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

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INTERNATIONAL NEWS

China Tariffs in the Hot Seat

As the U.S. Trade Representative (USTR) announced this week that it will begin a statutory four-year review of the China 301 tariffs, the National Council of Textile Organizations (NCTO) reiterated its stance for keeping them in place.

"Our position has not wavered–the U.S. must maintain Section 301 tariffs on finished products, in the absence of substantive improvements in China's pervasive, predatory trade practices," NCTO president and CEO Kim Glas, said. "Lifting these penalty duties will cement China's destructive dominance of global manufacturing and will do nothing to achieve the administration's goal of easing inflationary pressures, as apparel prices out of China continue to hit rock bottom regardless of the Section 301 tariffs."

USTR announced that leading up to the four-year anniversaries of the tariff actions in the Section 301 investigation of "China's Acts, Policies and Practices Related to Technology Transfer, Intellectual Property and Innovation," it was giving notice to representatives of domestic industries that benefit from the tariff actions and had previously submitted comments in support of them.

In that notice, USTR said it was also giving industry representatives the opportunity to ask to keep the tariffs in place. If it receives a request for continuation, which NCTO plans to submit, USTR said it will conduct a review of the tariff actions. Requests for continuation must be submitted prior to the four-year anniversary of the action on July 6. If one or more requests for continuation are submitted, USTR will publish an additional notice after July 6 announcing the continuation of the tariff action and will proceed with a review of the tariffs. The review will include an opportunity for all interested persons to provide comments.

"We have long advocated for the 301 penalty tariffs to remain on finished textile and apparel products from China," Glas said. "Not only do they increase the government's negotiating leverage to address the Chinese government's serious predatory trade practices that have hurt our domestic manufacturing sector and that of our free trade agreement partners for decades, they also send a strong message to China that the United States is committed to addressing systemic predatory trade practices that have undermined domestic industries and their workers."

Glas said for decades, "China's illegal actions" have undermined virtually every domestic manufacturing sector and contributed to the direct loss of millions of U.S. jobs. These devastating state-sponsored practices, she noted, which include intellectual property theft, pervasive state-ownership of manufacturing, industrial subsidies, and "abhorrent labor and human rights abuses in the Xinjiang region," have allowed China to dominate the global marketplace, which has had severe ramifications on American workers and Western Hemisphere trade allies.

"As sourcing executives seek to de-risk out of China for these products, our sector is experiencing massive investment in the U.S. and Western Hemisphere supply chains," Glas said. "In fact, we expect approximately $1 billion of investment announced in the United States and Central America this year alone, as penalty tariffs have played a key role in sourcing shifts."

NCTO has long advocated for the tariffs to be maintained on finished textile and apparel products to ensure the U.S. addresses larger systemic issues that she said have substantially hurt the domestic manufacturing sector and offshored jobs.

"Tariffs are a reasonable and necessary mechanism to support U.S. jobs, offset unacceptable practices and strengthen the national economy," Glas said. "They help partially level the playing field for American manufacturers and workers trying to compete against unfair and illegal trade practices ranging from intellectual property theft and forced labor, to state-sponsored subsidies that have been perpetuated by the Chinese government. These products have flooded the U.S. market and put our domestic producers and their jobs at risk and have significantly contributed to offshoring and the destruction of the middle-class jobs. It's critical we maintain key negotiating leverage to address these predatory trade behaviors."

She noted that NCTO has also advocated for a "fair, transparent process" to remove tariffs on certain limited textile machinery, chemicals and dyes that cannot be sourced domestically to help U.S. manufacturers compete against China.

Industry groups such as the American Apparel & Footwear Association (AAFA) have taken a contrary stance on the issue, citing higher prices on apparel imports caused by the tariffs. Steve Lamar, AAFA president and CEO, said recently that the administration still doesn't "connect the corrosive effect of tariffs, persistent tariffs, on inflation, and that's the point that we keep trying to make to them, so they see that tariff reduction can lead to lower pricing."

He and others have also pointed out that the Chinese government doesn't pay the tariffs, but U.S. importers do.

Source: sourcingjournal.com– May 06, 2022

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China's COVID policy, Ukraine war disrupt European firms: EU Chamber

China's COVID-19 policy and Russia's war in Ukraine are creating severe challenges to European business operations, with logistics suffering the most overall, according to a survey conducted by European Chamber, in partnership with Roland Berger.

As a result of China's COVID-19 policy, 23 per cent of respondents are now considering shifting current or planned investments out of China to other markets—more than double the number that were considering doing so at the beginning of 2022, and the highest proportion in a decade—and 7 per cent are considering the same due to the war in Ukraine, EU Chamber said in its report.

The introduction of more stringent COVID-19 containment measures in 2022, with China imposing full or partial lockdowns in at least 45 cities, is causing massive uncertainty for businesses. Three quarters of respondents report the measures have negatively impacted their operations, most acutely on logistics/warehousing, business travel and the ability to conduct face-to-face meetings, which have had a negative impact for 94 per cent, 97 per cent and 94 per cent of respondents, respectively.

Supply chains have taken a pounding, both upstream and downstream, with 92 per cent of companies being impacted by measures such as China's recent port closures, the decrease in road freight and spiralling sea freight costs.

More than a quarter of European businesses report headcount decreases because of China's COVID-19 policy, with this happening most in the education (80 per cent), legal (46 per cent), retail (43 per cent) and cosmetics (40 per cent) industries.

Moreover, 60 per cent of respondents have decreased their 2022 revenue forecasts. About 91 per cent of respondents believe China should focus on vaccinating the entire population, including those over 60; 82 per cent believe that positive cases with no or mild symptoms should be permitted to quarantine at home to alleviate pressure on the health system; and 82 per cent believe that the best mix of vaccinations and boosters should by permitted, including making foreign mRNA vaccines available to all residents in China.

Close to 78 per cent of respondents feel that China is a less attractive investment destination as a result of its more stringent COVID-19 restrictions, the report added.

The war in Ukraine has also made China a less attractive investment destination for a third of respondents. The war is exacerbating challenges faced by businesses as supply chains disintegrate. Nearly two thirds of respondents have faced disruptions transporting goods to and from Europe. In addition, rising material and energy costs are having a negative impact on 63 per cent and 58 per cent of respondents respectively.

“Our members are willing to weather the current storm, but if the current situation continues, they will of course increasingly evaluate alternatives to China,” said Jörg Wuttke, president of the European Union Chamber of Commerce. “A predictable, functioning market is better than one that, despite having high growth potential, is volatile and suffers from supply chain paralysis.”

“The uncertainty caused by the stringent and dynamic COVID-19 policies impedes the ability for European companies to make sound business decisions, in an overall deteriorating economic context due to the impact of the war in Ukraine,” said Denis Depoux, global managing director of Roland Berger. “A clearer crisis exit strategy would help maintain confidence in a European business community still highly committed to Chinese markets.”

Source: fibre2fashion.com– May 06, 2022

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Global retailers, textile associations partner to drive sustainability

Switzerland's Better Cotton has convened a group of leading international retailers and brands to help enable the delivery of new traceability solutions and bring greater visibility to the cotton supply chain. These include names like Marks & Spencer (M&S), Zalando and Bestseller. The panel has pulled together an initial £1 million tranche of funding.

