TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

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

IBTEX No. 61 of 2022 March 31, 2022

US 75.73| EUR 84.53| GBP 99.35| JPY 0.62

NEWS CLIPPINGS

INTERNATIONAL NEWS

China's logistics sector witnesses steady growth in Jan-Feb 2022

China's logistics sector reported steady growth in the January-February this year, according to a report by the China Federation of Logistics and Purchasing. Social logistics rose by 7.2 per cent year on year (YoY) during the duration to 51.8 trillion yuan ($8.13 trillion), outperforming the pre-pandemic level in 2019, while logistics for industrial products went up 7.5 per cent.

Logistics of high-tech manufacturing and equipment manufacturing climbed by 14.4 per cent and by 9.6 per cent respectively during the two-month period, according to a Chinese state-controlled news outlet.

The total revenue of the logistics industry rose by 9.7 per cent YoY to 1.6 trillion yuan during the period.

Source: fibre2fashion.com – Mar 30, 2022

HOME

****

OCA Reports 350% Rise in Organic Cotton Farmers

The Organic Cotton Accelerator (OCA), a group of industry partners with a common goal of promoting the potential of organic cotton for farmers, brands and the planet, saw strong growth in the number of farmers joining its program, with as many as 80,000 farmer participants in the cotton season of 2021-22. This compares to 22,000 organic cotton farmers under its Farm Program during the 2020-21 season, representing a 350 percent increase.

OCA's latest Farm Program Impact report, released Wednesday, underlines the business case for farmers to grow organic cotton. Brands and retailers participating in OCA's Farm Program financially support the critical services provided to farmers, ranging from training in organic practices, supply of seed and bio-inputs, and procurement at a premium price.

Last year, OCA's Farm Program saw a 180 percent increase in farmer numbers compared to the previous season, and these farmers earned on average 21 percent more in net profit from their cotton per hectare than their local non-organic peers. A combination of farmer premiums and lower production costs compensated for the lower yields of organic farmers results in a better business case for program farmers when compared to conventional farmers, the report stated.

OCA said the demand for organic cotton is increasing among many fashion brands. For example, Danish retailer Bestseller has set a target of sourcing 30 percent organic cotton by 2025, while H&M Group introduced in-conversion cotton to their sustainable material portfolio with an ambition to support farmers during transition and accelerate capacity building in the organic cotton sector.

"As one of the largest consumers of organic cotton, it's important for the H&M Group to invest in the development of the organic cotton sector," Hitesh Sharma, material program manager for cotton at H&M Group, said. "As a founding member of OCA, we've been working together to build a sustainable organic cotton supply and financially support cotton farmers. Since our first farm project with OCA in 2017, we have continued to scale the volumes we source through the OCA Farm Program every year. The partners and farmers involved in these projects have continued to engage with us on this journey, demonstrating the commitment required from all parties if we are to realize the future of the organic cotton sector."

The report shares case studies of farmers who with ongoing support through OCA's Farm Program are planting organically and are seeing the economic benefits. An example includes Ritesh Champalal Dhiran, an organic cotton farmer in Maharashtra, India, who began planting organic cotton in 2008 and in the last season harvested more than 5,000 kilograms of cotton from his 3.6 hectare-farm for 3,315 euros ($3,672), on top of receiving a premium of 294 euros ($326).

"Organic cotton holds the key to a more sustainable fashion system and we see demand getting stronger," Bart Vollaard, executive director at OCA, said. "More farmers are switching to organic farming and more global brands and retailers are expanding their organic cotton sourcing and investing the support required for farmers to grow organic successfully."

"That is good news for farmers and for the planet, but switching to organic cotton is a long haul," Vollaard added. "It takes up to three years for farmers to convert to organic cotton farming, a necessary period to build up the soil fertility and re-establish the balance of the ecosystem and farmers must be supported during this time, which is one of the key roles that OCA plays."

The report noted that cotton is one of the most commonly used textiles in the fashion world, accounting for 25 percent of global fiber production in 2019. Cotton is also a chemically intensive crop, with nearly all cotton currently produced under nonorganic methods.

Conventional farming methods contribute to climate change by releasing the majority of nitrous oxide that exists, a gas that has 300 times the warming effect of carbon dioxide, the report claimed. Land farmed in this way also contributes to habitat and biodiversity loss and degradation of soils, a non-renewable resource depleting at an alarming rate.

OCA's mission is to achieve a transparent, responsible and resilient organic cotton supply chain and takes a holistic approach to improving the organic cotton sector. OCA's new "2030 Strategy" sets out how it seeks to accelerate systematic change by a focus on five key pillars: farmers' resilience and livelihoods, seed availability and diversity, scalability of organic farming, robust social and environmental farm-level data, and collaborative sector approach.

Source: sourcingjournal.com – Mar 30, 2022

HOME

****

EU proposes new rules to tackle 'fast fashion'

The European Commission unveiled on Wednesday a proposal to boost the sustainability of consumer products such as smartphones, clothing and furniture.

The plan reflects the EU executive's efforts to advance the bloc's so-called "circular economy" and promote consumer goods that are more sustainable, longer-lasting and easier to repair and recycle.

"We want sustainable products to become the norm on the European market," said EU commissioner responsible for the environment, Frans Timmermans, announcing the proposal in a press conference.

Under the plan, goods sold in the EU would be developed on a sustainability scale that demonstrates the products' environmental impact, their durability and how easy they are to be repaired.

It mirrors the bloc's current efficiency rating system for electrical appliances, which uses an A to G label to help consumers choose less energy-intensive products.

Going after 'fast fashion'

In particular, the EU executive branch has its sights on sustainability in textiles, which it sees as an industry worthy of scrutiny. The proposal would introduce labeling on clothes, telling consumers how easily recyclable and environmentally friendly they are.

"The consumption of textiles, most of which are imported, now accounts on average for the fourth-highest negative impact on the environment and on climate change and third-highest for water and land use from a global life cycle perspective," the Commission's proposal document read.

Clothing comprises 81% of EU textile consumption. The EU Commission said trends of using garments for shorter periods before throwing them away was contributing to "unsustainable patterns of overproduction and overconsumption."

The trend, which is known as "fast fashion" has been "enticing consumers to keep on buying clothing of inferior quality and lower price, produced rapidly in response to the latest trends," the Commission said.

"It's time to end the model of 'take, make, break, and throw away' that is so harmful to our planet, our health and our economy," Timmermans added.
Construction sector also targeted

Aside from clothing and smartphones, the Commission is also going after the construction business. It highlighted that buildings alone accounted for around 50% of resource extraction and consumption and more than 30% of the EU's total waste generated per year.

"In addition, buildings are responsible for 40% of EU's energy consumption and 36% of energy-related greenhouse gas emissions," the statement read.

"New product requirements will ensure that the design and manufacture of construction products is based on state of the art to make these more durable, repairable, recyclable, easier to re-manufacture," it added.

All 27 EU members and the European Parliament are expected to scrutinize the proposal, prior to it becoming law. The plans would likely face resistance and lobbying from industries that have been promoting products with shorter lifespans.

Source: dw.com – Mar 30, 2022

HOME

****

Amid Economic Challenges, Sri Lanka's Garment Industry Soldiers On

As Sri Lanka's apparel industry buckles under the long-term effects of Covid-19, including the country's worst financial crisis in a decade, resilience, creativity and talent will be critical to both its survival and success, according to the Joint Apparel Association Forum of Sri Lanka.

One way the sector can adapt to the fast-changing and increasingly competitive market, said Sharad Amalea, the apex group's chairman, is to think of itself not as a collective of manufacturers but rather as "solutions providers." He pointed out the South Asian country's contributions to the larger fashion community, including high-impact protective gear for athletes and 3D avatars for virtual photoshoots. To overcome the current logistical morass, several partner organizations are offering customers flexibility and multiple distribution channels.

"It is imperative that we foster a culture of invention and innovation in the industry, but also be creative and prudent in maximizing the potential of our ideas," Amalea said. "Considering the effort and scale that we put into commercializing products, and the constraints in market access, we need to pick our best options and partners to ensure maximum benefit to Sri Lanka. It is this thinking that we need to foster in order to make the best use of our talent and ideas and take them global."

Compared to its neighbors in Bangladesh and India, Sri Lanka's garment sector is small but mighty. Employing 350,000 workers, its 1,000-plus factories supply nearly half of all merchandise exports and contribute 6 percent of the island nation's gross domestic product. But recent months have proven more challenging than usual. Inflation is soaring, as are the prices of basic necessities such as food and medicine. Fuel shortages have resulted in power cuts, causing a number of factories to struggle with keeping their lights on, though operations are still largely on schedule.

"At this point in time the industry is managing as best as possible to fulfill orders under the circumstances," said Yohan Lawrence, secretary-general of the Joint Apparel Association Forum of Sri Lanka. "Our orders are secure for the next three-to-four months and are being processed, with some companies having to resort to costly air freight to meet committed deliveries."

While Sri Lanka does not export significant volumes of clothing to Russia or Ukraine directly, the organization is also wary of the "compounding effect" the continuing conflict could have on the sector's economic volatility, Lawrence said, particularly if further escalation results in reverberations across the European Union and elsewhere in the globe. Circumstances could require a "different set of responses" if the political and humanitarian crisis extends beyond the next two to three months, he added.

