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NEWS CLIPPINGS

INTERNATIONAL NEWS

Global GDP growth to drop to 3.1-3.7% in 2022 amid Ukraine war: WTO

The World Trade Organization (WTO) Secretariat has projected that the Russia-Ukraine crisis could lower global gross domestic product (GDP) growth by 0.7-1.3 percentage points, bringing growth to somewhere between 3.1 per cent and 3.7 per cent for 2022. The costs of the war in terms of reduced trade and output are likely to be felt by people around the world through higher food and energy prices and reduced availability of goods exported by Russia and Ukraine.

“Poorer countries are at high risk from the war, since they tend to spend a larger fraction of their incomes on food compared to richer countries,” said a note by the Secretariat. “This could impact political stability.”

The model used for the analysis also projects that global trade growth this year could be cut almost in half from the 4.7 per cent the WTO forecasted last October to between 2.4 per cent and 3 per cent.

While the shares of Russia and Ukraine in overall world trade and output are relatively small, they are important suppliers of essential products, notably food and energy. Both countries supplied around 25 per cent of wheat, 15 per cent of barley and 45 per cent of sunflower product exports in 2019. Russia alone accounted for 9.4 per cent of world trade in fuels, including a 20 per cent share in natural gas exports.

Some regions will be more strongly affected by the war than others. Europe, the main destination for both Russian and Ukrainian exports, is likely to experience the brunt of the economic impact. Reduced shipments of grains and other foodstuffs will also boost prices of agricultural goods, with negative consequences for food security in poorer regions, says the WTO Secretariat note.

One of the longer-term risks is that the war could trigger a disintegration of the global economy into separate blocs. Economic sanctions could cause major economies to move toward ‘decoupling’ based on geopolitical considerations, with the goal of achieving greater self-sufficiency in production and trade. Even if no formal blocs emerge, private actors might choose to minimise risk by reorienting supply chains, the note observes.

The Secretariat note warns that the income losses from such a development "would be severe, especially for emerging and developing economies." At a global level, it could reduce GDP in the long run by about 5 per cent, notably by restricting competition and stifling innovation.

Importantly, the GDP decline could be more severe as the estimate considers only a limited set of the gains from trade that would be foregone, it adds.

Source: fibre2fashion.com– Apr 16, 2022

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New rail-sea freight service links China's Xi'an to Europe

A new rail-sea freight service has been launched this week to link Xi'an, capital of northwest China's Shaanxi province, to Europe. The route traverses the Caspian Sea and the Black Sea to connect northwest China with several countries in Central and Eastern Europe. The route's first freight train loaded with clothes, bedding and sports apparatus, left Xi'an on Wednesday.

The train will pass through countries like Kazakhstan, Azerbaijan, Romania, Hungary, Slovakia and the Czech Republic before reaching Mannheim in Germany. It will cover a distance of 11,300 km, according to a Chinese news agency.

This new route provides a new transport option for international as well as domestic logistics and trade companies, said Yuan Xiaojun, general manager of the Xi'an Free Trade Port Construction and Operation.

Currently, there are 16 freight train routes from Xi'an to Europe that cover 45 countries and regions. Xi'an launched over 790 freight train services to Europe in the first quarter of this year.

Source: fibre2fashion.com– Apr 15, 2022

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US EXIM Bank approves 'Make More in America' to boost manufacturing

The US Export-Import Bank's board has approved a new tool—the 'Make More in America' initiative—aimed at boosting US manufacturing, strengthening closing critical supply chain gaps and supporting American jobs, according to the official US export credit agency. The initiative will create new financing opportunities that spur manufacturing in the United States, it said.

It will allow companies to tap existing medium- and long-term loans and loan guarantees for export-oriented domestic manufacturing projects as part of President Joe Biden's push to bolster US supply chains.

"The Make More in America Initiative will create new financing opportunities that spur manufacturing in the United States, support American jobs and boost America's ability to compete with countries like China," the bank's president and chair Reta Jo Lewis said in a statement.

The initiative was developed in response to the supply chain executive order Biden signed in February 2021. It will offer manufacturers access to fresh capital to fill critical supply chain gaps.

Source: fibre2fashion.com– Apr 15, 2022

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China Has 'No Intention' of Curbing Xinjiang Textile Industry

Human-rights and labor campaigners urged the Biden administration on Friday to wield the Uyghur Forced Labor Prevention Act (UFLPA) as a sharp instrument for ensuring the United States isn't complicit in the modern-day slavery of persecuted Muslim minorities both in the Xinjiang region and the rest of China.

The bill, which was signed into law in December and is poised to go into effect in June, creates a rebuttable presumption that all goods in Xinjiang are manufactured with forced labor and therefore barred from entering the United States unless clear and convincing evidence demonstrates otherwise. This, importers fear, could lead to an uptick in detentions at the border, resulting in the delay, loss or obsolescence of goods that could worsen existing supply-chain bottlenecks and stoke inflation.

The public hearing, organized by the Department of Homeland Security on behalf of the Forced Labor Enforcement Task Force (FLETF), followed a 45-day comment period that closed last month. The FLETF, in consultation with the secretary of commerce and the director of national intelligence, must now draw up a strategy for supporting Custom & Border Protection's (CBP) enforcement of the Act. This will have to be submitted to Congress, which recently approved $27 million in funds in the 2022 fiscal year omnibus appropriations bill to enforce any mandates.

Xu Guixiang, a spokesperson for the government of Xinjiang, denounced the hearing as relying on the testimony of a group of so-called witnesses with "no knowledge of the facts." Beijing has repeatedly and vociferously refuted claims that it's conducting genocide against the Uyghur people, including the use of forced labor. The China Chamber of International Commerce has also dismissed the underlying assumptions of the ULFPA as "obviously erred" because "there is no forced labor in Xinjiang."

Speaking at the hearing, Jim Wormington, senior researcher and advocate for corporate accountability at Human Rights Watch, said that the "most effective" way for CBP and other government agencies to identify goods linked to forced labor in Xinjiang or elsewhere in China would be to require all brands and retailers importing to the United States to map their global supply chains, from raw materials to manufacturers, and disclose them in a time-bound manner.

"Guidance to importers issued pursuant to the UFLPA should make clear that the onus is on importers to obtain and disclose relevant information on their supply chains," he said. "If importers in high-risk sectors fail to provide adequate information on their supply chains, CBP should view this as evidence that the products include material from Xinjiang or from entities linked to forced labor and are barred from import under the new law."

While major industry associations have said that they condemn the use of forced labor and fully support the intent behind the law, many have also bemoaned the difficulty of its evidentiary burden. (They're also asking for a phased-in implementation approach that will give their members time to adjust.)

But this isn't the first time such a high standard has been imposed on importers to rebut a forced labor presumption, said Martina E. Vandenberg, president of the Human Trafficking Legal Center. In 2017, in response to the oppressive practices of the Democratic People's Republic of Korea regime, the United States created a similar rebuttable presumption of forced labor involving North Korean workers in global supply chains.

"The burden should indeed fall squarely on companies to trace every tier of their supply chain and prove that they have no links to Xinjiang or forced Uyghur labor, especially in sectors identified as high-priority under the UFLPA," Vandenberg said.

"Some companies claim that it is impossible to trace beyond tier two—this is simply not true. If civil society organizations, academic researchers and investigative journalists can unearth granular details of suppliers implicated in forced Uyghur labor with their limited resources, companies with extensive global operations and deep pockets can surely figure out how to trace their own suppliers."

Scott Nova, executive director of the Worker Rights Consortium said he was concerned that lobbying by corporations could water down the interpretation of the statute.

Comments submitted by several trade associations suggest that many companies "still hope to skate by without having to make the sizable changes in their supply chain operations that genuine compliance with the UFLPA would require."

He said that traditional workplace audits are “worthless” in Xinjiang because of the lack of access and climate of fear. Nova also pushed back at arguments by trade organizations such as the U.S. Council for International Business that the CBP should focus only on the top tiers of importers’ supply chains, ignoring raw materials and other upstream inputs.

“This would mean, to cite the crucial case of the apparel industry, factories that sew cotton garments and export them to the US, but not the farms that supply the cotton, or the mills that spin it into thread,” he said. In other words, CBP would end up ignoring “most of what matters,” since very little garment construction takes place in Xinjiang but a great deal of cotton farming and ginning does.

“For importers to argue that this information is unknowable is effectively to admit that they have no idea whether they have been obeying U.S. law or not,” Nova added.

“Fortunately, this information is not unknowable. Indeed, when an apparel brand does not know where its cotton or yarn is coming from it is because that brand has chosen not to know. The question is not whether it is easy, or cheap, to maintain adequate information about every level of the supply chain; the question is whether it can be done—whether it is both logistically feasible and financially viable—and the answer is yes.”

Vandenberg further said that there should be “no safe harbor for forced labor” and that goods subject to a U.S. ban should not be able to find a market elsewhere.

FLETF, she said, should work with the governments of Canada and Mexico within the current United States-Mexico-Canada Agreement framework to ensure that there is no “cross-border movement of goods” subject to the forced labor presumption. The U.S. government should also work with its G7 and G20 allies to ensure that there is a mutual exchange of forced labor intelligence and supply chain data.

“Global customs transparency is key to effectively enforcing the UFLPA, especially in relation to goods that are shipped via third countries,” Vandenberg said. “We urge the U.S. government to push other countries to impose import bans against forced labor and make more customs data public. This should be on the agenda at the upcoming G7 meeting in June.”

A ‘more heated debate’

Still, substantial headwinds could remain. Canada may have seized its first shipment of goods over forced-labor concerns in November, but a federal court also rejected last week an application by local activists to overturn a Canada Border Services Agency decision to eschew a ban on all goods from Xinjiang because it lacked the authority. At the same time, a desire to hold brands and retailers to account is building. On Sunday, a coalition of human-rights groups filed a complaint with the Canadian Ombudsperson for Responsible Enterprise (CORE) seeking a probe into the supply chains of more than a dozen Canadian companies, including Gap Canada, Nike Canada and Zara Canada, for evidence of forced labor.

