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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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INTERNATIONAL NEWS

UK, Canada launch negotiations for new FTA

UK international trade secretary Anne-Marie Trevelyan recently met Canadian minister for international trade, export promotion, small business and economic development Mary Ng in Ottawa to launch talks for a new free trade agreement (FTA) and strengthen a trade relationship worth over £19 billion in 2020. The United Kingdom is Canada's third largest trading partner.

Building on the benefits of the UK-Canada Trade Continuity Agreement, the new FTA will go further than ever before in areas like innovation, digital, data, the environment and women's economic empowerment, a UK government press release said.

For example, the adoption of digital trading systems can make trade cheaper, faster and more secure for businesses. This could see more than 10,000 UK small and medium-sized businesses benefiting from lower barriers to trade such as simplified paperwork, encouraging more businesses to start trading with Canada.

Canadian demand for imports is projected to grow by 45 per cent by 2035. Canadian-owned businesses employ 108,000 people across the United Kingdom and additional investment resulting from a new deal could support jobs across the country and help level up the UK.

Source: fibre2fashion.com – Mar 29, 2022

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China: Why does cotton yarn market stay calm to the surge of cotton?

ICE cotton futures have moved up high since mid-Mar and the lead contracts broke through 140cents/lb on Mar 28 with an increase about 20%. Accordingly, ZCE cotton futures increased and May contracts rose about 1,000yuan/mt with an increase of 5% from mid-Mar.

However, cotton yarn market stays calm to the surge of cotton. Since mid-Mar, cotton yarn price has walked on its own way and less depended on cotton price. Instead, downstream orders and demand attract the market's attention.

1. Poor downstream demand weakens cotton yarn price.

Traditional peak season, Golden Mar and Silver Apr, failed to come this year and overall trading sentiment on cotton yarn market stayed bearish from the very beginning of Mar.

As time passed, the market gradually lost its patience and confidence, and additionally, the outbreaks of Covid-19 pandemic in China forced some downstream fabric mills to suspend production, and also hindered the transportation.

According to CCFGroup, the market does not care much about the rise of cotton price now. Previously, the surge of cotton price always induced improved buying interest and cotton yarn sales. However, the market is quiet at this time. Intuitively, spot cotton price does not spike as cotton futures and cotton yarn price remains weak with some underselling heard sometimes.

	15-Mar	28-Mar	Change	% change
ICE cotton futures May contracts (cent/lb)	118.6	141.8 (highest)	23.2	19.6%
ZCE cotton futures May contracts(yuan/mt)	21060	22000 (highest)	940	4.5%
Cotton 3128 (yuan/mt)	22430	22670	240	1.1%
CY C32S (yuan/mt)	29035	28870	-165	-0.6%
CY C40S (yuan/mt)	30190	30000	-190	-0.6%
CY compact-spun combed 60S (yuan/mt)	39050	38700	-350	-0.9%

2. Cotton yarn mills are more strongly expected to cut production after the rise of cotton price

Many cotton yarn mills started to cut production from Mar amid the continuous depression and great losses. Along with the rise of cotton price, more mills intend to suspend production as the losses intensify. Some small mills said that they would suspend production and take holiday when the cotton stocks in hands were used up and some medium and large mills also plan to reduce production. So in Apr, increasing production curtailment will be seen.

3. Market participants are not optimistic to the continuity of cotton rise

The major reason that cotton yarn did not follow cotton to move up is lack of downstream orders and difficult sales, so the market participants are not optimistic to the continuity of cotton rise.

In addition, this round of cotton rise is partly based on corners and squeezes on ICE cotton futures, which is thought to be short, and it will return to market fundamentals later. As a result, the purchasing and stocking up are scarce, hard to support cotton yarn market.

As a whole, cotton yarn market now more depends on downstream demand rather than upstream motivation.

Source: ccfgroup.com – Mar 29, 2022

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China's industrial profits up by 5% in Jan-Feb 2022

Profits of China's major industrial firms increased by 5 per cent year on year (YoY) in the first two months of this year, according to National Bureau of Statistics (NBS) data, which showed the growth rate went up by 0.8 percentage points from December last year.

Industrial firms each with annual main business revenue of at least 20 million yuan ($3.14 million) saw their combined profits reach 1.16 trillion yuan in the two months.

In January-February, the revenues of those firms went up by 13.9 per cent YoY to 19.4 trillion yuan, and 21 out of 41 industries saw growth in profits, according to official Chinese media.

At the end of February, their assets totaled 142.24 trillion yuan, up by 10.4 per cent YoY. Their liabilities totaled 80.03 trillion yuan, up by 10.2 per cent. The ratio of liabilities to assets was 56.3 per cent, down by 0.1 percentage points YoY.

Source: fibre2fashion.com – Mar 29, 2022

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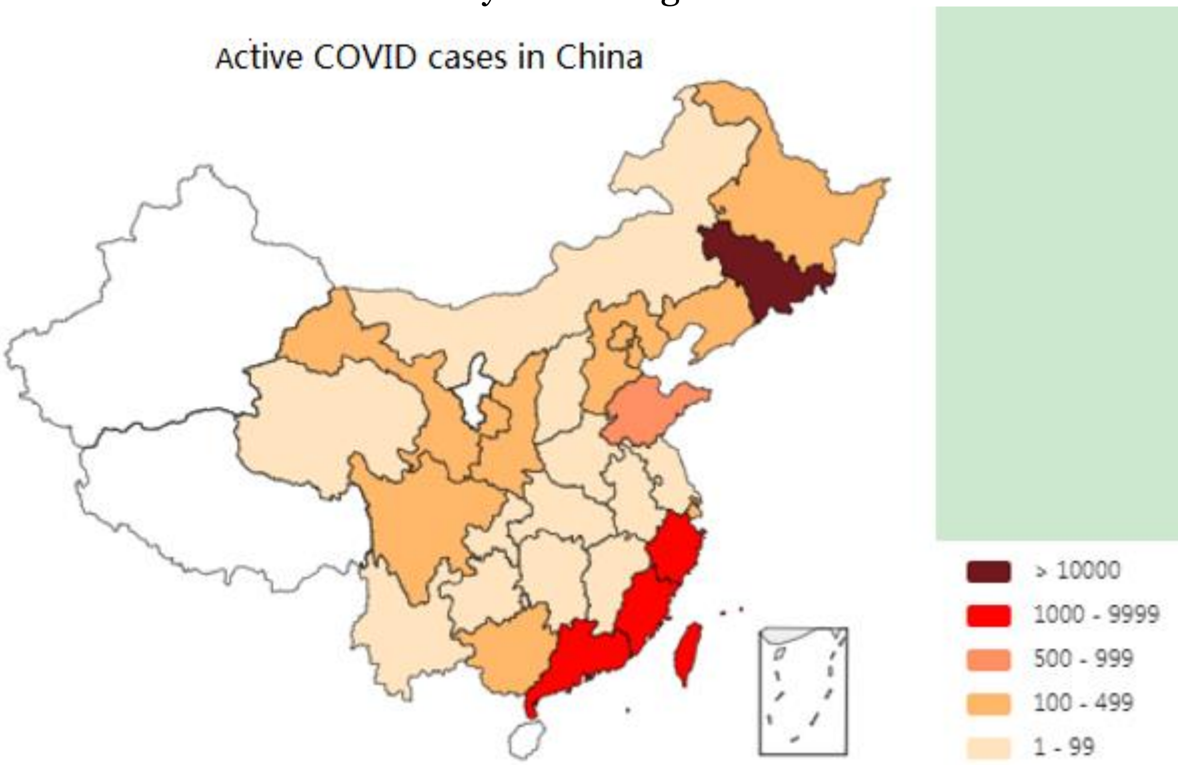
Impact of multiple COVID outbreaks on China cotton textile industrial chain

Since Mar, the multiple outbreaks of COVID and epidemic-related control management measures have hit the cotton textile industrial chain in China and make the originally weak consumption even worse. The anticipated traditional peak season has not come.

1. Epidemic-related control management hits the cotton textile industrial operation

By Mar 24, Chinese mainland reported 2,054 new confirmed COVID-19 cases, with 2,010 locally transmitted and the cumulative infections were 25,712. Since Mar, the daily new confirmed cases and asymptomatic infections have been constantly increasing.



As the major producing, importing and consuming regions of cotton textiles, Shandong, Hebei, Jiangsu, Zhejiang, Fujian and Guangdong provinces are hit by the epidemic successively. The local government tightens the epidemic-related management measures successively, impacting the cotton textile industrial chain apparently. The survey by Mar 24 is showed below.

