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# INTERNATIONAL NEWS

## World Cotton Production Shows Nuanced Shifts

While there hasn't been much fluctuation of cotton production among major producers over the past four years, there has been some notable movement of late for them and some second-tier growers.

The latest U.S. Department of Agriculture (USDA) report showed a small decrease in 2021-2022 world production, down 300,000 bales to 119.9 million.

Among top producers, the biggest changes to production were for No. 2 grower India, with a decline of 500,000 bales to 26.5 million for the current crop year, and Mexico, a lesser producer, up 150,000 bales to 1.2 million.

Jon Devine, senior economist at Cotton Incorporated, said Russia's invasion of Ukraine could have implications for planting with cotton acreage not increasing as much as was forecast just a few weeks ago.

Devine noted in his monthly cotton market report that Russia and Ukraine are both Top 10 producers of competitive crops to cotton–wheat, corn and soybeans–but are not notable cotton producers such as nearby Uzbekistan.

USDA data forecasts No. 1 producer China growing 27 million bales this season, which would be down from the 29.5 million bales its farmers grew in the 2020-2021 crop year and just off the 27.5 million bales produced in the country four years ago.

India's production projection would be down from the 27.6 million bales grown there last year and 29 million bales produced in the 2017-2018 season. The United States is expected to grow and cultivate 17.6 million bales his year, a jump of 3 million bales from the 2020-2021 season, but down from 20.9 million bales produced four years ago.

The USDA forecasts No. 4 producer Brazil to make 13.2 million bales of cotton this season, an increase from 10.8 million bales grown last year and from the 9.2 million bales produced in 2017-2018.

Among second-tier cotton producers, Pakistan is set to grow 5.8 million bales this season, up from 4.5 million bales last year, but dropping from 8.2 million bales grown four years ago. Australia's production is forecast to grow to 5.5 million bales this year from 2.8 million bales last year and 4.8 million bales in 2017-2018.

Turkey is expected to produce 3.8 million bales this year compared to 2.9 million bales last season and 4 million bales four year ago. Uzbekistan, which is no longer under a boycott by a coalition of retail trade associations, human-rights organizations and investor groups after the International Labor Organization said it was now free of child and forced labor, is forecast to produce 3.4 million bales this season, on par with last year and down from 3.9 million bales grown four years ago.

While it lost its U.S. export trade benefits under the African Growth & Opportunity Act (AGOA) on Jan. 1, Mali is forecast to see its cotton production jump to 1.4 million bales this season from 300,000 bales in 2020-2021, and bringing it back to the same level of four years ago. It would put Mail just below Benin, forecast to grow 1.5 million bales, the same as last year and up from 1.1 million bales in 2017-2108.

Mali lost its AGOA benefits along with Ethiopia and Guinea. When the recommendation was announced in early November, U.S. Trade Representative Katherine Tai said the administration was "deeply concerned by the unconstitutional change in governments in both Guinea and Mali."

Source: sourcingjournal.com – Mar 24, 2022

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## Will Global Economy Grow in 2022?

The United Nations Conference on Trade & Development (UNCTAD) on Thursday downgraded its global economic growth projection for 2022 due to shocks from the Ukraine war and changes in macroeconomic policies that put developing countries particularly at risk.

Significant slowdowns in growth are expected in parts of Western Europe and Central, South and Southeast Asia, the UNCTAD report said. Russia's ongoing war against Ukraine is likely to reinforce the monetary tightening trend in advanced countries following similar moves that began in late 2021.

UNCTAD is also concerned that a combination of weakening global demand, insufficient policy coordination at the international level and elevated debt burdens from the pandemic will push some developing countries into a downward spiral of insolvency, recession and arrested development.

Assuming no further shocks, UNCTAD said global growth is projected to slow to 3.6 percent in 2022 after reaching an estimated 5.3 percent expansion in 2021 resulting from demand stimulus in advanced economies and economies issuing global currencies, but still reflecting incomplete reactivation of the productive capacity idled in the recession of 2020.

Growth performance by region is very uneven. Only developed countries show the expected growth spurt, while many developing economies will remain below pre-pandemic averages.

A few developing countries, including Brazil, Indonesia and Turkey, did adopt strong fiscal and monetary responses similar to those by developed countries, but recent developments suggest they are vulnerable to financial repercussions, including through currency markets, the report noted.

UNCTAD said it is still unclear whether or when the current performance of the world economy will be sufficiently strong to recover to pre-Covid trends, which in turn, were considerably lower than pre-2008 Great Recession trends. In 2020-22, the global economy faces a cumulative income loss of about $13 trillion, according to the report.

If the global economy were to grow as in the early 2000s–approximately 3.5 percent per year–it wouldn't return to its pre-pandemic trend until 2030. Prospects for maintaining the demand stimulus and advancing transformative public investment programs over the longer term are "clouded by the returning specter of inflation," in both developed and developing economies, the report said.

"The facts, however, do not support the fears of inflation so often mentioned in some policy circles," UNCTAD said. "Recent inflation spikes in the Euro Area will likely remain below target.

In the United States, where inflation has recently surpassed the 2 percent target, accelerating prices have been a common occurrence, especially in recovery years. Evidence points to supply shortages as the main cause of the recent inflation spikes in commodity and energy exporting countries, as well as those that provide manufacturing inputs into global supply chains."

Where inflationary shortages affect the labor market, establishing better working conditions, including wages and social protection, can help ease the shortage by attracting more workers and contain costs by stimulating productivity growth, the report recommended. This is in contrast with the standard response that attempts to contain inflation through wage repression but effectively drives down productivity, leading to higher real unit labor costs.

"Instead, in cases where inflationary shortages affect other inputs or commodities, as is often the case in developing economies, sensible responses should focus on engineering a strong recovery of investment, incomes and of production worldwide," UNCTAD said. "This distinction of causes and the respective responses, however, are absent from policy discussions, which have focused on demand stimulus packages. Yet in many countries, slowing demand growth by terminating the stimulus packages would not stop inflation, since its source is imported inputs, including commodities."

UNCTAD said the success of today's advanced economies, as well as the catch-up economies of East Asia, rests on sustained economic growth closely tied to structural transformation. This involves two sets of combined and cumulative processes–a vertical shift in the production structure from the primary sector to manufacturing and on to high-end services on the one hand, and a more horizontal shift of resources from lower to higher productivity and more capital-intensive activities within and across both sectors.

"Together, these processes have, in almost all successful development experiences, facilitated a more diversified structure of economic activity, raised productivity and led to an improvement across a broad set of social indicators, including poverty reduction," the report said. "More diversified economies are also less vulnerable to external shocks which are likely to disrupt the growth and transformation process."

On the connection between trade and the environment, UNCTAF said "with a debt crisis looming, the climate crisis a reality for many countries and the Agenda 2030 in trouble even before Covid-19 hit, the willingness to acknowledge the scale of the challenge facing developing countries is still missing."

"There has been scant detail on the proposed reform agenda and even less on the resources available to lift all boats out of the immediate crisis and launch a just transition to a decarbonized world by 2050," the report said.

One major benefit of green fiscal expansion is higher employment benefits. This is because expanding low-carbon sectors tend to be more labor intensive than shrinking high-carbon sectors. The report cited a recent study that estimated renewable energy, energy efficiency and grid enhancement will create around 19 million new jobs worldwide by 2050.As the job losses in the fossil fuel sector will be around 7.4 million, the net addition will be 11.6 million jobs.