It's not clear how severely the European Union's draft directive on corporate sustainability due diligence will scrutinize the Xinjiang issue. Activists have criticized the proposal for applying to only very large EU-based companies and restricting civil liabilities to direct suppliers and not abuses committed further down the supply chain. Businesses are also able to limit their due-diligence obligations to suppliers with whom they have "established business relationships" that are "expected to be lasting."

Despite the broad international backlash, China appears to be ramping up its plans for Xinjiang's textile industry. Official documents obtained by China Textile Magazine appear to indicate an "acceleration" of the region's labor-intensive garment sector to create 450,000 new jobs. The plan is built on three pillars: a diversification of Xinjiang's fiber output beyond cotton, the promotion of eco-efficient technologies and the construction of up to five new industrial parks.

"China has no intention to curb the development of its textile and apparel industry in [Xinjiang] despite the growing international concerns about the force labor allegation in the region," Sheng Lu, an associate professor in fashion and apparel studies at the University of Delaware, told Sourcing Journal. "Instead, according to the new plan, China will continue expanding the [Xinjiang] region's production capacity for cotton and non-cotton textile and apparel products."

Lu said that China seems to be pushing for greater integration between textile and apparel production in Xinjiang with that of the rest of the country, from raw material supply and investment to the end market. Xinjiang already contributes 85 percent of China's cotton, which makes up roughly one-fifth of the world's supply of the fiber.

“However, for whatever reasons, promoting export or exploring the overseas market for [Xinjiang]-made textile and apparel is barely mentioned in the document, which is unusual,” he said. “With the upcoming implementation of the UFLPA and more countries starting to draft their respective legislation on forced labor, we could only expect fashion companies’ China sourcing strategy to become a more heated debate.”

Lianchao Han, vice president of Citizen Power Initiatives for China, said that any Uyghur labor in Xinjiang is almost certainly coerced, and that the construction of industrial parks makes it easier for authorities to corral and monitor Uyghur workers. Any attempts at sustainability are also a way to pander to overseas customers that haven’t rejected Xinjiang goods.

China’s continued investment into Xinjiang also suggests that it’s only tightening its grip on the region, which it sees as a potential “hotbed of terrorism” if it doesn’t root out triggers such as poverty. The “brainwashing” of more than one million Uyghurs and other Turkic groups through reeducation centers and detention camps is part of this, as is 劳改 (pronounced “lao gai”), a criminal justice system involving the use of penal labor, he added. “There still many Uyghurs out there that are not part of this workforce,” Han said. “So [authorities] want to continue that strategy [of employment].”

Source: sourcingjournal.com– Apr 13, 2022

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US Retail Sales Rose 0.5% in March, But What Does That Really Mean?

Apparel and specialty stores posted gains in March, but overall U.S. retail sales weren't quite as robust when stripping out the price at the pump.

In general, U.S. retail sales rose 0.5 percent to $665.73 billion, but that was due to a boost from gasoline sales that rose 8.9 percent. Sales overall increased 6.9 percent compared with March 2021, however, excluding spending at the pump, U.S. retail sales fell 0.3 percent in March, impacted by a decline in sales of automobiles and online purchases, according to data from the U.S. Census Bureau.

Sales at apparel and specialty stores rose 3 percent to $26.94 billion from $26.25 billion in February. Department store sales were essentially flat at $12.14 billion, versus $12.18 billion in February. Online retailers saw a decline in purchases, down 6 percent to $90.35 billion from $96.54 billion. Home furnishing stores rose 1 percent in March to $12.86 billion from $12.78 billion.

Economists at Wells Fargo saw the March retail sales report as reflecting mixed results for retail. Since the government report does not adjust for inflation, Wells Fargo economists Tim Quinlan and Shannon Seery concluded that real retail sales fell 1.6 percent in the period. Still, the report did show consumer resiliency in spending, and that means that even if inflation is not going away, it could represent less of a headwind.

"March retail sales show that consumers have maintained their ability to spend in the face of record-level inflation, supply chain issues and geopolitical unrest," National Retail Federation (NRF) president and CEO Matthew Shay said. "Consumers are adapting and shopping smarter for themselves and their families. We believe the strength of the consumer can carry the economy through this considerable economic uncertainty if policymakers implement measured policies and do not overreact to current conditions."

NRF chief economist Jack Kleinhenz said that even though prices rose in March and eroded spending power, "shoppers remained resilient and sales were healthy." He said consumer willingness to spend has been "supported by rapid hiring, increased wages, larger-than-usual tax refunds and the use of credit."

The NRF believes U.S. consumer spending could drive 6 percent to 8 percent retail sales growth for 2022, or $4.86 trillion to $4.95 trillion, although the retail trade group does recognize inflation as a headwind.

Naveen Jaggi, president of Retail Advisory Services, JLL, said sales rose as consumer excitement grew for warmer weather, spring break travel plans and the return to the office for some.

“Looking ahead, we expect retail sales to grow between 5 and 7 percent this year, as Americans shift spending to restaurants, return to work clothes, trips, back-to-school clothing, and holidays,” Jaggi said. “According to JLL Research, shopping center foot traffic rose 14.7 percent from February to March 2022, and we can expect urban mall traffic to slowly follow and return to pre-pandemic levels.”

Jaggi said that if gas prices remain high next month, there’s the possibility that consumers could cut back spending on food and apparel.

How long that lasts remains to be seen.

U.S. nonfarm payrolls in March grew by 431,000. That figure missed economists’ consensus estimate of 490,000, and represented a slowdown from February’s 750,000-job expansion for a 3.6 percent unemployment rate.

On Thursday, initial jobless claims rose 185,000 for the week ended April 9. That figure represents an increase of 18,000 from the week before, and was above the 172,000 consensus estimate of economists. The unemployment rate is still within the range of 3.6 percent, representing a relatively tight labor market.

Source: sourcingjournal.com– Apr 14, 2022

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US textiles & apparel imports up 29.61% in Jan-Feb 2022

The import of textiles and apparel by the United States continues to grow at high rate and rose by 29.61 per cent to $20.191 billion in the first two months of 2022, compared to $15.578 billion in the same period of 2021. With 27.76 per cent share China continues to be the largest supplier of textiles and clothing to the US, followed by Vietnam with 13.50 per cent share.

Apparel constituted the bulk of textiles and garments imports made by the US in January-February 2022, and were valued at $15.021 billion, while non-apparel imports accounted for $5.170 billion, according to the latest Major Shippers Report, released by the US department of commerce.

Segment-wise, among the top ten apparel suppliers to the US, imports from Pakistan and Indonesia shot up by 61.06 per cent and 55.97 per cent year-on-year respectively. Imports from China, India, Bangladesh and Cambodia too grew between 44-50 per cent. On the other hand, imports from Honduras registered a growth of only 15.24 per cent compared to the same period of the previous year.

In the non-apparel category, among the top ten suppliers, imports from Cambodia soared by 64.62 per cent year-on-year. Imports from Italy and South Korea too climbed 33.08 per cent and 22.10 per cent respectively.

Of the total US textile and apparel imports of $20.191billion during the period under review, cotton products were worth $9.011 billion, while man-made fibre products accounted for $10.207 billion, followed by $473.648 million of wool products, and $499.986 million of products from silk and vegetable fibres.

In 2020, the US textile and apparel imports had decreased sharply, mainly on account of the COVID-19 pandemic induced disruption, to $89.596 billion compared to imports of $111.033 billion in 2019. But imports rebounded again in 2021 to surpass pre-pandemic level and ended at $113.938 billion.

Source: fibre2fashion.com– Apr 15, 2022

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Fast Retailing Plans Hundreds More Stores

Fast Retailing chairman and CEO Tadashi Yanai sees more stores ahead for Uniqlo.

The parent of fast-fashion chain Uniqlo on Thursday reported first-half results and detailed plans to open 400 to 500 new stores worldwide over the next five years, including 200 North American locations. Yanai has been vocal about his ambitions to make Uniqlo the No. 1 global casual apparel retailer.

Daisuke Tsukagoshi, group senior executive officer at Fast Retailing and CEO of Uniqlo USA, said Uniqlo North America is moving into an accelerated growth phase, with a Fiscal Year 2027 target of sales at 300 billion yen ($2.38 billion). Uniqlo will lean on LifeWear to help reach that goal, and also look to scale successful North American product worldwide while taking a more active role in local communities.

Tsukagoshi said the company has improved its gross profit margin by 8 points versus Fiscal Year 2019 by offloading unprofitable inventory and minimizing lost sales opportunities by air shipping strong-selling items. Moreover, the company reduced its selling, general and administrative (SG&A) costs by clsing unprofitable doors, reviewing store rents, better managing local store inventory levels, leveraging RFID technology and adding self-checkout.

Boston, New York, Philadelphia, Virginia, Chicago, Florida, Texas, Los Angeles, San Francisco, Hawaii, Vancouver, Edmonton, Toronto and Montreal are set to see new Uniqlo stores, the company said.

Takeshi Okazaki, group senior executive officer and financial officer at Fast Retailing, said the company operating profit hit a new record high, up 12.7 percent go 189.2 billion yen ($1.50 billion) from 167.9 billion yen ($1.33 billion).

Sales from North America and Europe were strong in the quarter, while South Asia, Southeast Asia and Oceania achieved record sales and operating profit. However, Uniqlo's revenue and profit were down in Japan and the Greater China region on operational challenges linked to Covid-19.

"Appetite for apparel was dampened by continued Covid-related restrictions," Okazaki said. Gross profit margin declined on end-of-season discounts needed to move excess inventory. During the half, 133 stores were temporary closed because of coronavirus restrictions. The company operates 49 Uniqlo stores in Russia, and after initially keeping the stores open, Fast Retailing suspended operations there. Net Sales: First half net sales for the period ended Feb. 28 rose 1.3 percent to 1.22 trillion yen ($9.69 billion) from 1.20 trillion yen ($9.53 billion).