Impact of epidemic on cotton textile industrial chain			
Chinese cotton	Producing area	Xinjiang	It is necessary to understand the epidemic prevention requirements of destinations. Once passing through the medium-high risks, travel code and health code will be yellow, and drivers may be quarantined. The vehicles are repeatedly disinfected, and the road transportation time is longer.
	Consuming area	Hebei, Shandong, Jiangsu	Warehouse entry and exit operations are restricted or suspended (in some areas, cotton transport vehicles are not allowed to get off the expressway or the warehouse needs to be picked up at the expressway with a pass)
Imported cotton	Shandong (Qingdao, Weifang, Jinan), Shanghai, Jiangsu, Hebei		1. The inspection and sterilization of imported cotton in the bonded area has been intensified, the entry and exit of the warehouse are restricted or suspended, and some early-stage sales contracts have to be postponed due to the inability to pick up in time;
			2. Salesmen and financial staffs are in quarantine in some areas, resulting in the difficulties in sampling and invoicing;
			3. Nucleic acid reporting requirements and destination quarantine policies lead to insufficient drivers;
			4. Some expressways and roads are blocked or closed due to epidemic control, affecting the cotton transportation;
			5. However, some areas have been gradually relaxed, and people can move freely.
Cotton yarn	Production	Shandong	Operation of some plants is affected as workers are in quarantine, and some spinning mills are closed in control areas, but the proportion is low. Most plants can maintain production normally.
		Jiangsu (Changzhou)	Some plants suspend operation.
	Consumption	Jiangsu	Expressway is closed in some consuming areas
		Shandong, Henan	In some areas, the procedures for returning or leaving the province are cumbersome, resulting in fewer transport vehicles willing to travel long distances, and some drivers change the vehicles multiple times, but the cost increases.
Imported cotton yarn	Gaoyang of Hebei		Transportation is affected greatly, and downstream fabric mills witness unfavorable orders.
	Shandong		No new COVID cases are reported in Weifang. Transportation is affected slightly, but fabric mills have no influence on operation.
	Changzhou of Jiangsu		The epidemic situation is serious. Half of the entry and exit of highway is closed, and it is basically impossible to enter and exit.
	Nantong of Jiangsu		No big influence, only transportation is affected somewhat.
	Zhejiang		No big influence, only transportation is affected somewhat.

The influences of epidemic-related management measures on cotton textile industrial chain shows:

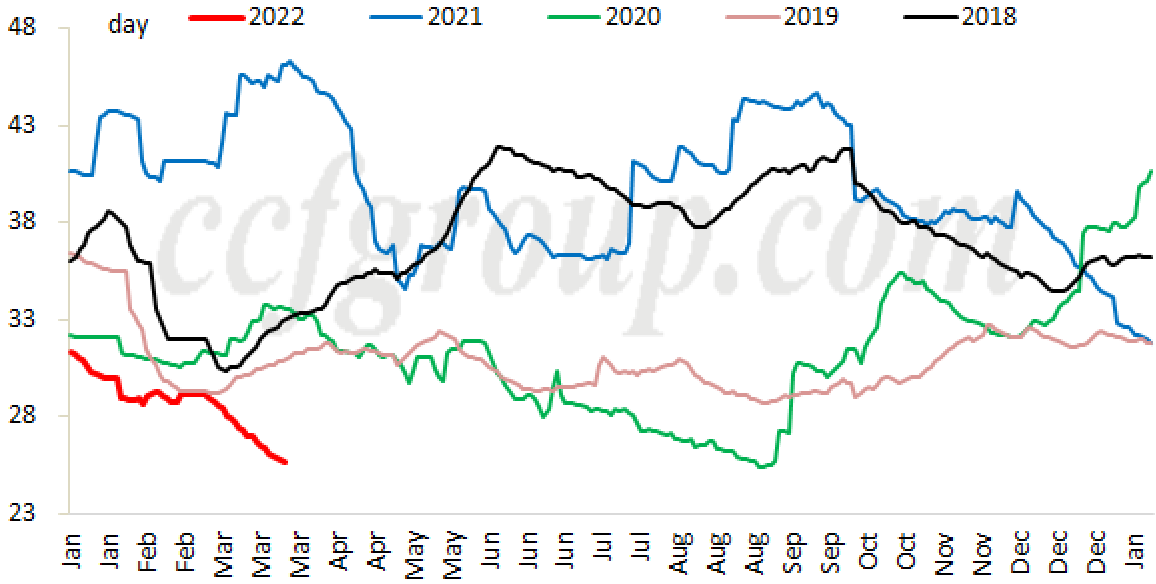
1. The quarantine measures on workers restrain the labors, and plants' operation is affected;

2. Closure of warehouses and highways causes the unsmooth transportation and inadequate supply;

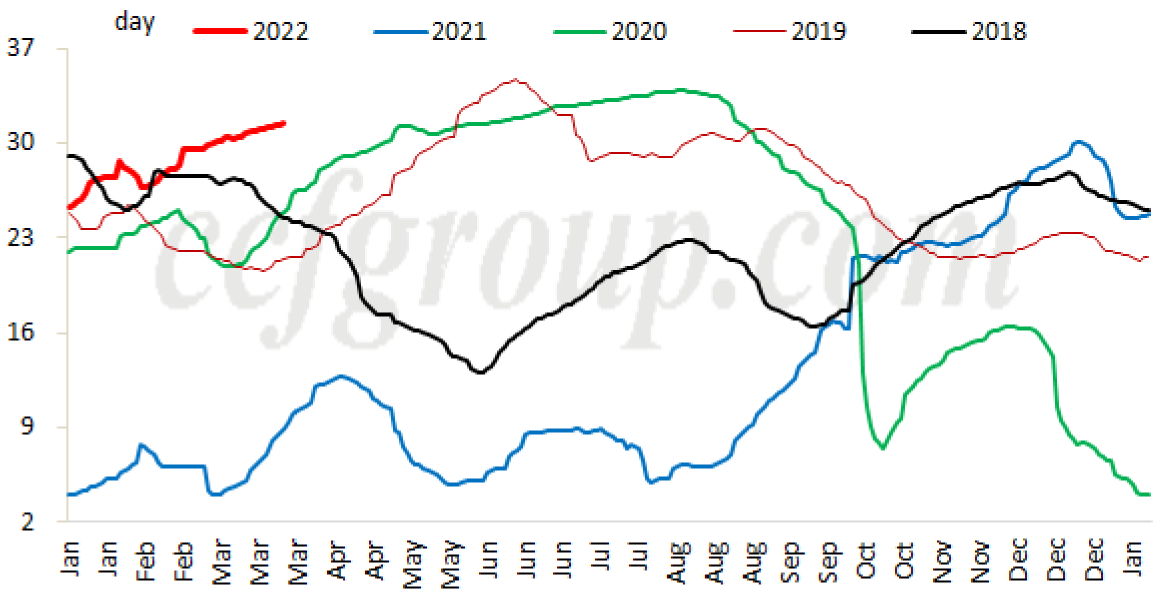
3. Epidemic-related measures leads to cumbersome procedures, low efficiency and rising costs.