"After decades of growing inequalities, polarizing pressures and a pandemic that has destroyed jobs on an unprecedented scale, the economic recovery provides an opportunity to rebalance the distribution of income within and between countries," UNCTAD said. "A better world will only emerge from the pandemic if strong economic recoveries are promoted and supported in all regions of the global economy, if the economic gains from recovery are skewed towards middle and lower-income households, if health provision, including ready access to vaccines, is treated as a truly global public good and if there is a coordinated big investment push across all countries into carbon-free sources of energy."

Source: sourcingjournal.com – Mar 24, 2022

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## Global economic growth to suffer due to invasion of Ukraine: Moody's

Russia's invasion of Ukraine has significantly altered the global economic backdrop through three main channels: high input costs and consumer inflation over an extended period due to spike in commodities prices; risks due to financial and business disruption; and the economic costs associated with heightened security and geopolitical risks, according to Moody's Investor Service.

Moody's has lowered its baseline growth forecasts to capture these shifts in the global economic environment, it recently said in a note.

It views the global expansion as dented, but not derailed, and expects the G-20 economies to collectively expand by 3.6 per cent in 2022 compared with 4.3 per cent envisioned in its February outlook.

Growth will further slow to 3 per cent in 2023. Russia is the only G-20 economy that is projected to contract this year. Moody's forecasts that its economy will shrink by 7 per cent this year and 3 per cent in 2023, down from projected growth of 2 per cent and 1.5 per cent respectively, before the invasion.

While it is clear that the military conflict will hurt economic activity and exacerbate inflation, a wide range of outcomes is possible, depending on the crisis' length and potential escalation, as well as policy responses and their effectiveness, Moody's said.

In an alternative downside scenario to our baseline forecasts, in which oil and gas exports from Russia to Europe are cut, oil prices would surge and the global economy would be thrust into recession. Other downside scenarios with very negative consequences for the global economy include potential widening of the Russia-Ukraine military conflict to other countries, it observed.

Developments that could dampen Moody's global economic outlook include the potential for new COVID-19 waves, monetary policy missteps and social risks associated with high inflation.

Source: fibre2fashion.com– Mar 24, 2022

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# Maersk inaugurates 1st integrated logistics centre in Dubai

A.P. Moller - Maersk Kanoo UAE, an integrator of container logistics, has inaugurated a 10,000 square metres warehousing and distribution (W&D) facility at Jabel Ali free zone (Jafza) in Dubai. It will cater to commodities across multiple sectors, including retail and lifestyle. The facility is Maersk's first integrated logistics centre in Dubai, UAE.

The new facility will support existing services provided, including ocean shipping, landside transportation, customs clearance, contract logistics, and e-commerce solutions. Customers taking advantage of integrated solutions from Maersk will benefit from reduced handovers of their cargo through its journey, leading to potentially faster turnaround times, higher visibility, better control, and more predictability of their supply chains, the company said in a media release.

Moreover, the integrated logistics centre in Dubai will be powered by a state-of-the-art warehouse management system that implements modern technologies and digital solutions for efficient inventory management, track & trace at unit-level and offers rich dashboards for higher visibility and deeper insights.

Maersk has a strong commitment to decarbonise logistics and services. The facility will get solar panels on its rooftop to cater to all the entire electricity requirements for facility operations. The 434 MWh/year clean energy production of this installation will reduce more than 1,700 tonnes of carbon emissions over 10 years; an equivalent decarbonisation feat achieved by planting over 70,000 trees seedlings over 10 years, the media release added.

With the brand-new integrated logistics centre in Dubai, Maersk is taking an important step towards building a truly integrated solution for its customers wherein the customers will get single window access to multiple logistics requirements, not only for the goods flowing in and out of UAE but even other Middle Eastern countries who use Dubai as a gateway to global trade.

Furthermore, the Maersk integrated logistics centre in Dubai will be an addition to the existing global footprint of over 250 warehouses, 85 of which were opened in 2021 alone, covering 1.5 million square metres across 50 countries. The facility is strategically located with a close link to seaport operations and the Al Maktoum airport. This will allow the facility to serve consumers requiring air cross-docking and those moving less-than-container-load (LCL) cargo.

The facility was inaugurated by Richard Morgan, regional managing director, Maersk west & central Asia, and Christopher Cook, managing director, Maersk UAE, in the presence of Maersk's top W&D customers in the UAE.

"It is an important milestone for us today as we inaugurate our first integrated logistics centre in the UAE and strengthen our commitment towards our customers in the Middle East. Our journey towards creating end-to-end logistics solutions is taking a definite shape as we continue to connect and simplify our customers' supply chains through solutions that are designed and executed considering their specific requirements and challenges," Morgan said.

"At A.P. Moller – Maersk, we want to achieve minimum 90 per cent green operations at our warehouses, depots and cold stores worldwide by 2030. The green energy that we are producing through the solar panels at our facility and powering our operations with, guarantees that we are taking definite steps towards decarbonising logistics and services," Cook stated.

Source: fibre2fashion.com– Mar 24, 2022

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# Bangladesh apparel exports to US, Europe grow despite the war

Russia-Ukraine war failed to impact Bangladesh's apparel exports that grew 52 per cent year-on-year to $1.63 billion during the first two weeks of March. As per an RMG Bangladesh report, most of the growth was spurred by continued global demand and the country's leveraging of anti-China sentiments in the US and European countries.

As per Bangladesh Garment Manufacturers and Exporters Association (BGMEA) the country's apparel sector grew over 200 per cent year-on-year in a single day during the period even though Russian banks were cut off from SWIFT, the main international payment system, and shipping lines declined to carry any goods to the country.

## Future uncertain despite robust growth

Readymade garment exports grew 30 per cent to $27.49 billion from July to February'22 over the corresponding period in previous year, shows data published by the Export Promotion Bureau (EPB). Farque Hassan, President, BGMEA says, Bangladesh apparels exports recorded robust growth during the war.

However, future cannot be predicted due to the current volatile situation. Apparel exports to the US surged during the period and are expected to continue growing.

## Anti-China sentiments boost exports to EU, US

Fazlul Hoque, Former President, BKMEA and Managing Director, Plummy Fashions explains, increase in domestic demand too is a big reason for orders from the US market. US' diversification from China is also encouraging them to place more orders with Bangladesh.

Exporters to Russia are facing payment and shipment delays though buyers have assured them of receiving goods and making payments through alternative arrangements, he adds.

Mostafiz Uddin, Managing Director, Denim Expert, Founder and CEO, Bangladesh Apparel Exchange points out rising freight costs triggered by the war, are also affecting apparel exports to Russia.

However, Bangladesh's exports to the US and EU are growing amid rising anti-China sentiments in these countries, notes Fazlee Shamim Ehsan, Vice President, BGMEA. Buyers in these regions trust Bangladesh entrepreneurs despite a significant rise raw material prices.

**Exports to US surge 45 per cent**

Office of Textiles and Apparel (OTEXA) stats indicate Bangladesh apparel exports to the US surged by over 45 per cent to $756 million in terms of value and volume in January 2022. In terms of volume, Bangladesh's apparel exports to the US grew by 2.17 per cent to 282.38 million sq. mt. in January 2022 as it emerged as the single-largest export destination without any duty preference.