The company didn't break down revenue for North America, Europe or its business in Asia. However sales for Uniqlo Japan were down 10.2 percent to 442.5 billion yen ($3.51 billion) from 492.5 billion yen ($3.91 billion), and operating profit dropped 17.3 percent to 80.9 billion yen ($642.3 million) from 97.8 billion yen ($776.5 million).

Uniqlo International's profit contribution from the U.S. and Europe expanded from 5 percent to 20 percent, making the two regions a "new earnings pillar" for Fast Retailing. Overall operating profit for the unit rose 49.7 percent to 100.3 billion yen ($796.4 million) from 67.0 billion yen ($532 million).

Meanwhile, the global brands group's revenue rose 8.1 percent to 58.9 billion yen ($467.7 million) from 54.5 billion yen ($432.7 million). The company posted operating profit of 1.0 billion yen ($7.9 million), against a loss of 8.1 billion yen ($64.3 million) in the same year-ago period. Theory generated large revenue and profit gains as younger consumers drove "strong" sales of "easy-to-purchase, lower-priced items," Okazaki said.

Earnings: Net profits rose 38.7 percent to 146.8 billion yen ($1.17 billion) from 105.8 billion yen ($840.1 million).

For Fiscal Year 2022, Fast Retailing projects an 11.9 percent gain in profits to 190.0 billion yen ($1.51 billion) on a 3.1 percent increase in revenue to 2.20 trillion yen ($17.47 billion). The company also warned that it expects revenue and profit to decline in the Greater China region for the second half and the fiscal year, mostly due to continued Covid restrictions.

CFO's Take: "Our defensive stance in [the first half meant Uniqlo Japan wasn't] able to offer enough of the products that customers wanted, and we suffered shortages of strong-selling items," Okazaki said, adding that the company will strengthen its product lines, and further integrate physical stores with digital by "fully unifying store and [e-commerce] inventory."

Source: sourcingjournal.com– Apr 15, 2022

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Turkiye's cotton production in MY 2022/23 to be biggest in a decade

Cotton production in Turkiye in marketing year (MY) 2022/23 is forecast to increase to 925,000 metric tons (MT) (4.2 million bales) based on the assumption that farmers will plant more in response to strong cotton prices. This amount would be the biggest in a decade, according to the Foreign Agricultural Service of the US Department of Agriculture (USDA).

As farmers switch from less profitable row crops and plant more cotton in response to strong prices, the continued expansion in the harvested area will see it rising to about 515,000 hectares (ha) in MY 2022/23, the USDA report said on the basis of assessments of commodity and trade issues made by its staff.

The forecast also assumes that improved weather conditions will prevail throughout the growing season. "The drought conditions experienced in the last MY have somewhat eased with rains during the recent winter; and precipitation amounts this spring are expected to be better than the previous year," the report said.

The anticipated expansion in area planted in MY 2022/23 will be the second consecutive expansion, as farmers "respond to strong prices, better weather, and a growing sense of confidence from good harvests the past two years. Farmers are encouraged by strong cotton prices as global markets recover from the effects of COVID-19.

As in the past two years, farmers are hoping to see solid yields continue, with improved weather conditions and no threats of an extraordinary pest infestation." Farmers are also encouraged by improved moisture conditions heading into the MY 2022/23 planting season, the report added.

On the consumption side, the report forecasts that the use of cotton in Turkiye will increase to 1.9 million metric tons (MMT) (8.73 million bales) in MY 2022/23, representing a 4.4 per cent increase compared to last season. Cotton consumption for MY 2021/22 is now estimated at 1.82 MMT (8.36 million bales), 1.6 per cent lower than the previous estimate in November 2021.

On the imports front, the USDA report forecasts that Turkiye would import approximately 1.15 MMT (5.28 million bales) of cotton for the MY 2022/23, which is unchanged from the previous year's estimate. Turkiye's cotton imports reached a record 555,678 MT (2.55 million bales) during the first half of the MY 2021/22.

"With demand for cotton expected to continue to outpace local production, Turkiye is expected to continue importing cotton for years to come," the report said. The United States and Brazil are projected to be the two leading suppliers for the year.

Source: fibre2fashion.com– Apr 15, 2022

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Mexico updates labelling requirements for textile items, clothing

The Mexican Standard NOM-004-SE-2021, which is set to come into effect from January 15, 2023, will establish all the commercial information required for labelling and is applicable to textile products and items, clothing, accessories and household linens, whose textile composition is equal to or greater than 50 per cent in relation to its mass.

All products within scope that are intended for consumers and are marketed within the territory of the United Mexican States should comply with this new standard, even if they contain plastics or other materials. This new standard supersedes NOM-0040SCFI-2006.

On January 14, 2022, Mexico's ministry of economy published a new standard in their Official Gazette of the Federation, Mexican Standard NOM-004-SE-2021.

Garments, their accessories and household linens must display the following information legibly, on one or more permanent labels placed at the bottom of the neck or waist, or in any other visible place, according to the characteristics of the garment. QR codes may be used on labels. The details required are trademark, description of materials, size, for garments and accessories, or measurements for household linens, care instructions, country of origin and the responsible person for the product.

There are similar but slightly different labeling requirements for other textile products in this new standard. All commercial information required by the standard must be presented in Spanish (notwithstanding that it may also be presented in any other language), be truthful, be described and presented in such a way that it does not mislead with respect to the nature and characteristics of the product, SGS said on its website.

When the product is marketed in closed packaging that does not allow the content to be seen, the packaging must indicate the name of the product and the quantity of products contained. When garments are marketed as pairs made of the same material, the label may be present on only one of the items.

In the description of materials, the generic fibre names must be used in accordance with Mexican Standards NMX-A-2076-INNTEX-2013 and NMX-A-6938-INNTEX-2013. Any use of abbreviations or names other than those indicated in the standards is not acceptable.

Any fibre present in a percentage of less than 5 per cent of the total may be designated as “others” or “other fibres.” When recovered or recycled fibres, or mixtures of these with other virgin fibres are used, the percentages and generic names of each of the fibers must be indicated by stating “recovered” or “recycled” before the generic fibre name.

Source: fibre2fashion.com– Apr 15, 2022

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Cambodia, Sri Lanka Take Steps to Boost Competitiveness

An International Finance Corporation (IFC) program to help Cambodian garment suppliers slash their energy and water consumption is bearing fruit just as the Southeast Asian country is looking to boost its competitiveness and productivity in the textile trade.

Ten cut-and-sew and garment-washing manufacturers that implemented resource efficiency measures in 2019 and 2020 as part of the IFC's Cambodia Improvement Program (CIP) have reduced their energy and water consumption by 18 percent and 29 percent respectively, according to the agency, which lends to companies in developing countries.

Despite the disruptive nature of the pandemic, participating manufacturers were able to adopt 60 percent of the program's recommendations over a period of 22 months, from low-cost measures that avoided steam loss to more complex schemes that included the installation of highly efficient washing systems. Once all recommendations are completed, the interventions could collectively reduce their annual energy consumption by 29 percent, water by 44 percent and greenhouse-gas emissions by 25 percent over 2018 levels, the IFC said.

The news followed the unveiling of Cambodia Garment, Footwear and Travel Goods Sector Development Strategy 2022-2027, a five-year roadmap by the Cambodian government to transform the country's production of garment, footwear and travel goods into an environmentally sustainable and high-value-added operation.

The apparel sector is Cambodia's largest employer with roughly 800,000 mostly female workers. Europe, its biggest customer, receives roughly 40 percent of the country's clothing exports, which rose by 15.2 percent year over year to $11.38 billion in 2021 as orders spilled over from post-coup Myanmar and locked down Vietnam. Still, high energy costs and low productivity continue to blunt Cambodia's edge in the region.

"High energy costs and poor productivity have impacted the competitiveness of Cambodia's garment industry," Rana Karadsheh-Haddad, IFC Asia Pacific regional director for manufacturing, agribusiness and services, said in a statement.

“It’s why IFC has been supporting the greening of global textile value chains at the local level to promote sustainable private sector growth and improve the competitiveness of local manufacturers. Building on these positive results, IFC will leverage its partnerships with leading global brands to drive sustainability in Cambodia’s garment sector, boost the recovery and build resilience.”

Suppliers with higher sustainability profiles are able to receive pricing incentives from IFC’s Global Trade Supplier Finance (GTSF) program, which offers short-term financing to exporting manufacturers by discounting their invoices once they are approved by their buyers. In 2021, the GTSF program mustered $276 million for Cambodian factories.

The CIP, which the IFC launched in 2019 with support from Korea’s Ministry of Economic and Finance, aims to boost the garment industry’s competitiveness, productivity and sustainable growth while helping Cambodia hit its 40 percent greenhouse-gas reduction target by 2030.

Part of the agency’s wider ambition to decarbonize manufacturing industries across Asia through knowledge and expertise sharing, it runs alongside similar programs in Bangladesh, Pakistan and Vietnam.

A ‘human-centered recovery’

Over in Sri Lanka, the IFC and International Labour Organization’s Better Work program is just getting started on its own “industry-level intervention” to steer the South Asian country’s Covid-19-hit garment sector toward a “future of increased resilience, efficiency and sustainability.”

With the support of the European Union, the Better Work team will work closely with the Sri Lankan government, employers, workers and their organizations on the scheme, though traditional Better Work factory services such as compliance assessments in individual manufacturers will not be offered in the island nation.

The garment industry is Sri Lanka’s largest exporter and employs 350,000 predominantly female workers. While the pandemic slowed the sector’s growth, apparel exports rebounded by 23 percent to reach $5.42 billion in 2021.

A bigger danger, however, is the country’s ongoing financial crisis—the worst Sri Lanka has seen in decades—which threatens to roll back any progress, especially as rolling power blackouts continue to disrupt production planning and manufacturing, making orders difficult to fulfill. On Tuesday, the government announced a pre-emptive default on foreign debt totaling $51 billion as a "last resort" after running out of foreign currency to pay for fuel and food.