2. Epidemic hits the cotton textile consumption

Cotton inventory in cotton yarn mills

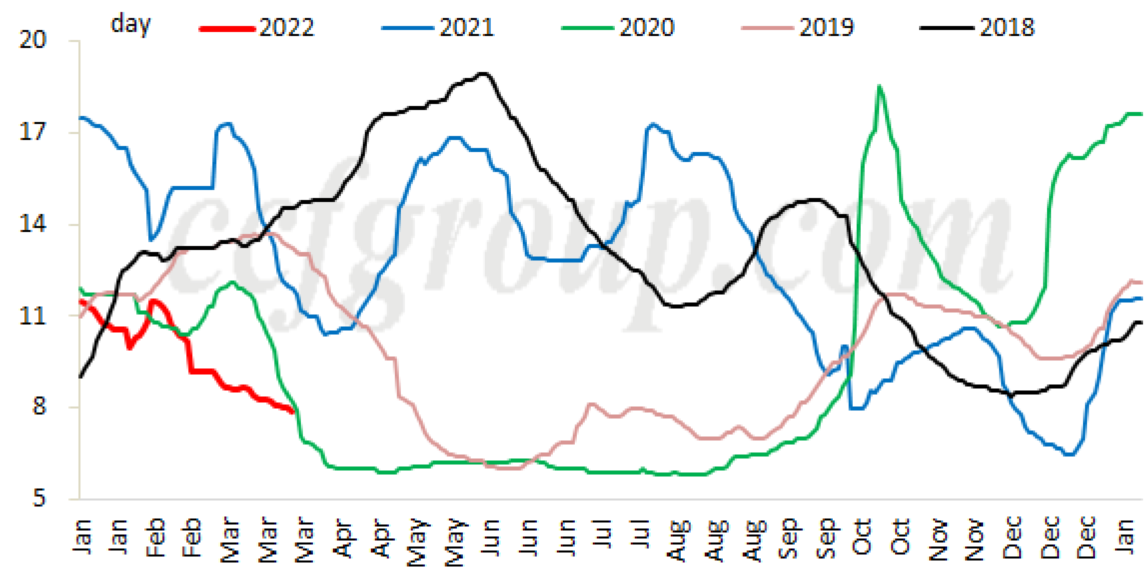


Cotton yarn inventory in spinning mills

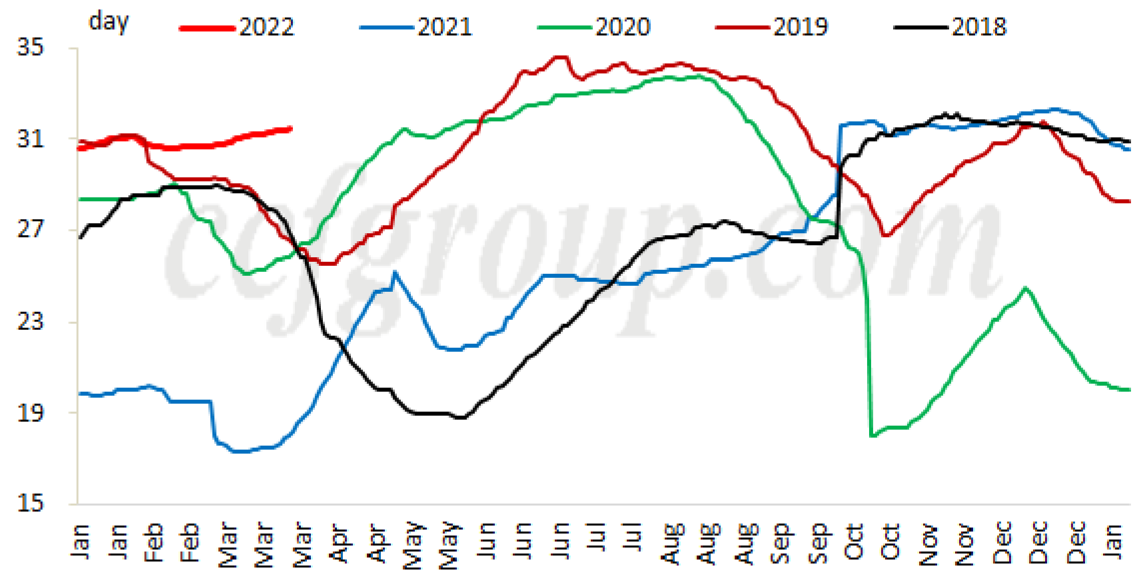


Currently, cotton inventory in spinning mills has reduced to a multi-year low of 25.6 days, and cotton yarn inventory is accumulated to 314kt. Operating rate of spinning mills reduces to 55.6%, partly due to the heavy losses, partly due to the limited new orders.

Cotton yarn inventory in fabric mills



Cotton grey fabric in fabric mills



In the meantime, cotton yarn inventory in fabric mills has reduced to 7.9 days, similar to the level in the same period of 2020, while cotton fabric inventory has recovered to 31.5 days, and operating rate of fabric mills decreases to 54.5%, mainly due to lack of new orders.

The COVID outbreaks in the major cotton textile producing, importing and consuming regions make the originally weak consumption even worse. The anticipated traditional peak season has not come.

In general, the multiple outbreaks of COVID and epidemic-related control management measures have hit the cotton textile industrial chain in China and make the originally weak consumption even worse.

The anticipated traditional peak season has not come. There is great uncertainty about when the epidemic will end, when the control measures will be lifted, and whether the consumption will recover.

Source: ccfgroup.com – Mar 28, 2022

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Global number of installed short-staple spindles stable in 2020: ITMF

The global number of installed short-staple spindles remained stable in 2020 at 221 million units, according to the ITMF. ITMF has published the International Textile Industry Statistics (ITIS) on productive capacity and raw material consumption in the short-staple organised (spinning mill) sector in virtually all textile-producing countries.

The decreasing trends observed in both segments in previous years (mainly due to scrapping of outdated machinery in China) seem to have come to an end. The tendencies observed in other regions are stable. The number of installed air-jet spindles increased in 2020 in all regions except in Europe, East and Europe, West, as per the statistics.

The substitution between shuttle and shuttleless looms continued in 2020 but the number of installed shuttleless looms has shrunk for the first time from 1.68 million in 2019 to 1.64 in 2020.

Total raw material consumption in the short-staple organized sector has sharply decreased from 46 million tons in 2019 to 41 million tons in 2020. Consumption of raw cotton, synthetic and cellulosic short-staple fibres decreased by -12 per cent, -14 per cent, and -9 per cent, respectively. This effect mainly reflects the reduced levels of production during the COVID-19 pandemic.

Source: fibre2fashion.com – Mar 29, 2022

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Higher-end goods, more sustainable production methods Cambodia's focus

Cambodia's ministry of economy and finance (MEF), which launched its new strategy for the garment, footwear and travel goods (GFT) sector recently, has identified two priority areas for the industry that need to be strengthened: upgrading production to manufacture higher-end goods and adopting more environmentally sustainable production methods.

So far, the domestic industry has been focused on what the International Labour Organisation's (ILO) 2021 report on the garment industry in Southeast Asia described as the 'cut-make-trim business model'. It is the lowest-value segment of the supply chain, depending on importing raw materials, equipment, and designs. It relies on a low-skilled workforce and a labour-intensive model driven by low wages.

Ken Loo, secretary general of the Garment Manufacturers Association in Cambodia (GMAC), doesn't see the industry's workforce as being exactly low-skilled. "Upskilling is what is needed, and it's always been a part of training the workforce," he said while agreeing with the MEF's point of needing to create more upstream and downstream industries in the country to support the sector.

"It would involve aligning with the buyer's needs to see more renewable energy and environmentally friendly production methods such as dealing with wastewater discharge and waste material, and introducing more use of solar and clean energy," Loo was quoted as saying by Cambodian media reports.

As a huge amount of waste ends up in landfills, Loo wants to see greener ways of waste disposal like incineration.

Source: fibre2fashion.com– Mar 29, 2022

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Egyptian Cotton: A Renaissance Textile

Sunlight pairs best with cotton, and cotton is best Egyptian; from romantic metaphors to anecdotes of fine-living, there are few textiles more famous across the world than Egyptian cotton. Characterized by superior quality, it has garnered a worldwide reputation for being the "highest lint quality" among global cottons.

As a plant, cotton belongs to a family which includes hibiscus and okra. Scholars cite Egypt's dynastic period as the first recorded cultivation of cotton, with hieroglyphs and sculptures serving confirmation to the use of cotton fibers as early on as 2500 BC. This dependency reached its peak between the Ptolemaic and Roman periods (circa. 305 BC – 395 AD), with two central species grown in the area (Gossypium arboreum L. and Gossypium herbaceum L.).

While the use of cotton fibers existed in some capacity, scholars maintain that the introduction of cotton as a textile is credited to the Arabs, who "are also credited for introduction, later on, of cotton growing and manufacturing in Spain and southern Europe."

The word cotton in and of itself is derived from the Arabic qotn.

Muhammed Ali—the father of Egypt's modern renaissance—was the one who solidified Egyptian cotton's reputation. In short, before 1820, "one cannot speak about Egyptian cotton but rather about cotton in Egypt." Egyptian cotton as it is known today originates with Muhammed Ali's reign but continues for centuries after, affected closely by local and international political climates. It was during Ali's era that Egyptian cotton "witnessed its emergence as a definite type among world cottons," and became a coveted textile associated with wealth and quality.

In the 1860s, two major influences impacted the future of Egyptian cotton—one positive, and one rather unfortunate.

A promising factor was the appearance of the Egyptian Ashmouni variety, which became the backbone of the global cotton industry for years. A less promising development was the mixing of Egyptian fibers with American ones, which resulted in issues with quality and credibility. This new variant was dubbed "Hindi weed" and caused several issues for Egyptian cotton.

When the American civil war erupted in 1861, however, Egypt came to dominate the global market; American cotton was void and inaccessible for a period of time, which created exponential increases in the price and exportation of Egyptian cotton. Scholars estimate that it rose from about USD 16 million in 1862 to USD 56 million in 1864.

While the cotton industry in Egypt has waned and waxed over the years, Egyptian cotton still maintains its reputation as a sought-after measure of luxury. Various parts of the world grow Egyptian cotton today, maily the United States, where it is known as “American-Egyptian” or “Pima.”