The US imported apparels worth $1.90 billion from China during the month while it received shipments worth $1.27 billion from Vietnam. US' apparel imports from other major sourcing destinations, such as India, Pakistan and Cambodia, grew 53.40 per cent, 44.41 per cent and 42.12 per cent respectively. Overall, US' apparel imports surged 36.60 per cent to $7.54 billion in January this year from $5.52 billion in the same month of 2021, shows OTEXA data.

Source: fashionatingworld.com– Mar 24, 2022

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## Pakistan: Cotton imports: major correction underway?

Pakistan's cotton imports fell to 2.75 million bales during 8MFY22, down by 12 percent over same period last year. At monthly run rate of 0.35 million bales (of 170kg), full year imports may clock in a little over 4.1 million bales, against imports of 5 million bales during FY21.

Does the lower import quantum come as a surprise? Yes. Despite decade-high cotton prices in the international market, USDA has projected Pakistan's imported cotton demand in excess of 7 million bales (or 1.1MMT). This would have been highest-ever importing volume in country's history, against previous peak imports of 5.2 million bales in FY08, almost 14 years ago.

The bullish forecast had come on the back of both buoyant textile exports, as well as lower-than-expected domestic cotton arrivals of 7.45 million bales (of 170kg). Market watchers will recall that USDA had projected cotton consumption at 14.3 million bales for FY22, up 5 percent over the estimate for the preceding year.

Although USDA's forecast is in line with market consensus which places domestic demand at 15 million bales, that estimate has rarely withstood the test of evidence. Between FY19 and FY21, Pakistan's actual production + imports averaged at 12.2 million bales, down from 14.3 million bales over previous decade. Even if the difference (in its entirety) is chalked up to underreporting in local production post-imposition of GST on ginning, annual consumption maxes out at 14.5 million bales.

FY22 was supposed to change that. Recent developments in both domestic and international market had supposedly tilted global textile trade in Pakistan's favour, with exporters all set to grab a greater share of western export market. Reportedly, textile export volume has leapt ahead, buoyed by depreciated currency, trade finance and banking credit for expansion on concessionary terms, and competitive pricing for energy.

Yet, based on 8-month import data, demand for cotton during FY22 may struggle to keep up with last year's volume, let alone record a fresh peak. This is based on estimated carryover inventory of 3 million bales from last year, local output of 7.5 million bales, and imports maxing out at 4.1 million bales (or 0.7MMT) by fiscal year end.

What gives? Consider that monthly imports are now down to 0.3 million bales (last 3M average) compared to 0.6 million bales, same period last year. Back then, import unit price had averaged 77 cents per lb during Q1-CY21, which has since risen to 115 cents per lb. Higher prices clearly appear to have depressed demand, even if temporarily. And with global commodity price spiral showing no end in sight, importedcotton consumption may remain subdued, until the next crop arrives in 6 months' time.

Which once again raises the same BR Research loves to ask but itself struggles to answer conclusively: with little to no increase in long term cotton consumption (as indicated by local production + imports) by spinning industry and demand averaging between 13 -14 million bales, is the growth in textile export volume coming at the expense of local sales?

Source: brecorder.com- Mar 24, 2022

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# NATIONAL NEWS

## India achieves $400-bn export target for FY22 ahead of schedule

India exported goods worth $400 billion ahead of schedule, even as it stares at a disruption in the global economy emanating from the conflict between Russia and Ukraine that began last month.

To be sure, the $400 billion figure was achieved as on March 21, which is 37 per cent higher than the previous financial year, when India exported goods worth $291 billion. The government is confident of clocking exports worth $410 billion by 31 March as India has been exporting goods worth roughly $1.3 billion per day.

During the same time period, imports grew 51 per cent on year to $589 billion, resulting in a trade deficit of $189 billion. The trade deficit was $114 billion in FY21.

“India set an ambitious target of $400 Billion of goods exports & achieved this target for the first time ever. I congratulate our farmers, weavers, MSMEs, manufacturers, exporters for this success. This is a key milestone in our Aatmanirbhar Bharat journey,” Prime Minister Narendra Modi said in a tweet on Wednesday.

Commerce and industry minister Piyush Goyal said that to achieve the target, a detailed strategy was in place, including specific country-wise, product-wise and export promotion council-wise target, monitoring and course correction.

He also said that the export target was achieved despite numerous challenges, including two waves of Covid-19 in India and the recent geopolitical tension in Eastern Europe. However, the Russia-Ukraine conflict will also cause some disruption.

“Our exports to Ukraine and Russia aren't much. However, the ongoing conflict is affecting the global economy with higher inflation, disruption due to container shortage. Those challenges are there before us and may lead to some disruption in trade, which has come along with Covid-19. But we are on top of the issues,” Goyal told reporters.

## EXPORT PICTURE

Commodities where India's export achievement was more than 100% of the target as on March 21,2022

(Value in $ billion)

| | 2020-21 (Till March 21, 2021) | 2021-22 (Till March 21, 2022) | Growth (%) | % share | Target for 2021-22 | % of target achieved |
|---|---|---|---|---|---|---|
| Engineering goods | 73.6 | 107.8 | 46.5 | 26.9 | 107.3 | 100 |
| Petroleum products | 24.7 | 59.6 | 141.4 | 14.9 | 54.3 | 110 |
| Organic & inorganic chemical | 21.3 | 28.2 | 32.3 | 7 | 24.4 | 115 |
| Cotton yarn/fabs./ madeups, handloom products, etc | 9.5 | 14.8 | 56.5 | 3.7 | 13.6 | 109 |
| Plastic and linoleum | 7.2 | 9.5 | 31.4 | 2.4 | 9.5 | 100 |
| Mica, coal and other ores, minerals including process | 4.2 | 5 | 18.1 | 1.2 | 4.8 | 104 |
| Other cereals | 0.7 | 1 | 50.4 | 0.3 | 0.9 | 111 |
| Total of above commodities | 141.2 | 225.9 | 60 | 56.4 | 214.9 | 105.1 |
| Total export by India | 280.8 | 400.9 | 42.7 | 100 | 414 | 96.8 |

Source: Dept of Commerce

As far as firming up a payment mechanism to facilitate trade with Russia, amid sanctions imposed by the US and its allies, Goyal said that the concerned departments would respond. It is learnt that the department of financial services and the Reserve Bank of India (RBI) is working towards facilitating a rupee-ruble payment mechanism to ensure that trade between both nations is not disrupted. Talks with relevant stakeholders are underway.

A senior government official said that top officials from the shipping and industry department are also meeting regularly to discuss and sort out the issue of container shortages due to the conflict.

Sector-Wise Growth

Engineering goods, petroleum products and organic and inorganic chemicals were the top three goods exported from India.

“Higher engineering exports, apparel and garment export, etc. indicate that the misconception of India being a major exporter of primary commodities is gradually changing. We are now exporting more and more value added and high end exports and this effort by our technology driven industries should continue.

Export of Cotton Yarn/Fabrics/Made-ups, Handloom Products etc, Gems and Jewellery, Other Cereals and Man-Made Yarn/Fabrics./Made-up etc. have registered a growth rate between 50-60 per cent,” an official statement said.

A senior government official said that according to a preliminary analysis done by the commerce department, growth of several commodities, including rice, cashew, automobile components, buffalo meat, cereals, among others, grew significantly in terms of volume and the value of such exports were not only driven by higher commodity prices globally.

Countries such Australia, Taiwan, Korea Rp, Bangladesh, Poland, Brazil, Indonesia, Belgium, Saudi Arabia, Turkey, Italy, Japan, Canada, US, South Africa, Netherland, Nigeria, Egypt and Mexico achieved more than the export target, as of 21 March.