Meanwhile, Better Work Sri Lanka will focus its efforts on issues such as occupational safety and health, including Covid-19 management and awareness campaigns promoting improved mental health and well-being. The program will also tackle gender, diversity and inclusion, providing leadership skills training and development for female workers, addressing harassment and violence in the workplace and facilitating access to pregnancy-related healthcare, childcare and maternity protection. Small and medium enterprises (SMEs), too, will receive leadership and financial literacy training for SME management, management systems, productivity interventions and increasing visibility to supply chain partners, the initiative said.

Better Work's Sri Lankan push builds off its Acadamy initiative, during which it engaged one of the country's largest denim manufacturing groups, Orit Apparels Lanka, and its long-term buyer Levi Strauss on how to improve workplace cooperation and worker-manager dialogue. The work also complements other IFC measures in Sri Lanka's apparel sector, including the SheWorks program to drive gender equality in the workplace, the organization said.

"This flagship program could not have arrived at a more appropriate time, as the country and the industry start to recover and rebuild from the pandemic," Simrin Singh, ILO director for Sri Lanka and the Maldives, said in a statement. "With Better Work's extensive experience, tools and partnerships, I am convinced the program will succeed in exemplifying what a human-centered recovery means, with greater industry competitiveness and decent work for all."

Source: sourcingjournal.com– Apr 15, 2022

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Vietnam Minimum Wage Going Up

Vietnam plans to raise its minimum wage by 6 percent in July, its first such hike in two years, the government revealed this week.

Pending approval from the prime minister, the plan would bump the Southeast Asian nation's monthly floor to between 3.25 million-4.68 million dong ($141.92-$204.36).

"A proportion of laborers are facing difficulties due to the pandemic, and therefore an increase in the minimum salary at this time is needed to help them stabilize their life and stay with their employers," Ngo Duy Hieu, head of the Vietnam General Confederation of Labour, a labor-rights consortium, said in the statement obtained by Reuters on Wednesday.

But the move isn't likely to bring much relief to Vietnam's 2.5 million garment workers, 80 percent of whom are women. Workers who toil in the world's third-largest garment exporter after China and Bangladesh face a 57 percent wage gap between the minimum and living wages, according to The Industry We Want, a multi-stakeholder organization that promotes decent work in the apparel and footwear sectors. This is higher than the 45 percent wage gap that workers in the global industry need to bridge to obtain a decent standard of living.

Garment exports make up 16 percent of Vietnam's gross domestic product (GDP). Despite the beating it took from Covid-19 last year, the textile and apparel sectors still finished "an impressive 2021" with an export turnover of $40 billion, the Vietnam Textile and Apparel Association (VITAS) wrote in its March newsletter. Exports in the first two months of 2022 topped $6.9 billion, up 26.5 percent from the same period the year before.

The trade group expects exports to hit $48 billion in 2022 even as it continues to grapple with absenteeism due to a recent surge in infections. Factories will have to be creative, it said, whether by ramping up recruitment, employing more automation or adjusting schedules.

The garment industry faces a labor shortage rate of between 5 percent and 7 percent in the southern enterprises and between 8 percent and 10 percent in the northern ones, VITAS chairman Vu Duc Giang said in the publication. "Textile and garment enterprises are having to restructure production lines, many enterprises have to move orders [to] another local factory to ensure order progress," he said.

Though the virus resulted in a daily 250,000 case average in mid-March, according to the Johns Hopkins Coronavirus Resource Center, Vietnam's high vaccination rate should help it swerve the widespread lockdowns that hobbled much of its production in 2021, VITAS has previously said. Standard Chartered analysts said this week they expected the country's GDP to grow by 6.7 percent.

The organization did not respond to a request for comment on the minimum-wage boost, though employers are unlikely to be eager about the prospect, particularly as so many headwinds—from power outages, from soaring logistics costs, from omicron—remain.

Bach Thang Long, deputy general director of Garment 10 Corp, for instance, said last week that the resurgence of the coronavirus in the first quarter has weighed heavily on the manufacturer's bottom line. Higher payroll costs would drag it further.

"Minimum wages should increase only to offset the rise in inflation," he told Vietnam News/Asia News Network, suggesting that any wage increase be delayed until 2023 to allow businesses time to recover. "Economic growth and living standard should be factored in next time."

Source: sourcingjournal.com– Apr 15, 2022

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Vietnam textile and garment exports total $8.84 billion in Q1 FY22

The Mexican St Vietnam's textile and garment exports increased 22.5 per cent in Q1 FY22 to $8.84 billion. As per reports, many garment and textile companies in Vietnam were impacted by labor shortages during the pandemic which disrupted production and business activities in the country.

Around 1,719 employees of Hoa Tho Textile and Garment JSC tested positive last month, says Tran Tuong Anh, Deputy Director-General. The company encountered many difficulties in arranging production plans, compelling it to reschedule delivery times, rearrange production plans and prioritize urgent orders, he adds.

The company also had to arrange different workplaces and canteen for the infected employees, he adds. 8-3 Textile Co also struggled with labour shortages during the COVID outbreak. The company had to rotate workers' shift to ensure continuation in production and business activities.

Aligro JSC had to ensure its companies social and welfare interests to make them feel secure, adds Hoang Van Linh, Chairman, Hao Tho Textile and Garment JSC directed its infected workers to immediately stop work. It also provided them finance and meals post their return to factories.

From a Zero COVID policy, Vietnam has changed its strategy to a safe and flexible adaption and effective control of the pandemic. The textile and garment industry has received orders till end of the year and is expected to earn $43 billion in exports this year.

Source: fashionatingworld.com– Apr 15, 2022

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India Suspends Cotton Import Taxes; Win for US Fiber?

India will be temporarily waiving duties on cotton imports in response to skyrocketing raw material prices due to demand far outstripping supply.

The finance ministry announced Wednesday that it will also be removing from imports the Agriculture Infrastructure and Development Cess, a special-purpose tax that was created last year to finance the development of agriculture infrastructure.

The move could offer relief to the South Asian nation's textile mills, which were struggling with the commodity's total 11 percent import tax. India is the world's largest cotton producer, accounting for roughly 22 percent of the fiber sold globally. Its cotton fields, however, have been pummeled by unseasonal rainfall, causing domestic production to fall 4 percent from 36-37 million bales in 2020-2021 to 34 million bales in 2021-2022, textile secretary U.P. Singh told reporters. Local demand, however, is expected to exceed 36 million bales this year.

The tax suspension, though effective until only Sept. 30, should allow mills to bring in more cotton from Australia, the United States and West Africa, Singh said. It will also force traders and ginners that have been hoarding supplies to release their stocks, cooling domestic cotton prices by reducing speculative trade.

Cotton prices topped 90,000 Indian rupees ($1,179) per candy—approximately 2.09 bales or 356 kilograms—at the time of the announcement. Industry insiders told the Business Standard that they expected cotton prices to ease by 5,000-6,000 Indian rupees ($65.50-$78.61) per candy following the news.

The duty-free stipulation should soften the prices of yarn and fabrics as well, according to A. Sakthivel, president of the Federation of Indian Export Organisations.

"Cotton textile exports will get further boost as the high prices of cotton were blunting the competitive edge," he said in a statement, adding that India has boosted its market share in apparel exports in the United States and others and that recent Comprehensive Economic Partnership Agreements with Australia and the United Arab Emirates should "accelerate" this trend. The sector aims to hit $100 billion in textile exports by 2030, Sakthivel said.

Shri T. Rajkumar, chairman of the Confederation of Indian Textile Industry, welcomed the measure, saying that it will help India's textile value chain to grapple with higher cotton prices while continuing to "manufacture high-end products for their niche markets in advanced countries."

He noted in a statement that he doesn't anticipate duty-free cotton imports to exceed 4 million bales during the current season. And since it will take three to four months for the imported cotton to reach India's mills—and local farmers have already sold their current cotton crop and are sowing for the next season—the waiver shouldn't dent domestic production.

But farmer organizations such as the All India Kisan Sabha (AIKS), which is affiliated with the Communist Party of India, blasted the decision, saying it will "spell disaster for cotton farmers who are unable to realize remunerative prices."

"There is no protection guaranteed to the cotton farmer in the form of assured procurement at remunerative prices—at least one and a half times the cost of production," AIKS said in a statement. "Inflow of raw cotton will lead to a further crash in prices in the absence of effective price stabilization."

Meanwhile, Mukesh Tyagi, senior vice-president of the Northern India Textile Mills Association, urged the government to enact a more permanent exemption.

"Cotton [is] India's door opener for global textile trade and as such, a comprehensive cotton fiber policy should be in place," he told the Times of India. "In order to avoid the re-occurrence of these crises every year, the import duty on cotton [should] be removed permanently with the arrival of shipments only from April to September each year. We request the ministry of textiles and the ministry of finance to consider these suggestion[s]."

Source: sourcingjournal.com– Apr 15, 2022

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NATIONAL NEWS

Government exempts all customs duty on Cotton imports till 30th September 2022

The Government has decided to exempt all customs duty on import of cotton to lower the price of cotton in the public interest. This exemption would benefit the textile chain- yarn, fabric, garments and made ups and provide relief to textile industry and consumers.

Industry has been demanding for removal of 5% Basic Customs Duty (BCD) and 5% Agriculture Infrastructure and Development Cess (AIDC) on raw cotton.

The Central Board of Indirect Taxes and Customs (CBIC) notified the exemption from Customs duty and Agriculture Infrastructure development Cess for import of cotton.

This notification shall come into effect from 14th April 2022 and will remain in force upto and inclusive of the 30th September 2022.

Removal of import duty on raw cotton should have salutary effect on cotton price in India.

Source: pib.gov.in– Apr 14, 2022

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Ease of doing business: Govt eases norms under export incentive scheme

In a move to reduce compliance burden and facilitate ease of doing business, the government has relaxed certain procedures under the Export Promotion Capital Goods (EPCG) scheme that allows duty free capital goods imports subject to an export obligation.

Exporters have to export finished goods worth six times of the actual duty saved in value terms in six years.