Additionally, the Sustainable Apparel Coalition (SAC), a global non-profit alliance for the consumer goods industry, has partnered with Fair Wear and the Ethical Trading Initiative focused on facilitating collective action across the industry towards achieving the 45 per cent greenhouse gas (GHG) reduction by 2030.

Better Cotton will work with suppliers, NGOs and independent experts in supply chain assurance to develop an approach that meets the pressing needs of industry today. The Better Cotton Traceability Panel will address all aspects of the cotton supply chain, from farmers in the field through production to the consumer, the company said in a press release.

Better Cotton has gathered input from over 1,500 organisations so far who have made it clear that traceability is business-critical across the whole industry but also that retailers and brands need to integrate sustainability and traceability into their standard business practices.

Findings from this research highlighted that 84 per cent indicated a business 'need to know' where the cotton in their products was grown. In fact, 4 in 5 suppliers surveyed sought the benefit of an enhanced traceability system. Currently only 15 per cent of apparel companies claim to have full visibility of the raw materials that go into their products according to a recent study by KPMG.

The partnership between SAC, Fair Wear and the Ethical Trading Initiative, which falls under The Industry We Want (TIWW), is part of an initiative geared towards ensuring dignity for workers in decent jobs, thriving businesses along the supply chain, and a positive impact on the planet.

TIWW has developed a set of metrics for the garment and footwear industry to measure action across 3 pillars: social, commercial and environmental. The impact metrics will be presented in TIWW's first ever industry dashboard, which will be updated annually and function as a 'temperature check' for the sector as a whole.

The SAC will lead TIWW's environmental pillar and work closely with fellow Apparel Alliance member, the Apparel Impact Institute (Aii), to ensure an annual update of the dashboard data, providing a yearly check-in on the progress the industry has made to reduce emissions.

The SAC will also support in the development and implementation of TIWW's overall strategy, coordinate key partnerships, support the TIWW led events and participate in the annual evaluation of the project to identify areas for improvement as needed.

Source: fibre2fashion.com– May 06, 2022

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Global Manufacturing Growth Continues to be Challenged

The monthly U.S. trade deficit in goods and services soared past $100 billion for the first time in March as both imports and exports saw major increases.

According to statistics from the Department of Commerce, imports rose 10.3 percent from February to March, to $351.5 billion, the third straight month that figure has reached an all-time high.

Imports of goods jumped 12.0 percent to $298.8 billion, smashing the previous record, including increases of $6.8 billion in finished metal shapes, $2.5 billion in passenger cars, and $2.0 billion in other textile, apparel, and household goods.

Imports of services gained 1.7 percent to $52.7 billion. For the year-to-date, total imports were up 23.8 percent from March 2021.

Exports saw a 5.6 percent increase to $241.7 billion, also a record. Exports of goods were up 7.3 percent, including increases of $2.0 billion in other petroleum products, $1.7 billion in crude oil, and $1.3 billion in fuel oil.

Services exports also gained, up 1.7 percent to $71.1 billion. For the year-to-date, total exports were up 17.7 percent from a year earlier.

With import increases far outpacing export gains, the monthly U.S. trade deficit jumped 28.7 percent in March to an unprecedented $109.8 billion.

The deficit in goods trade rose 18.9 percent to $128.1 billion while the services trade surplus gained 2.2 percent to $18.3 billion. For the year-to-date, the overall trade deficit was up 41.5 percent from March 2021.

Click here for more details

Source: strtrade.com– May 06, 2022

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Covid lockdown in Shanghai reduced world trade by £22bn and has left UK exposed to price shocks

The swingeing Covid lockdown which halted or delayed production in Shanghai for two months has put a dent of more than £20bn in world trade and will be particularly damaging for the British economy, experts have warned.

Figures looking at the impact of the near total shutdown of the city – China's financial centre and one of its largest manufacturing hubs – show that sectors from clothing to cars were among those to suffer the largest hits to production as the authorities pursue a "zero Covid" strategy to snuff out outbreaks of the Omicron variant of the virus.

Officials in Shanghai, which also hosts the world's biggest container port, insisted this week that the city was finally emerging from the lockdown which was first imposed in early March, affecting the entire population of 26 million people. Millions were confined to their homes, while others were asked to stay in factories to try to maintain production.

The effects of the crisis, which saw brands from Tesla to Apple slow or halt production either at directly owned factories or plants supplying components, are now beginning to be felt beyond China amid warnings of increasing prices and potential shortages as a backlog of shipments unwinds.

The Russell Group, a London-based trade and logistics consultancy, said the Shanghai lockdown had reduced world trade by $28bn (£22bn) between March and the beginning of May. Clothing was the hardest-hit sector, with a loss of exports worth £706m, followed by textiles worth £573m.

There was also a dramatic drop in car and vehicle exports of £612m. While Britain receives few direct car exports from China, it is heavily reliant on components made for UK and European producers in the Shanghai region.

Analysis of the economic effects of the lockdown found that Britain and America were particularly exposed, with increased costs such as shipping alongside production stoppages at risk of adding to inflation. A succession of China's largest economic hubs have gone into full or partial lockdown in recent weeks, at one point last month affecting 375 million people in 45 cities – representing 45 per cent of GDP.

Suki Basi, managing director of Russell Group, said: "The delays in China have caused chaos across the global economy, hitting consumers and corporates alike.

"They will damage Western economies, particularly in the UK and USA, both of which are suffering high inflationary pressures. Any further supply chain shocks such as port delays will continue to push up prices and slow down the recovery of these economies."

The report found that imports into China had also been affected. Shanghai acts as a major distrubution hub for meat being brought into China but restrictions on lorry drivers and the closure of roads meant that meat products worth some £238m were unable to be delivered.

The Chinese premier Xi Jinping has insisted that the "zero Covid" policy will stay in place, despite the requirement for mass testing and draconian lockdowns, often involving millions of people at a time, which damage the economy. Officials argue the policy is necessary because of factors including low vaccination rates for vulnerable groups – in Shanghai fewer than 40 per cent of the over-60s have been triple jabbed.

The authorities in Beijing this week tightened lockdown measures in the Chinese capital amid fears that the spread of the virus may lead to Shanghai-style restrictions. Some 60 metro stations and more than 150 bus routes were closed as officials sought to restrict cases in Beijing's north-eastern suburbs.

Source: inews.co.uk– May 06, 2022

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Over 70% of Shanghai's major enterprises resume production

Over 70 per cent of Shanghai's 1,800-plus major enterprises have resumed work and production amid the COVID-19 resurgence. City administration officials told a recent press conference that industries there have made steady progress in resuming production, with the resumption rate of the first batch of more than 660 key enterprises exceeding 90 per cent.

Key industrial chains like automobiles, integrated circuits and biomedicine continued to recover and increase production capacity, while leading enterprises have maintained stable production, Zhang Hongtao, a general engineer from the Shanghai municipal commission of economy and information, told the press conference.

Enterprises that have already reopened production kept working over the May Day holiday, he was quoted as saying by an official Chinese media outlets.

Zhang reaffirmed the role of the 'white list' mechanism to secure the resumption of production, which made clear the application process and conditions that have to be met.

He also vowed to engage with voices from multiple fields to solve issues such as logistics congestion, storage and license issuance.