“Till 21st March 2022, Organic & Inorganic Chemical, Other Cereals, Petroleum Products, Cotton Yarn/Fabrics/Made-ups, Handloom Products Etc., Mica, Coal and Other Ores, Minerals Including Process, Engineering Goods and Plastic and Linoleumare the major Commodities which have achieved more than the export target,” the statement said.

Goyal also said that a new foreign trade policy will be delayed by a few months and will be firmed up in line with the changes in trade. Apart from that, India-UAE free trade agreement will come into force in six weeks.

Source: business-standard.co– Mar 23, 2022

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## Beyond $400 billion

The ongoing export boom has enabled India to attain the $400 billion target set for the current fiscal year. At the current rate, India could end the fiscal year with total merchandise exports of about $410 billion. This is a significant achievement, particularly given the near-stagnant level of exports over the past several years. Higher exports in the current year have been facilitated by all-around performance with engineering goods, petroleum products, and chemicals playing a significant part. While India has reasons to celebrate, it remains to be seen for how long the trend sustains. Meanwhile, higher global commodity prices have pushed up India's imports to a record high of $589 billion, leaving a trade deficit of $189 billion.

Indian exports have been driven by a number of factors. Higher global commodity prices have pushed up the value. Petroleum products, for instance, contribute about 15 per cent to total exports and have grown significantly in the current year. Further, exports have been helped by a strong rebound in the global economy from the pandemic-induced disruption.

A large number of firms around the world are in the process of restocking inventories. Merchandise exports have a strong relation with global growth and, as economists from CRISIL have shown in these pages, engineering goods, chemicals, petroleum products, and gems and jewellery, which have a higher share in India's exports, also have higher elasticity to global growth. Thus, India's export performance would significantly depend on the pace of global growth.

The global economy, however, is expected to slow down because of a variety of reasons. The ongoing geo-political uncertainty has pushed up commodity prices and will affect growth. Further, large central banks, particularly the US Federal Reserve, have started increasing interest rates.

The recent sell-off in the US bond market suggests that financial conditions could tighten significantly in the coming months, which would certainly affect global growth. Besides, the surge in Covid cases in China and other countries would affect supply chains, resulting in lower output and higher inflation.

Thus, geo-political uncertainty and slower global growth would be significant risks for Indian exports in the coming quarters. On the broader policy level, the environment has not changed much to sustain higher exports growth over the medium term. India has been raising tariffs over the past several years, which would hamper its chances in the medium-to-long run. Higher tariffs obstruct participation in the global value chain, which is essential for attaining sustained exports growth.

India also decided against joining the Regional Comprehensive Economic Partnership (RCEP), which is said to be the world's most dynamic trade group. India is negotiating bilateral trade deals with a number of counties, which might take time, and will not compensate for its decision to not join the RCEP. In the changing global economic and political backdrop, India must reconsider this decision.

In terms of near-term policy management, India will have to manage the rupee well so that it supports exports. Higher current account deficit and capital outflow over the coming quarters will put pressure on the rupee. It would be important for the Reserve Bank of India to allow the rupee to depreciate in a non-disruptive manner. Any attempt to defend the rupee to contain imported inflation would affect exports and create longer-term macroeconomic imbalances.

Source: business-standard.com– Mar 24, 2022

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## A big milestone: Sustaining the export growth requires policy thrust to enhance competitiveness

India's merchandise exports have just achieved a significant landmark by surpassing the $400-billion mark for the first time within a financial year. The figure is significantly higher than the previous high of $330 billion in FY19 and marks a smart rebound after a 7% decline last fiscal in the wake of the Covid outbreak.

The growth this year was driven by a stellar performance by sectors like engineering, electronics, gems and jewellery, chemicals and petroleum products, which have benefitted from a strong global recovery. The agriculture sector also contributed to exports, especially during the pandemic, with India emerging as a major global supplier of food or essential agriculture products.

Liquidity measures announced for MSMEs, which contribute over 40% of exports, have also obviously helped them deal with working capital bottlenecks. Coming at a time when uncertainty over the underlying drivers of growth lingers on—domestic demand and investment remain subdued, and the ability of government spending to drive growth on a sustained basis is limited—a sustained, robust growth in exports has the potential to provide the much needed fillip to the Indian economy.

In that sense, the boom in exports is a remarkable achievement. Equally encouraging is the revelation that states have started playing an important role in boosting exports. There is no doubt that a lot of work went into meeting the export target. As commerce minister Piyush Goyal said, it was a result of detailed strategy, with the department of commerce disaggregating the $400 billion target in terms of regions and countries as well as commodity groups. Several countries were identified where India had lost the market.

But there are challenges aplenty. Much of the upswing is a consequence of economic recovery across the world. But that story has become a bit shaky after the uncertainty over Russia's invasion of Ukraine, raising questions over the sustainability of such growth. Post-Covid, rebound in the US and the EU has propelled higher demand for exports in general, and India has been a beneficiary.

A comparison with Asian peers shows that the `income effect' has been the primary driver of the export pick-up rather than 'substitution effect' which is more durable. A substitution effect implies a gain in market share by one country at the expense of others. Also, high commodity prices are embedded in export numbers, and this has magnified the export figures.

The other concern is the war's impact on worsening of the trade deficit and widening of the current account deficit as international oil prices are likely to remain elevated, while supply-side bottlenecks and rising freight costs could hurt exports. According to government data, India's merchandise imports jumped to a record $589 billion owing to the rising oil prices, while exports till March 21 stood at $400.8 billion. The Ukraine crisis has also posed fresh risks for exporters, as global supply chains remain tangled and shipping costs have skyrocketed across countries.

Lastly, while the latest numbers will raise India's share in the global merchandise exports from just 1.6% in 2020 and 1.7% in the pre-pandemic year of 2018, a sustained surge in exports for a few years will be crucial to India recapturing its lost market share. At this critical juncture when a Western-market resistance to Chinese-made products have spelt new opportunities for India, the policy thrust must be to enhance export competitiveness, and seek deeper integration with global value chains. For that, India needs to look closely at its import tariffs, which have seen a sustained increase over the last few years.

Source: financialexpress.com– Mar 25, 2022

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# US recovery helped India achieve the $400-billion mark for exports

Economic recovery from the pandemic in the US has helped India achieve the $400-billion mark for exports for the first time in any fiscal year.

According to the preliminary data compiled by the Department of Commerce, India exported goods worth $73 billion to the US from April 1 to March 21 — up 47 per cent, compared to last year. The US' share of exports, compared to total exports, stood at 18.2 per cent. The country is also India's largest trading partner and export destination.