As per the changes notified by the commerce and industry ministry, requests for export obligation extension should be made within six months of expiry instead of the earlier prescribed period of 90 days. However, applications made after six months and upto six years are subject to a late fee of Rs 10,000 per authorization.

The changes also include annual reporting of export obligation (EO) by June 30 every year instead of April 30 with specified information but any delay would be subject to a late fee of Rs 5,000.

"With a view to enhance ease of doing business and reduce complaince burden, certain provisions of chapter 5 related to the EPCG scheme of the Handbook of procedures (2015-20) are amended for EPCG authorisations issued under Foreign Trade Policy (2015-20)," the Directorate General of Foreign Trade said in a public notice.

Further, requests for block wise export obligation extension need to be made within six months of expiry but applications made after six months and upto six years are subject to a late fee of Rs 10,000 per authorization.

Applications made after six years will be subject to a fee of Rs 5,000 per year. Earlier, no specified time limit was prescribed leading to discretionary interpretations.

Further the facility to pay customs duty through scrips (MEIS/RoDTEP/RoSCTL) for default under EPCG has been withdrawn.

Source: economictimes.indiatimes.com– Apr 15, 2022

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A total of 61 applicants approved under Production Linked Incentive (PLI) Scheme For Textiles out of 67 applications received

The Selection Committee chaired by Secretary, Ministry of Textiles, Shri U.P. Singh has selected 61 applicants under Production Linked Incentive (PLI) Scheme for Textiles. A total of 67 applications were received for the PLI scheme out of which 15 applications are under Part-1 and 52 applications are under Part-2.

Addressing the media in a press conference, Secretary, Ministry of Textiles, Shri UP Singh said that in the 61 applications approved the proposed total investment expected from the applicants is Rs. 19,077 crore and a projected turnover is Rs. 184,917 crore over a period of 5 years with a proposed direct employment of 240,134.

The scheme has two parts, Part 1 where minimum investment is Rs. 300 crore and minimum turnover required to be achieved for incentive is Rs.600 crore; and Part-2, where minimum investment is of Rs. 100 crore and minimum turnover required to be achieved for incentive is Rs. 200 crore.

Government approved Production-Linked Incentive (PLI) Scheme for Textiles products, namely MMF Apparel, MMF Fabrics and Products of Technical Textiles, for enhancing India's manufacturing capabilities and enhancing exports with an approved financial outlay of Rs 10,683 crore over a five-year period. To further boost the growth of the sector, centre also removed the import duty of cotton.

The Notification for the scheme was issued on 24.09.2021. Operational Guidelines for Production Linked Incentive (PLI) Scheme were issued on 28.12.2021. Applications under PLI Scheme for Textiles were received through web portal from 01.01.2022 to 28.02.2022.

The 61 applicants selected under the scheme as of now by the Selection Committee are as under:

Scheme Part-1

1 Avgol India Private Limited
2 Cubatics Industries Private Limited
3 Goa Glass Fibre Ltd. (GGFL)

4 H P Cotton Textile Mills Limited
5 Himatsingka Seide Limited
6 Kimberly Clark India Private Limited (subject to formation of a new company for investment and production under the Scheme as per existing guidelines)
7 Madura Industrial Textiles Limited
8 MCPI Private Limited
9 Paragon Apparel Private Limited
10 Pratibha Syntex Limited
11 Shahi Exports Private Limited
12 Shree Durga Syntex Pvt. Ltd.
13 Trident Limited

Scheme Part-2

14 AYM Syntex Limited
15 Kennigton Industries Pvt Ltd
16 MI Industries India Pvt Ltd.
17 Silkon Synthetics & Cotton Dyeing Pvt.Ltd.
18 Youngman Woolen Mills Private Limited
19 Autoliv India Pvt. Ltd.
20 Donear Industries Ltd.
21 Endurafab Pvt. Ltd. (EPL)
22 Fibrevault Nonwovens Private Limited
23 Mohini Health & Hygiene Ltd. (MHHL)
24 Niine Private Limited
25 Nobel Hygiene Private Limited
26 Obeetee Private Limited
27 Pan Tex Nonwoven Private
28 Rad Global Private Limited
29 Shruthi Financial Services Private Limited
30 Swara Baby Products Private Limited
31 Candex Filament Private Limited
32 Gainup Industries India Private Limited
33 Gokaldas Exports Limited
34 Indian Designs Export Private Limited
35 Infiiloom India Private Limited
36 Pearl Global Industries Limited
37 Sangam (India) Limited
38 Texport Industries Private Limited
39 Toray International India Private Limited
40 Teejay India Private Limited

41 SKAPS Industries India Private Limited
42 Artex Overseas Private Limited
43 Best Corporation Private Limited
44 Evertop Textile & Apparel Complex Private Limited
45 Ginza Industries Limited
46 Jalan Jee Polytex Limited
47 Kanodia Global Private Limited
48 Lotus Hometextiles Limited
49 N Z Seasonal Wear Private Limited
50 Microtex Processors Private Limited
51 Monte Carlo Fashions Limited
52 Rane TRW Steering Systems Private Limited
53 Shree Tirupati Balajee Agro Trading Company Private
54 Arvind Limited
55 Ginni Filaments Limited
56 Grand Handloom Private Limited
57 K G Denim Limited
58 Suchi Industries Limited
59 SVG Fashions Private Limited (subject to formation of a new company for investment and production under the Scheme as per existing guidelines)
60 SVP Global Textiles Limited
61 Techno Sportswear Private Limited

Stating that although India was the largest producer of cotton, Shri UP Singh said that it was necessary to make our mark in man made fibres as well if we were to achieve the textile export target of USD 100 billion by 2030.

Elaborating on the immense scope and potential of technical textiles, Shri Singh said that sectors such as geotextiles need much more encouragement to improve use, demand and penetration and intensive research and development activities.

Source: pib.gov.in– Apr 14, 2022

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Import duty removal on cotton may help bring down prices: Textile Secy

The government's decision to remove import duty on cotton is likely to help bring down prices of the commodity, Textiles Secretary U P Singh said on Thursday. The finance ministry on April 13 waived customs duty on cotton imports till September 30, a move that will benefit the textile industry and keep prices low for consumers.

Currently, cotton imports attract 5 per cent Basic Customs Duty (BCD) and 5 per cent Agriculture Infrastructure Development Cess (AIDC). The industry has been demanding a waiver of duty to lower domestic prices.

"It would enable people who want to import. We are expecting that within a day or two, you would certainly see the impact on prices going down but at the same time we would not expect the prices to be very low because there is a shortage all over (the world)," Singh told reporters here.

In India, cotton crops get affected because of unseasonal rains, and in the US, there were drought-like conditions. "So supply is less, demand is high....import duty removal would certainly have an impact on prices in India," he added.

Since the arrival of cotton in October 2021, prices are increasing. The textile industry has been seeking relief as cotton prices have soared to about Rs 90,000 per candy. Singh said farmers are "happy because they are getting about two times more prices than that of MSP".

"This year, we expect at least 10-15 per cent increase in area under cotton because they (farmers) have got a very good rate," he added. He also said that not only cotton, prices of all raw materials like steel, and cement are high.

"This is not a phenomenon which is confined to India, this is all over,' he said adding now "production is not increasing but consumption is increasing every year". Every month, about 1.5 - 2 lakh spindles are being added to the spinning industry because demand is good, he said.

Source: business-standard.com– Apr 15, 2022

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Shri Piyush Goyal reviews progress made under PM GatiShakti National Master Plan for holistic and integrated planning for infrastructure

Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal chaired a review meeting on PM GatiShakti with Shri V K Tripathi, Chairman, Railway Board, Dr. Sanjeev Ranjan, Secretary, Ministry of Ports, Shipping and Waterways, Shri Rajiv Bansal, Secretary, Ministry of Civil Aviation, Shri. Anurag Jain, Secretary, Department for Promotion of Industry & Internal Trade and senior officials from all other infrastructure Ministries/Departments.

The PM GatiShakti National Master Plan (NMP) is an integrated plan depicting all the existing and proposed development initiatives of various Ministries/Departments for better synergy.

The NMP will help in achieving the objective of an 'Aatmanirbhar Bharat' by providing visibility to various stakeholders involved in development of infrastructure. It will incorporate the infrastructure schemes of various Ministries and State Governments. Economic Zones like textile clusters, pharmaceutical clusters, defense corridors, electronic parks, industrial corridors, fishing clusters, agri zones etc. will also be covered under the master plan.

This will boost economic growth, attract investments and enhance the country's global competitiveness.

During a presentation made by Special Secretary, Logistics Division, DPIIT, the ministry wise progress on the targets set under the PM GatiShakti were discussed. The Ministry of Road Transport and Highways has completed 1,41,190 Kms of National Highways as on 31st March 2022 out of the set target of 2,00,000 kms for 2024-25.

Similarly, Ministry of Petroleum and Natural Gas has completed laying of gas pipeline of 20,000 kms out of 34,500 for the same time period. The Ministry of Power has already surpassed its target for laying of the transmission network of 4,54,200 kms till the end of March 2022.

The Department of Telecommunication has created the OFC network of 33,00,997 kms as on 31st March 2022 against the set target of 50,00,000 kms for 2024-25.

It was noted during the meeting that institutional framework has been brought into action. Accordingly, the apex body - an Empowered Group of Secretaries (EGoS) under the Chairmanship of Cabinet Secretary has been constituted to approve any changes in the Master Plan for meeting any emerging requirements. An integrated Multimodal Network Planning Group (NPG) has been operationalized with representation from various connectivity infrastructure Ministries/Departments involving their heads of Network Planning Division for unified planning and integration of the proposals and assist the EGoS.

States have been on-boarded and institutional set-up has been constituted in states as well to streamline and demonstrate the concept of PM GatiShakti. Empowered Group of Secretaries has been constituted in 25 states, Network Planning Group is functional in 9 states and Technical Support Unit has been set-up in 6 states. The capacity building exercise for the officials of the Central ministries/departments and States Government has been completed.