However, Egypt remains the “main producer and the producer of the best qualities.”

Source: egyptianstreets.com– Mar 29, 2022

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UK's retail sales decline in March 2022: Survey

United Kingdom's retail sales have declined in March (-23 per cent from +16 per cent in February) and are expected to remain below seasonal norms, but to a lesser extent, in April (-6 per cent) as per a recent survey. Wholesalers (+29 per cent from +46 per cent in February) continued to have good seasonal sales in March 2022.

The retail sales volumes grew at a slower pace in the year to March (+9 per cent from +14 per cent in February) but are expected to grow at a much faster pace in the year to April (+39 per cent), according to the CBI quarterly Distributive Trades Survey.

Moreover, the survey of 93 companies, including 38 retailers, found the orders placed with suppliers were broadly flat in the year to March (+3 per cent from +11 per cent in February) but are expected to grow at a quick rate in the year to April (+29 per cent). The internet sales volumes in the year to March fell at the sharpest rate since the question was first asked in August 2009 (-46 per cent from -11 per cent in February), although this is in comparison to March 2021 when non-essential retail stores were closed. Internet sales are expected to decline at a modest pace next month (-6 per cent).

The survey also found that retailers reported stock levels in relation to expected sales as good in March, after having been seen as poor in February (+15 per cent from -4 per cent). Firms expect stock positions to improve further next month (+22 per cent).

“Retailers had a mediocre March, with sales reported as being below seasonal norms. The cost-of-living crisis is looming large across the sector, as households' wallets are being hit by the fastest rate of inflation.

“The chancellor's spring statement outlined new support for those on low incomes amid these financial challenges. But further action will be needed to galvanise consumer confidence, shore up incomes, and support spending on UK high streets in the tough months to come,” Martin Sartorius, principal economist at the CBI, said.

Source: fibre2fashion.com– Mar 30, 2022

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Vietnamese Exports Could Be Linked to Forced Labor

A coalition of organizations from Vietnam is urging the Department of Homeland Security to pay closer attention to exports from the Southeast Asian nation, which it claims has been importing raw cotton and semi-finished cotton goods from China's Xinjiang Uyghur Autonomous Region to produce clothing for brands such as Adidas Canada, American Eagle, Calvin Klein, Gap, and Levi Strauss.

By doing so, Vietnamese suppliers have been helping Beijing "bypass" trade sanctions meant to punish it for human-rights violations, including mass detention, forced labor and torture, against Uyghurs and other Muslim ethnic minorities, the Alliance for Vietnam's Democracy said Sunday. Cotton and cotton-containing products from the region have been barred from entering the United States since last January, while a "rebuttable presumption" that all goods from Xinjiang contain forced labor and are therefore impermissible is poised to take effect in mid-June.

Xinjiang provides 85 percent of China's cotton, which in turn accounts for one-fifth of the world's supply of fiber, according to trade data. Since cotton exports from Xinjiang to the United States have all but dried up over the past two years, cotton-based yarns, textiles and finished garments grown and manufactured for overseas markets could be taking a more circuitous route, the Alliance for Vietnam's Democracy said, creating a "laundering" effect that obscures their true origin.

Between 2016 and 2019, Vietnam was the fourth-largest importer of cotton or cotton-mixed products from China in terms of product value ($20 billion) and the second-largest in terms of weight (2 billion kilograms). The country is also the second-most popular destination for Chinese exports of semi-finished cotton products after Bangladesh in terms of value ($7.3 billion) and weight (939.3 million kilograms). Shipping data suggests that intermediary manufacturers use those materials to create finished garments for international markets with "no indication to consumers of the cotton's origin," according to Laura Murphy, professor of human rights at Sheffield Hallam University's Helena Kennedy Centre for International Justice.

"The benefits of such an export strategy may be clear: the end buyer is no longer directly involved in buying Xinjiang cotton—international brands and wholesalers can buy from factories in third countries that have few visible ties with Uyghur region-based companies," Murphy wrote in a

November study that Alliance for Vietnam's Democracy used as the basis for its allegations. "A stable supply of Xinjiang cotton to the international market is thus guaranteed, even as brands, governments, and consumers increasingly turn away from Xinjiang forced-labor-made goods."

Murphy's research identified 53 intermediary suppliers that purchased fiber and textiles from five major Chinese textile companies that reportedly use Xinjiang cotton: Huafu Fashion, Jiangsu Lianfa Group, Luthai Textile, Texhong Textile and Weiqiao Textile Company. Of them, six—Eins Vina, Indo Taichen Textile Industry, Nobland Vietnam, Seshin Vietnam, Thanh Cong Textile Garment and Tung Mung Textile—are Vietnamese, according to the Alliance for Vietnam's Democracy, placing their "well-known" clients at high risk of harboring forced labor in their supply chains.

Ein Vina parent Sae-A told Sourcing Journal that it has terminated business with all suppliers that were unable to provide a "letter of guarantee stating that they are fully excluded from the use of Xinjiang cotton." The other suppliers did not immediately respond to emails seeking comment.

Most of the brands singled out by the Alliance for Vietnam's Democracy have produced statements indicating that they neither use Xinjiang cotton nor tolerate any forms of modern slavery.

American Eagle, for instance, "prohibits the manufacture of any product or the use of any raw material" from the region, while Calvin Klein owner PVH Corp. has placed Xinjiang on its restricted jurisdictions list. Gap says it doesn't produce garments in the region, and Levi's CEO Chip Bergh said last April that the denim giant hasn't had business dealings there in a decade. Adidas, meanwhile, famously saw its profits tumble in China after it expressed concerns about forced labor in Xinjiang.

Eileen Fisher, which the Alliance for Vietnam's Democracy also named, is one of the few retailers that have committed to the End Uyghur Forced Labour Coalition's Call to Action to root out any traces of Uyghur coercion from their supply chains. Only Eddie Bauer and Everlane, two other brands on the organization's list, have yet to publicly declare their stance on Xinjiang cotton. None of the companies immediately responded to requests for comment.

Murphy said that while international brands may be unaware of the Chinese manufacturers their suppliers are sourcing from, they can "no longer afford" not to do their due diligence.

"All companies must do this. I know it because I do it from my desk with very little resources," she told Sourcing Journal. "When it comes to being able to tell where your goods are coming from, a company should either know, 100 percent, all the way down to the farm, where their cotton and raw materials are coming from, or they should stop buying from suppliers that refuse to look and [find out]. So if you have no visibility, then that's a problem you can fix."

Source: sourcingjournal.com– Mar 29, 2022

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UK keen to invest more in Bangladesh: PM's adviser Salman F Rahman

Bangladesh prime minister's private industry and investment adviser Salman F Rahman recently said UK investors have shown interest to invest more in Bangladesh. He said this after meeting British prime minister's trade envoy to Bangladesh Rushanara Ali at the Bangladesh Investment Development Authority (BIDA) office in Dhaka to discuss bilateral issues.

Many British companies already operating in Bangladesh, whose economy is bouncing back and the overall situation is gradually improving, Ali said.

Rahman said Bangladesh is working to ensure a congenial domestic business atmosphere. "We have already introduced One Stop Service (OSS) centre through the BIDA. We are also providing digital online services. The environment is improving gradually," he was quoted as saying by Bangla media reports.

The United Kingdom is constructing the 3rd terminal of the Hazrat Shahjalal International Airport (HSIA) to ensure global standards in services and the work will be completed within the next year, he added.

Source: fibre2fashion.com– Mar 29, 2022

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Bangladesh's Export Policy 2021-24 becomes effective

Bangladesh's Export Policy 2021-24 became effective from March 23, with the highest priority attached to 14 sectors to boost much-needed foreign-currency earnings. It has polices to navigating potential challenges following the graduation from the least developed country (LDC) status in 2026, the fourth industrial revolution, research and development activities and coping with the COVID-induced blow to exporting sectors. The ministry of commerce issued a gazette notification to that effect. The government aims annualised export earnings of $80 billion during the 2021-2024 term, according to Bangladeshi media reports.

The priority sectors having untapped export potential include apparel having highest value addition, denim, man-made fibre, garment accessories, pharmaceuticals, plastic products, shoes (both leather and synthetic), jute and agro-products, light engineering, shipbuilding and ocean-going trawler building, furniture, home textiles and home decor, luggage, active pharmaceutical ingredients and reagent.

"Exporters would be able to deposit a certain amount of their export earnings into their foreign-currency account under retention quota. Bangladesh Bank would determine the amount time to time," said the policy statement. Exporters can now borrow up to 90 per cent of the amount stated in the irrecoverable letter of credit or confirmed contract.