Source: fibre2fashion.com– May 06, 2022

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20 Egyptian firms achieve impressive RECP results under ITC programme

In the past two years, 20 Egyptian enterprises from the greater Cairo area, Alexandria, Elbahira and Portsaid governorates achieved impressive results in resource efficiency and circular production processes (RECP), according to the International Trade Centre, which runs the Global Textiles and Clothing Programme (GTEX/MENATEX) in the Middle East and North Africa.

The programme supports companies in understanding and adapting their productions according to the latest international requirements.

Companies invested $2.7 million to implement the recommended RECP measures, and realised savings of $1.67 million per year. Overall, these measures will translate into an annual reduction of 81,230 tonnes of carbon dioxide, ITC said in a press note.

RECP expert Aziz Elsalmawy explained that companies introducing servo-stepper motors to sewing machines reduced standby energy consumption by 90 per cent of the original value. Introducing motion sensors to control the light and sewing machine has led to 20 per cent energy savings in less than two years, with less than $25 initial cost per machine.

The training and coaching session on lean manufacturing—started in 2020—also showed fruitful results. Over 60 participants from companies, business support institutions and other professionals in the garment industry have attended over 360 hours of online training, coaching sessions and factory visits.

As a result, beneficiaries are experiencing an ongoing transition process in the factory that leads to cultural changes and progressive initiatives for improving product and delivery quality, reducing production lead time and material waste, the press note said.

ITC designed a programme on social compliance with the International Labour Organization's Better Work and Score initiatives. Seventeen companies benefitted from the training, which led to 60 initiatives that radically improved the working conditions of companies' employees.

These included mainstreaming grievance mechanisms, accident reporting systems, establishing an occupational safety and health committee and improving canteen facilities.

"As the world is recovering from the pandemic and as demand in textile is picking up, Egyptian manufacturers are more than ever confronted with the need of becoming even more competitive while complying with strict environmental and social standards," said Matthias Knappe, ITC programme manager of fibres, textiles and clothing.

"Egypt has great potential. Sustainability will be vital to helping the country's industry strengthen the 'Made in Egypt' brand in international markets as a sourcing destination that is reliable, efficient and actively reduces its environmental footprint and respects its workers' rights and conditions," he added.

In 2022, the GTEX/MENATEX project plans to further promote the sustainable and social agenda in the national garment sector by replicating the social compliance training and coaching programme to other companies while introducing a gender component and equal access to benefits.

In addition, the project plans an advanced programme on productivity improvement for those who have already participated in the activities.

The GTEX MENATEX programme is funded by Switzerland's State Secretariat for Economic Affairs (SECO) and the Swedish International Development Cooperation Agency, focusing on six priority countries: Egypt, Morocco, Jordan, Kyrgyzstan, Tajikistan and Tunisia.

It aims to encourage exports of textiles and clothing from developing countries to promote employment and income generation throughout the value chain.

Source: fibre2fashion.com– May 06, 2022

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Top Biden Administration Officials To Speak At U.S. Textile Industry Annual Meeting

As the debate in Washington heats up around trade, the global supply chain crisis, onshoring and nearshoring, and tariffs, three top Biden administration officials are coming to speak to U.S. textile executives at the National Council of Textile Organization's Annual Meeting on May 11.

The gathering of U.S. textile manufacturing CEOs, Western Hemisphere manufacturers, and policymakers in Washington will highlight a wide range of issues, from onshoring and nearshoring to domestic personal protective equipment (PPE) production, to China enforcement—all policies with far-reaching implications for the U.S. textile industry and manufacturing sector as a whole.

The open session will feature three top Biden officials, including: Ambassador Sarah Bianchi, Deputy U.S. Trade Representative; John Leonard, Deputy Executive Assistant Commissioner for the Office of Trade at U.S. Customs and Border Protection (CBP); and Jennifer Knight, Deputy Assistant Secretary for Textiles, Consumer Goods, and Materials, International Trade Administration, U.S. Department of Commerce.

Question and answer sessions will be open to NCTO members only; but as has been the case at previous annual meetings, NCTO officers will be available for media scrums as time permits.

Source: textileworld.com– May 06, 2022

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Inflation causes India's RBI & US' Fed to increase interest rates

US Federal Reserve (Fed) has steeply raised interest rates and decided to start shrinking its huge $9-trillion balance sheet comprising primarily of treasury and mortgage bonds, opting for an aggressively tightening monetary policy to control rising inflation. The Fed's Federal Open Market Committee raised the benchmark rate by a half percentage point.

Fed chair Jerome Powell had told a news conference that further large rate hikes are coming. He said additional half-point increases in the Fed's key rate "should be on the table in the next couple of meetings" in June and July.

"A 75-basis-point hike is not something that the committee is actively considering," he was quoted as saying by US media reports.

Back in India, the Reserve Bank of India (RBI) has increased the policy repo rate under liquidity adjustment facility (LAF) by 40 basis points (bps) to 4.40 per cent. Consequently, standing deposit facility (SDF) rate now stands at 4.15 per cent and marginal standing facility (MSF) rate and Bank Rate at 4.65 per cent.

The decision to raise the repo rate was taken by the Monetary Policy Committee (MPC) of the RBI at its meeting recently on the basis of an assessment of the current and evolving macroeconomic situation. The MPC also decided to remain accommodative while focusing on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

Source: fibre2fashion.com– May 06, 2022

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Vietnam Apparel Plants Struggle as China Lockdowns Hit Supplies

Vietnam's clothes and shoe factories are struggling to meet orders as supplies of Chinese material used to make everything from sneakers to pants are drying up amid China's Covid-19 lockdowns.

"Every apparel factory is facing a material shortage problem now," said Pham Xuan Hong, chairman of the Ho Chi Minh City Garment, Textile Embroidery Knitting Association. "It hurts our production and exports and is delaying our deliveries to clients."

The Southeast Asian nation is the second-largest supplier of clothes and shoes to the U.S., according to the American Apparel & Footwear Association, which represents more than 1,000 brands. Adidas SE said Friday supply bottlenecks in Vietnam have reduced the availability of products.

Some clothes orders are not being completely filled, Hong said. China's Zero Covid strategy is "dramatically" reducing key material at shoe factories, which derive about 60% of supplies from China, said Phan Thi Thanh Xuan, vice chairwoman of the Vietnam Leather Footwear and Handbag Association. It is also driving up the costs of logistics, she said. Vietnam's Ministry of Industry and Trade said this week that some sectors have been constrained by shortages of raw materials and high prices during the first four months of the year.

Production of televisions dropped 18.9%, mobile phones fell 9.9% and fabric decreased 9% during the period, the ministry said, without providing reasons for the declines. China's continued strict disease control procedures at some border gates in northern Vietnam have resulted in supply chain disruptions and restrictions in the flow of some products, it said.

Many Vietnam assembly lines were shut during the summer and fall last year as Covid-19 spread across the country, particularly in the nation's southern industrial belt, and officials imposed tough lockdowns.

Source: bloomberg.com– May 06, 2022

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Bangladesh: RMG sees new investments with strong global demand

Entrepreneurs are now stepping up with fresh investments in the apparel sector that is currently on a roll with an excellent flow of work orders – even though there is uncertainty over uninterrupted power and energy supplies.