The benefits and on-ground impact of the PM GatiShakti National Master Plan portal were also illustrated. Various ministries/departments and state governments have started using this portal for integration and synchronization of implementation efforts, optimization of cost and time at the stage of planning of infrastructure projects.

To achieve its objective to provide 50 Mbps of bandwidth to the citizens under the National Broadband Mission, planning for connecting all the non-fiberized towers through the OFC is being done through the PM GatiShakti NMP. All the non-fiberized towers and existing OFC Network is mapped on the Department of Telecommunication GatiShakti Portal.

Based on the data and Planning criteria, the tool is being developed to get the length of required OFC and cost of OFC Laying.

The portal has also been used by the Dedicated Freight Corridor Corporation of India Limited (DFCCIL), Ministry of Railways for firming the alignment for the East-West, East-Coast and North-South Dedicated Freight Corridors (DFCs) to minimize disruption, cost and time overruns in project implementation.

To meet the rising demand for air connectivity, the Ministry of Civil Aviation AAI (MoCA) has used this portal to identify the land acquisition requirements, land use analysis and road connectivity for expansion of the

Jolly Grant Airport, Dehradun, Uttarakhand. AAI benefitted in terms of timely planning, and cost saving as use of this portal replaced the need for physical survey.

Highlighting the potential of the PM GatiShakti NMP, the Minister emphasized that improved multimodal connectivity to various economic zones will ensure seamless movement of goods and people. PM GatiShakti NMP portal will provide a bird's eye view of infrastructure and facilitate better network planning and faster clearances.

In his concluding remarks, he expressed satisfaction on wide adoption of the NMP by central ministries/departments and states. He appreciated the positive on-ground impact of PM GatiShakti and lauded the good work done by all infrastructure ministries in an integrated manner to realize the objectives of the PM GatiShakti.

He provided future guidance on developing robust mechanisms for tracking progress of projects, futuristic scenario building based on impact generated and mitigation requirements, collecting feedback to improve the portal and problem statements of different stakeholders to develop solutions/use cases/functionalities.

Source: pib.gov.in– Apr 14, 2022

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India examining Russia's proposal of rupee-denominated trade

India is examining Russia's proposal of putting in place a rupee-denominated payment mechanism for carrying out bilateral trade that will help in navigating Western sanctions, while simultaneously circumvent the cumbersome process of fixing exchange rates between the rupee and the rouble.

"To make the rupee-denominated mechanism work, Russia is ready to increase its imports from India to match its exports and wants to buy a variety of items including more of food grain, pharmaceuticals, textiles, toiletries and a whole lot of other essentials," a surce tracking the development told BusinessLine.

Per the proposal, India will be required to pay for all its imports from Russia, which mostly includes weapon systems and other defence equipment apart from items such as plastic, chemicals, oil and machinery, in rupees. In turn, Russia will use the rupee payments to pay for items it imports from India.

Bilateral trade

If the proposed system works well, India could also use it to source more oil from Russia, which is being offered at a discount, but it is still a call to be taken at the highest level, the source added.

"A team from Russia's central bank is scheduled to visit India in May to thrash out the details of the proposal," the source said.

One impediment to be taken care of is that the bilateral trade, at present, is heavily skewed in Russia's favour. Of the total annual trade of around $11 billion, Russia's exports to India are around $9 billion, while its imports are around $2 billion. There is a $7-billion deficit which Russia wants to bridge by increasing imports.

"Because of the Western sanctions against Russia, the country is mostly importing just from China. So, there is a lot of scope for it to source items from India," the source explained.

But for the payment mechanism to work, RBI will still need to enable it. That decision has not yet been taken.

During his recent visit to India, Russian Foreign Minister Sergey Lavrov had said that India and Russia would find a way to bypass the ‘artificial impediments’ created by the West in the payment system.

On the use of rupee and rouble in bilateral trade, the Minister said that Russia had started moving away from the use of US dollar to using national currencies more and more some time back, and that trend would be intensified.

Options available

Carrying out rupee-denominated trade will also solve the big problem of fixing the exchange value between the rupee and the rouble that is especially difficult now due to the volatility of the latter, the source said.

Following Russia’s invasion of Ukraine on February 24, seven Russian banks were banned from using the SWIFT messaging system that effectively stopped them from participating in international trade.

To make the system work, Russian banks that are exempted from the West’s sanctions will need to open branches in India. Of the two Russian banks with branches in India, VTB bank is under sanctions but Sberbank is not.

“While business can be carried out with Sberbank, India would need more than one channel. So banks that are not under sanction, such as Gazprom Bank that does business in oil and gas, could be allowed. That’s another decision that needs to be taken,” the official said.

The Indian banks involved in the transaction also need to be identified. The UCO bank, that does not have dollar exposure, is an obvious choice. But there may be need to involve more banks. “Once the meeting between Russian and Indian officials takes place next month, there will be more clarity on the matter,” the source said.

Source: thehindubusinessline.com– Apr 14, 2022

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Reinstate customs duties on cotton: Kisan Sabha

The All India Kisan Sabha has urged the Centre to reinstate import duties on cotton to avoid inflow of cheap cotton from China, Brazil and the US.

AIKS leaders Hannan Mollah and Ashok Dhawle charged in a statement here on Thursday that the decision of the Centre to exempt cotton imports from customs duties was taken at the behest of corporate textile companies The leaders said the cotton belt in the country witnesses the most number of suicides by farmers in distress.

"Cotton imports were being taxed at about 11 percent, including cess and surcharges. This move comes without ensuring assured remunerative prices and procurement of cotton grown by farmers in India. It is likely to lead to an inflow of cheap cotton from China, Brazil United States of America and other places.

In the absence of an effective procurement and a price stabilisation fund to ward off adverse impact of such inflow on prices, this could lead to a further burden on the crisis-ridden cotton farmers in our country," they said in the statement.

The AIKS questioned the Government's claim that the move is to help the textile industry cope with the raw material shortages. "The Finance Ministry says that the scrapping of import duties was necessitated due to lower than expected yields and surge in domestic cotton prices.

On the pretext that the move is to ease the pressure on domestic textile industries’ export competitiveness, it goes on to the unfounded claim that it would also provide relief to the consumers.

It is a well-known fact that the big corporate textile industries never transfer benefits of cheaper raw materials to consumers as they are driven only by the motive of profit maximisation," Mollah and Dhawle claimed in the statement.

They added that the decision will spell disaster for the cotton farmers who already are in acute crisis and unable to realise remunerative prices. "There is no protection guaranteed to the cotton farmer in the form of assured procurement at remunerative prices at least one and a half times the cost of production as of now.

Inflow of raw cotton will lead to a further crash in prices and in absence of effective price stabilisation; the burden of such crashes will fall on the poor farmers of India.

This is the experience when import duty of raw silk was done away with," they said and urged the BJP Government to reinstate import duties on cotton and make arrangements to procure farmers' produce at remunerative prices.

Source: thehindubusinessline.com– Apr 14, 2022

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Is it too early to celebrate our export success?

India has never had it this good when it comes to outbound trade. Its merchandise exports at $418 billion is highest ever and after 14 long years, the target set by the government has been exceeded. Services export too is at a historic high of $250 billion. In select sectors, the China+1 procurement strategy by global players is beginning to translate into orders for Indian manufacturers.

The Modi government, after a gap of many years, has started signing free trade agreements (FTAs), first with UAE and then with Australia. Capacities under the Productivity-Linked Incentive (PLI) Schemes are getting grounded and if they are administered properly, they can give a strong fillip to exports.

All these developments have emboldened the government to dream big. The Union Industry and Commerce Minister Piyush Goyal has called for exports to touch $2 trillion by 2027 ($1 trillion each for merchandise and services exports). To facilitate this, he has announced revamping of the Department of Commerce, apart from strengthening of trade and investment promotion bodies.

But to achieve this target, export of goods should more than double while that of services should quadruple in the next five years. If India's past performance is of any indication, achieving this looks far-fetched unless significant corrective actions are taken. While FY22 has been good, extrapolating it is unlikely to work for many reasons.

Take export of goods. Last fiscal it grew by a strong 43 per cent for two reasons. One, low base effect (FY21 exports took a beating due to the pandemic) and two, developed economies pushed through massive stimulus to its citizens to keep the economy moving. This translated into strong global demand (including a lot of pent-up buying).

Hurdles ahead

However, things have significantly changed on the ground since. The stimulus and supply-chain disruptions due to the pandemic started pushing the inflation up which has been further accentuated by the Russian invasion of Ukraine. Most economies are tightening their monetary policy and raising interest rates in a bid to tame the run-away prices. These developments are slowing the global trade and economic growth.

The World Trade Organisation (WTO) has said that global trade in 2022 will grow by just 3 per cent as against 4.7 per cent it had projected earlier. It has also pegged world GDP growth at 2.8 per cent in 2022. In the previous year the world economy grew by a robust 5.7 per cent (this fuelled India's exports in FY22). WTO economists have blamed the Ukraine crisis and Covid-related lockdown in China for their downward revision of estimates. Under these circumstances, India must do exceedingly well to even maintain its merchandise exports at FY22 level.

World growth apart, there are other factors that can come in the way of sustaining this export momentum. Commodity price inflation has contributed its bit to the jump in India's export of goods in FY22. Take petroleum products.

Its exports value has gone up 152 per cent which is far sharper than the volume growth. Same with engineering products (iron, steel and copper prices have shot up too). In fact, it is a global phenomenon.

According to WTO data, volume of merchandise exports rose by 9.8 per cent across the world in 2022 but in terms of value, it was much higher at 26 per cent. Once the commodity prices cool, export value too will reduce.

Signing of two FTAs in matter of weeks is a welcome move. But India, to really boost its exports, must have these arrangements with its leading trade partners such as the US, UK or EU. FTAs with UAE and Australia should hopefully set the stage for more to come.

Protectionist clouds

The bigger challenge is the protectionism that is taking hold in India and rest of the world. It is said that since 2014 India has raised tariff on 3,200 items.

Though the average tariff has dropped to 15 per cent in 2020 from 17.9 per cent in 2019, it is still considered to be amongst the highest in the world. Higher tariff while protecting the domestic industry will also make exports uncompetitive where the product has a good share of imported components. Take the case of mobile handset manufacturing.