"We are closely monitoring the situation and are having discussions with the government," Yohan said. "Depending on how the situation evolves, we will take necessary steps and work with stakeholders, including the government, to ensure the long-term stability of the industry."

There are bright spots, however. Though the pandemic has thrown into relief the tug of war between cost and values such as ethical manufacturing, sustainability and inclusivity, the focus on "building back better" has also initiated a rejiggering of priorities, including a heightened sense of "vigilance" on the environmental, social and governance aspects of manufacturing that Sri Lanka is well suited for, Amalea said.

"Having built a reputation of being a sustainable and ethical manufacturing destination, Sri Lanka is well placed to thrive in this evolutionary phase," Amalea said. "Although in the past our contribution to these external aspects has impacted Sri Lanka's cost-competitiveness, we now see buyers support and partner with our efforts. These have enabled them to provide complete supply chain transparency to their end consumers."

It's also not all doom and gloom. Sri Lanka's apparel exports jumped by nearly 23 percent to reach $5.42 billion in 2021, thanks to the industry's "tremendous resilience."

If revenues maintain their trajectory, Amalea estimates that they will hit their target of $8 billion by 2025. "Our vision for 2030, however, is much more complex and aspirational, going well beyond just revenue growth," he added.

One cornerstone of that vision, Amalea said, is Colombo Port City, a sprawling new financial and business district spanning 269 hectares of reclaimed land that will include a marina, housing, medical facilities and a school.

"As an industry, we need to capitalize on opportunities such as the Port City, which could be a springboard not just for our vision [for] 2030 but for Sri Lanka as a whole," he said.

"The project has been laid out as an opportunity for global partnerships; we need to intensify our efforts to convince global customers and brands to set up in Sri Lanka. This will enhance Sri Lanka's image and aid the industry in providing complete solutions, reducing the turnaround time between concept and product development significantly."

Source: fibre2fashion.com– Mar 30, 2022

HOME

****

Bangladesh, Sri Lanka want early conclusion of PTA to boost trade

Bangladesh and Sri Lanka recently stressed on the early conclusion of a preferential trade agreement (PTA), hoping that it will significantly 'widen' bilateral trade. Bangladesh foreign minister AK Abdul Momen and his Sri Lankan counterpart G L Peiris met on the sidelines of the 18th Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Ministerial Meeting in Colombo.

They discussed areas of cooperation, including diversification and expansion of the export basket. Momen stressed on initiating regular commercial shipping lines and cruise shipping for enhancement of trade and people-to-people contacts, a news agency reported.

He emphasised and echoed the position of Bangladesh leadership for better utilisation of Colombo port for transportation of goods from Bangladesh. He also pointed out that the high price of air tickets is creating barriers to promoting tourism between the two South Asian countries.

The negotiations over the PTA are at an advanced stage, said Bangladesh's secretary (east) Mashfee Binte Shams, who attended the meeting.

Source: fibre2fashion.com– Mar 31, 2022

HOME

****

Russia-Ukraine Conflict: Impact on Logistics and Textiles-Apparel Industry

The tensions between Russia and Ukraine continue to place the world order into greater uncertainty. Global economic recovery is expected to slow down after consistently picking up pace in 2021. Most notable economic impact is being felt through the commodity as well as logistics sectors, where costs have shot up rapidly. A dramatic rise in prices of major fuel products and food staples is likely to impact growth prospects of major economies. These are expected to add to already high inflation levels in the European economies particularly, which are more dependent on supplies from Russia and Ukraine.

While oil prices and supply have continued to be a concern for many economies, China and India have secured supplies of Russian oil at discounted prices. However, due to the sanctions, other countries have been on a search to find alternative sources of fuel. Latest condition from Russia that mandates countries to pay for its oil in rouble has put further pressure on the economies across the world which depend heavily on its energy exports.

Impact on freight – ocean, air, and rail

On the trade front, flows through sea have remained largely unimpacted due to the war. The largest impact on ocean freight from the war perhaps has come from disruptions to flows to and from Russia. Maersk and other major shipping companies have stopped taking orders to and from Russia, which may perhaps disrupt overall global trade to a certain extent. Even then, shipping rates from Asia to Europe/US have remained relatively stable and have fallen recently; however, they are still much higher than last year.

Derry's World Container Index shows a decline in overall prices to $8,470 per 40-ft container as on March 24, 2022. This is 10.6 per cent lower than container prices last month, almost a 10 per cent drop from mid of January 2022 and more than an 18 per cent drop from the peak achieved in September 2021. All routes that would have supposedly been disrupted due to the Russia-Ukraine war are seeing easing of rates. Rates on China-Europe and China-US routes were down by almost 2-8 per cent between March 17, 2022, and March 24, 2022.1

In one of its recent research notes (March 22, 2022), Freightos, an online marketplace for shipping industry, also indicates these trends in the shipping industry. Despite surging coronavirus cases in major port cities in China, port operations have not been disrupted as severely as Yantian last year. But export volumes in China were also lower for the month of February 2022 which largely reflects the ease in shipping rates. However, the note mentions that the easing in rates is perhaps temporary, and they are expected to rise due to increasing volumes.

In the latest Global Port Tracker published by National Retail Federation and Hackett Associates in the US, it is suggested that import demand in the US continues to be strong and will likely remain so due to stronger economic recovery there.2 Corroborating facts from Freightos, the note mentions imports from Asia to be lower m/m in February 2022 but relative to last year, imports were almost 11 per cent higher.

The estimates for the next few months point towards much greater demand facing the logistics sector and therefore increased congestion at the ports. Contrary to the expectation, the current conflict between Russia and Ukraine has perhaps eased some pressure on ocean freight, leading to more blank sailings to Europe. Inflationary pressures are also contributing tremendously to the current demand slowdown and the easing of pressures on ocean freight rates.

Air freight rates on the other hand are climbing up despite the fact that demand has softened more recently. DHL in its most recent update on Air Freight sector mentions that 17 per cent of global trade through air has been impacted due to the Russia-Ukraine conflict.

The conflict, through closing of airspaces and heightened uncertainty of demand, has impacted manufacturing and cargo movement across different trade routes. Closing of the Russia-Ukraine airspace has led to lengthy transit times on major routes, constraining capacity further. In addition to this, there are labour issues at major airports in Europe and Asia-Pacific leading to disruption in warehouse activities and further delays in transit times.3

Rail freight has also been impacted heavily from the conflict, resulting in much of the freight flows shifting to ocean. The most important rail link connecting China to Europe goes through parts of Russia and Ukraine and has seen disruptions due to the current conflict.

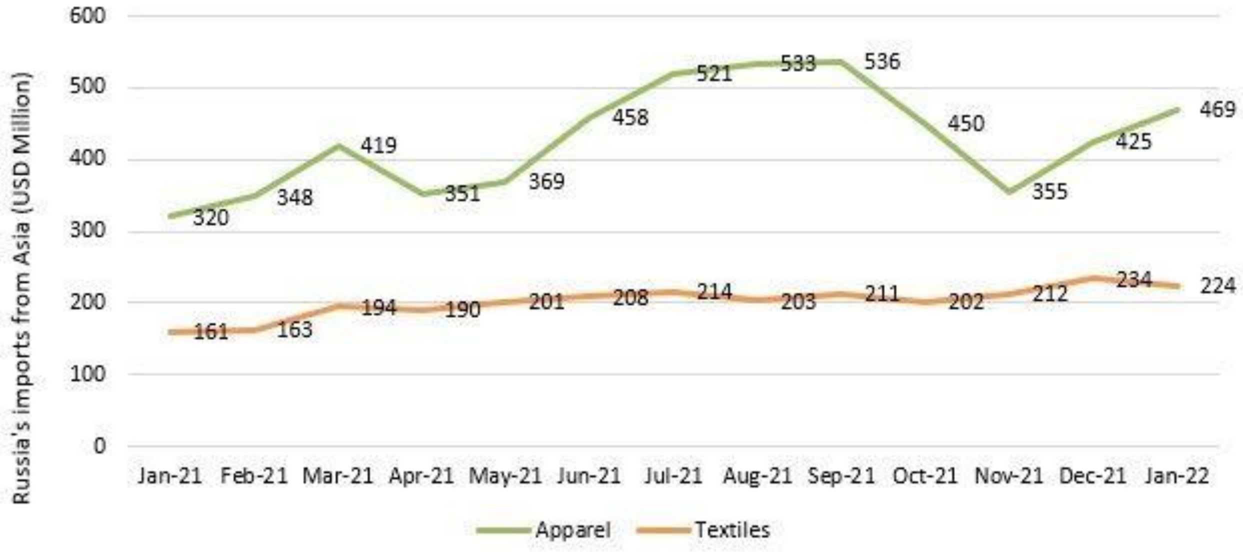
The China-Europe rail link carried goods worth $75 billion last year and was a significant alternative to ocean trade in 2021, when port container shortages were at their peak. Much of the trade flows between China and Europe through rail is therefore suspended and has shifted to maritime. This has also impacted trade between Vietnam and Europe as the rail link between the two regions is also halted for the time being. Trade flows from Bangladesh which were being routed through China are also likely to get disrupted because of this.

Impact on textile and apparel industry from the conflict

A major concern regarding trade flows with Russia and specially pertaining to Asian countries such as Bangladesh and Vietnam relates mostly to payment issues due to the sanctions. This could hurt Asian as well as India's textile and apparel industry; however, the textile and apparel demand from Russia is not as significant.