**TRADE PICTURE**

**Top 5 commodities exported to the US** (Value in $ bn)

| Commodity | 2019-20 | 2020-21 | 2021-22 (Apr-Feb) A | Target fixed for 2021-22 B | % of target achieved C=100*A/B |
|---|---|---|---|---|---|
| Engineering goods | 12.4 | 11.3 | 15.4 | 15.1 | 102 % |
| Gems and jewellery | 9.2 | 8.7 | 13.3 | 11.7 | 114 % |
| RMG* of all textiles | 4.2 | 3.3 | 4.7 | 5.5 | 87 % |
| Petroleum products | 2.3 | 1.2 | 4.2 | 3.4 | 125% |
| Organic & inorganic chemical | 2.8 | 2.9 | 4 | 3.1 | 130% |
| Total | 30.9 | 27.4 | 41.7 | 38.7 | 108 % |

**Exports to US (as on 21.03.22)** (Value in $bn)

| Country/destination | 2020-21 (Till 21st March 2021) | 2021-22 | % change | % share |
|---|---|---|---|---|
| United States | 49.8 | 73.1 | 46.8 | 18.2 |

*RMG: Ready-made garments

Source: Department of Commerce

On Monday, the government said India had exported goods worth $400 billion ahead of schedule — 37 per cent higher than the earlier fiscal year. The government is confident of clocking exports worth $410 billion by March 31, given that India has been exporting goods worth roughly $1.3 billion per day.

However, India's exports to China grew at a relatively slower pace due to disruptions caused by a 'stealth' variant of Omicron, triggering lockdowns in several regions of the neighbouring country.

During the first 11 months of the fiscal year, outbound shipments to China grew at 7 per cent, with shipments valued at $19.8 billion. This translates into meeting 90 per cent of the annual target set for sending goods to China at $22 billion by the end of the month.

China was India's second trading partner and the third largest export destination this year.

According to an official, one of the reasons for a slowdown in exports to China could be because of a drop in the import appetite of China. That would have been fuelled by disruptions due to the resurgence of Covid-19. “Import clearance is also taking enormous time in China,” said the official.

Apart from recovery in the Western markets after disruption caused by Covid-19, higher exports are also a result of other factors, including rise in commodity prices through last year, as well as marginal weakening of the domestic currency. As far as commodities are concerned, export growth in 2021-22 is buoyed by higher demand for engineering goods, followed by petroleum products, organic and inorganic chemicals, and textiles.

According to the data seen by Business Standard, India exported engineering goods worth $107.8 billion from April 1, 2021, to March 21, 2022 — up 46.5 per cent year-on-year (YoY) — achieving the entire year’s target. It also comprises more than a fourth of the total goods exported.

Industry officials said that while engineering goods have been always one of the top exported items from India, growth this year can be attributed to pent-up demand after almost a year of lull due to the outbreak of the pandemic in early 2020. The US, China, United Arab Emirates, Italy, and Germany are the top five export destinations for the product category.

Petroleum products, comprising 15 per cent of total exports, achieved 110 per cent of the target. Products worth $59.6 billion were exported as of March 21 — up 141 per cent YoY. Higher exports of petroleum products were also a result of higher crude oil prices, with the current trigger being the ongoing conflict between Russia and Ukraine.

Engineering and Export Promotion Council of India Chairman Mahesh Desai said there has been an overall increase in global demand and exports across the globe, which, in turn, has also accelerated growth in India’s engineering exports.

“Another reason for this sharp export growth is the ‘low baseline effect’ as the pandemic led to significant shrinkage in exports in the last year,” Desai told Business Standard.

Source: business-standard.com– Mar 25, 2022

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# Next round of UK trade talks to be held in India in April

The third round of talks as part of the ongoing India-UK free trade agreement (FTA) negotiations will be hosted by India next month, Britain's Department for International Trade (DIT) said on Thursday.

In a joint "outcome statement" released by DIT, it was confirmed that a draft treaty text of chapters that will make up the new trade pact was discussed during round two of the negotiations, which concluded in London last Friday.

A delegation of Indian officials were in London for the technical talks, conducted in a hybrid fashion – with some negotiators at a dedicated UK negotiations facility and others attending virtually.

"For this round of negotiations, draft treaty text was shared and discussed across most chapters that will make up the agreement," the statement reads. "Technical experts from both sides came together for discussions in 64 separate sessions covering 26 policy areas. The third round of negotiations is due to be hosted by India in April 2022," it adds.

The FTA negotiations, launched in January with an end of the year timeline towards a possible interim agreement, have recently been overshadowed by the Russia-Ukraine conflict and India's abstentions during United Nations votes condemning Russian President Vladimir Putin's actions in the region.

It also emerged on Thursday that a high-level cross-party parliamentary delegation planned from the UK to India against the backdrop of the ongoing FTA negotiations was called off at the last minute due to wider political considerations as a result of the Russia-Ukraine conflict. The planned visit was to be led by the House of Commons Speaker, Sir Lindsay Hoyle, over the parliamentary recess period in the UK for Easter next month.

"The Speaker had been looking forward to travelling with a strong, cross-party delegation of MPs from the House of Commons. Regrettably, it has not been possible for that visit to go ahead as planned," said a spokesperson for the Speaker's Office, without going into the reasons behind the cancellation.

The Indian High Commission in London declined to comment on the visit, which was scheduled for New Delhi and areas in Rajasthan.

India's long-standing strategic alliance with Russia, one of its key defence partners, has come into sharp focus in recent weeks as the west mounts stringent economic sanctions on Putin's regime over the conflict in Ukraine. "The cancellation of the UK parliamentary visit to India appears to indicate the beginning of a trust deficit between two comprehensive strategic partners – India and the UK – over the Ukraine war," said Rahul Roy-Chaudhury, Senior Fellow for South Asia at the International Institute for Strategic Studies (IISS) in London.

"However, both countries need to better understand each other's position. India underestimates the existential threat to the European security order that Russia's aggression against Ukraine represents to the UK as well as the ideological divide between democracies and autocracies. The UK underestimates India's dependence on Russian arms and spares, even though Russian supplies to India will be disrupted," he said.

According to the strategic expert, unless India is "quickly" offered alternative defence supply chains, its dependence on Russia will continue. Therefore, compromises will be needed on both sides to meet the aims of Roadmap 2030 for enhanced ties, agreed between British Prime Minister Boris Johnson and his Indian counterpart Narendra Modi last year.

"This could include the UK looking for, along with the G7 countries, practical and credible alternatives to India's arms dilemma," Roy-Chaudhury added.

Such a way forward was recently also highlighted by UK Foreign Secretary Liz Truss.

"I think the issue for India is there is some level of dependence on Russia, both in terms of its defence relationships but also in terms of its economic relationships. And I think the way forward is for a closer economic and defence relationship with India. Both by the United Kingdom and also our like-minded allies," the minister told a UK parliamentary committee earlier this month.

Source: financialexpress.com– Mar 24, 2022

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# India-EU FTA talks to formally begin soon

Almost a year after the India-EU Free Trade Agreement (FTA) talks were re-launched at the virtual Leaders Summit in May 2021, the two sides are now formally set to begin the negotiations. This follows hectic exchange of letters between the two sides to sort out initial differences, officials tracking the matter have said.

"Both sides have now appointed the chief negotiators. A team from India is expected to leave for Brussels soon, probably by the month-end, for the first round of negotiations," an official told BusinessLine.

The EU wished for certain issues, such as sustainable development and labour, to be part of the FTA talks, the official said. These matters were among the areas of contention in the earlier phase of talks, between 2007 and 2013, which contributed to the suspension of the negotiations. The EU wanted resolution on some of these issues before re-starting talks.

"India does not have any problem in talking about issues like sustainable development anymore as the government has already undertaken ambitious commitments to address climate and environment challenges at international forums. Our labour laws, too, are fair and equitable. This was conveyed to the EU side," the official said.

But whether non-trade issues such as labour, gender and sustainable development will be included on a best-endeavour basis (a desirable objective) or as negotiated mandates, may still need to be thrashed out.