A study by India Cellular and Electronics Association (ICEA) on electronic components across 120 tariff lines and four major competing nations — China, Thailand, Mexico and Vietnam, revealed that India's import duties make exporting handsets uncompetitive. India has just 32 components on zero duty compared to China (53) and Mexico (74).

In the case non-zero tariff lines, India's tariffs are higher than Thailand and Vietnam for 85 per cent of the items. It is 95 per cent in the case of China. With 80 per cent of the components for a handset being imported, such tariffs make a huge difference.

While the PLI scheme on mobile will help India meet its domestic needs, high tariffs will prevent them from being exported to rest of the world. This could turn into a huge missed opportunity. While Indian handset market is expected to grow to $55 billion by FY28, the global market will be as big as $625 billion by then. If no remedial measures are taken, the Modi government's 'Make in India for the world' clarion call will remain on paper. As economist Arvind Panagariya says India cannot be an export power house without being open on the import side.

As regards services exports, India has the potential to grow it many times. What is needed is a clear vision to leverage India's IT capabilities in areas such as consultancy, accountancy, legal and healthcare. Also, there is a need to tighten regulations when it comes to privacy and data security. Being a democracy, India has a natural advantage over China or other autocratic nations in knowledge economy-based service exports as long as it is seen as respecting the rule of law.

To effectively break away from marginal rate of growth in exports, which is a pre-requisite to achieve $2 trillion exports by 2027, there is a need to get on a mission mode and remove all impediments without falling prey to various domestic interest groups. If that happens, India's exports will continue to thrive and it will finally enter a sustained high economic growth phase.

Source: thehindubusinessline.com– Apr 14, 2022

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Textile exporters in a bind

An 80 per cent rise in cotton prices has badly affected the textile industry's margins in the past year. Most of the firms in the industry are finding it difficult to pass on the surge in raw material costs to their consumers.

That most of India's cotton cultivation is dependent on monsoon rain, which is mostly erratic, is well-known. Gujarat is the country's largest producer of of cotton, with Maharashtra, Punjab, Haryana, Rajasthan, Madhya Pradesh, Andhra Pradesh, Karnataka, Tamil Nadu, and Odisha being the other producers

According to Cotton Association of India, the price of the ICS-105 variety of cotton in Gujarat was up as much as 70 per cent from the previous year. For the other varieties, the rise was nearly 80 per cent. The Ministry of Agriculture has estimated that cotton production will dip by over 3 per cent in the 2021-22 crop year.

A growing trend is of traders picking up raw cotton directly from farmers to save on taxes, transportation costs as well as labour expenses. While high cotton prices are likely to benefit the farmers, they will affect the entire value chain as passing the cost to the customer remains a challenge. Anticipating more price hikes, farmers are said to be stocking/storing cotton. Moreover, the taxes on imported cotton makes the whole business cycle unstable and uncertain.

Even cotton ginners aren't spared from the ill-effects of the price rise. The 800-1,000 ginning units in Maharashtra are functioning at 50-60 per cent capacity and many of them face the threat of shutdown.

With the spurt in cotton costs across markets — national and international — the Indian textile industry is worried about its future; as a slump in exports seems apparent. Even if the country's textile and garment exports recover this year, there may be a lull in orders next year as a result of the relentless rise in cotton prices.

Prices on the rise

Cotton prices have been rising steadily for the past 15 months, making it difficult for exporters to fulfil orders, which are normally booked 3-6 months in advance. They are also finding it tough to adjust the prices of their items on a regular basis. Their cash-flow has been badly hit. Further, the textile industry is dominated by MSMEs, which have even less capacity to absorb input cost pressures.

Thus, manufacturers across the textile value chain are now looking at eliminating the import duty on cotton, which is currently around 11 per cent plus cess.

The global supply situation also affects the cotton prices in India. With a reduced crop size in the US and other markets, global cotton prices have been up from 85 cents per pound during the previous season to 120 cents/pound during the cotton season of 2021-22.

In the given situation, it looks like an uphill task to sustain a high export growth rate in the subsequent fiscal as foreign buyers continue to explore other regions to widen their supply base. This is because of the constant fear that given the input costs involved, India would increase garment prices. Thus, apparel companies might be left with no choice but to bear the rise in costs themselves.

The past 15 months have witnessed companies failing to meet advance order commitments, which are reflecting on their cash flow. On top of that, the garment industry is ruled by MSMEs which are incapable of bearing the burden of high input costs. To help MSMEs cope with liquidity problems, exporters have reached out to the Finance Minister, seeking a hike in individual loan limit by up to 20 per cent under the Emergency Credit Line Guarantee Scheme (ECLGS).

To save the industry from the current crisis, the government needs to intervene and arrest the fluctuations in raw-material prices.

Source: thehindubusinessline.com– Apr 13, 2022

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Cotton yarn prices decline in south India as buyers absent

Cotton yarn prices witnessed steep decline in south Indian markets after the government's decision to remove around 11 per cent duty on import of cotton till September 30 this year. In Mumbai, cotton yarn prices came down by up to ₹20 per kg. The knitwear hub of Tiruppur also recorded downward trend in 40 count carded yarn as there was much reduced buying.

According to trade sources, buyer in the entire value chain reduced their buying to adopt wait and watch policy. They preferred to postpone buying as they were waiting for decline in yarn prices after the government allowed duty-free import of cotton.

Traders said that buyers have stopped buying of cotton yarn so they can wait and watch market movement. Some buyers expect cotton yarn prices to come down because psychological pressure was expected on prices of the natural fibre.

A Broker from Mumbai, BN Ladda, told Fibre2Fashion that cotton yarn prices came down because demand discouraged higher prices. "Current yarn rates are not comfortable for buyers. The prices had seen steep rise which is not attractive in the market. The entire value chain has become cautious. So, buyers of yarn, grey fabrics, finished fabric and garment are preferring to wait for now."

Sources said that Maharashtra's textile hubs like Ichalkaranji, Malegaon, and Bhiwandi are also facing labour shortage as workers have gone on leave in the month of Ramadan. A broker said that fabrics and cotton yarn prices fell due to absence of buyers.

Most varieties of yarn were sold with downfall of ₹2-5 per kg, but 80 count carded weft yarn noted sharp decline of up to ₹100 per 4.5 kg. 60 count carded cotton yarn of warp and weft varieties were traded at ₹2,120-2,170 and ₹1,965-2,020 per 5 kg (GST extra) respectively.

Carded cotton yarn (44/46 count) of warp variety was traded at ₹2,020-2,060 per 5 kg. 80 count carded cotton yarn of weft variety was sold steady at ₹2,180-2,200 per 4.5 kg. 40 count carded cotton yarn (warp) was sold at ₹365-375 per kg. 40 count combed yarn (warp) was priced at ₹420-435 per kg.

Tiruppur market, however, witnessed stable trend amid weak demand. The traders said that buyers were cautious for fresh deals, but the demand is likely to improve in the next fortnight. 30 count combed cotton yarn was traded at ₹390-405 per kg (GST extra), 34 count combed at ₹405-415 per kg and 40 count combed at ₹420-435 per kg. Cotton yarn of 30 count carded was sold at ₹360-370 per kg, 34 count carded at ₹365-380 per kg and 40 count carded at ₹380-390 per kg, according to Fibre2Fashion's market insight tool TexPro.

In the global market, ZCE cotton yarn May 2022 futures traded down by CNY 175 to CNY 27,365 per ton and September 2022 traded lower by CNY 5 at CNY 28,150 per MT today. ZCE cotton May gained CNY 110 to CNY 21,360 per MT and September contract traded flat at CNY 21,350 per MT.

ICE cotton found support from prospects of higher buying from India after removal of import duty.

In Gujarat, cotton prices remained bullish due to indications received from global market. The prices increased by around ₹1,000-1,500 per candy of 356 kg since Monday. However, cotton prices are likely to witness phycological pressure from the latest government's policy change. A grade cotton was sold at ₹92,000 to 93,500, B grade cotton at ₹91,500 to 92,500 and the average grade at ₹90,500 to 91,500 per candy. V797 variety was quoted at ₹46,000 to 48,000 per candy.

Source: fibre2fashion.com– Apr 15, 2022

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CBIC enabled the Shipping Bill amendment facility on ICEGATE

The Central Board of Indirect Taxes and Customs **("CBIC")** has enabled the Shipping Bill amendment facility on ICEGATE.

Users can file Shipping Bill amendments using **CACHE01_A** message.

For message details

visit: https://www.icegate.gov.in/Download/ICES_1.5_CHA_Customs_Exports_Mesg_Format_Ver_2.9(02FEB2022).pdf

Source: https://twitter.com/cbic_india/status/1514487470682894342

Source: a2ztaxcorp.com– Apr 14, 2022

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Company law panel proposes tighter norms

A high-level panel has concluded its review of the Companies Act with recommendations for tighter rules and more transparency in the way companies manage their affairs when hiring past auditors and independent directors for senior positions.

Raising the bar on corporate governance, it has also recommended greater transparency in the way companies deal with resignations of auditors or top executives.

If the proposals find their way into the Companies Act, it will also mean that statutory auditors will have to explain the impact of every qualification or adverse remark on the financial statements that they make in the audit report and independent directors and auditors have to observe a cooling-off period of a year before they take up senior positions in the company or in any of its associates.

The committee, which presented its report to the union finance and corporate affairs minister, has also recommended that the Companies Act be amended to ensure that the auditor of the holding company is given assurance about the fairness of audit of each of its subsidiary companies by their respective auditors.

Also, the auditor of the holding company should be empowered to independently verify the accounts or part of the accounts of any subsidiary, the panel said.

This is essential because the parent company consolidates the group's financial statements.

One of the key recommendations is to infuse greater transparency into instances when an auditor quits their assignment. The real reason has to be made public.

The committee noted that the auditor should be under an explicit obligation to make detailed disclosures before the resignation and should specifically mention whether such resignation is due to non-cooperation from the company, fraud or severe non-compliance, or diversion of funds.