Russia imported $650-700 million of textile and apparel products every month from Asian countries (Figure 1), half of which constitutes only apparel imports. If Russian imports stop or shrink dramatically for some time due to the sanctions, it will cost the Asian countries close to $1-2 billion or more in export revenues depending on how long it continues.

Figure 1: Russia's textile and apparel imports from Asia



Source: TexPro

Country-wise, China is expected to see a much larger impact as its textile and apparel exports to Russia are the largest, which are close to $400 million every month. However, China's internal supply challenges and surge in COVID-19 infections have also impacted its exports tremendously. Bangladesh is the second largest exporter to Russia, sending close to $90-100 million every month. India exports close to $18-20 million of textiles and apparel to Russia every month and will perhaps see a reduction in its exports revenues of this amount in the coming months.

One significant cause of concern for the global textile and apparel industry is the rising cost of essential raw materials such as crude oil and rising cost of food, which in turn raises the cost of labour. Several of the Asian economies are dependent heavily on coal and oil from Russia, and food supplies from Ukraine. UNCTAD update on the Russian-Ukraine crisis shows that Turkey, China, Egypt, and India are the countries that are most dependent on food supplies from Russia and Ukraine. These are incidentally also major textile and apparel suppliers globally.

Inflation in Turkey has skyrocketed to almost 54.44 per cent in February 2022, which is expected to significantly impact sourcing from the country. Consumer prices inflation in Bangladesh has also risen rapidly to 6.17 per cent, predominantly due to increase in food prices.

On the other hand, textiles and clothing demand is expected to be impacted heavily as prices of textile-apparel and leather products are also expected to rise sharply. The UNCTAD note suggests a 10 per cent rise in consumer prices for textiles, apparel, and leather products due to a rise in container freight rates. The analysis is restricted only to impact from freight rates which hasn't happened yet. However, the actual impact may perhaps be higher when raw material and labour costs are factored into the consumer prices.

Source: fibre2fashion.com– Mar 31, 2022

HOME

****

Vietnam's Q1 2022 GDP grows by 5.03% YoY

Vietnam recorded a year-on-year (YoY) gross domestic product (GDP) growth of 5.03 per cent in the first quarter (Q1) of 2022, according to the country's General Statistics Office. The sector of agriculture, forestry and fishery grew by 2.45 per cent over the same period last year, while industry & construction and services sectors grew by 6.38 per cent and 4.58 per cent respectively.

The country posted a modest GDP growth of 2.58 per cent in 2021 amid the impact of the COVID-19 pandemic. The government had earlier set a growth target of 6-6.5 per cent, according to Vietnamese media reports.

In a report released in January this year, the World Bank forecast that Vietnam's economy would expand by 5.5 per cent in 2022 given that the pandemic would be brought under control at home and abroad.

Meanwhile, Fitch Ratings affirmed Vietnam's long-term foreign-currency issuer default rating (IDR) at 'BB' with a positive outlook. The affirmation reflects continued strong medium-term growth prospects, despite the pandemic and the global economic spillovers from the war in Ukraine, and strong external finance metrics relative to peers, Fitch said in a release.

The rating remains constrained by contingent liability risks associated with the large state-owned enterprise sector and structural weaknesses in the banking sector.

Source: fibre2fashion.com– Mar 30, 2022

HOME

****

Pakistan: Cash crunch haunts textile exporters

The textile sector has been facing a financial crunch because of delayed shipments, non-availability of containers, high cotton and polyester prices and refusal of foreign buyers to increase rates, which could push spinning mills to close their units by April.

Exporters are finding it hard to get their hands on containers. They are unable to ship their consignments on time. The arrival of ships is also erratic.

A leading exporter said that he could not ship his goods on the scheduled date on February 22, as the ship did not report at the port. The next date of arrival was March 3, then March 23 and now it was expected to arrive on April 3.

Lamenting the situation, he pointed out that this was not an isolated case and that every exporter was facing the similar nightmare. “Many exporters are facing delays with 15-40 of their containers stuck at the port,” he informed.

Due to the delay, letter of credits of many consignments have expired. The exporters were now at the mercy of buyers.

“If they refuse to extend the L/C it will be a total loss for the exporter. On average, one container is worth Rs20-30 million. Thus, Rs300 million to over a billion of exporters is struck at ports. They do not have working capital to produce more goods,” the exporter explained in detail.

These issues have nothing to do with government policies that were providing them power and energy at promised rates. Industry circles however have warned that many spinning mills would close in April because the prices of cotton and polyester were non-viable at current yarn rates.

Only a few mills that bought and stocked cotton at lower rates would be operative. The rates of all manmade fibres have increased in line with cotton prices. Increase in the fibre rates is a global phenomenon. Demand for yarn is high, but the local buyers demand credit above 60 days which most mills cannot afford.

Industry circles point out that the cost of production has increased much beyond expectation. The shipping cost of a container from Lahore to Karachi has increased from Rs50,000 to Rs80,000. The cost of raw materials and accessories has increased by 30-80 per cent.

Foreign buyers however were not ready to raise prices. It was found that the exporters were executing orders confirmed three months back at loss or thin margins.

They are not accepting new orders at current rates. Exporters know that the buyers are testing them as prices have increased globally. This acts as a disadvantage for our exporters who operate on lower margins. Our competitors supply goods at much better margins.

In case of an increase in costs, our competitors have the capacity to absorb the increase and execute booked orders without creating fuss. Pakistan remains the cheapest supplier of quality apparel and its profits remain thin.

In case of increase in cost they start losing to fulfill their earlier commitments. They start asking for an increase much earlier than their competitors. The buyers would be forced to increase the prices when all suppliers made the same demand.

The usual practice of using containers to control mobs has accelerated innovation in recent weeks and hundreds of containers with export goods are rounded up on roads.

Source: thenews.com.pk– Mar 31, 2022

HOME

****

Bangladesh: Garment makers lead the way

There is a growing interest among textile and garment entrepreneurs to install solar panels on their factory's rooftop in order to meet a portion of their demand for electricity while also reducing carbon emissions.

Until now, 41 firms have installed solar panels on their factory rooftops with a combined power generation capacity of 50 megawatts (MW). Of the firms, 70 per cent are engaged in making garments.

The Infrastructure Development Company Ltd (Idcol), a state-run non-bank financial institution, financed up to 80 per cent, or Tk 300 crore, of the installation cost for the panels in a bid to reduce the cost of power and develop green factories for a sustainable environment.

The rest was borne by the businesses themselves.

This was disclosed at a workshop on the prospects and benefits of installing industrial rooftop solar systems, organised by Idcol at InterContinental Dhaka yesterday.

According to Idcol, it takes Tk 6 core to establish a rooftop solar power system with the capacity to generate 1MW of power. The per unit power generation cost of rooftop solar power systems is only Tk 6.5, which is lower than gas or oil-based power plants.

"Solar rooftop systems can be a cost cutting measure to reduce industrial electricity costs," said Abdur Rouf Talukder, senior secretary of the finance division. The cost of electricity obtained from rooftop solar power systems is now about 20 per cent lower than the grid electricity tariff.

"It is also expected that solar photovoltaic (PV) based electricity will become cheaper than the power generated from natural gas in coming years," Talukder added.

According to Talukder, installing solar panels on the roofs of garment factories will not only reduce operational costs, but also assist the government in cutting the cost of imported fuel in the future.

It is worth mentioning that more than 1,000MW of rooftop solar systems can be installed on the unused roofs of garment and textile industries alone, Talukder said.

Fatima Yasmin, secretary of the Economic Relations Division (ERD), said the government has made solar power more economical through the net energy metering policy that allows industries to sell their excess solar energy production to the national grid.

Besides, the price of solar technology has also declined. Rooftop solar systems are successful in reducing a significant portion of the energy cost of industrial users, and enhance their green credentials, she added.

Abdul Baki, additional secretary of the ERD and director of Idcol, said the state-run non-bank has financed 26 mini solar grid projects in different remote river islands of the country.

These grids provide electricity to over 120,000 rural people for their income generating activities.

Till date, Idcol has financed more than 1,500 large solar irrigation pumps across the country, helping about 60,000 farmers enjoy irrigation services year-round in an environment-friendly manner.

The price of solar equipment in Bangladesh has fallen significantly over the past decade while the price of grid electricity increased by an average of 5 per cent annually at the same time.

Alamgir Morshed, executive director and chief executive officer (CEO) of Idcol, said everyone will gradually adopt green power due to its cost efficiency.

Idcol is providing both financial and technical support to promote solar rooftop plants, he added.

Among others, SM Moniurl Islam, deputy CEO of Idcol, and Syeda Masarrat Quader, regional public affairs manager of H&M Bangladesh, addressed the workshop.

H&M PROMOTING ROOFTOP SOLAR

Swedish multinational clothing brand H&M is promoting the use of rooftop solar technology among its enlisted garment makers in Bangladesh.

Idcol had organised the second workshop on the installation of industrial rooftop solar systems with participation of officials of local H&M garment suppliers.

The H&M officials discussed the installation of rooftop solar systems with their local suppliers.

Like the first workshop, this one was also focused on the net metering benefits for industries, and discussed how rooftop solar projects can help H&M's local supplier base reduce their carbon footprint and get more work orders from international buyers.