"The commercial banks would deal with the issue with due priority as per instructions of the Bangladesh Bank," it said. For new industry, value addition should be at least 30 per cent for getting export incentives. The National Board of Revenue (NBR) would consider offering bonded-warehouse facility to the partial exporting sector on fast-track basis under the Customs Act 1969.

For research and development, the government can offer policy support allowing a certain part as expenditure of annual turnover of the exporting company. Leather-sector exporters would get financial support from export-readiness fund. The export policy lays emphasis on building capacity of trade regime of Bangladesh through establishing connectivity and partnership with other countries.

Source: fibre2fashion.com– Mar 29, 2022

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NATIONAL NEWS

India- UAE trade under Comprehensive Economic Partnership Agreement (CEPA) has the potential to touch USD 250 billion by 2030 – Shri Piyush Goyal

Union Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today said that notwithstanding the initial target envisioned under the India- UAE CEPA, which was USD 100 billion, it was possible to achieve a trade of USD 250 billion in Goods and Services by 2030. He was addressing the gathering at the 'World Government Summit_Sparking the Growth of Emerging Economies' in Dubai today.

Responding to a question on India-UAE Comprehensive Economic Partnership Agreement, Shri Goyal said that India looks upon UAE as a friend, as someone who has always stood by India. Speaking of the huge Indian diaspora in UAE, Shri Goyal said that they were very well taken care of by the UAE government during COVID. He emphasized that the relation between India and UAE extended far beyond the dimension of trade. The mutual trust and respect and the cultural affinity between the two nations in truly unique, he added.

Ever since CEPA was announced, he had, Shri Goyal said, engaged extensively with businesses from both nations. He said that India Gems and Jwellery Export Promotion Council aspired to triple their exports to UAE. He added that the enthusiasm among trade bodies, industry associations and Export Promotion Councils about the India-UAE CEPA was encourging.

Terming Services export as a huge opportunity for India when it comes to UAE, the Minister said that it was a largely untapped segment. Speaking of India's booming startups, especially in fintech, agritech, edutech, healthtech etc, he said that UAE's status as an emerging financial hub would help hasten investments in India, especially in these sectors.

Shri Goyal listed the top 5 sectors with the greatest potential for growth in India-UAE CEPA as gems and jwellery, textiles and leather products, pharmaceuticals, Steel and petrochemicals.

Referring to the melt and pour agreement between India and UAE, the Minister said that it would help to encourage investments in UAE to set up steel plants, help protect steel sector in India and help India gain market access in other countries because of UAE being an entrepôt. Terming India as a giant when it comes to petrochemical production capabilities, the Minister said that there was huge opportunity in the petrochemical sector as well.

Speaking of India's merchandise exports which have crossed USD 400 billion in spite of subsequent waves of COVID 19, the Minister said that services export from India, irrespective of the slowdown in travel and tourism had touched the highest-ever figure of USD 250 billion. The Minister asserted that even at the peak of the pandemic India did not let down a single commitment it made to the world.

Referring to India's success in nurturing startups, Shri Goyal said that India already had 92 unicorns and is hoping to cross 100. He expressed confidence that in the 75th year of India's independence, India would see atleast 75 unicorns emerge from the startup ecosystem.

Referring to the impending 'Amritkaal', the next 25 years of independence, the Minister said that India would ascend from being an emerging economy to a developed one with special focus on assuring prosperity to 1.35 billion people and creating a better future and better life for every child born in India, during this time period.

Source: pib.gov.in– Mar 29, 2022

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India-UAE CEPA will be operationalized on May 1, 2022, says Shri Piyush Goyal

Union Minister of Commerce & Industry, Consumer Affairs and Food & Public Distribution and Textiles, Shri Piyush Goyal has said the India-UAE CEPA will be operationalized on May 1, 2022. Addressing a Business-to-Business (B2B) Meet on India-UAE CEPA in Dubai on Monday, he said the historic deal sets the tone for new beginnings, extraordinary outcomes & a paradigm shift in our trade ties.

Shri Goyal said India looks to UAE as a gateway to Africa, other GCC and Middle Eastern countries, CIS countries and some European countries.

“This significantly opens the doors to significant markets all over the world. So when we set out to engage with each other, we were not engaging with a 10 million population in the UAE, I had in mind, and both of us had in our vision, the much larger engagement that this CEPA is going to offer to businesses on both sides”, said Shri Goyal, addressing the B2B meet with the UAE Minister of State for Foreign Trade, H.E. Thani Al Zeyoudi by his side.

Shri Goyal said the India-UAE CEPA, covering Merchandise Trade and Services, has many first to its credit including the fact that the trade pact was sealed in a record short time span of 88 days.

“And this Agreement is not about Trade alone, it’s not about trade in Goods and Services alone; I think it has a huge geopolitical, economic and also, in some sense, a great human element given the huge presence of the Indian Diaspora in the UAE”, said Shri Goyal.

Shri Goyal termed the India-UAE Partnership as the “defining strategic partnership of the 21st century”. This Agreement gives a new direction, a paradigm shift to this relationship, he said.

Shri Goyal said the India-UAE CEPA is based on the Prime Minister Shri Narendra Modi’s vision of 'Sabka Saath, Sabka Vikas, Sabka Vishwas aur Sabka Prayas'. India wants a larger share of the UAE market as New Delhi sets its eyes on achieving $1 trillion goods exports by 2030, he added.

"With the growing role of Services, in both the economies, I think that will also give a big thrust to our bilateral engagement in the years to come," he said.

Shri Goyal said the UAE has made commitments about their interest to invest in Indian Infrastructure, Manufacturing & Logistic sector. A huge delegation of UAE entrepreneurs recently visited J&K too.

Source: pib.gov.in– Mar 29, 2022

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India targeting $1 trillion exports by 2030: Piyush Goyal

India's Minister of Commerce & Industry, Consumer Affairs & Food & Public Distribution and Textiles, and Leader of the House in Rajya Sabha, Piyush Goyal said that India's target is $1 trillion goods exports by 2030. "I would want a larger share of the UAE market in the years to come because for me, the target is $1 trillion of export of merchandise from India by 2030," added Goyal.

Goyal was addressing the business leaders from India and the UAE at an event yesterday along with the UAE Foreign Trade Minister, H.E. Dr ThBin Ahmed Al Zeyoudi and H.E. Dr Ahmed Albanna, UAE Ambassador to India.

"We are in the game for around $100 billion each way in the next six to seven years. We are in the game for at least $250 billion bilateral trade. I would like all our industry people to set the timeline. I think it's possible and I come with renewed enthusiasm after having achieved India's historic high of $400 billion plus exports for the first time ever," said the Minister.

Goyal said that despite no tourism, travel, or hospitality services due to Covid, India has achieved a historic high in terms of export of services, close to $250 billion. "I want services and merchandise to reach a trillion dollar by 2030, and the UAE will play a very, very important role in this," added the Minister.

Speaking on the Comprehensive Economic Partnership Agreement (CEPA) between India and the UAE, Goyal said, "The UAE-India partnership is the strategic partnership of the 21st century. CEPA agreement between the two countries is not about trade alone, it's about trade in goods and services. It has a huge geopolitical and economic significance and also, in some sense, a great human element."

Goyal highlighted the importance of the agreement as it gives a brand-new direction to the bilateral relationships, be it energy security, food and nutrition security and overall security of the two nations. "With new opportunities for businesses, job generation, increasing incomes, increasing opportunities for our young boys and girls, our startups, the agreement will set the door for new beginnings and have extraordinary outcomes," added Goyal.

Earlier in the day, Goyal also attended, INVESTOPIA Plenary Session at Dubai Expo which saw participation from H.E. Abdula bin Touq Al Marri, Minister of Economy, UAE, Mukhtar Diop, MD, International Finance Corporation and H.E. Hala El-Said, Minister of Economic Development, Egypt.

Speaking at INVESTOPIA, Goyal said, "We focus a lot on public investments. Our budget this year was largely about government funded infrastructure projects on the back of which we see the multiplier effect helping us on the demand side and that is leading to more investments to meet the supply constraints."

"We have been focusing on improving the lives of the people through public investment on one hand, and on the other hand, ensuring our economic security which includes energy security," added the Minister.

Goyal said, "We are in a sweet spot where emerging markets have strengthened themselves over the last few years. They will certainly need to be supported if we have to meet the climate goals. We are yet to see the developed world come up with truly practical funding programs."

Source: economictimes.indiatimes.com– Mar 29, 2022

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Australia says 'very close' to finalising free-trade agreement with India

Australia is on the brink of finalizing a free-trade agreement with India with an announcement possible in "coming days," as the government works to strike a deal less than two months before an expected May election.