Reducing China dependence

Another important issue that needs to be settled is whether to negotiate a bilateral investment treaty separate from the FTA, as the EU has demanded, or tie it to the successful conclusion of the FTA, as India wants.

The FTA talks are important for both India and the EU as both sides want to reduce their dependence on China as a trading partner and strengthen ties with democratic countries with large markets.

The EU's interest in reviving the FTA talks with India can also be partly attributed to the 'China-plus-one' strategy that many developed nations are seeking to adopt following the Covid-19 pandemic.

The pandemic demonstrated to the world the follies of being over-dependent on a single source of manufacturing and the need to move away from China-centric supply chains.

“An FTA with a developed member like the EU can be beneficial for India provided it gets to protect its interest in sensitive areas such as agriculture and labour-intensive sectors and is able to get a larger share of the EU market for goods and professional services,” the official said.

Ambitious target

According to Ireland’s Minister of State at the Department of Trade, Enterprise and Employment, Robert Troy, who was in India last week to promote bilateral relations, India is keen to wrap up the FTA talks in two years, which was an ambitious target but worth chasing.

“India and the EU would like to see the trade negotiations complete before the next election, which we think is 2024. The Indian side has expressed their desire that the deal be completed before the next election. It is going to be challenging, you know, to very large economies. But we will pursue it,” Troy told BusinessLine.

The EU is India’s third largest trading partner, accounting for €62.8 billion worth of trade in goods in 2020 or 11.1 per cent of the total Indian trade, according to figures shared by the EU.

Source: thehindubusinessline.com– Mar 24, 2022

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## At $190 billion, FY22 trade deficit near previous record, but less onerous now

India's merchandise trade deficit is set to breach the earlier record of $190 billion by a whisker in the current fiscal. But a close look at the data suggests the deficit, as a percentage of overall merchandise commerce, is still way below the earlier peak.

Trade deficit already hit $188.2 billion as of March 21 this fiscal. At this rate, it's expected to touch 19% of overall goods trade in FY22, compared with a record 24% in FY13, 23% in FY12 and 20.5% in the pre-pandemic year of FY20 (See chart). In the last fiscal, however, given a Covid-induced demand compression in the economy, imports shrank at a much faster pace than exports, leading to a drop in deficit to just 15% of overall merchandise trade.

However, deficit in the second half of this fiscal grew dramatically, especially in the third quarter, as domestic demand had rebounded before the Omicron onslaught in January. This keeps up pressure on the current account deficit (CAD) at a time when foreign portfolio investors have turned net sellers in recent months.

Pronab Sen, noted economist and former chairman of the National Statistical Commission, said while the export sector has performed well in FY22 the more important question is whether this growth in outbound shipments (37% year-on-year) will sustain. Moreover, imports went up sharply this fiscal, partly because an income distribution in favour of the richer segment of population in the wake of the Covid outbreak led to higher purchases of (imported) luxury goods, Sen added.

Analysts also said if exports lose pace in the next fiscal and imports continue to rise, the pressure on the current account will only rise.

Aditi Nayar, chief economist at Icra, expected the CAD to have crossed 3% in the October-December 2021 period for the first time since the June quarter of 2013. However, it may recede somewhat in the ongoing quarter. In absolute terms, she estimated the CAD at $25-28 billion in the third quarter, and a moderately lower $20-23 billion in Q4 FY2022.

Bank of Baroda chief economist Madan Sabnavis estimated the CAD to be around 3% in the third quarter, which may ease to 2.5% in the March quarter.

Merchandise exports exceeded an ambitious target of $400 billion for FY22 nine days before the fiscal is set to end, staging a smart rebound after a 7% drop last fiscal due to the pandemic.

Exports jumped 37%, albeit on a contracted base, to $400.8 billion as of March 21, driven by a stellar performance by sectors like engineering, electronics, gems and jewellery, chemicals and petroleum products. Imports during this period, too, rose sharply to $589 billion, driven by a spike in oil prices and massive purchases of coal and gold.

However, the Ukraine crisis has now posed fresh risks for exporters, as global supply chains remain tangled and shipping costs have skyrocketed across countries. Of course, it has also created some opportunities for Indian suppliers of wheat (Russia and Ukraine are large exporters of the grain) and some other farm commodities in the export market.

Source: financialexpress.com– Mar 25, 2022

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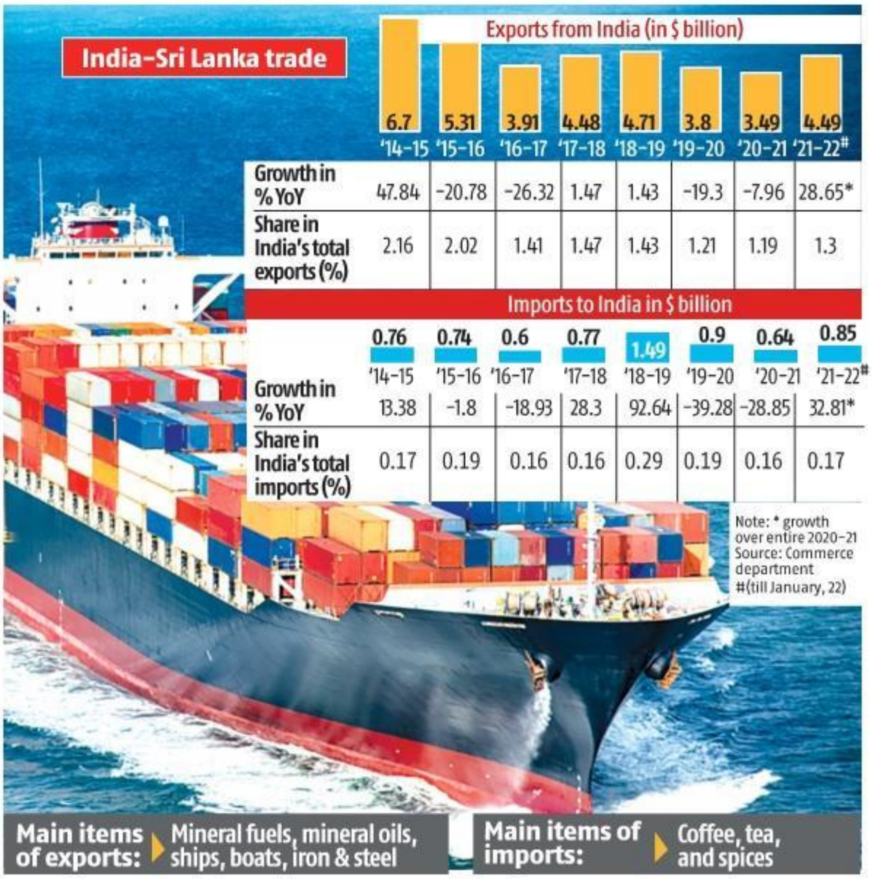
# Faltering Sri Lanka holds strategic importance for India, shows data

Sri Lanka is a geo-politically important country for India and New Delhi needs to counter the growing Chinese influence on its economy as it struggles to avoid sovereign defaults.

However, in terms of trade, it holds minor importance for India. For instance, India's exports to Lanka are now nowhere near $6.7 billion in 2014-15.




The share in India's total exports declined from 2.16 per cent in FY15 to just 1.3 per cent in the first 10 months of the current financial year.

India’s imports from Lanka remained less than $1billion in all these years and the share remained in the range of 0.16-0.19 per cent. Only in 2018-19, the share rose to 0.29 per cent.