A total of 46 textiles and garment manufacturers from whom H&M sources apparel products took part in the workshop.

Source: thedailystar.net– Mar 31, 2022

HOME

****

NATIONAL NEWS

TEXPROCIL welcomes the finalization of the India UAE CEPA

Manoj Patodia, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL) thanked Prime Minister Narendra Modi for his visionary leadership and Piyush Goyal, Minister of Textiles, Commerce and Industry and Consumer Affairs, Food and Public Distribution for their relentless efforts which has enabled the finalization of the India UAE CEPA (Comprehensive & Economic Partnership Agreement) on March 27, 2022.

The Chairman pointed out that with a "zero for zero" duty free access for textiles and clothing, well supported by robust Rules of Origin, Indian export of cotton textiles to the region are poised to grow exponentially in the coming years.

The CEPA is expected to generate an additional increase of USD 2 billion in overall exports over the next 5 years and will also provide a platform for SMEs to expand internationally by access to new customers, networks and avenues of collaboration. It is also expected to improve the Women Workforce Participation Rate & increase employment opportunities for youth.

The Chairman mentioned that there is good potential for export of cotton textile items like bed & bath linen, kitchen & table linen, curtains & valances, quilts and comforters and cotton woven fabrics including denim.

With the setting up of Warehousing or Distribution Centres in UAE, the CEPA will encourage trade movement to neighboring GCC as well as African markets and initiatives like these will help in collaboration, innovation, and cooperation between the two countries.

With India crossing its ambitious target of USD 400 billion in goods export this year, the India UAE CEPA will provide the much necessary impetus and momentum to increase our exports in home textiles and fabrics to the UAE, the Chairman added.

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

HOME

****

India is 'the' destination for UAE businesses -Shri Piyush Goyal

Shri Piyush Goyal, Minister of Commerce & Industry, Consumer Affairs & Food & Public Distribution and Textiles, invited the business community from the United Arab Emirates (UAE) to come and capitalise on the business-friendly policies and the opportunities that the emerging India is offering to global businesses. "With the cost and trust advantage that India offers, it is time to invest in India. As partners, we can secure each other's economic future and strengthen our partnership in the post-COVID world," said Shri Goyal.

Shri Goyal was speaking at India's Honour Day Celebrations at Expo2020 in Dubai. He said, "I believe we are now at the cusp of growth and development in the years to come. India provides talent and investor friendly policies. In most sectors, FDI is open 100%. We have several new initiatives to promote industry like the Production Linked Incentive scheme and the Make in India policy, our efforts to provide Ease-of-doing-Business, all of which will lead to ease of living for our people," he added.

"To the global community, I say, 'Come experience India – the land of opportunities'. Let's grow together, let's change together, let's transform together because together we can surmount any obstacles and achieve humongous goals and targets beyond anyone's imagination," said the Minister.

Shri Goyal said that the new India is fearless and confident where we wish to see the prosperity of every Indian. "Next 25 years in India will signify a strong and inclusive India," added the Minister. He said the word 'trust' describes India-UAE relationship. "Our ties will remain vibrant and grow from strength to strength," said the Minister.

Shri Goyal said, "The special partnership that Prime Minister, Shri Narendra Modi and H.H. Sheikh Mohammed bin Zayed Al Nahyan share is legendary. It's a bond of eternal friendship symbolising trust and we are natural partners due to the complementary nature of our economies and increasing trade will always showcase the synergy that the two nations have, strengthening further, our bonds." "Our shared vision which has opened newer avenues, one of which is the commitment to establish an Indian Institute of Technology (IIT) in the United Arab Emirates," added the Minister.

On government cooperation, Shri Goyal said both the governments supported each other. "We were the brothers working for each other during COVID," he said. "The Comprehensive Economic Partnership Agreement (CEPA) is a win-win agreement for the good of the people of both the countries," he added.

On the grand success of Dubai Expo, the Minister said that Expo2020 is victory of courage over adversity. "The Expo will go down in history as a memorable chapter where the two brothers came closer. It will conclude but the memories will remain. The India Pavilion is going to be a permanent structure; it is not going to be dismantled. It will stand as a testimony to our two countries working towards the collective good of the people," added the Minister.

The India Pavilion, one of the largest and most iconic pavilions at EXPO2020 Dubai, recorded more than 1.6 million footfalls since its inauguration on October 1st last year. The India Pavilion was inaugurated by Shri Piyush Goyal.

Expo2020 Dubai is concluding on March 31st. To know more about India Pavilion at Expo 2020 Dubai, please visit:

Website - https://www.indiaexpo2020.com/

Facebook - https://www.facebook.com/indiaatexpo2020/

Instagram - https://www.instagram.com/indiaatexpo2020/

Twitter - https://twitter.com/IndiaExpo2020?s=09

LinkedIn - https://www.linkedin.com/company/india-expo-2020/?viewAsMember=true

YouTube - https://www.youtube.com/channel/UC6uOcYsc4g_JWMfS_Dz4Fhg/featured

Koo - https://www.kooapp.com/profile/IndiaExpo2020

Source: pib.gov.in– Mar 30, 2022

HOME

****

India is currently in the process of negotiating FTAs with EU, Australia, UK, Canada, Israel and other countries

Minister of state for Textiles Smt. Darshana Jardosh in a written reply in the Lok Sabha today informed that India and UAE have recently signed a Free Trade Agreement which is likely to boost exports of Indian textile and apparels. India is currently in the process of negotiating FTAs with EU, Australia, UK, Canada, Israel and other countries/ region.

India is facing tariff disadvantage in some of the markets such as EU, UK etc. as compared to neighbouring competing nations like Bangladesh, Cambodia, Sri Lanka etc. The Government, under its Market Access Initiative (MAI) scheme provides financial support to various Export Promotion Councils (EPCs) and Trade Bodies engaged in promotion of textiles and garments exports, for organising and participating in trade fairs, exhibitions, buyer-seller meets etc. Further, in the times of COVID-19 pandemic, virtual exhibitions were also organised by EPCs as an alternative mode of marketing, in order to tap opportunities in the global markets.

In order to make textiles products cost competitive and adopting the principle of zero rated export, government has extended continuation of Rebate of State and Central Taxes and Levies (RoSCTL) on exports of Apparel/Garments (Chapters-61 & 62) and Made-ups (Chapter-63) till 31st March 2024. The other textiles products (excluding Chapter 61, 62 and 63) which are not covered under the RoSCTL are covered under Remissions of Duties and Taxes on Exported Products (RoDTEP) along with other products.

The Amended Technology Upgradation Fund Scheme (ATUFS) was launched in January 2016 for one-time capital subsidy for eligible benchmark machinery. Segments which have got higher employment and export potential such as garmenting and technical textiles are eligible for capital subsidy.

In order to supplement its efforts of textile industry in creating jobs and also to address the skilled manpower needs of the industry, Ministry of Textiles is implementing Samarth- Scheme for Capacity Building in Textiles Sector (SCBTS) for the entire value chain of textiles except Spinning and Weaving in the organized sector.

Ministry is implementing Textile Cluster Development Scheme (TCDS) from 2021-22 to 2025-26 with a view to create an integrated workspace and linkages-based ecosystem for existing as well as potential textile units to make them operationally and financially viable with a view to bring benefits of critical mass for customization of interventions, economies of scale in operation, competitiveness in manufacturing, cost efficient, better access to technology and information, etc.

Further, to promote production of MMF Apparel, MMF Fabrics and Products of Technical Textiles in the country, Production Linked Incentive (PLI) Scheme for Textiles has been launched. Government has also approved setting up of 7 (Seven) PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks in Greenfield/Brownfield sites to develop world class infrastructure including plug and play facility.

Source: pib.gov.in– Mar 30, 2022

HOME

****

BIMSTEC Summit: PM Modi calls for speedy work on FTA

BIMSTEC nations must work towards expediting a free trade agreement (FTA) to increase mutual trade, Prime Minister Narendra Modi has said. “We must increase exchanges between enterprises and start-ups in our country. In addition, we must also strive to adopt international norms in the area of trade facilitation,” the PM said virtually addressing the 5th BIMSTEC Summit hosted by Sri Lanka on Wednesday. Leaders from the seven member countries, including Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand, signed the BIMSTEC Charter, which formalises the grouping into an organisation made up of member states that are littoral to, and dependent upon, the Bay of Bengal.

The Summit’s theme “Towards a Resilient Region, Prosperous Economies, Healthy People” captures the main current priorities of member states, and the efforts by BIMSTEC to develop cooperation activities that support member state’s programmes to deal with the economic and development consequences of the Covid-19 pandemic, according to a release issued by the Ministry of External Affairs.

The BIMSTEC grouping is significant for India as it brings together over 150 crore people comprising 21 per cent of the world population, and a combined GDP of over $2.5 trillion. Focussing on trade facilitation will encourage intra-BIMSTEC trade and economic integration, Modi said. “In this context, our officials, together with Indian Council for Research on International Economic Relations and ADB, must start a programme for building awareness. I am hopeful that officials from all member countries will regularly participate in this,” he added.

BIMSTEC countries have been trying to work on an FTA for a long time but not much progress has been made. The Indian PM said that it was time to move forward on the FTA proposal to increase mutual trade and economic partnership.