Australian Trade Minister Dan Tehan said that he and his Indian counterpart Piyush Goyal were meeting daily and "getting very close" to reaching a deal. Tehan said he was hopeful that there could be an announcement soon.

"Both sides are working feverishly to make sure we can get an agreement that's in both our national interests," he said in a Bloomberg Television interview.

A free trade agreement between India and Australia has been more than 10 years in the making, with negotiations beginning in 2011 before being suspended four years later in 2015. Finally in 2020, amid warming ties between Delhi and Canberra, Prime Ministers Scott Morrison and Narendra Modi agreed to restart negotiations.

Two-way trade between India and Australia was worth A$24.3 billion ($18.3 billion) in 2020, up from just $13.6 billion in 2007, according to the Australian government. Experts have said one of the main sticking points is agriculture, with Australia wanting access to the Indian market, but Modi's government reluctant to put its domestic farmers - a major vote bank - at risk.

The push for an agreement comes just weeks out from the beginning of a national election campaign in Australia, with Morrison's center-right government pushing a narrative of strong economic management as it struggles to make up ground in opinion polls.

Tehan is currently on a visit to the U.S. to meet with Secretary of Commerce Gina Raimondo for the inaugural Strategic Economic Dialogue between the two countries, where they were expected to discuss China's attempts at trade coercion against Australia and the need to strengthen the supply chains for rare earths.

"The traditional rule book is being thrown out the window because we are seeing some countries using their economic weight and their economic power, using economic coercion, using non-market practices, to try and influence global trade," he said.

Speaking on Russia's invasion of Ukraine, Tehan said he expected Australia to announce further sanctions against Moscow soon.

Source: business-standard.com– Mar 30, 2022

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India Pavilion in Dubai to remain a permanent pavilion, says Shri Piyush Goyal

Union Minister of Commerce & Industry, Consumer Affairs and Food & Public Distribution and Textiles, Shri Piyush Goyal today announced that the India Pavilion in Dubai will remain a permanent pavilion. He said, India is grateful to UAE for giving India this pride of place at the planned Innovation District in Dubai, which will represent a symbol of the trust and dynamism of our partnership.

"I thank Dubai for giving India a pride of place at the Expo to create this Marvel In Motion!," said Shri Goyal, addressing the India's Honour Day Celebration at the World Expo-2020 in Dubai.

Shri Goyal said the India Pavilion crossed the milestone of 1.7 million footfalls last week, probably the highest amongst the three or four pavilions at the Dubai Expo.

With the UAE contributing about $ 26 Billion out of India's total exports of over $400 Bn this Financial Year, Shri Goyal said the UAE is India's second largest export destination.

"We hope to see it grow in the years to come. India is the destination for businesses in the UAE. We provide talent and investor friendly policies," he said.

Underlining the leadership of the Prime Minister Shri Narendra Modi and His Highness Sheikh Mohamed bin Zayed Al Nahyan of the UAE, Shri Goyal said trust is the defining factor of the India-UAE relationship.

"Today we are natural partners due to the complementary nature of our economies and increasing trade will always showcase the synergy that our two nations have, strengthening further our eternal bonds. Our ties will remain vibrant, will grow from strength to strength and in the years to come will showcase huge opportunities for people from both nations," he said.

Shri Goyal lauded the UAE leadership for their relentless efforts for making the Dubai World Expo a grand success with a footfall touching close to 25 million in the last six months since its inauguration.

"The Dubai Expo will also remain a shining example of victory of courage over adversity," he said, referring to the two year delay in the staging of the World Expo due to the Covid-19 pandemic.

Shri Goyal said during the period the Dubai Expo was being staged, India and the UAE negotiated the Comprehensive Economic Partnership Agreement (CEPA), the fastest ever negotiated bilateral free trade agreement. Shri Goyal said, on 18th February, 2022 the two countries signed the CEPA and unveiled the India-UAE Joint Vision Document.

Shri Goyal said India's prestigious Indian Institute of Technology (IIT) will open its first overseas campus in the UAE as part of the CEPA pact.

Source: pib.gov.in– Mar 29, 2022

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Bank of Russia, RBI to ready framework for trade, banking

Russian central bank officials are expected to meet their counterparts from the Reserve Bank of India (RBI) to create a regulatory framework that will help sustain bilateral trade and banking operations despite the global sanctions against Moscow, four people familiar with the developments told ET. They are also likely to work on the creation of a dedicated payment mechanism to facilitate India's energy purchases from Russia.

Since the creation of a rupee-rouble exchange channel is likely to feature in the talks, the team of officials from Moscow may also include representatives from Russia's financial sector. A formal meeting between the RBI and visiting Russian officials is expected as early as this week, with the commerce and external affairs ministries preparing broad contours of the proposed Indo-Russian collaboration in the context of Western sanctions against Russian banks.

"The government has given an in-principle green signal for the INR-rouble trade, and it now needs to be brought under a regulatory framework. This meeting will be first in that direction," said one of the people mentioned above.

Russian Banks that could Play a Crucial Role

The visit, covering a broad spectrum of economic and banking issues, has become necessary after the West took steps to commercially isolate Moscow in the aftermath of the war in Ukraine.

"Such a Russian delegation would be coming to India after a gap of more than six months as the situation currently warrants it," said a senior executive associated with the bilateral economic cooperation.

Given the current circumstances, the meeting assumes significance, the person said.

A senior official from the Bank of Russia, Moscow's central bank, probably at the level of a deputy governor or general manager, might lead the talks with the RBI officials.

The Bank of Russia and the RBI did not respond to ET's mailed queries till the time of going to press.

American sanctions on Russian banks came into effect this month. The RBI held a meeting with officials of three large Russian financial institutions, including VTB and Sberbank, to explore the options of building a workable payment mechanism for trade between the two countries, ET reported on March 25.

India is not considering buying oil from Russia or any other country using the rupee, the junior oil minister told Parliament on Monday.

Source: economictimes.com– Mar 30, 2022

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Explained: What India's shift in stance on public procurement means

Under the free trade agreement (FTA) between India and the United Arab Emirates (UAE), which will come into force on May 1, India has — for the first time —agreed to treat UAE firms on a par with domestic companies while bidding for tenders put out by certain central government departments and ministries for buying goods and services. Let's find out what this shift in stance in India's foreign trade policy means.

Why is the opening up of the public procurement market by India such a big deal?

India's public procurement market is estimated to be between 20 and 22 per cent of the GDP, or about $500 billion annually. Central public sector enterprises (CPSEs) are a major contributor to public procurement of projects, goods and services. India's trade partners are keen to have a share of this humongous pie. However, since India has not entered into any bilateral or multilateral agreement on government procurement, it is not binding upon it to allow foreign companies to bid for tenders put out by government departments or public sector undertakings (PSUs). Opening up this market will increase competition for Indian companies since foreign companies could outbid them in transparent bidding processes. This is also the reason why India was averse to opening this market to foreign players in the first place.

Has not India recently made local content mandatory for government procurements to promote Make in India?

Yes, by revising the Public Procurement (Preference to Make in India), Order 2017 on June 4, 2020, the industry department made it compulsory for departments and ministries to provide purchase preference to local suppliers with more than 50 per cent of local content. This was done to promote domestic manufacturing of goods and services with the aim to enhance income and employment.

The order also mandates that countries that do not allow Indian companies to participate in their government procurement for any item shall not be allowed to participate in government procurement in India for all items related to that nodal ministry or department — except for the list of items published by the ministry or department permitting their participation.

What has India committed to the UAE?

India has committed to give national treatment status to UAE companies, on a par with Indian companies, while bidding for central government tenders on a reciprocal basis. This means India cannot deny UAE companies from participating in India's public procurement process on technical grounds or discriminate against their suppliers. However, each country reserves the right to extend a preferential procurement policy for its MSMEs in accordance with its laws and regulations. Public procurement of goods and services, including construction services above ~200 crore by 34 designated central government ministries (such as the ministries of new and renewable energy, and power), are now up for grabs.

However, procurements by all CPSEs including Railways, autonomous bodies and regulators are not covered under the deal. Procurements conducted under the Public Procurement (Preference to Make in India) Order 2017, those related to construction projects or any infrastructure project, or the health care sector, or of agricultural products for food aid programmes are also not covered under the deal.

What will be the consequences of opening up the government procurement market to the UAE?