To cash in on this hot streak, a few big names, such as Team Group, Urmi Group, Chattogram-based RDM Group and the real estate giant Sheltech, are now setting up new facilities to boost their production capacity and have a bigger stake in the global RMG export market.

There is no exact data on how much new investment the sector has received. The minimum cost of setting up a 10-line readymade garment factory in a rented building amounts to at least Tk5 crore.

If this calculation is taken into account, 160 big and small factories, which have obtained BGMEA and BKMEA memberships for setting up new facilities, invested approximately Tk4,000 crore in constructing knit, woven and denim factories, industry insiders say.

The current investments in garment and textile industries stand at Tk18,000-Tk20,000 crore.

Team Group has invested Tk720 crore to develop an industrial village where there will be a denim factory with 32 production lines, a washing plant, a sweater factory, and a blouse manufacturing unit.

"We have invested in this project to cash in on the growing apparel market worldwide. Bangladesh has a good stake in it and also has every potential to further increase it with so many work orders pouring in," Abdulla Hil Rakib, managing director at Team Group, tells The Business Standard.

These new units are now under construction and hopefully will go into production by 2023, he says.

But he is also concerned over getting uninterrupted gas supply, saying, "We have no right direction over it."

Rakib hopes that the new facilities will create jobs for 5,000 people, apart from adding another $90 million to this group's annual export turnover.

Currently, Team Group has employed about 18,000 workers and its annual turnover stands at about $660 million from apparel manufacturing, a garment buying house, a pharmaceutical company and a real estate development firm.

In FY21, its garment buying house's exports amounted to $315 million, Rakib notes.

Thanks to its new ventures, the group has also set a target to export goods worth $1 billion by 2026 when Bangladesh is scheduled to graduate to a developing country.

Sheltech Group, a pioneer of the real estate sector in Bangladesh, is also planning to invest in denim garment and knit composite factories, says its Chairman Engr Kutubuddin Ahmed, who is also chairman of Envoy Textiles Limited.

The units will come into production by the end of 2023, he points out.

The denim garment will be an eco-friendly factory to produce high-end apparel items, Kutubuddin Ahmed tells TBS.

The knit composite factory will be set up in a joint venture with "a well-known foreign apparel maker" to produce high-value garment products and both units will be equipped with the latest technologies for high-end buyers, he says.

Sheltech Group has investments in various sectors, such as textile, ceramics, meat, hospitality and brokerage sectors.

Urmi Group has also gone for expansion to set up a new garment factory.

Asif Ashraf, managing director at Urmi Group, says, "We have invested Tk120 crore in a new garment factory with 40 production lines and it will create about 3,000 job opportunities."

Some 1,400 workers have already joined the Tejgaon unit, which is relocated to a new project; the rest of the workers will be employed by 2023, according to him.

In FY21, its export turnover amounted to $160 million, he says, hoping that this year their turnover will reach $200 million.

Chattogram-based RDM Group is planning to establish a 12-line capacity garment factory by this year.

Its Managing Director Rakibul Alam Chowdhury says the group, which currently owns seven production units, exported about $60 million worth of goods in the last fiscal year.

BGMEA, BKMEA memberships grow

This year another 14 groups obtained provisional membership of the BGMEA Chattogram office, to set up new units, says Rakibul Alam Chowdhury, also vice-president at BGMEA (Chattogram).

BGMEA Vice-President Shahidullah Azim says this year about 110 factories have obtained memberships for setting up new factories and there are many applications submitted to them.

BKMEA Vice-President Fazlee Shamim Ehsan tells TBS that in the past six months, about 50 factories took approval from them to import machinery. Most of them are expanding capacities of their existing production units.

Besides, there are some new entrepreneurs who are making fresh investments in setting up new facilities, he says.

All are going for new investments despite the ongoing energy crisis, hoping that they will be able to handle it if they negotiate with buyers.

"Energy crisis is not a local problem at this moment, buyers must pay additional prices if we can negotiate with them," Fazlee Shamim adds.

He also hopes that the country will enjoy a huge pressure of work orders in the next two-three years.

Source: tbsnews.net– May 07, 2022

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NATIONAL NEWS

India expects to seal FTA with European Union by next year, says Piyush Goyal

Commerce and Industry Minister Piyush Goyal on Friday said India will be able to conclude a free trade agreement (FTA) with the European Union by next year. Speaking at an event organised by the IMC Chamber of Commerce, Goyal said the country has already sealed pacts with the UAE and Australia, and is in negotiations with other countries or blocs including the EU, UK, Canada and Gulf Cooperation Council (GCC).

"By next year, we would be able to conclude an FTA with the EU," Goyal said, adding that a delegation from Italy including its foreign minister is in New Delhi now with which he will be having deliberations.Already, three rounds of negotiations have been held with the UK and there is a possibility of a fourth round soon, Goyal said, adding that he will be meeting the representatives on May 26-27.

The FTAs will push growth in India and create more jobs as well, Goyal said, making it clear that the country is looking for fair, equitable and win-win partnerships with other countries or blocs.Pointing out that the country recorded USD 38 billion in exports in April, the highest for the month after the busy March when businesses are keen to seal sales before the financial year-end, Goyal said that a closer look at the numbers indicates that India is emerging as a manufacturing hub for high-class products.

This indicates that programmes like the performance linked incentive scheme and the infrastructure push are bearing the expected results, Goyal said. Pointing to GST collections of over Rs 1.67 lakh crore in March, Goyal said it is very redeeming that the economic activity is back beyond the expectations of the analysts' community and added that the surge in purchasing managers' indices is also reflective of the same revival.

Goyal said the country could attract foreign direct investment of USD 82 billion in 2021, its highest ever, because it has emerged as an isle of stability with virtues like rule of law, democracy and stable policies which attract businesses.

Source: financialexpress.com– May 06, 2022

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India looks forward to significant transformational and exponential growth in its trade with Italy - Shri Piyush Goyal

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal has said India looks forward to significant transformational and exponential growth in its trade with Italy. Co-chairing the India-Italy Business Roundtable with Mr. Luigi Di Maio, Minister of Foreign Affairs & International Cooperation, Republic of Italy, here today, Shri Goyal said there are several opportunities in sectors ranging from tourism, services, merchandise, goods to digital world, education and design.

“Today's engagement is only the first in a series that we are planning between India and Italy. A world of 1.35 billion Indians awaits, aspires for a better future. India offers the largest business opportunity anywhere in the world as we progress from a $3 Trillion economy today to a $10 Trillion economy in ten years to a $30 Trillion economy in 20 odd years and to a $50 Trillion economy, which I believe we all are committed to, particularly when we see that we still are at very, very initial stages of development in the country, - the large size of the market, the deep aspirations of the people of India and the talent and the world of opportunity that India provides, I hope, will businesses on both sides to strengthen their partnerships,” said Shri Goyal, in his opening remarks at the meeting.

Speaking on the occasion, Mr. Luigi Di Maio said Italy and India are experiencing a dynamic economic cooperation. The Italian Government is eager to reinforce cooperation between the two countries at the industry level as well as between entrepreneurs, he said.

“Today’s meeting is an important step forward in shaping our strategic partnership,” said Mr. Luigi Di Maio, adding, “Many Italian companies, in their long term strategy, consider India as a key country whose market will drive growth on a global scale.”

Mr. Luigi Di Maio said bilateral trade between India and Italy reached a record Euro 10 Billion in 2020-21.