Masterplan for transport connectivity

Leaders also signed the BIMSTEC Masterplan for Transport Connectivity for better alignment of member countries’ national transportation and connectivity networks. Modi, in his speech, stressed on the need for better connectivity and said that it forms the basis of better trade, better integration and better people to people contact. He said that the master plan should be implemented early. Modi also called for expediting work on a legal framework for establishing a ‘coastal shipping ecosystem’ in the Bay of Bengal. He stressed on the need to take forward discussions on electricity grid and road connectivity.

Modi, along with other leaders, also witnessed the signing of three BIMSTEC agreements including BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters, BIMSTEC Memorandum of Understanding on Mutual Cooperation in the field of Diplomatic Training and Memorandum of Association on Establishment of BIMSTEC Technology Transfer Facility.

Source: thehindubusinessline.com– Mar 30, 2022

HOME

****

Australia 'getting very close' to finalizing free-trade deal 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: financialexpress.com– Mar 30, 2022

HOME

****

FTA with EU to provide more opportunities for India in Europe continent: Netherlands' Foreign Minister Hoekstra

Netherlands plans bilateral investment protection agreement with India

Netherlands hopes to have a bilateral investment protection agreement (BIPA) with India. In an interaction with visiting journalists, Wopke Hoekstra, Foreign Minister, Netherlands, discussed issues ranging from investment protection agreement to the Russian attack on Ukraine. Excerpts:

Netherlands is the fifth-largest foreign investor in India. What are your thoughts on having a bilateral investment protection agreement with India? Is there any progress or any timeline that you could suggest for having a new agreement?

Sometimes these things take longer, even if everyone is working very diligently on it. I have been a Minister of Finance for four years and, therefore, I know from experience that any type of treaty even among the closest of friends, sometimes does take quite a while to get to change and to improve. What I would very much hope, and the same is true for the whole Cabinet here, is that we create these types of arrangements with India

How do you expect the India EU FTA to affect the relationship between India and the Netherlands?

We would very much support a free trade agreement between the EU and India, because our assessment is that it would give an additional impulse to our already excellent bilateral relationship. Our business relationship is of tremendous importance, but I think a broader EU-India FTA will also provide more opportunities for India towards the whole European continent.

And if there's anything that I could do, that the Dutch government could do, in facilitating that, and helping all that, we would, of course, be delighted to do so. These things, in my view, are truly a win-win. It is increasing the size by making sure that both nations benefit and, in this case, if you would, if we would come to any agreement with you that would also mean the 27-plus, of course, India will benefit and it will be for the better of our two nations, it will have all the nations involved and will be better for all the citizens involved. Of course, that is what we should always have in mind how do we make sure we create more prosperity, more stability and a better brighter future for the next generation

India has strong reservations on opening up the dairy sector, while dairy is the top export sector for the Netherlands. How do you see the matter getting resolved?

Dairy is an area in that we have a long-standing tradition, we have a lot of expertise. We are humbled that many countries across the world in Africa and Asia make use of the export of our dairy products, be it milk or cheese, or all sorts of things that are related to dairy. If in that specific area we could increase our collaboration, then I will be delighted to do so. There is a great opportunity in the sector. Dairy is, as many of us know, vital for the young ones and also for toddlers, youngsters, people of our age, but also the elderly. So, if there is an opportunity, then let' seek to make the most of it.

India has a a long relationship with the Netherlands, which is 75 years now. But now there's a crisis also in this region, with India abstaining from voting against Russia at the UN. Because of this, does the relationship get affected in any manner?

To us the relationship with India is of vital importance. India is truly one of the geopolitical powers in the world. We are truly very impressed also by the business sense. All the developments that we've seen in the last couple of decades are truly very impressive. So, to the Netherlands, and also to the EU, the relationship is of vital importance. Second, to me, it is crystal clear that if you look at all the assets that India has, and what it is providing to the world, it is clearly one of the nations playing a very, very important role at the world stage. And what we would, of course, hope is that India would also want to engage on topics that are clearly front and center in the newspapers, given the current crisis. I have an excellent relationship and a great dialogue with Minister S Jaishankar.

And what we hope, generally speaking, is that all peace-loving nations, nations that are fighting for stability, for peace, for democracy, for prosperity like India, Netherlands and like so many others, that we also make clear to everyone that this is not only important in Ukraine, this is not only important in the regions bordering on Ukraine, but this is vital interest for the future of the of the world. And that is something that I underline in all my bilateral contacts. And I'm also very much looking forward to continuing this important and by the way, extremely fruitful dialogue with India

The Indian President is coming to visit this country. What can we expect from this visit?

For me what is the most important thing, it is testimony to our friendship and testimony to our partnership. And it articulates once again, for us but hopefully also for our friends in India, how tremendously important the relationship is from an economic perspective, from a geopolitical perspective, from a perspective of countries that are like minded in their desire to make sure that democracies prosper. We are only a tiny little democracy compared to India, but it is something that we clearly share, and we also clearly share a desire to make the world a better and more stable place. And for us, this is not only a testimony, but it is also a signal to our friendship and a clear investment that the both countries intend to make in making a great friendship and a great relationship even better.

And some things might actually materialise during the state visit. But these things in my opinion, in my experience, are always catalysts for more to come. It is almost like pushing a fast forward button on economic topics, on diplomatic topics, on tax treaties, many of these things, it basically means It's a signal to all our staff and to our nation, to our business community that we are dead serious about this, that we want to make the most of it. And that is also why I'm so delighted that we have the two heads of state being together and making sure we make the most of the whole program.

Source: thehindubusinessline.com– Mar 30, 2022

HOME

****

Govt widens scope of loan guarantee scheme

The Finance Ministry on Wednesday expanded the scope of the Rs 5 lakh-crore Emergency Credit Line Guarantee Scheme (ECLGS) to support MSMEs engaged in travel, tourism and hospitality sectors to overcome the impact of the COVID-19 pandemic impact.

The coverage, scope and extent of benefits under ECLGS 3.0 pertaining to hospitality, travel, tourism and civil aviation sectors have been expanded, the ministry said in a statement.

Finance Minister Nirmala Sitharaman while announcing the Budget 2022-23 had extended the validity of the scheme by another one year till March 2023, and also increased the total amount to be sanctioned under the scheme from Rs 4.5 lakh crore to Rs 5 lakh crore.

As per the latest modification, new borrowers, in the sectors covered under ECLGS 3.0, who have borrowed between March 31, 2021, and January 31, 2022, will now be eligible to avail the emergency credit facilities.

Also, the credit limit for eligible borrowers has been increased to 50 per cent of their fund-based credit outstanding from 40 per cent earlier.

“Eligible borrowers in all such sectors (other than the civil aviation sector) are now permitted to avail up to 50 per cent of their highest fund-based credit outstanding on any of three reference dates (Feburary 29, 2020, March 31, 2021 and January 31, 2022), as against the earlier limit of 40 per cent of the higher of their fund-based outstanding on either of two reference dates (February 29, 2020 and March 31, 2021),” the ministry said.

The enhanced limit is subject to a maximum of Rs 200 crore per borrower, it added.

Individuals and proprietary concerns in the sectors covered under ECLGS 3.0 can also now avail of emergency credit facilities.

The fresh modifications are aimed at enabling businesses in these contact-intensive sectors to get further support through enhanced coverage and collateral-free liquidity on capped interest rates/fees, it said.

Keeping in view the high proportion of non-fund based credit in the overall credit of the civil aviation sector, the ministry said, eligible borrowers in the civil aviation sector are now permitted to avail of non-fund based emergency credit facilities as well under ECLGS 3.0.

As against the earlier limit of availing up to 40 per cent of their fund-based outstanding, borrowers can now avail up to 50 per cent of their highest total fund and non-fund based credit outstanding.

Further, to lower their cost of accessing non-fund-based credit, bank guarantees, letters of credit and other non-fund based facilities sanctioned under ECLGS 3.0 will be issued without any cash margin and subject to a cap of 0.5 per cent per annum on the fee/commission, it said.

Since its launch in May 2020, loans worth Rs 3.19 lakh crore has been sanction till March 25, 2022. About 95 per cent of the guarantees issued are for loans sanctioned to micro, small and medium enterprises.

Source: financialexpress.com– Mar 30, 2022

HOME

****

Growth in exports needs consistency

Alandmark has been reached with the country having crossed $400 billion worth of merchandise exports for the first time in the 2021-22 fiscal. Surely a time for jubilation but also a time to reflect over the reasons for this spurt in trade flows and whether it can be sustained in the medium and long term.

India has been struggling for decades to increase its presence in world markets and it looks as if it is now poised to make a mark as an exporting nation. It could soon break into the top 15 global exporters, though it should have been on this list much earlier, given the size of its economy.

In recent years, it was beginning to be felt that there was little hope of India becoming a major merchandise trade exporter and the focus should instead shift to the burgeoning segment of services exports. These have been growing steadily over the years and are now likely to touch $250 billion in the current fiscal.

The surge in merchandise trade has taken place during what has been viewed as a rather dismal phase of the economy. The uneven revival of 2021-22, following the unprecedented contraction in the pandemic year, did not seem to augur well but it has been precisely during this period that exports have taken off in a big way.