On the face of it, since India has only yielded access to tenders by a limited number of central government departments and ministries, it won't drive up any major competition for domestic companies. However, this would mean other trade partners under the ongoing trade negotiations — such as Australia, the UK, the EU and Canada — will also demand access to the public procurement market. This may increase competition for domestic companies and also put pressure on India to join the Agreement on Government Procurement (GPA), which is a limited agreement under the World Trade Organisation (WTO) that India has opposed so far.

Why has the government changed its stance now?

India's long-standing position at the WTO has been that first pending developmental issues that concern the developing countries need to be resolved before entering into negotiations for the so-called 21st century issues such as e-commerce, investment, environment and government procurement. However, that position is slowly changing. Now, there is greater realisation within the government that India cannot be a fence-sitter while other countries make rules on issues that concern modern world trade. In December last year, Commerce Secretary B V R Subrahmanyam hinted at a gradual softening of stance on contentious trade issues by first negotiating such deals bilaterally with countries under the ongoing FTAs before making commitments at the WTO.

What are the arguments in favour of opening up the public procurement market?

Since India is opening up the public procurement market to the UAE on a reciprocal basis, Indian companies will also have the opportunity to bid for UAE government tenders. For India, this is expected to increase transparency, encourage healthy competition and reduce corruption.

Source: business-standard.com– Mar 30, 2022

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Call to import 40 lakh bales of duty-free cotton grows louder

With the cotton price per candy touching ₹90,000, the call for duty-free import of 40 lakh bales of cotton is getting louder each passing day.

In a joint press meet here on Tuesday, chairman of Confederation of Indian Textile Industry (CITI) T Rajkumar, chairman of Southern India Mills' Association (SIMA) Ravi Sam and president of Tirupur Exporters' Association (TEA) Raja M Shanmugam explained about the grave situation being faced by the entire cotton textile value chain across the country due to surge in cotton prices.

The members said the Ukraine-Russia war has added fuel to the situation with the steep increase in oil prices by 30 to 40% that has impacted the European economy resulting in reduced demand for exports.

Unless the global competitiveness is enhanced by removing the 11% import duty and stabilising the cotton price, they claimed the highly labour-intensive ready-made garment cluster would face a severe crisis."The orders from US-based brands are also declining due to steep increases in cotton prices. Meanwhile, the spinning mills are having only 40 days of stock (41 lakh bales) as against the three to six months stock level maintained by them during any cotton season.

Only around 240 lakh bales of cotton have arrived in the market as against 320 lakh bales," they stated. The office-bearers of the associations said if the cotton issues are not addressed immediately, the competing countries like Bangladesh, China and Vietnam would import Indian cotton and grab the country's share in the global market.

They have urged the central government to announce duty-free import of 40 lakh bales immediately to stabilise the cotton price and create a level playing field for the industry to sustain its export performance, financial viability and livelihoods of over 30 million people directly employed in the cotton textile value chain. The members also appealed to the government to impose a mandatory declaration of cotton stock with all the stakeholders.

Source: timesofindia.com– Mar 30, 2022

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National Textile Corporation to be put on the block soon

With a trimming of its size and recurrent cash infusions failing to make the state-run National Textile Corporation (NTC) operationally viable, the Centre is finally putting the loss-making company on the block. All through the last two decades and more, NTC has been incurring losses, but it made a technical profit of Rs 969 crore in FY17 as it accounted for the capital gains from the sale of a clutch of prime properties and land parcels in Mumbai and elsewhere.

Over the decades, several revival plans have been implemented for the manufacturer of yarn and cloth but none of them actually helped it to stay afloat in a competitive market. In the process, several unviable units were closed down. “Post-privatisation, NTC will benefit from new technologies and capital to be brought in by the private investor. This may help the firm to fully utilise capacity as well as expand businesses,” an official said, adding that Cabinet approval would be sought for the sale soon.

With unavailability of working capital and other financial constraints, operations at NTC mills are now under suspension. Employees are, however, being paid wages and statutory dues as per an agreement between management and workers’ unions. Currently, NTC has 23 mills and as many as 7,825 employees on its payroll.

The latest attempt to revive the corporation was through 2012 package recommended by the then Board for Industrial and Financial Reconstruction (BIFR). Around Rs 5,500 crore was spent under the package towards meeting various expenses like clearing up outstanding statutory dues, one time settlements (OTS) with financial institutions, interest payment and compensation under modified VRS. Moreover, NTC has spent Rs 1,646 crore on the modernisation of its mills under the revival scheme. However, despite such an infusion of funds, the Corporation has not been operationally profitable, partly due to the rise in raw material costs.

In FY20, the latest year for which financials are available, the company reported a net loss of Rs 350 crore, up 13% on year. The turnover of the company during FY20 stood at Rs 850 crore, a decline of 21% on year. Its net worth also fell by 20% on year to Rs 1,381 crore in FY20.

Source: financialexpress.com– Mar 30, 2022

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Garment units in a tizzy as cotton prices approach Rs 1 lakh a candy

The volatility in cotton and cotton yarn prices seems to be taking a toll on the garments industry in India, which was gearing up to cash in on exports following the demand dip for Chinese exports, driven by lockdown in China. Prices of Shankar-6 cotton, a benchmark for exports and widely used for variety, are all set to touch Rs 1,00,000 per candy mark now.

The price of Shankar-6 cotton, a benchmark for exports, was quoted at Rs over Rs 90,000 per candy, up 96 per cent compared to around Rs 46,000 per candy in January 2021. Adding logistics costs to the current pricing would lead to around Rs 100,000-mark, while some grades are already trading at that level.

Industry bodies allege that all the cotton stocks are held by speculators, expecting a higher price which they expect to go beyond Rs 100,000 soon. An increase in the price of cotton by Rs 1,000 per candy would lead to an increase of Rs 4 per kg of yarn.

“Raw cotton prices in India have crossed Rs 90000 a candy, making it 40 per cent above all time high of previous years - it has put the entire industry in turmoil and smaller players are being decimated by this crazy increase,” said Sanjay Kumar Jain of Delhi-based TT Ltd, which has its main manufacturing unit at Tiruppur in Tamil Nadu. Industry bodies are already seeking government intervention.

“In the current cotton season that started from October 2021, the price of cotton almost moved beyond two times of its normal price and the availability of quality cotton is also becoming scarce nowadays. Even when mills are ready to pay the high price, the availability of good quality cotton is not ensured, said K Venkatachalam, chief advisor of Tamil Nadu Spinning Mills Association (Tasma). The association indicated that many mills in the State of Tamilnadu using cotton as raw material, are facing closures, only on the reason of non-availability of cotton this year.

“All official crop estimates show sufficient stock but still artificial shortage has been created to push prices - Government needs to take immediate action against all non-user stockists and ask them to disclose their stock.

Exports are freely allowed of cotton, but imports carry 10 per cent plus duty leading to further woes for the industry," Jain added. Trade sources said that one reason for the price rise is mismatch between the production estimates of the government and actual crop.

The Centre estimates that cotton production in 2021-22 36.25 million bales. (1 bale =170 kilogram), while traders said that actual production is much less at around 33-34 million bales. The Cotton Association of India (CAI) expects production to be around 34.8 million bales. The cotton consumption this year is expected to be around 35 million bales, though some traders said it could be around 33.5 million bales.

The consumption is estimated to be around 35 million bales and production at the lower end of the band say around 33.5 million bales. Then the total cotton closing stock at the end of the current season is expected to be around 1.5 million bales, after accounting for 4 million bales of exports.

This level of stocks will be lower than the 4.5 million bales of minimum stock levels required at the end of any cotton season and thus put further pressure on prices.

Globally, too the USDA has lowered the world cotton production and also India's production estimates in the last few months.

"Till, the last few years, the Cotton Corporation of India (CCI) used to hold atleast some cotton with them but over the last few months they have offloaded their inventory into the market and are now left with almost nothing, which is why also the market is bullish on cotton," a leading global trader said.

But, the more important reason, according to him, is the stagnation in supplies due to little innovation in production since the last few years, rising demand and also global spike in cotton rates due to demand from China.

"As far as allegations of hoarding by traders and others is concerned, I don't think anyone is holding more stocks that what they had with them last year at this point of time, so the allegations seem unfounded," the trader explained.

Source: business-standard.com– Mar 30, 2022

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Spinners cut cotton procurement by 15%

Yarn manufacturers have curtailed cotton procurement due to rising prices of their basic raw material. Cotton prices have hit a record high of Rs 90,000 a candy, up 12.5% in about 40 days. Spinning units (yarn manufacturers) have cut procurement by at least 15%, according to estimates from the All Gujarat Spinners' Association (AGSA).

"The increase in cotton prices is inflating spinners' production costs. For pre-negotiated orders, yarn manufacturers are compelled to take a hit. With the constant rise in cotton prices, spinning units have no choice but to reduce production. Most units have cut production by at least 15%," said Bharat Boghara, chairman, AGSA.

