale behind changing the insurance category of Russia to “restricted cover category – I” and put exporters in a tight spot?” he asked.
For its part, the ECGC has said this change has been made to ensure that it is “able to assess and monitor the risks covered under its export credit insurance policies and to place appropriate risk mitigation measures”.

Jagdish Fofandi, president of the Seafood Exporters Association of India, said: “Our exporters are awaiting payment and many containers are on the way. Our estimate is that nearly `500 crore is at risk as we don’t know what is going to happen.” Seafood export to Russia in the last fiscal was to the tune of $84.3 million (`617 crore).

MP Cherian, president of the United Planters Association of Southern India, said, of the 140 million kg of annual tea imports by Russia, 40 million kg goes from India. “If tea exports to Russia and Ukraine are affected, it will impact the Indian tea sector,” he added.

J Rajmohan Pillai, chairman at Beta Group, cashew and dry fruits trading company, said the conflict is threatening further disruption to the already-stretched supply chains.

Vivek Nayak, managing director at Hubli-based Ken Agritech, said though the SWIFT ban has hit payment settlement from Russian importers, he was informed by them that the issue would be resolved soon. According to Paresh Bhayani, director at Mumbai-based Panacea Exim, one of the biggest grape exporters to Russia, said he was not worried much about payments concerning shipments already made, but added that he was apprehensive once banks and ECGC stopped providing services for Russian exports, it would be difficult for him to ship the rest of the consignment of grapes for the current season. “We are constantly keeping a watch on the situation and we will be guiding exporters once the situation improves,” M Angamuthu, chairman, Agricultural and Processed Food Products Exports Development Authority (APEDA) told FE.

Source: financialexpress.com– Mar 03, 2022

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India explores payment options for trading with Russia

India is examining all possible payment mechanisms for continuing trade with Russia, including the one adopted to settle payments with Iran.

Foreign banks that don't have operations in countries that have imposed sanctions on Russia or routing payments through Russian banks unaffected by the curbs are among the options under consideration. Third-country banks were used to settle trade with Iran.

Two major Russian banks, Sberbank and Gazprombank, are currently exempted from sanctions because they are the main channels of payment for EU's gas and oil imports from Russia.

"We are looking into this. Even if these banks face sanctions from the US, payments can be made in euros as these transactions are still being carried out until further sanctions," said a government official, adding that the full impact of the restrictions is yet to be felt.

Efforts to Ringfence Economy

Another option under consideration is the mechanism used to repay Russian debt through a rupee auction held by the Russian central bank. The repayment is made through the export of identified commodities and services.

Bilateral trade between India and Russia is about $10 billion, 1.3% of India's total trade.

The Reserve Bank of India and the government are in constant touch over developments as they look to contain the fallout and ringfence the economy, said another person with knowledge of the matter. Any decision on the issue will be taken at the topmost political levels in consultation with the external affairs ministry.

India does not want to take any hurried measures that are seen to be undermining western economic sanctions on Russia, sources said.

Source: economictimes.indiatimes.com– Mar 04, 2022

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CM urged to bring pressure to bear on Centre to materialise textile park in Kalaburagi

HKCCI delegation says Basavaraj Bommai responded positively to demand during meeting

Hyderabad Chamber of Commerce and Industry (HKCCI), an organisation of industrialists and traders from Kalyana Karnataka region, has appealed to Chief Minister Basavaraj Bommai to bring pressure to bear on the Union Government to sanction a mega textile park in Kalaburagi.

A delegation comprising HKCCI president Prashant S. Manakar, secretary Sharanabasappa M. Pappa, Managing Committee member Mahadev V. Kheni met the Chief Minister on Wednesday in Bengaluru and discussed the issue before formally submitting a memorandum.

Speaking to The Hindu, Mr. Pappa said that the Chief Minister responded positively and expressed his keenness on the project to be established in Kalaburagi.

“The demand for a mega textile park in Kalaburagi is long-standing. Kalaburagi is an ideal place for the project as it is surrounded by large tracts of cotton-growing fields. All the requirements for the project, including land, water and electricity, are readily available. The city having better air, rail and road connectivity is an added advantage. Considering all these things, the State Government has already sent a letter to the Union Government recommending Kalaburagi for the project. We met the Chief Minister and requested him to press the issue once again and he responded positively,” Mr. Pappa said and added that the project will help generate direct employment for 25,000 people.

Source: thehindu.com– Mar 03, 2022

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Bihar State industries minister Shahnawaz assures new textile policy to boost manufacturing & trade

Bihar's State Industries Minister Syed Shahnawaz Hussain has said that a new textile policy will be formulated soon by the state government to accelerate the potential of the textile sector.

He said this while addressing the annual meeting of Confederation of Indian Industry (CII), wherein the minister claimed that the state has received industrial investment proposals worth Rs 40,000 crore in last one year and many big industrial units will be launched here in the next two months.

“We will also inaugurate the Begusarai Pepsi Plant set up by Varun Beverages in the first week of April, which will be the fastest production plant set up in a record time in the history of Pepsi,” Minister Shahnawaz said.

He highlighted the strength of Bihar being its skilled workers, who work all over the country.

“Where there are workers, there are factories. Therefore, we are planning to develop more factories in the state for them to work,” he added.