One of the reasons is the revival of pent-up global demand following the pandemic. Combined with logistical difficulties in getting supplies from usual sources, including China, the situation proved beneficial for Indian exporters who could fill the gaps in many areas. Growth has not been high merely compared to $290-billion exports recorded in the 2020-21 fiscal but also relative to $313 billion of the pre-pandemic fiscal of 2019-20. The rise has been both in value and volume terms over this period.

What is even more significant is that manufactured goods have contributed in a big way to the rising trade outflows. Engineering products, including electronics, comprise the largest segment of the export basket, having grown by as much as 50 per cent. Petroleum products, which are among the top export commodities, are also value-added goods from the country's oil refineries.

Agricultural exports are another major segment which expanded vastly over the past few years. Rice and marine products have shown the biggest increases. The outlook for higher wheat and corn exports has also improved with the Ukraine conflict having the potential to curtail supplies from Russia. Gems and jewellery exports, which had dipped during the pandemic, have revived and become the third largest segment, along with chemicals and pharmaceuticals. Ready-made garments, where India has been facing stiff competition from its Asian neighbours, is also one of the biggest growth areas.

As for whether the rising graph of exports will persist, the outlook is bright right now. The reasons are multifarious. First, the resurgence in exports has not come about overnight. It is a culmination of policy initiatives taken over several years. One of these is the launch of production linked incentive (PLI) schemes in industries like electronics. This prompted the creation of an entire ecosystem of electronics manufacturers, including many who had set up assembly units or components units in countries like China. The domestic production of smart-phones as a result of the PLI scheme has ultimately reflected in much higher exports.

The second is the introduction of policies putting an emphasis on identifying export products even at the district level. This has led to a greater push towards setting up of agro-processing export-oriented industries. The introduction of incentives that are compatible with WTO guidelines has helped exporters as well. And finally, recent efforts to tie up several bilateral free trade agreements (FTAs) augurs well for the future.

India stayed away from the Regional Comprehensive Economic Partnership (RCEP) on the grounds that the rules of origin were not stringent enough to prevent a flood of imports from China. Some had criticised this protective approach towards domestic industry but it was wise to take a cautious attitude towards merging with a trade grouping heavily dominated by China.

The current flurry of activity aimed at finalising bilateral FTAs is certainly in the right direction. The latest agreement concluded with the UAE is the first after over a decade with a major trading partner. The UAE is the second largest export destination and the pact should help to dispel the image of India as a protectionist economy. What is even more encouraging is that other bilateral FTAs are in the pipeline with the UK, Australia, Canada and the Gulf Cooperation Council, comprising six countries in that region.

A dialogue on the long-pending trade agreement with the European Union has resumed but it is clear that the one with the UK will be moving more rapidly than others. Areas that have stalled the talks with EU including spirits and automobiles are not likely to bog down the discussions with the UK where both sides are keen to reach an early resolution.

In case India is able to tie up bilateral agreements with key trading partners over the next six months, export efforts will get a boost after a period of successive setbacks. These include the withdrawal of trade concessions worth $5.6 billion under the Generalised System of Preferences by the US in 2019. The inability of this country to become a member of any major regional trade grouping has also handicapped exporters who face a competitive disadvantage in many markets. With these agreements, the situation is set to look up especially as the UAE, the UK and Australia are leading export destinations.

It has to be cautioned, however, that there is still a long way to go before India becomes a major trading nation. Exports as a percentage of GDP are still only about 11 per cent, much lower than the peak of 18 per cent achieved about a decade ago. Rising world prices have also contributed to the steep increase in exports in value terms during 2021-22. At the same time, it is clear that the greater support being given to export industries has given an impetus to outward trade flows. If this is sustained along with the drive to finalise more trade pacts, it could ensure that India finally gets a place at the global high table of exporters.

Source: tribuneindia.com– Mar 31, 2022

HOME

****

Textile mills seek stock disclosure, duty-free imports to ease surging cotton prices

CITI, SIMA, Tirupur Exporters' Association seek government intervention as lint cotton prices cross ₹90,000/candy

Amid spiralling cotton prices, value-chain participants, including textile players, have sought the government's intervention by making stock disclosures mandatory, allowing duty-free imports and taking measures to contain speculation.

The Confederation of Indian Textile Industry (CITI), the Southern India Mills' Association (SIMA) and Tirupur Exporters' Association (TEA) have pointed to a grave situation being faced by the entire cotton textile value chain across the country following record high prices of the natural fibre.

Cotton prices have increased from ₹44,500 per candy (of 356 kg) in February 2021 to ₹90,000 per candy now. Notably, the government had levied the 11 per cent import duty on cotton when prices were nearly half of what they are now. "The steep increase in cotton price and its impact on prices of yarns and fabrics is severely impacting the potential growth of the cotton textile value chain," said industry participants in a joint statement issued on Tuesday.

Challenges due to war

The industry also underlined the challenging situations being faced by the trade in the backdrop of the ongoing Ukraine-Russia war which has caused a steep increase in oil prices by 30-40 per cent impacting the European economy and ultimately hurting the demand for Indian exports.

In this backdrop, the representatives of SIMA, TEA and CITI have urged the Government to announce duty-free import of 40 lakh bales immediately to stabilize cotton priceS and create a level-playing field for the textile industry. This is to make them sustain export performance, financial viability and livelihoods of over 30 million people directly employed in the cotton textile value chain, a joint statement issued by the three bodies said. Notably, it is also appealed to the Government to impose a mandatory declaration of cotton stock with all the stakeholders. This is aimed at curbing hoarding and speculation in the cotton trade. They have urged revamping the cotton trade under commodity exchanges MCX and NCDEX.

Earlier this week, textiles industry apex body CITI had convened a stakeholders' meeting on Cotton Availability and Price issues. As per the meeting outcome, it was agreed that the cotton stocks are held by speculators currently who are expecting a higher price from the current levels.

The trade bodies have also highlighted that the spinning mills were left with cotton stock of only 40 days or (41 lakh bales each of 170 kg) as against three to six months' stock during any cotton season at the end of March. Since more than 90 per cent of the cotton crop is said to have arrived into the market during the months of December and March, industry players are suspecting a lack of clarity on the data.

"Currently, approximately 240 lakh bales of cotton has arrived into the market as against 320 lakh bales that should have arrived by this time," the industry players said pointing out that 11 per cent import duty has emboldened the traders to hoard cotton in the name of farmers, adopt import parity pricing policy and curtail the global competitiveness of the Indian textile industry.

Source: thehindubusinessline.com– Mar 30, 2022

HOME

****

Another hurdle to securing input tax credit

Between 2017 and 2022, the provisions governing availment of ITC were tweaked to require a recipient of supplies to oversee even the supplier's compliance status under GST (see Section 16(2) - CGST Act). It is crucial for a recipient to select a dependable vendor to protect their claim to ITC.

Statutory safeguards

ITC is encased in safeguards to bar the recipient from availing ITC unless:

(a) the supplier has issued a tax invoice/debit note containing requisite details [S 16(2)(a)];
(b) the supplier has captured the details of the invoice/debit note in their outward supplies and then communicated such details to their recipient [S 16(2)(aa) as inserted by Clause 109 of the Finance Act, 2021];

(c) the recipient has actually received the supplies [S 16(2)(b)].

One of the more complicated caveats is that a recipient cannot avail ITC unless their supplier has actually paid the tax in respect to that supply to the Government [S16(2)(c)]. This condition was proposed to be operationalised through an automated 'matching system', where returns furnished by the supplier would be matched against the returns filed by the recipient.

The idea was to enable information symmetry by equipping a recipient to identify supplies on which tax had been deposited with the exchequer and avail only the corresponding ITC. The matching system was never fully operationalised and was challenged before various Indian courts, where the matters are sub-judice.

Now, the matching system is set to be abandoned [See Clause 107 of the Finance Bill, 2022] and clarity is awaited on whether the system will be discarded ab initio or if it would be made viable at least for the period prior to the enactment of the Finance Act, 2022.

Thus, a recipient's obligation to ensure that the supplier had remitted the tax to the treasury or forego the ITC thereof survives despite the proposed deletion of the matching system.

This disbarment is sought to be rehashed and made even more onerous — a recipient is barred from availing ITC in respect of supplies where the supplier has defaulted in payment of tax and where such default has continued for a period [See proposed S 16(2)(ba) as sought to be inserted vide Clause 100 of the Finance Bill, 2022].

In addition to verifying if tax is deposited in respect of supplies made to them, a recipient must also investigate if the supplier is generally and periodically compliant.

Checks and balances

With all these layers of protective bubble-wrap, it is natural and necessary for recipients to shield their claim to ITC at all stages of the transaction. The following suggestions can protect a recipient's claim to ITC:

(a) Preliminary filtering prior to onboarding a prospective supplier

(i) Screening prospective vendors for existing goodwill and creditability in the open market;

(ii) Soliciting testimonials from prior purchasers of the prospective vendor;

(iii) Seeking 'compliance report' from prospective vendors detailing compliance with all aspects of GST and specifically demonstrating present and periodic records of paying GST on all supplies made.

(b) Transactional checkpoints

(i) supply order may clearly capture the transaction and nature of the supplies, along with appropriate classification of the supply;

(ii) supply order may warrant that any loss of ITC occasioned due to supplier's non-compliance under GST would be borne by that supplier, along with the interest component thereof;

(iii) wherever commercially feasible, recipient may defer payment of the tax element and strive to implement a cut-off date for compliance;

(iv) supply order may document the supplier's obligation to update any change in the registration certificate;

(v) recipient may require the supplier to divulge all details as required under the proposed Section 38(2) of the CGST Act.