"Over 600 Italian companies, mainly concentrated around Delhi and Mumbai, employ about 50,000 local staff with a global turnover of Euro 5 Billion," he said.

Earlier, Shri Goyal had a very constructive discussion with Mr. Luigi Di Maio during their one-to-one meeting on multiple issues of bilateral interests such as enhancing trade and investment opportunities, India-EU FTA negotiations, cooperation in the framework of the WTO, Tech Summit on energy transition, resumption of direct commercial flights and promotion of SMEs' partnerships etc.

Due to the active relationship between India and Italy and the regular resolution of issues, Shri Goyal suggested evolving and expanding the fast track mechanism established between India and Italy to focus on enhancing economic cooperation and harnessing bilateral trade and investment potential to establish complementarities across focus sectors.

Both ministries reiterated the need and potential for closer industrial collaborations and further expand partnerships and establish trade and investment linkages across priority areas such as railways, defence and aviation, automotives & electric mobility, food processing, leather, textiles and fashion, infrastructure financing, fintech, green energy, telecom, energy transition, and space and technology cooperation.

Source: pib.gov.in– May 06, 2022

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Textiles Ministry holds National Conference on PM Mega Integrated Textile Regions and Apparel Park (PM MITRA) Parks Scheme

A National Conference on PM Mega Integrated Textile Regions and Apparel Park(PM MITRA) Parks Scheme was organized by Ministry of Textiles on 4th May, 2022. The conference was inaugurated by Shri U.P Singh, Secretary, Ministry of Textiles followed by a detailed presentation on the PM MITRA Parks Scheme by Smt. Shubhra, Trade Advisor, Ministry of Textiles.

The Conference provided a platform for making presentation by officials from 13 State Governments, viz. – Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh enumerating the contours of the 18 proposals for setting up of PM MITRA Parks in their respective states.

Each state government showcased its strengths in the textiles sector with a special focus on scheme/policy/benefits/incentives and basic utilities provided for creating industry friendly ecosystem to populate the proposed PM-MITRA Parks.

PM MITRA Park will offer the opportunity to create an Integrated Textiles Value Chain right from spinning, weaving, processing/dyeing and printing to garment manufacturing etc. at one location and will reduce logistics cost of Industry.

The conference was also witnessed widespread participation from the Industry in physical as well as virtual mode leading to a vibrant Q&A session, followed by the closing session summarizing the outcomes and elaborating on the way forward of successful scheme implementation.

Source: pib.gov.in– May 06, 2022

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The country in gradually moving towards becoming a high-technology manufacturing economy: Shri Piyush Goyal

Union Minister for Commerce and Industry, Consumer Affairs and Food and Public Distribution and Textiles, Shri Piyush Goyal urged industry members to invest in India while speaking of India's 'limitless possibilities and countless opportunities for domestic and international investors' which has been made possible by the collective efforts of industry and the Government. He was addressing the inaugural Session of 'Indian Merchant's Chamber (IMC) India Calling Conference-Unleashing Opportunities - Why Invest in India virtually from New Delhi today.

Speaking about the Government's efforts, the Union Minister said, "Government is working to capitalise on demographic dividend to have investment driven export led growth with greater engagement with the rest of the world in years to come. Reduction in Corporate Tax rates, improving Ease of Doing Business, FDI Policy reforms, Reduction in Compliance Burden, PM Gati Shakti, Make in India, are some of the initiatives the Centre has taken to encourage investments.

He said, "Today, India is an island of stability amid ongoing global disturbances. Solid structural reforms, macro-economic stability, predictable policy & business friendly reforms make India world's most open, investment friendly economy". In this context he also said, "Innovation has been one of the key themes of our Government, be it governance, welfare delivery, or entrepreneurship, we are constantly trying to reform and innovate".

Shri Goyal stated that India's overall exports are at an all time high at near 675 billion US dollars with a record GST collection of Rs 1.68 lakh crore in last April and Manufacturing PMI at 54.7 and Services PMI at 57.9. All of these are reflective of Indian economy's revival, he added.

"A closer look at the export trends indicates that the country in gradually moving towards becoming a high-class, high-technology manufacturing economy". He further said that this also reflects the huge potential that investors have when they come to India.

Noting that a few days ago, India had hit a century of unicorns, the Minister congratulated all the startup entrepreneurs of India for this unique feat.

Speaking about recently concluded FTAs, Shri Goyal informed that India-Canada Early Progress Trade Agreement, India-EU FTA, India-UK FTA are other trade deals with the developed nations are in pipeline. The Minister noted that the India-UAE FTA, which came into effect this month, will provide a large market to our labour intensive exports and is expected to increase bilateral trade in goods to $100 bn. The India Australia ECTA aims at boosting bilateral trade to $100 bn by 2030 from current level of around $27.5 bn, he further said. "For the first time in a decade, we are making massive progress in trade deals with developed nations', he remarked.

"FTAs are providing huge opportunities for businesses across the developed world and in India, to support each other's economies, needs, to create jobs in a big measure in India and the counterparty countries. Therefore, what we are looking for is a fair, equitable win-win transactions with all countries with whom we are expanding our engagements"

Shri Goyal also stated that in the last 6 years or so, India saw a record FDI, and particularly in 2020-21, which saw the highest ever FDI of 82 billion US dollars flowing into India.

The Minister lauded IMC for playing an important role in India's independence and its growth story for 115 years since its establishment in 1907. He reminisced that IMC which was established by Merchants who came together to support Swadeshi Movement, had championed the cause of Aatmanirbharta from early days. He noted that IMC had helped Gandhiji, who was its honorary member, in Swadeshi Movement and told IMC that its support will be crucial in Aatmanirbhar Bharat Jan Aandolan as well.

The Minister expressed hope that the Conference would help connect Indian businesses and international investors, manufacturers, service providers who would consider working together, investing and manufacturing in India and serving the world from India.

The diginitaries who participated in the industry-meet included Additional Secretary (ER and DPA) in the Ministry of External Affairs Shri Prabhat Kumar, MD and CEO of Invest India Shri Deepak Bagla and IMC President Shri Juzar Khorakiwala.

Source: pib.gov.in– May 06, 2022

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Implementation of India-Australia free trade pact may not happen before year-end

Outcome of the Australian federal elections scheduled this month unlikely to impact the trade agreement, say sources

The India-Australia free trade agreement, signed in a record time of about six months after negotiations were re-launched in September last year, may not get ratified before the year-end.

The Australian federal elections are scheduled later this month and once the new government is in place it could take over six months for all parliamentary proceedings and domestic procedures to be completed for the pact to be enforced, according to sources.

However, there is unlikely to be any political opposition to the free trade pact, officially called the Australia-India Economic Cooperation and Trade Agreement (ECTA), even if the opposition is voted to power, a source tracking the matter told BusinessLine.

"Support for India in the country is bipartisan and as controversial elements such as investment agreement and Investor State Dispute Settlement have been kept out of the report, it is unlikely that a new government would not be willing to go ahead with the agreement," the source added.

Boosting bilateral trade

The free trade pact is likely to almost double bilateral trade in goods to $50 billion in five years from about $27 billion at present, per government estimates.

While the Australia-India ECTA has already been tabled in the Australian Parliament on April 4, it will next have to be considered by the Joint Standing Committee on Treaties (JSCOT), the source added.