The theme of this year's CII's Bihar annual Meeting was ‘Advantage Bihar- Sankalp Se Sidhhi: Bihar @75’.

The meeting was addressed by several eminent personalities from CII, healthcare, academia, economics, agricultural and rural development.
Silk is the focus product in Bihar, for textile units and the state has been famous for the production of silk.

Bhagalpur district of Bihar has been a centre of silk fabric manufacturing. Tassar silk of Bhagalpur is an exclusive product of Bihar which has the potential to fetch premium prices. Bihar had produced around 60 tonnes silk during 2014-15

Source: knnindia.co.in – Mar 03, 2022

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North India sees thin trade in cotton yarn due to export uncertainty

Cotton yarn trade in north India remained very thin due to the continuing uncertainty in local and global markets. Though Russia and Ukraine are not major export destinations for Indian cotton yarn and textiles, exports to other destinations are likely to be disrupted due to unavailability of containers. As a result, cotton yarn prices stayed unchanged.

“The prolonged war between Russia and Ukraine is causing uneasiness in the entire value chain of textile industry. Non-availability of containers is current major problem which is causing for slower shipments. Traders and factory owners are reluctant to have deals in the time of high volatility in cotton prices,” Sanjay K Jain, managing director of TT Limited, told Fibre2Fashion.

According to market sources from Delhi, there was no demand from downstream industry. Cash crunch and uncertainty are main cause of low confidence among market participants. Fabric manufacturers were avoiding having new deals as they were not confident about demand of fabric from garment industry. Buyers were trying to hold cash instead of creating stocks. Therefore, liquidity crunch was looming in the market. A trader from Ludhiana said that he was idle as there was no trade and there was no buyer in the market.

In Ludhiana, cotton yarn of 20 and 30 counts in combed variety were traded steady at ₹350-360 per kg and ₹365-375 per kg respectively. Carded yarn in 30 count was quoted at ₹340-350 per kg, according to Fibre2Fashion’s market insight tool TexPro.

In Delhi, cotton yarn was traded at previous levels amid thin trade. 30 count combed yarn was traded at ₹360-365 per kg, 40 count combed at ₹390-400 per kg, 30 count carded at ₹335-345 per kg and 40 count carded at ₹355-360 per kg, as per TexPro. 10 count weaving (O/E) yarn was quoted at ₹120-125 per kg, while 16 count weaving (O/E) at ₹160-165 per kg.

In Panipat, cotton yarn prices were recorded as: 10s recycled yarn (white) at ₹90-95 per kg, 10s recycled yarn (dyed) at ₹90-100 per kg, 20s recycled yarn (dyed) at ₹100-125 per kg. 10s optical yarn was traded at ₹90-100 per kg in the market. All the varieties of recycled yarn were noted at previous level as there was not much happening in the segment due to sluggish activities in the furnishing segment.

In the global market, ZCE cotton yarn May 2022 futures traded lower by CNY 45 at CNY 28,360 per ton and September 2022 traded flat at CNY 27,865 per MT today. ZCE cotton March lost CNY 20 and was at CNY 21,210 per MT, while May contract traded down by CNY 60 to CNY 20,230 per MT. ICE cotton futures posted triple digit loss on Wednesday amid firmer dollar and also as speculators squared positions ahead of a weekly export sales report from the USDA. Cotton contract for May 2022 closed at 118.54 cents, down 421 points; July 2022 closed at 115.08 cents, down 414 points; and December 2022 closed at 100.81 cents, down 222 points. The dollar index rose sharply by 0.3 per cent against its rivals, raising the price of natural fibre for overseas purchasers.

In the north Indian states too, cotton prices softened by ₹100-20 per candy of 356 kg on Thursday amid reduced demand from mills at higher prices, while daily arrivals remained stable. In Punjab, the spot cotton was quoted at ₹74,200-75,200 per candy. In Haryana, cotton was sold at ₹71,800-74,000 per candy. In Upper Rajasthan, the prices were ruling at ₹75,800-76,300 per candy. In Lower Rajasthan, cotton prices were noted at ₹71,400-73,200 per candy.

Source: fibre2fashion.com– Mar 03, 2022

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Russia-Ukraine war to impact handloom exports from Panipat

The ongoing Russia-Ukraine war may affect India's handloom and textile hub Panipat leading to a drop in demand for handlooms from the city. Currently, Panipat industrialists have orders worth Rs 4,500 crore from many European countries and Russia. The war may increase raw material costs, says Sanjeev Manchanda, President, Panipat Dyes and Chemical Traders' Association. He urged the government to provide some relief on shipment charges and import duties.

Pritam Singh Sachdeva, President, Panipat Industrial Association adds, continuation of the war for a few more days may halt production in the city. The increase in raw material prices will make it difficult for industrialists to deliver pending orders on old prices, adds Manish Garg, Dream Collections, Panipat. Increase in crude oil prices will also affect trade and transportation, he adds. Local trader Bhim Rama adds, the sanctions imposed on Russia will also increase prices of petroleum products and chemicals causing loss to the dyeing industry. As per figures, Panipat exports handlooms worth Rs 12,000 annually from 10,000 small and large handloom units. Around 80% of these exports are directed to European countries.

After Bhadohi, Panipat is the second largest manufacturer of carpets in country. The carpet exporters here have to compete with Turkey and China.

Source: fashionatingworld.com– Mar 03, 2022

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