(c) Action during or post completion of supplies

(i) The supplier must update the recipient in the form of a declaration with supporting evidences, once the tax in respect of that supply is remitted to the treasury;

(ii) Recipient may document and maintain all transport documents (lorry receipts, toll receipts and other documents like gate passes, etc.) to sufficiently prove movement and receipt of goods

(d) Winnowing of vendors with past defaults

(i) Recipient may blacklist vendors who have defaulted in payment of GST in prior transactions, if the vendor is unable to validate their actions or prove that GST was paid subsequently;

(ii) Finally, a recipient may be required to monitor the GST portal to identify suppliers wherever their output liability exceeds the output tax so paid so far.

The measures suggested above may seem harsh at a time when e-commerce and remote transactions are all the norm. On the one hand, the basis for a flourishing economy is to engender trade.

At the same time, these measures are justified as a recipient's claim to ITC is framed around the supplier's compliance. Hence, they may be seen as a basic threshold while soliciting supplies.

Source: thehindubusinessline.com– Mar 29, 2022

HOME

****

Ease of Doing Business

The Government of India has undertaken a number of steps to ensure the quick registration of companies in India, which are as under:

1) A single integrated new web form called SPICe+ along with AGILE PRO-S has been deployed. This form provides eleven services related to 'starting a business' namely

(i) Name Reservation,
(ii) Incorporation,
(iii) Permanent Account Number (PAN),
(iv) Tax Deduction Account Number (TAN),
(v) Director Identification Number (DIN),
(vi) Employees' Provident Fund Organisation (EPFO) Registration,
(vii) Employees' State Insurance Corporation (ESIC) Registration,
(viii) Goods and Services Tax (GST) number,
(ix) Bank Account Number,
(x) Profession Tax Registration (Mumbai, Kolkata and Karnataka),
(xi) Delhi Shops and Establishment Registration.

2) Zero fee is now charged for incorporation of all companies with authorized capital up to Rs. 15 lakh or with up to 20 members where no share capital is applicable.

3) A Central Registration Centre (CRC) has been set up for name reservation and incorporation of companies & Limited Liability Partnership (LLP) within 1 day.

4) The LLP Incorporation Form called FiLLiP has also been integrated with Central Board of Direct Taxes (CBDT) to provide PAN/TAN at the time of Incorporation of LLP itself.

5) The Companies (Incorporation) Third Amendment Rules, 2020, now provide for extension of reservation of name through a simple web service available at www.mca.gov.in.

6) Provisions with regard to incorporation and functioning of One-Person Companies (OPCs) have been revised so as to incentivize incorporation of OPCs. Now, Non-Resident Indians (NRIs) are also allowed to incorporate OPCs. OPCs are now allowed to convert into private or public companies at any point of time. The restrictions with regard to maximum amount of paid-up capital and turnover for OPCs have also been removed.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Som Parkash, in a written reply in the Lok Sabha today.

Source: pib.gov.in– Mar 30, 2022

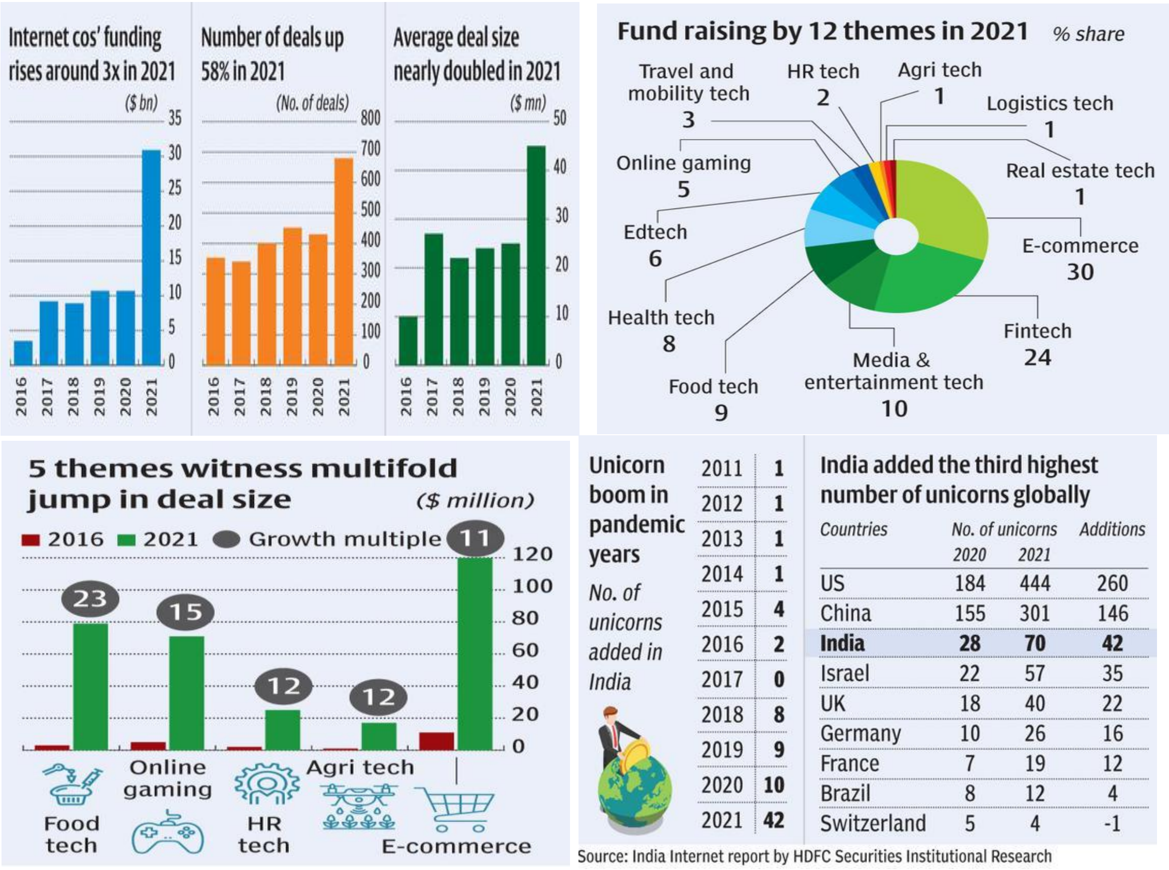
HOME

****

India witnesses unicorn epoch

2021 was a milestone for India as 42 unicorns (startup company valued at over $1 billion) were added — the third highest in the world. The year saw a frenzy of PE/VC deals with a 3x growth in funds raised. The year saw a rise in the number of deals by around 58%, with the average deal size nearly doubling over the past year.

E-commerce and Fintech remained favourites of investors and bagged more than 50% of the funding share. Interestingly, food tech, online gaming and HR tech have seen a massive jump in deal size over the years.



Unicorn boom in pandemic years

No. of unicorns added in India

2011	1
2012	1
2013	1
2014	1
2015	4
2016	2
2017	0
2018	8
2019	9
2020	10
2021	42

India added the third highest number of unicorns globally

Countries	No. of unicorns 2020	No. of unicorns 2021	Additions
US	184	444	260
China	155	301	146
India	**28**	**70**	**42**
Israel	22	57	35
UK	18	40	22
Germany	10	26	16
France	7	19	12
Brazil	8	12	4
Switzerland	5	4	-1

Source: India Internet report by HDFC Securities Institutional Research

Source: thehindubusinessline.com– Mar 29, 2022

HOME

****

Digital training, key to successful micro firms

Absorption of information and communication technologies (ICT) has become the key for micro enterprises to evolve into growing sustainable businesses. However, digital adoption among businesses has been uneven across sectors and the persisting digital divide poses a serious challenge for India's rural population.

It has also been documented that the gap in accessibility arises out of the differences in factors such as income, location, gender and age. These variations underscore the need to identify target groups more clearly and design tailor made decentralised programmes.

Women in particular often have less access to digital technology than their male counterparts. Thus, there exists a need to increase access to information and communication technology among women in rural areas as the spread of ICT ushers gains only if people having access to technology also have the requisite skills for making optimal use of it. Adoption of ICT by micro and household enterprises managed by women will be significant in influencing livelihood outcomes in semi-urban and rural areas.

Enhanced ICT access for women and increasing their participation in digital entrepreneurial ventures helps increase competitive power for the microenterprises and improve earnings of rural households. Further, an important dimension of empowerment that assumes relevance in a technology driven era is the role of ICT based entrepreneurial activity by the women.

IIT study

IIT Madras' evaluation of digital literacy-training programme to empower around 57,000 women and youth in Tamil Nadu reveals interesting facets. The training enabled them to use digital technologies to carry out their business/enterprises. Ensuring that the target group goes through a well-structured course helped them become digitally literate, specifically in the efficient use of smart phones.

The target group assumed significance as access to and use of mobile telephony and internet was expected to increase incomes of low-income populations and help them to move out of poverty.

The digital training imparted to rural communities has created a number of tangible and intangible benefits. It has greatly influenced the way individuals socialise, create and exploit economic opportunities and knowledge resources thereby impacting empowerment of rural communities.