Treaties are required to be tabled for 15 or 20 joint sitting days (days on which both Houses of Parliament are in session). "JSCOT will table its report on the treaty within the 15 or 20 joint sitting days.

The report will contain JSCOT's recommendation as to whether binding treaty action should be taken. Lead agencies should allow around four to six months for this step," according to information shared by the Australian Department of Foreign Affairs and Trade on its web-site.

Once the domestic procedures have been completed, Australia and India will provide each other with confirmation of their completion through an exchange of diplomatic notes, and the agreement will enter into force 30 days later, or on any other date that is mutually agreed, it added.

Source: thehindubusinessline.com– May 06, 2022

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India-UAE CEPA: Impact Analysis for Indian Apparel

Indian textiles and apparels (T&A) industry accounts for approximately 4 per cent of the global T&A market. Having blessed with large raw material availability—cotton, jute, silk and wool—supported by the world's second largest spinning and weaving capacity, giving the industry an opportunity for a 95 per cent domestic value addition, India offers to the world a complete value chain solution from farm to fashion, which gives it a competitive edge by shortened lead times to reach its buyers.

Majority of India's export are to the US and the EU, which together constitute approximately 60 per cent of total apparel exports from India in value terms. However, despite the unique production advantages it has, Indian apparel has been facing price competition in its traditional export destinations, primarily due to high tariffs both in the US and in the EU as against zero duty access available to competing nations like Bangladesh, Sri Lanka, Pakistan, and Turkey, which had been affecting India's export performance.

Contrary to this, Indian apparel enjoys a competitive position in the UAE, which accounts for a decent 12 per cent share in total apparel exports from India. With India supplying $1,515 million of apparel to the UAE as against the total imports of $4,679 million, Indian apparel exports contribute to a decent share of approximately 32 per cent of the total apparel imports into the UAE.

In terms of category, both woven and knitted garments hold a much better acceptance in the UAE. Both knitted as well as woven apparel are amongst the top 10 export items after mineral, gems and jewellery to the UAE. India holds position as major supplier in both HS61 and HS62.

.Until recently, the share of both India as well as China has been witnessing a similar trend in the UAE apparel imports both facing an import duty of 5 per cent. The historic India-UAE Comprehensive Economic Partnership Agreement (CEPA) signed recently will give impetus to the trade between the two countries. India will improve its share in the UAE in the absence of 5 per cent import duty which was earlier levied by the Gulf nation.

Appreciating the fact that currently India and China are the only two dominant players in the RMG sector of the UAE, the CEPA would result in a drop of 5 per cent import duty for Indian RMG as against 5 per cent duty maintained for China. It is quite likely that the gap of approximately $2,000 million currently filled predominantly by China and other smaller players, can suitably be catered by Indian apparel exporters, and India could become a dominant player of RMG in the UAE market.

However, not all products which are high on import demand in the UAE are the core export strengths of India. Therefore, the entire gap currently between UAE imports from India versus rest of the world is not expected to be in favour of India, post CEPA, which came into force from May 1, 2022. The actual advantage India could possibly take out of its CEPA with the UAE would depend on the following factors:

• Import demand of specific RMG products in UAE

• Production strength/export capability of Indian companies to export the products in demand in UAE

• Acceptance of these Indian products into UAE

Click here for more details

Source: fibre2fashion.com– May 06, 2022

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Hike in repo rate another challenge for Indian textile industry

The 40 basis points increase in repo rate announced by the Reserve Bank of India (RBI) this week will lead to costlier loan, and add to the already existing challenges—like high prices of cotton and cotton yarn, and weak domestic and export demand—for the Indian textile industry. The policy repo rate under liquidity adjustment facility is now 4.40 per cent.

Immediately after the RBI announcement, Bank of Baroda and ICICI Bank increased the interest rate for repo rate linked loans by 40 basis points. Kotak Mahindra Bank also increased the interest rate by 35 basis points for some loans. Other banks are also likely to follow the same policy and raise their interest rates in the coming days.

Sanjay Jain, managing director of hosiery garment company TT Limited told Fibre2Fashion, "Lenders will increase loan interest rate after the repo rate hike. This will adversely impact the entire value chain of the textile industry. Like all other industries, business loans for the textile industry will become expensive."

As a result, the capital cost will increase for textile companies for new plant and machinery which normally requires borrowings of large sums. Production cost will also go upside because of costlier working capital. Jain said that the working capital requirement of textile companies has already doubled due to the exorbitant increase in prices of cotton and other commodities.

According to HDFC Bank's chief economist Abheek Barua, the RBI has shifted its focus from growth to inflation control. The increase in repo rate to 4.40 per cent was more than expectation. Barua expects the repo rate to increase further in the current financial year to 5.5 per cent.

Currently, central banks across geographies, including the US and the UK, are raising interest rates to curb inflation in their respective countries. However, for the Indian textile industry, it will be yet another challenge when garment demand from the end users is still weak in the domestic market and the uncertainty is looming in export demand due to geopolitical turmoil.

But some people from the textile industry feel that the impact of the interest rate hike will be marginal. For companies like TT, which make their innerwear, hosiery and garments using cotton only, the main problem is the scarcity of cotton which is making price rise unbearable for the entire value chain.

The production cost is skyrocketing just due to record increase in cotton and cotton yarn prices. According to Jain, the retail prices of hosiery garments have already gone up by 30 per cent, and a further increase of 15 per cent is also likely to happen if cotton becomes more expensive.

Source: fibre2fashion.com– May 06, 2022

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Demand for cotton yarn dries up in south India after steep price rise

The steep rise in prices of cotton yarn this week has prompted weavers and handloom owners to suspend fresh buying due to uncertainty about fabric demand. As a result, there were negligible trading activities and prices of cotton yarn remained stable in Mumbai and Tiruppur markets today. Weavers are unsure about demand for fabric at very high prices.

A broker from Mumbai, BN Ladda told Fibre2Fashion, “Cotton yarn prices recorded increase of 4-5 per cent in southern market in last week, but fabric prices cannot be increased so high. It will take 2-3 months for appreciation of 4-5 per cent in fabric if the market sentiments remain positive.”

Cotton yarn prices remained stable in Mumbai market today. Mumbai and nearby textiles hubs are dependent on south India for cotton yarn supply. Steep price rise discouraged buyers. It is important to mention that Tamil Nadu and other south India based spinning mills had increased cotton yarn prices by up to ₹40 per kg. However, yarn markets had recorded price rise of ₹15-20 per kg which disrupted the entire value chain. Tiruppur based weaving and garment industry is planning for many days strike in third week of current month.

In Mumbai market, 60 count carded cotton yarn of warp and weft varieties were traded at ₹2,100-2,150 and ₹1,900-2,050 per 5 kg (GST extra) respectively. Carded cotton yarn (44/46 count) of warp variety was traded at ₹1,970-2,000 per 5 kg. 80 count carded cotton yarn of weft variety was sold at ₹2,100-2,150 per 4.5 kg. 40 count carded cotton yarn (warp) was sold at ₹361-367 per kg. 40 count combed yarn (warp) was priced at ₹405-425 per kg.

Cotton yarn prices remained stable in Tiruppur market also. Buyers adopted wait and watch approach as steep price rise in yarn cannot be passed on to the downstream industry. However, traders are expecting that after silence in this week, demand will improve in next week.