However, when viewed from Lanka's perspective, India's exports at $4.79 billion accounted for 23.25 per cent of its imports in 2021. India's imports at $979 million, however, constituted just 7.8 per cent of Sri Lanka’s total exports of $12.5 billion in 2021.

Source: business-standard.com – Mar 25, 2022

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# Indian spinning mills begin curtailing yarn output as cotton prices soar

*Textiles industry seeks import duty cut on the natural fibre to tide over the situation*

Spinning mills in some parts of the country, particularly the south, have slowed yarn production as cotton prices have soared to new highs of late and they do not want to buy at such high levels.

Benchmark cotton futures have increased to an 11-½ year high of 130 US cents a pound (₹78,625 a candy of 356 kg) on the Intercontinental Exchange. Cotton prices have increased 15 per cent year-to-date and 66 per cent year-on-year.

Global prices have gained on fears of low supplies due to drought in growing areas in US. Besides, renewed demand, mainly from China, after the curbs for the Covid-19 was lifted has also contributed to the rise.

In the domestic market, processed or lint cotton prices are currently ruling at a record high of around ₹85,000 a candy.

## Saving costs

"This (slow down) is not an official stand of any association in the textiles sector. But a few mills have slowed down. This will help them to not only slow yarn production but also save on electricity costs," said an industry source, who did not wish to be identified.

"The speculative increase in prices creates an uncertainty in the trade. To manage the current crisis, 30-40 per cent of the mills decided to slow down production by way of a one-day weekly holiday, slowing down the (motor) speed, using this time for yearly maintenance work," said Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation (ITF).

These measures will re-balance the situation by way of extending the cotton inventory for more days in the mills and reducing the cotton consumption, he said.

On Wednesday, a mail from the chief advisor of a mills association purportedly did rounds on Whatsapp claiming that mills had decided to slow down production “to manage the situation at least for a few weeks”.

**Premium for quality**

Southern India Mills Association Secretary-General K Selvaraju denied any such decision had been taken by mills and said no such development had been reported by any of the mills in the region.

An industry leader said if the Whatsapp message on mills decision were true, the industry would turn sick and lead to unemployment of lakhs of people.

Anand Poppat, a Rajkot-based trade in cotton, yarn and waste, told BusinessLine that he had not heard of any such decision from any spinning mill. “However, the situation is worrisome for the mills since cotton lint prices are ruling at ₹84,000-86,000 a candy (356 kg),” he said.

Selvaraju said quality cotton was being quoted at ₹90,000 a candy.

**Lukewarm yarn demand**

SVP Global CEO Maj Gen OP Gulia said cotton prices rising every day, but yarn prices have not increased at the same pace as the natural fibre. “Spinners are holding the yarn to get better prices. Also, they are changing the product mix to get suitable margins,” he said.

“Ample cotton is available but in view of the high prices, no spinner wants to have a huge inventory,” he said.

Poppat said yarn prices have recently been hiked. For example, prices of 30 combed carded hosiery yarn have been raised to ₹355 a kg from ₹330 but the demand has been lukewarm.

“There is a demand-supply mismatch due to sharp increase in cotton prices,” said Gulia.

The rise in global prices has led to demand for Indian cotton and this has resulted in a premium for the natural fibre here. This resulted in 77.59 lakh bales of cotton being exported last season (October 2020-September 2021). This season, it is estimated at 45 lakh bales.

## CCPC projections

On Tuesday, the Committee on Cotton Production and Consumption (CCPC) estimated the ending cotton closing stocks at 45.46 lakh bales. But the textiles industry is unhappy with the projections, saying it does not reflect the reality.

"Till now, 33 lakh bales of cotton have been exported. During February-March alone, 10 lakh bales have been exported. They are likely to touch 60 lakh bales since we have another six months to go for the season to end," said the industry source.

Even on the production and consumption front, the industry is unhappy. "Projections for Telangana production is far higher. Consumption has not been assessed properly," the source said.

## Major disappointment

However, a major disappointment of the outcome of the CCPC meeting is that it did not heed the industry's demand for allowing duty-free imports of cotton.

"The Centre should allow duty-free import of cotton or at least permit the shipments under quantitative restrictions or for a stipulated period," said SIMA's Selvaraju.

Such a decision could bring down cotton prices to a reasonable ₹70,000 a candy, he said. Currently, cotton imports attract 11 per cent customs duty, which was imposed in February last year.

SP Global's Gulia said the industry hoped prices would stabilise by March, but the reverse has happened. "I hope the government provides some incentives to make the situation conducive for the textile industry," he said.

## Multiple issues

Spinning mills are facing multiple issues due to "risky" cotton price levels, huge working capital needs to manage current prices and lower yarn realisation due to poor quality of cotton, the SP Global CEO said.

According to industry sources, the problem for some of the spinning mills is that they have entered into export deals extending up to March 2023. They could now face pressure.

Poppat said multinational trading firms, who buy cotton from the country and export, have stopped buying over the last couple of days and are quoting ₹87,000-88,000 a candy in forward sales.

The Rajkot trader said farmers were bringing cotton in a measured manner to take advantage of the high prices with daily arrivals being only 75,000 bales across the country. But industry sources alleged that cotton is being hoarded in the name of farmers.

Source: thehindubusinessline.com – Mar 24, 2022

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# PLI schemes need to be studied closely to understand impact: Raghuram Rajan

*Says India should look at a services-led growth rather than aping China's manufacturing-led growth*

Former Reserve Bank of India Governor Raghuram Rajan has said the Production Linked Incentive (PLI) scheme, the flagship programme of the Modi government in manufacturing, needs to be studied more closely to understand the potential for its success. History, he added, shows such policies have not worked well in the past.

To buttress his statement, Rajan gave an example of the electronics sector. The electronics industry has an 8.5 to 11 per cent cost disadvantage when it comes to competitiveness with global players. To tackle this disadvantage, the PLI scheme seeks to offer subsidies and also give tariff protection through higher duties on the grounds that electronics is an infant industry. "By doing so, we are going back to license raj which has been tried before and failed for India," he said.

Rajan was delivering a lecture on 'Democracy and Indian Economic Development' at a workshop organised by the Madras Institute of Development Studies in Chennai on Thursday..

India's ambition to build a strong advanced chip building ecosystem is another case in point, he added. Intel, he pointed out, which already has a strong base in chip manufacturing, is investing $40 billion.

For India to build this ecosystem from scratch would involve huge subsidies which will eventually become a white elephant. This money could have been better invested elsewhere like in education, he suggested, adding that the money could be used to educate thousands of engineers who can play a big role in chip design, is a critical input in chip manufacturing.

Protectionism on rise

India, he further added, should seriously look at a services-led growth rather than aping China's manufacturing-led growth.

He argued that China was able to succeed by keeping wages and interest cost low. It was able to do so as it is not a democracy. India cannot follow this path. Also, the world today is very different from the time China began its manufacturing-led growth journey.

Protectionism, he said, is on the rise and a lot of tariff barriers are being put in place. That apart, the world is going green and consumption of manufactured goods will decline going forward as people cut back on their carbon footprint.

Services on the other hand, he said, will not face any such restrictions. Rather than going deep into manufacturing, India can leap-frog into a services-led growth which will help it create more jobs and tap global demand.

Source: thehindubusinessline.com – Mar 24, 2022

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# Cotton acreage set to grow by 10-15% on higher prices for fibre

Threat from illegal HTBt cottonseed continue to stare at seed firms

Cottonseed companies are gearing up for high demand for seeds as they expect renewed interest from farmers following record prices for the fibre crop this season to September.