Smartphones have eased the access to information, in addition to raising monthly family income, expanding occupation/business, finding potential clients, increased social status, created opportunities for learning and developed socialisation.

Young participants benefited more than older members as the training helped them to use smartphones for educational purposes. In terms of the time spent, we found that smartphones were used more for social and entertainment purposes than for economic purposes.

The use of smartphones as a way to connect with the online world is increasing along with the emphasis through various initiatives in technology to bridge the digital divide through “digital literacy learning”. The long-term goal of the training should be to enable the use of smartphones for personal and social emancipation. Three outcomes can be identified towards achieving this.

First, as a short-term outcome, these trainings lead to the use of features and Apps on the phone. This is the starting point of the causal linkage chain. Second, the intermediate outcome is the enhanced self-confidence and awareness resulting from the use of the features on the phone.

Third, the long-term outcome as training results in the use of various Apps for three aspects: (a) educational purpose, (b) social aspects and (c) generating economic benefits. In terms of the long-term outcomes at the micro level, the use of Apps lead to beneficial impacts on self-learning through videos and higher income from business and jobs, all of which could be termed as private/personal individual benefits.

At the meso-level, the use of Apps leads to better family networks and bonding. This has been facilitated largely through video call facilities. At the macro-level there are larger social benefits such as access to various government schemes and e-governance initiatives, which in the long term would result in more demand and the use of public goods due to the awareness created by the use of smartphones. This in our view would lead to increased empowerment of citizens, especially of women.

Given the demographic profile and labour market conditions prevailing, there exists a need to increase the scale and scope of digital training in India. We propose a three-pronged strategy for this.

First, as there exists variations in the benefits accrued across age, location of residence and income of the participants a more decentralised programme for training with community participation needs to be designed. Second, there is a need to ascertain what specific barriers rural entrepreneurs experience before engaging in large scale ICT interventions and training for small businesses.

Third, In designing such interventions institutions need to take into account the medium-term nature of training programmes as a single one time training might not yield desired results. These could help in deriving benefits of the phrase 'digital literacy' in the broader sense of the term.

Source: thehindubusinessline.com– Mar 29, 2022

HOME

****

Raymond plans to sell ColorPlus and Park Avenue

Raymond is looking to sell its apparel retailing brands of ColorPlus and Park Avenue businesses, two persons familiar with the development said.

Raymond has held talks with Denmark-based retail group Bestseller to sell the ColorPlus business, but the talks failed without a deal, they said.

One of the persons quoted earlier said Raymond was seeking a valuation of about ₹500 crore for ColorPlus and Bestseller was not willing to shell out that much money for the business that owns about 90 standalone stores, apart from selling through other multi-brand outlets. For Park Avenue, that operates about 70 standalone stores, Raymond is seeking "much more" than ₹500 crore of valuation, he said.

Both Raymond and Bestseller declined to comment.

"As a policy we do not participate in any market speculation and having said that, whenever we have any information to share, we will," Vineet Gautam, CEO of Bestseller India, said in WhatsApp message.

"As company policy, we do not comment on market speculations," a spokesperson for Raymond chimed.

Last year, Raymond was in the news for laying off more than 1,000 of its employees amid a stinging pandemic that has hit the company like most of the retailers and manufacturers in India since early 2020.

Legacy Indian brands like ColorPlus and Park Avenue have been facing stiff competition in the last five-ten years from global fashion bigwigs of Spain's Zara, Sweden-based H&M and Japan's Uniqlo among a host of other global labels. On the other hand, the emergence of ecommerce platforms have intensified competitions even in tier-2 and tier-3 cities.

Raymond has business interests from manufacturing, fast moving consumer goods (FMCG), real estate and retail is a major part of the nearly century-old group founded in 1925. Bestseller sells its fashion and lifestyle products in 46 countries through more than 2,800 chain stores and 12,000 external multi-brand stores.

In India, Bestseller sells the five brands including Jack & Jones, Vero Moda, Only, Selected Homme and Produkt through 375 exclusive brand outlets and more than 1,200 shop-in-shops.

Raymond's ready-to-wear business, ColorPlus, Park Avenue and casual clothing label Parx, are among the "four power brands" of the Mumbai-based group.

Source: economictimes.com– Mar 31, 2022

HOME

****

To cut costs, textile processors in Gujarat aim to import coal directly

Textile processing industries in the South Gujarat region are working on a plan to import coal directly, which they say can help them save at least 10 per cent on coal prices which in turn will help them bring down the production costs at the units.

The processors are discussing the prospects with KRIBHCO to use their port near here and few leading processors are in the final stage to order vessels directly from Indonesia.

"We have made multiple proposals to KRIBHCO in writing and the discussions are going on for over six months. We are exploring various ways to bring down the production costs since we are now paying double the price of coal when compared to the prices a year ago," said Jitendra Vakharia, president, South Gujarat Textile Processors Association (SGTPA).

Around 400 textile processing units are operational in South Gujarat and most of them are coal-based. Each unit requires an average of 50 tonne coal daily. "According to a rough estimate, the daily requirement of coal is around 20,000 tonne for all textile processing units in the region. If we import coal directly, we can get it at a price at least 10 per cent less than what we pay now here," added Vakharia.

According to the processors, the prices of imported coal have doubled in all categories. "The coal that was available at Rs 4,500 per tonne a year ago is now available at Rs 9,000. We fear further price rise in coal prices and there may be a 50 per cent hike in next six months," said Vakharia.

SGTPA is planning to supply the imported coal first to its members and to others later.

Source: timesofindia.com– Mar 31, 2022

HOME

****

MP organic cotton farmers want recognition for their 'own' growers' groups

Amid reports of action against certification agencies for using fictitious growers' groups

Thousands of organic farmers from nine districts in Madhya Pradesh have formed their own "local samitis" and want the Centre's recognition to continue the farming, amid reports of action against certification agencies for using fictitious growers' groups. The farmers also are exploring opportunities to sell their produce at higher prices.

"APEDA has to recognise us as separate groups for organic farming to maintain continuity as earlier some traders/companies had organised such groups," said Dinesh Yadav, part of a 25-member group that came to Delhi earlier this week to meet government officials.

Fictitious growers

Thousands of farmers from Barwani, Burhanpur, Dhar, Harda, Jhabua, Alirajpore, Dewas, Khandwa and Khargone districts have been practising organic farming for many years, even when the concept was not developed as a government scheme. However, as reported by BusinessLine earlier, Khargone MP Gajendra Patel had flagged the issue of fictitious organic produce growers groups listed in the internal control system (ICS) mechanism. He had voiced his concern over the exploitation of farmers by a "cotton mafia".

The ICS mechanism allows farmers to be part of a grower group and get the same benefits at cheaper fees than registering individually under the certification procedure. Unless the Agricultural and Processed Food Products Export Development Authority (APEDA) or the certification agency allows them to move from one group to another maintaining continuity, the farmers will lose status as "organic growers".

Becoming aware of implications

Yadav said many farmers, who had consented to become members of growers' groups (organised mostly by traders and ginners), have become aware of the implications after reading through various media reports. However, there are several other farmers who were not even aware of such grower groups though officially they were shown to be members of such groups, Yadav said.

It is learnt that after the issue was highlighted, even some of the certification agencies have started de-recognising growers groups. For instance, APEDA earlier this month had directed the Palampur-based Global Certification Society not to issue transaction certificates to four grower groups of Khandwa district in MP - Maa Narmada Krushak Samiti, Maa Rukmani Krushak Samiti, Maa Yamini Krushak Samiti and Shri Sant Singha Ji Krushak Samiti.

“If appropriate policy support and schemes are unveiled, India could develop into one of the largest cooperative movements to strengthen the hands of farmers and raise their income. There is a potential to develop ‘India Organic Cotton Brand’ similar to Amul in dairy sector,” said S Chandrasekaran, a New Delhi-based foreign trade policy expert.

New procedure

APEDA in December 2021 had laid down a new procedure to be followed on transfer of grower groups whenever any certification agency is suspended. But, fictitious groups still get transferred from one certification agency to another without appropriate scrutiny, sources said.

Minister of State of Commerce Anupriya Patel has said that there are several certification bodies against which the government has taken action. “In 2013, there was suspension of accreditation under National Programme for Organic Production (NPOP) for six months in the case of Natural Organic Certification Agro Private Limited. Similarly, in 2015, in the case of Bio-Cert India Private Limited, accreditation was terminated under NPOP and in 2019, Intertech India Private Limited was suspended for six months and penalty of ₹6 lakh was imposed. There is a long list of such certification bodies,” Patel said in Lok Sabha Wednesday replying to supplementary questions.

“We do not compromise with the reputation of the nation. There are certification agencies or bodies which are certified by the National Accreditation Board and they certify organic products and give them the ‘India Organic’ mark. In case there is ever any complaint, APEDA looks into it. If there are irregularities, malpractices, or any procedural lapse, we suspend the accreditation of those certification bodies to make sure that these standards which are in harmony with the international standards are never compromised," the minister said.

Quoting Textile Ministry data, US Department of Agriculture has said in a recent report that country's organic cotton production is estimated to have more than doubled to 8.11 lakh tonnes in 2020-21 from 3.36 lt in the previous year. Madhya Pradesh is estimated to have produced 3.83 lt as against 84,701 tonnes in 2019-20.

Source: thehindubusinessline.com– Mar 29, 2022

HOME

****