“If such information comes to light after the resignation of an auditor but has not been disclosed in the resignation statement, action should be taken against that auditor," the committee said, adding that similar obligations of a resigning auditor may be borrowed from the UK Companies Act, 2006.

Also, in case an auditor makes an adverse remark or qualifies the financial statements in the audit report, its impact should be stated. The central government could prescribe a format for the same, the panel noted, adding that at present such adverse remarks do not sufficiently elaborate on the negative effect on the economic health or functioning of the company.

A key area the panel looked into is the independence of the independent directors and auditors. It found that at present, there is a restriction on a person who has held a key managerial position or was an employee in the company or in any other entity within the same group in the past three years, from becoming an independent director.

But nothing prevents an existing independent director from taking up a senior position in the company after they demit office as independent director.

Source: livemint.com– Apr 15, 2022

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Import duty cut: Yarn price likely to come down in May

The Confederation of Indian Textile Industry (CITI), New Delhi, and the Southern India Mills' Association (SIMA), Coimbatore expressed hope that yarn prices would start to moderate in May after the Union government removed duty on cotton import.

Addressing media persons, CITI chairman T Rajkumar, and SIMA chairman Ravi Sam, said, "From May, the prices will gradually come down. We request and expect the yarn industries to reduce the prices soon. The duty cut has come at the right time and would help livelihood of thousands of workers."

They further said, "This year's cotton production is estimated to be around 340 lakh bales, but we expect to receive around 325 lakh only. Also, we fear production will be 45 lakh bales less than the previous year.The industry started facing cancellation of export orders owing to the steep increase in cotton prices. Indian cotton is costlier by 7% to 10% due to the import duty. Under this scenario, the competing nations started grabbing the export opportunities of India.

For example, India's share in US bedlinen exports declined from an average of 55% in 2021 to 44.85% in the month of January 2022 only. Meanwhile, Pakistan's share increased to 25.71% from 20% and China's share increased to 19.37% from 12% during the same period. Therefore, the industry had demanded the government to remove the import duty levied on cotton."

According to sources, a single candy of cotton (355 kg) is sold at Rs 93,500. With duty cut, the price is expected to drop below Rs 80,000 in the next few weeks. Also, India is likely to get more orders from international markets due to the situation in Sri Lanka and Pakistan.

"We are not against farmers. They won't be affected by the import. In Madhya Pradesh, farmers have been cultivating extra long staple cotton of 36 mm. But they are able to cultivate only 2 lakh bales. So, we need to encourage other state farmers including Tamil Nadu to cultivate such varieties." the industry captains added.

Source: newindianexpress.com– Apr 16, 2022

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Repeat Order for Khadi Denim from US Fashion Brand "Patagonia" Reaffirms Khadi's Global Popularity

US-based leading fashion brand Patagonia has placed a repeat order for purchasing Khadi Denim fabric, which comes as a global appreciation of Khadi's world class product quality and punctuality in fulfilling the supply order. In march this year, Patagonia, through textile giant Arvind Mills, placed an order for purchasing 17,050 meters of Khadi Denim fabric worth nearly Rs 80 lakh from Udyog Bharti, a Rajkot-based Khadi Institution in Gujarat. The repeat order comes after the successful completion of the previous order for 30,000 meters of Khadi Denim fabric worth Rs 1.08 crore. Patagonia, is using the handcrafted Khadi Denim fabric for making Denim apparels.

In July 2017, Khadi and Village Industries Commission (KVIC) signed an agreement with Arvind mills Limited, Ahmedabad, to trade Khadi Denim products around the world. Since then, Arvind Mills has been purchasing a large quantity of Khadi Denim fabric every year from KVIC-certified Khadi institutions of Gujarat. With the latest order, the total Khadi Denim purchase by Patagonia has gone up to 47,000 meters worth nearly Rs 1.88 crore

Chairman KVIC, Shri Vinai Kumar Saxena lauded the development saying the repeat order from Patagonia was a result of Khadi's Denim's outstanding quality that matched all international standards. He said while supplying the order, special attention was given on maintaining the highest quality standards, uniformity of the product and timely supply of the fabric. The previous order was executed exactly in 12 months' time as per the schedule. The repeat order for Khadi Denim has reaffirmed that Khadi is an apt example of 'Local to Global' as envisaged by the Hon'ble Prime Minister, he added.

The purchase of Khadi Denim fabric is also creating extra man hours for Khadi artisans of Gujarat. In all, the purchase of Khadi Denim by Patagonia has created additional 3 lakh man hours of work for Khadi artisans.

Last year, a team from Patagonia visited Udyog Bharti, a Khadi Institution based in Gondal, Rajkot (Gujarat) to see the manufacturing process of Khadi Denim. Impressed by the manufacturing process and quality of the handcrafted Khadi Denim fabric, Patagonia, through Arvind Mills, placed the purchase orders for different quantities of Khadi Denim fabric.

Before finalizing the purchases, Patagonia appointed NEST, a US-based global third-party assessor, to assess the complete process of Denim production at Gondal, i.e. spinning, weaving, carding, dying, wage payments, age-verification of workers, etc. involved in production line.

The NEST, after thorough assessment of all parameters at Udyog Bharti, stated in the certificate that “The spinning and handloom weaving operations are now eligible for the NEST Seal of Ethical Handcraft”. This is for the first time that a Khadi Institution in the country has been assessed and certified by an international independent assessor for meeting ethical standards in its operations.

The order is for four types of Denim fabric which is made of 100% cotton having width from 28-inch to 34-inch.

Source: pib.gov.in– Apr 14, 2022

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Denim major Vishal Fabrics to double exports this fiscal, add capacity

Ahmedabad-based Vishal Fabrics, which is among the largest manufacturers of denim, is adding capacities and targeting to more than double its exports as part of its bid to cash in on the China-plus-one strategy that most global companies have adopted and become the third-largest player by FY25.

Vishal Fabrics is the flagship of the diversified Chiripal Group and commenced operations in 1985 and is the fifth-largest manufacturer of premium denim fabrics with an annual capacity of 80 million meters (mm), which will go up to 100 mm this year upon completion of the ongoing expansion of adding two more dyeing lines at a capex of Rs 30 crore.

The domestic denim manufacturing segment is led by Arvind Mills which has an installed capacity of 160 mm, followed by Jindal Worldwide (140 mm), Chiripal Group entity Nandan Denim (110 mm) and Vishal Fabrics which has 80 mm of dyeing capacity and 105 mm of processing capacity.

Vishal is only into cotton denim unlike the industry leaders which offer cotton and non-cotton fabrics.

Domestic manufacturers control 15 per cent of the USD 8-billion global denim market, and Vishal has been focusing on the domestic market only so far where annual demand growth is at 6-7 per cent while global growth of only 4-5 per cent.

After the Western world has adopted the China-plus-one strategy to secure their supplies/sourcing routes instead of depending solely on China following the Covid-driven supply disruptions, we've been getting a lot of enquiries.

Till FY20 our export share was under 5, which went up to around 8 per cent in FY22, we hope to take this to 15-20 per cent this fiscal. All these years we were only focusing on the domestic market, Brijmohan Chiripal, managing director and a founding family member, told PTI.

Accordingly, we're adding both dyeing and processing capacities so that we don't miss out on the rising demand from overseas markets, he said but ruled out any forward integration given the tight market condition.

While last year we began shipping to Southeast Asia, in FY22 we began shipping to Latin America and this year we will be focusing on making a mark in the European markets, and hopefully double the export share of our income to a fifth of the total, Chiripal said.

Chiripal said the larger plan behind the capacity addition is to become the third-largest player with an annual capacity of 140-160 million meters over the next three years.

Vishal had closed FY20 with revenue of close to Rs 1,300 crore and earned a net income of Rs 30 crore. Topline declined over 25 per cent in FY21 to Rs 967 crore nearly halving net income to Rs 18 crore as the plants were shut due to the pandemic, and Vinay Thadani, chief financial officer, said, demand is near the pre-pandemic level and hopes to better close FY22 with Rs 1,120 crore in topline and Rs 50 crore in bottomline (books are still to be closed, he added).

Our target is to become a Rs 1,500-crore company in sales by FY25, with Rs 85 crore of net income, and clock FY23 with Rs 1,300 crore of revenue and Rs 65 crore of net income, Thandani said.

Source: business-standard.com– Apr 14, 2022

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How Vardhman Textiles vice-chairman and JMD is prompting women's empowerment

Suchita Oswal Jain is not only heading the country's largest vertically-integrated textile manufacturing company, Vardhman Textiles Limited, she is also a philanthropist and a leader who's promoting women's empowerment and skill development. The vice-chairman and joint managing director of the leading textile conglomerate, producing yarns, fabrics, acrylic fibre, threads and garments, Jain has proved through her vision and endeavour that no goal is too big if one is committed enough.

An alumnus of premier institutes like London Business School (UK) and INSEAD (Paris), she is dynamic, agile and reformist in her approach, while remaining grounded in the wisdom that she acquired from her father alongside whom she spent over two decades in the organisation.

Inclusive practices Jain is known in the business world for her inclusive management practices, a thrust on innovation and continuous development , and for nurturing talent. She believes that people are the primary resource of an organisation and not only is it the responsibility of the organisation to work towards ensuring their growth but also a human trait that everyone should possess.

This vision reflects in her employee engagement initiative, 'Respect for All', through which she has reinforced Vardhman's value culture. The drive focuses on fair and respectful treatment to all, irrespective of designation, skill set, background, gender, etc. A people's leader, she is always forward-looking. From establishing the fabrics business, which is today the group's growth engine, to leading initiatives on sustainability and digitalisation, she has been a trendsetter and broken barriers in the truest sense.

Her emphasis on social welfare is also reflected in Vardhman's CSR endeavours. "We are a prog ressive, responsible organisation and it's our primary concern to proactively address the triple bottom lines," Jain says.

Source: economictimes.indiatimes.com– Apr 15, 2022

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