The seed industry has forecast a growth of 10-15 per cent in cotton acreage during the upcoming kharif season. Though higher rainfall and floods damaged the crop in many States last year, the overall productivity this season has been good.

Deficit in area

This season, the area under cotton declined by 7.73 lakh hectares (lh) to 120 lh against the previous season's acreage of 127.87 lh.

The National Seed Industry of India (The National Seed Industry of India (NSAI) has pegged the requirement of cottonseed at 4.50-4.75 crore packets (of 450 gm each) against last year's 4.40-4.50 crore packets. "This could vary depending on the rain condition and erratic weather, which could impact the sowing. Sometimes, farmers will have to go for resowing," M Prabhakara Rao, President of NSAI, told BusinessLine.

He said the area would increase due to a record price for the natural fibre. The availability for some hybridseeds may be lower than the demand. "But the overall supply may be just about adequate if there is no requirement for the seed due to erratic rains," he said.

"There was dip in area in 2021 by about 17 per cent compared with the area in the previous year. It may recover by at least by 12 to 15 per cent," M Ramasami, Chairman of Rasi Seeds (Private) Limited, said.

Unauthorised seeds

The seed industry, which is facing a serious challenge from players that are selling unauthorised herbicide-tolerant cottonseeds, feels that the problem could continue to pose problems.

Asked whether the Bt-3 seeds will continue to pose problems, Ramasami said it would create some trouble. “The only possible solution is that the government should come forward to approve and see that the research-based companies are allowed to sell,” he said.

A top executive of a cottonseed company said the HTBt seed made up about 18-20 per cent of the total area under cotton this season. Farmers unions, however, contend that the area under illegal cotton could well be over 30 per cent. “Lower incidence of Pink Bollworm resulted in good quality cotton. This has led to very high commodity prices. They went up by more than 1.5 times the minimum support price,” he said.

Source: thehindubusinessline.com– Mar 24, 2022

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# Government to Ensure Hassle Free Growth of MSMEs: Shri Bhanu Pratap Singh Verma

Union Minister of State for MSME Shri Bhanu Pratap Singh Verma inaugurated the Global Summit titled “Empowering Tech Entrepreneurs” organised by the Ministry of MSME in collaboration with Electronics & Computer Software Export Promotion Council today at New Delhi. The Summit was attended by almost 400 delegates from India and abroad.

Speaking at a Mega Global Summit of technology-based entrepreneurs Shri Verma said that all arms of the Government are working in close synchronization to ensure that entrepreneurs having tech-focused enterprises do not face any bottlenecks in their ventures.

Describing, entrepreneurs as the “wealth creators” for the economy, Shri Verma stated that his Ministry is engaged in continuous endeavours to ensure that technology enterprises have access to all the necessary resources required for their growth.

Emphasizing upon the need for international cooperation between MSMEs of different nations, he said the International Cooperation Division of the Ministry was facilitating interaction between Indian entrepreneurs and their counterparts in different countries.

Several industry experts – both global and Indian and senior officials of the Ministry also addressed the delegates.

Source: pib.gov.in– Mar 24, 2022

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# Andhra Pradesh: Cotton price goes past Rs 11,000 a quintal

Cotton prices crossed Rs 11,000 for the first time in history of the almost eight-decade-old Adoni Agriculture Market Yard on Thursday.Bringing cheer to farmers, cotton sold for Rs 11,219 a quintal in Adoni, the lone cotton market in the State. Cotton had been selling below Rs 7,000 in the previous years. The previous high was Rs 6,500.

The price of cotton has been on the upswing since the beginning of the current season, posting the highest December price of Rs 9,600, before shooting past the Rs 10,000 mark in January. B Sreekanth Reddy, the deputy director of the market, attributed the hike in cotton price to depleting stock in international markets due to rains, cultivation of cotton in lesser area and inferior quality of the produce in other markets.

Kurnool's cotton seed and lint have been of better quality, attracting traders and exporters to the market here. The official said the Adoni market had traded 4,000 quintals of cotton on an average daily during the three months from November last. Of late, the average daily arrival of the produce has dipped below 800 quintals due to decreased production.

"Cotton arrives from different parts of the southern States, and at least 300 traders have been dealing with the produce," he said, adding that.the market yard has 10 average bids per stock, the highest average bid in the entire country. According to official records, cotton was cultivated in 7 lakh acres across the district this year.

The harvesting of the six-month crop began in December. Heavy rains during the beginning of the planting season destroyed the crop, followed by scant rainfall which also affected the farmers. At least 40 ginning mills have been functioning around the market established in 1943. The millers export the procured cotton after grading, separating the seed and lint, Sreekanth Reddy said.

Source: newindianexpress.com – Mar 25, 2022

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# Khadi sales touch Rs 3,030 crore till December 2021

Khadi sales stood at Rs 3,030 crore as of December 31, 2021, against Rs 3,527.71 crore in FY21, Parliament was informed on Thursday. In a written reply to the Lok Sabha, Minister of State for MSME Bhanu Pratap Singh Verma said the ministry has taken several steps to boost the sale of traditional Khadi products.

The measures include establishing the Centre of Excellence for Khadi with the technical support of NIFT; organising exhibitions, and providing credit at concessional rates.

KVIC has obtained registration of the Trade Mark "KHADI" in 17 countries, including Germany, the UK, Australia, Russia, China, Bahrain, Oman, Kuwait, Saudi Arabia, Mexico, and the Maldives.

Source: pib.gov.in– Mar 23, 2022

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# Government eMarketplace gets ₹1 L Cr orders in FY22

Procurement of goods and services from the national procurement portal for official purchases - the Government eMarketplace (GeM) - has crossed ₹1 lakh crore during this fiscal year, led by a sharp increase in buying from different ministries and departments. The procurement value may cross ₹1.5 lakh crore in the next fiscal, chief executive officer of GeM P K Singh said on Thursday.

Earlier, the portal had crossed the ₹1 lakh crore mark in about four-and-a-half years but now this was achieved during one fiscal year, Singh said.

"Happy to know that GeM has achieved order value of ₹1 lakh crore in a single year! This is a significant increase from previous years. The GeM platform is especially empowering MSMEs, with 57% of order value coming from the MSME sector," Prime Minister Narendra Modi tweeted on Thursday. On March 23, 2022, GeM reached the ₹1 lakh crore milestone, a whopping 160% growth compared to the previous fiscal year.

The commerce and industry ministry launched GeM on August 9, 2016, replacing Directorate General of Supplies and Disposal to create an open and transparent procurement platform of commonly used goods and services for all government departments, ministries and public sector firms.

It aims to streamline procurement by the central and state governments, which is estimated at ₹5-7 lakh crore each year. "The number of orders has surpassed 31.5 lakh in FY22 with a growth of 22%," Singh said, adding that GeM is among the top five e-public procurement systems globally and that there are no Chinese products on the portal at present.

Uttar Pradesh, Delhi, Gujarat, and Madhya Pradesh are among the top five states that are buying from the portal. Procurement by central public sector enterprises rose to ₹43,000 crore.

Singh said that to promote inclusivity, GeM is integrating with panchayati raj institutions to allow online buying and selling by panchayats and a pilot for the same in Gurugram has been successfully completed.

Source: economictimes.com– Mar 24, 2022

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