In Tiruppur market, 30 count combed cotton yarn was traded at ₹430-440 per kg (GST extra), 34 count combed at ₹440-445 per kg and 40 count combed at ₹470-470 per kg. Cotton yarn of 30 count carded was sold at ₹390-400 per kg, 34 count carded at ₹405-415 per kg and 40 count carded at ₹415-425 per kg, according to Fibre2Fashion's market insight tool TexPro.

In the global market, ZCE cotton yarn May 2022 futures traded down by CNY 795 to CNY 26,710 per ton and September 2022 traded lower by CNY 175 to CNY 27,740 per MT today. ZCE cotton May contract lost CNY 175 to CNY 21,700 per MT and September contract traded down by CNY 440 at CNY 21,490 per MT.

ICE cotton futures ended sharply lower on Thursday after scaling the highest level in over a decade in the last session, pressured by a stronger dollar and traders opting for profit booking. Cotton contracts for July were down 6 cents to 148.76 cents per lb. December contract traded at 126.33 cents per pound with loss of 3.34 cent.

In Gujarat, cotton prices dropped on Friday due to subdued demand and downfall in ICE cotton. The daily arrivals of cotton remained suspended. A grade cotton was traded at ₹95,000 to ₹95,500 per candy of 356 kg, B grade cotton at ₹94,000 to ₹95,000 per candy and average grade cotton at ₹93,000 to ₹94,000 per candy. V797 variety was quoted at ₹48,000 to ₹51,000 per candy.

Source: fibre2fashion.com– May 06, 2022

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Unemployment rate at 8.7 pc in Oct-Dec 2021: NSO survey

The unemployment rate for persons of 15 years and above in urban areas slipped to 8.7 per cent in October-December 2021 from 10.3 per cent in the year-ago quarter, showed a periodic labour force survey by the National Statistical Office (NSO).

Joblessness or unemployment rate (UR) is defined as the percentage of unemployed persons in the labour force.

Joblessness was high in October-December in 2020 mainly due to the staggering impact of the lockdown restrictions in the country, which were imposed to curb the spread of the deadly coronavirus.

The unemployment rate for persons of age 15 years and above in July-September 2021 was 9.8 per cent in urban areas, the 13th Periodic Labour Force Survey (PLFS) showed.

It also showed that the unemployment rate among females (aged 15 years and above) in urban areas also declined to 10.5 per cent in October-December 2021 from 13.1 per cent a year ago. It was 11.6 per cent in July-September 2021.

Among males, the unemployment rate in urban areas also dipped to 8.3 per cent in October-December 2021 compared to 9.5 per cent a year ago. It was 9.3 per cent in July-September 2021.

Labour force participation rate in CWS (current weekly status) in urban areas for persons 15 years of age and above remained unchanged at 47.3 per cent in the October-December quarter of 2021, compared to the same period a year ago. It was 46.9 per cent in July-September 2021.

Labour force refers to the part of the population which supplies or offers to supply labour for pursuing economic activities for the production of goods and services and therefore, includes both employed and unemployed persons.

NSO launched PLFS in April 2017. On the basis of PLFS, a quarterly bulletin is brought out giving estimates of labour force indicators namely unemployment rate, Worker Population Ratio (WPR), Labour Force

Participation Rate (LFPR), distribution of workers by broad status in employment and industry of work in Current Weekly Status (CWS).

The estimates of unemployed persons in CWS give an average picture of unemployment in a short period of seven days during the survey period.

In the CWS approach, a person is considered unemployed if he/she did not work even for one hour on any day during the week but sought or was available for work at least for one hour on any day during the period.

Labour force according to CWS is the number of persons either employed or unemployed on an average in a week preceding the date of the survey. LFPR is defined as the percentage of the population in the labour force.

WPR (in per cent) in CWS in urban areas for persons of age 15 years and above stood at 43.2 per cent in October-December 2021, up from 42.4 per cent in the same period a year ago. It was 42.3 per cent in July-September 2021.

Twelve quarterly bulletins corresponding to the quarter ending December 2018 to the quarter ending September 2021 have already been released. The present quarterly bulletin is the thirteenth in the series for the October-December 2021 quarter.

Source: financialexpress.com– May 06, 2022

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New Organic Cotton in India project aims to increase supply chain transparency

The new Organic Cotton in India project has signed up 10 brands and organisations as part of its goal to build a fair, environmentally friendly and economically viable organic cotton supply chain.

The initiative plans to deliver tangible benefits to at least 12,500 farmers converting to organic farming across India.

The companies signed up to take part in the project are committed to being part of this long-term farmer-focused initiative and include: Brands Fashion, C&A, Esprit, Formesse, GOTS, HAKRO, H&M Group, s.Oliver Group, Tchibo, and Fairtrade. The initiative starts its on-site implementation now and it will run until 2025. It is largely being financed by the 10 companies, however it is also being financially supported by the German Federal Ministry for Economic Cooperation and Development, which is where its co-partner, the Partnership for Sustainable Textiles (PST), is based.

PST, which has around 130 members from companies, associations, trade unions and the German Federal Government, says the ultimate aim is to achieve social, environmental and economic improvements in the ready-made garment sector.

Co-partner and fellow multi-stakeholder organisation Organic Cotton Accelerator (OCA), will share its established Farm Programme to give the participating farmers access to reliable non-GM (genetically modified) seeds, receive capacity building support on organic practices, and will provide long-term procurement commitments as well as better earnings through premiums.

The farmers will receive training on organic agronomic practices through OCA's Farm Programme, another programme dedicated to promoting decent working conditions will be developed and rolled out to all farmers. The aim is for thousands of hectares of farmland to be regenerated through organic practices, eliminating the use of synthetic fertilisers and pesticides, building long-term soil health, and increasing on-farm biodiversity for generations to come.

OCA, working through local farm groups or implementing partners, plans to support the Partnership Initiative's brand partners by connecting them to farm projects in various Indian regions. In return, the initiative partners will provide a sourcing commitment for both in-conversion cotton and certified organic cotton, including premiums to farmers (higher than the market price).

The OCA explains this support is welcomed by cotton farmers who want to transition from conventional to organic as the in-conversion process can take up to three years, and comes with challenges such as temporary drops in yield that require extra financial support.

OCA's executive director Bart Vollaard said: "Progressive targets for organic cotton sourcing are great, yet they need to be combined with tangible support to farmers, in particular those that are transitioning from conventional to organic agriculture. It is great to work with members of the Partnership for Sustainable Textiles who understand that they need to go the extra mile to realise their organic cotton ambitions and provide farmers with long-term commitments and better prices."

He goes on to explain the initiative helps to mobilise more support to farmers during the challenging phase of transitioning to organic practices and deepen the impact by a special focus on decent working conditions. He said: "This truly helps accelerate organic cotton's potential for positive impact."

Jürgen Janssen, head of the secretariat of the Partnership for Sustainable Textiles added: "The new Partnership Initiative has several positive effects; for the farmers, who earn more and receive greater security, for the textile companies and brands, who can purchase more organic cotton, and last but not least for the environment. It is also a good example of successful private-public financing: the companies bear more than three quarters of the costs, while the Federal Ministry for Economic Cooperation and Development finances the rest through two GIZ projects."