Gujarat has some 110 spinning units in addition to corporate houses who have in-house spinning capacities, with combined installed capacity of 45 lakh spindles, AGSA estimates say.

"At a recent meeting of representatives of spinning units from across Gujarat, members decided to cut production by around 15% and cotton procurement has thus gone down from 6.2 lakh bales to 5.3 lakh bales a month. This is mainly to ease cost pressures on yarn makers, as realizations is not in tandem with the increase in cotton prices," said Saurin Parikh, president, AGSA.

Costlier cotton has led to a surge in prices across the textile value chain — spinning units, weaving units, fabric processors and garment manufacturers. Industry stakeholders anticipate that rising cotton prices will hamper export of readymade garments.

To ease cost pressures further, AGSA members are also mulling severe measures such as shutting production for one day a week and stopping procurement of cotton as an act of protest.

AGSA members had made representations to the government asking that the 10% basic customs duty on cotton imports be revoked.

"We are also seeking a temporary ban on the cotton trade on Indian multi-commodity exchanges, as hedging by speculators in cotton is causing an artificial price increase. We also want the government to impose a temporary ban on cotton exports, so price pressures are eased," said Parikh.

Yarn makers are presently clocking losses of Rs 40 per kg of yarn manufactured.

“We are unable to pass on costs to buyers as raising prices will be detrimental to demand, at a time when even consumers are facing inflationary pressures,” said a yarn manufacturer.

Source: timesofindia.com– Mar 30, 2022

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Shri Narayan Rane says MSMEs are growth accelerators making a significant contribution to GDP and need to be strengthened

Union Minister for MSME Shri Narayan Rane has said MSMEs are growth accelerators making a significant contribution to GDP and need to be strengthened. Inaugurating two-day mega summit on MSME competitiveness and growth organized by Ministry of Micro, Small and Medium Enterprises (MSME) and Entrepreneurship Development Institute of India (EDII) he emphasized upon the significance of MSMEs in the GDP of the country. He said for a long time now, MSMEs have been working amidst minimum resources and yet making a significant contribution to the GDP of the country.

The Minister said it is, therefore, necessary that these growth accelerators are handheld and strengthened. He said in this direction there has definitely been significant collective efforts to strengthen the sector and various schemes of the government are directed towards opening up new avenues for MSMEs. He further said the Government has well ensured that the MSME sector receives an unhindered credit flow from financial institutions, technology support for development and modernization, access to export markets, infrastructure facility, training and capacity building facility and welfare of workforce.

Minister of State (MoS), MSME Shri Bhanu Pratap Singh Verma said India, with its focus on entrepreneurship, start-ups, innovations and MSMEs, is well placed at a remarkable time on account of interesting economic decisions and strategies. He said the discernible economic growth is a testimony to MSME development and revival, especially post the most serious wave of the pandemic. He said it would be right in assuming, and announcing, that growth in the MSME sector is palpable, and is manifesting itself in many ways all across the country and the primary reason behind this as he sees is progressive changes in the public policy.

Speaking on this occasion Dr Sunil Shukla, Director General, Entrepreneurship Development Institute of India (EDII) said EDII has been closely associated with the Ministry of MSME on several important programmes and projects under cluster development, training and capacity building, research and policy advocacy. He said we look forward to imparting yet more scalability and extensibility to the MSME sector with carefully curated strategies.

The two-day summit will witness brainstorming sessions and panel discussions on the enhancements, challenges and growth opportunities in the MSME sector and speakers and experts from India, Singapore, Peru, Lao PDR, Rwanda, Myanmar, Russia, Uzbekistan, Spain and Iran, will share their experiences at the summit. The summit is also going to be attended by entrepreneurs, academicians, policymakers, industry leaders, thought leaders, business chambers, industry associations, startups, social impact organizations, MSMEs and self-help groups from across the world.

During the summit, experts will deliberate on subjects such as challenges and opportunities in the MSME sector amidst the COVID-19 pandemic, incubation/acceleration in MSME growth, role of conducive policies and non-financial business development services in MSME competitiveness, and how MSMEs can work in consortia to achieve sustainability.

A special panel discussion has been lined up on ‘People, planet, and profit in the light of MSME sector development’. Discussions will also revolve around MSMEs' competitiveness, internationalization of Indian MSMEs, technology and innovation, digital transformation of MSMEs, entrepreneurship ecosystem and emerging opportunities in the MSME sector, and gender and disadvantaged communities’ entrepreneurship.

Source: pib.gov.in– Mar 29, 2022

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UAE-based Lulu Group to invest ₹3500 cr in Tamil Nadu

UAE-based retail firm Lulu group recently announced an investment of ₹3,500 crore in Tamil Nadu to set up shopping malls, hypermarkets and a food-logistics park. As per the memorandum of understanding (MoU) signed, the first shopping mall will come up in Chennai by 2024, while the first hypermarket is expected to open by this year-end at the Laxmi Mills compound in Coimbatore.

The MoU was signed by Pooja Kulkarni, managing director and chief executive officer of Tamil Nadu Industrial Guidance and Export Promotion Bureau and Ashraf Ali MA, executive director of the Lulu Group, the company said in a statement.

A high-level delegation from Lulu will soon visit the state to finalise locations and related formalities.

The group aims to provide more than 15,000 direct and indirect job opportunities in the next three years. It operates more than 225 hypermarkets and shopping malls in the Middle East, Egypt, Indonesia, Malaysia and India, employing more than 57,000.

The group had announced an investment of ₹2,000 crore near Ahmedabad to set up a modern shopping mall. It had also committed ₹500 crore to set up a food processing plant in Greater Noida in Uttar Pradesh.

In India, the group already has shopping malls in Kochi, Thrissur, Trivandrum and Bengaluru (the group does not own this one).

Source: fibre2fashion.com– Mar 29, 2022

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Long-awaited four labour codes may not come up before June-end

The long-awaited introduction of four labour codes, originally scheduled to happen at the beginning of the current fiscal year, may take at least three more months because all states have not framed rules on them. Officials said the introduction could drag at least until the end of June.

Their implementation is expected to create investment owing to improving ease of doing business as well as initiating pro-worker measures.

- **Four labour codes subsumed** 29 central labour laws
- **The code on wages** was passed by Parliament in August 2019
- **The other three were passed** in September 2020
- **The code on wages envisages uniform applicability of the provisions of timely payment** of wages and minimum wages to all employees irrespective of the wage ceiling and sector

"Labour is on the Concurrent List of the Constitution. As many as 23 states have framed rules on the codes. Seven states are left," a key government source said.

The Concurrent List is the one with items on which the Centre and the states can enact laws. However, in the case of a conflict between Central legislation and a state law, the former prevails.

In the case of the labour codes, apart from the states, the Centre too is required to frame rules. The government wants to introduce all four labour codes — the code on wages; on industrial relations; on occupational safety, health and working conditions (OSH); and on social security — at one go. Experts said while quick implementation would draw in investors, a few months' delay would not scare them away, either.

Madan Sabnavis, chief economist at Bank of Baroda, said: "Problems of labour were well known even in the past. Expediting the labour codes will hasten investor interests. A temporary delay in their introduction to my mind should not create any problem."

After taking a severe beating during Covid-affected 2020-21, gross fixed capital formation (GFCF), which denotes investment, is projected to grow 14.5 per cent in the current fiscal year. However, when seen on the base year of 2019-20, at the end of which the pandemic arrived, growth would be just 2.54 per cent. GFCF contracted 10.40 per cent during 2020-21.

The Union Ministry of Labour and Employment has been holding consultations with states and India Inc. on the codes. Among the four, the most controversial is the one on wages. One of its provisions says if all payments other than wages (basic and dearness allowance) exceed 50 per cent (of the total) or such other percentage as may be notified by the government, then the excess will be included in wages. This means wages will need to be at least 50 per cent of the remuneration of the employee.

As a general industry-wide practice, wages do not constitute 50 per cent of the remuneration. They are in the range 30-35 per cent because remuneration is increasingly based on performance incentives, bonuses, and other allowances.

In a recent meeting, the Confederation of Indian Industry (CII) expressed the fear that the definition will lead to a sudden increase in the wages on a cost-to-company (CTC) basis.

Given the current financial stress, many employers may be forced to pass on some impact of it to employees in the form of reduced cash in hand in spite of an increase in overall wages on a CTC basis.

“This would mean less disposable income in the hands of the workforce, impacting consumption demand. Given the industries are still trying to recover from the impact of Covid, the additional financial impact will only be adding to their financial woes,” the CII said.

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