Source: just-style.com– May 06, 2022

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Consumer sentiments in India rise slowly: CMIE

The slow and steady pace of recovery of consumer sentiments in India since January 2022 continued into April, in which the index of consumer sentiments (ICS) rose by 3 per cent, according to the Centre for Monitoring Indian Economy (CMIE). This is similar to the low single-digit increases in the index seen since January this year, CMIE managing director Mahesh Vyas said.

The index had risen by 4 per cent in January, 5 per cent in February, 3.7 per cent in March and a lower 3 per cent in April. It is good to see a steady improvement in consumer sentiments month after month, but it is somewhat disquieting that the rate of improvement has been rather small and that it is getting smaller, Vyas, who is also the chief executive officer of CMIE, wrote on its website.

Rising inflation, creeping borrowing rates and elevated unemployment rates are weighing in on household sentiments. Perceptions of households regarding their current incomes and prospects of future incomes remain muted compared to the perceptions before the lockdown shock, he wrote.

As the Russia-Ukraine war keeps commodity prices high and central banks react to the prospects of higher inflation, in the coming months, the expectation is that inflation will remain high and interest rates will rise and employment growth will remain muted, he said, adding it is likely therefore that growth in consumer sentiments may be restricted to the current low single-digit levels.

In April this year, 12.2 per cent of Indian households reported an increase in incomes compared to a year ago. This is close to the average proportion of households reporting an increase in income in recent months. The proportion of households reporting higher income since February 2022 has bumped up to a significantly higher level than the levels seen before. Similarly, there is a fall in the proportion of households who report a fall in their incomes, Vyas wrote. Only 11.2 per cent believe it will do better over the next year and only 11.6 per cent believe it will do consistently well during the next five years, he added.

Source: fibre2fashion.com– May 06, 2022

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Watch | What happened to the Benarasi silk weavers?

Mohammad Sirajuddin is one of the last few artisans in Varanasi who weave Banarasi silk saris by hand.

Industry-made alternatives and cheap imports from China have endangered his livelihood. Banarasi saris are known for their intricate patterns, floral designs and radiant golden brocades.

They derive their name from the city's ancient name- Benaras. These saris are widely popular and are sold for a hefty price in the market. But the cost of inputs and cuts taken by middlemen leave little for the weavers.

Sirajuddin says his family tradition of weaving the sarees by hand would continue only as long as he is alive. All of his neighbours have already switched to electric looms for their garments.

The saris made on the electric loom lack the subtlety of hand-woven textiles and are sold for half their price. But, they take a fraction of the time to finish. India textile trade has historically been a cottage industry. But it has gone through a series of ups and downs.

During the 18th century, European settlers flooded India with cheaper textiles made in their factories. This shrunk the market for hand-woven garments made by Indian weavers.

A few years post-independence, local handicrafts were shielded from the international market. However, the 1991 economic reforms opened the country to cheap goods yet again.

Local Indian weavers could not compete with Chinese yarn and fabrics. The economic recession post the Covid-19 pandemic has also added to the weaver's problems.

Experts say local weavers need urgent protection to preserve this tradition that could otherwise disappear.

Source: thehindu.com– May 06, 2022

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Rupee hits all-time low; foreign exchange reserves below $600 billion

Rupee slipped to 76.97/$ during intra-day deals on Friday, hitting its all-time low before rebounding following a possible intervention by the Reserve Bank of India (RBI). The country's foreign exchange reserves, too, dropped to $598 billion for the week ended April 29, down from its all-time high of $642 billion in the week ended September 3, 2021, latest RBI data showed.

The rupee ended the day at 76.93/$, dropping 67 paisa or 0.87 per cent from its previous close. The rupee opened weaker on Friday, at 76.64/$ as compared to previous close of 76.26, in the wake of sharp fall in US equities as the treasury yields moved up with investors rushing for safe haven assets resulting in strengthening of dollar. Crude prices retreating to around $110/bbl added pressure on rupee as the country imports more than 80 per cent of its oil requirements.

The previous all-time low was on March 7 when rupee ended at 76.97/$.

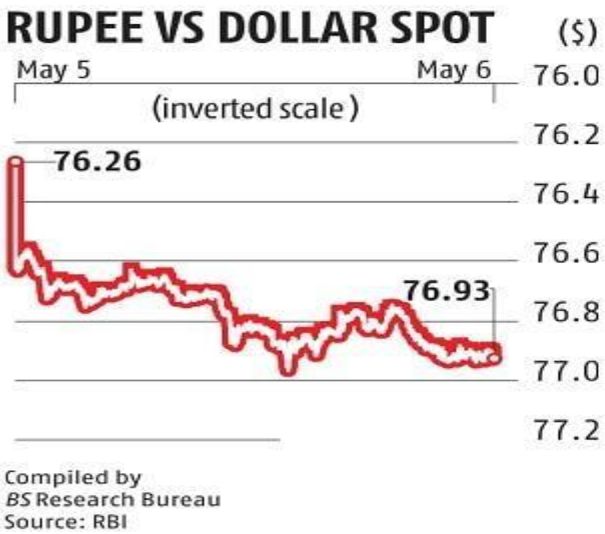
"As the world markets got spooked up due to a forecast of 10 per cent inflation by the Bank of England, dollar index rose from 102.5 to 104.06, Asian currencies were all down against the dollar, equities fell and news of frauds at Axis Mutual fund kept dollar rupee at 76.9 levels near its all-time low after it touched 76 yesterday (Thursday)," said Anil Kumar Bhansali, head of treasury, Finrex Treasury Advisors.

Rupee has depreciated 1.5 per cent in the current financial year.

"The RBI was there protecting the depreciation of rupee though on a low-key between 76.7 and 76.95 levels. FIIs remained the main buyers of dollars apart from oil companies, as oil hovered around $113 a barrel," Bhansali said.

The RBI has been intervening aggressively in the foreign exchange markets by selling dollars, which resulted in the foreign exchange reserves dip.

"The RBI has been using reserves as ammunition to arrest rupee fall," said Abhiskek Goenka, founder and CEO, IFA Global.



In 2022, foreign exchange reserves depleted by $36 billion. "We feel at one point, the RBI will have to let the rupee depreciate since losing reserves continuously is not an option in these volatile times. During Covid, we could fight since we were consistently increasing reserves and oil was at an all-time low but now it's vice-versa," Goenka said.

With trade deficit widening, analysts predict the country is heading for a double-digit deficit in balance of payments for the current financial year, which is a negative for the Indian unit. An analysis by Standard Chartered Bank economists showed import and export values had both reverted to — or exceeded — pre-Covid levels as of end-FY22.

"We expect a current account deficit of 2.5 per cent of GDP and a BoP deficit of $10bn in FY23, see risk of wider deficits," the Standard Chartered report said. The rupee could breach the 77/$-mark if investors continue to rush to safe haven assets amid expected widening of India's current account and the RBI's limitations to intervene in the currency market.

"Rupee fell to the lowest level since March 2022 as the broad strength in the dollar continued to weigh on major crosses. We expect the USDINR (Spot) to trade sideways with a positive bias and quote in the range of 76.4 and 77.2," said Gaurang Somaiya, forex & bullion analyst, Motilal Oswal Financial Services.

Source: business-standard.com– May 07, 2022

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