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TEXPROCIL NEWS CLIPPINGS

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NEWS CLIPPINGS

Currency Watch	
USD	77.62
EUR	81.54
GBP	94.67
JPY	0.60

NATIONAL NEWS	
No	**Topics**
1	TEXPROCIL appeals to Govt to intervene to control high input costs
2	India-UK FTA draft treaty advanced in majority of chapters
3	RBI may 'kill excess demand' in economy in six-eight months
4	SIMA calls for united approach by textile value chain to manage raw material crisis
5	Shri Narayan Rane Inaugurates Center of Excellence for Khadi at NIFT, Delhi
6	Biz in fast drive: Govt mulls industrial hubs along e-ways
7	Inflation-brace for aftershocks
8	Govt meets stakeholders today as industry seeks ban on cotton exports
9	Tamil Nadu has the potential to increase exports manifold, says Chief Minister
10	Demand slump mars exporters' gain
11	Tirupur knitwear exporters knock at banks' doors to tide over funds crunch
12	Gujarat: Spinners cut cotton procurement by 50%
13	Expensive cotton drives PC yarn prices in north India
14	Power crisis cripples textile production in north and west India
15	Subsidy for mid-sized powerloom units restored
16	Welspun's home textiles business crosses $1 bn mark in FY22

INTERNATIONAL NEWS

Did Japanese yen' s depreciation affect Japan' s textile and apparel imports?

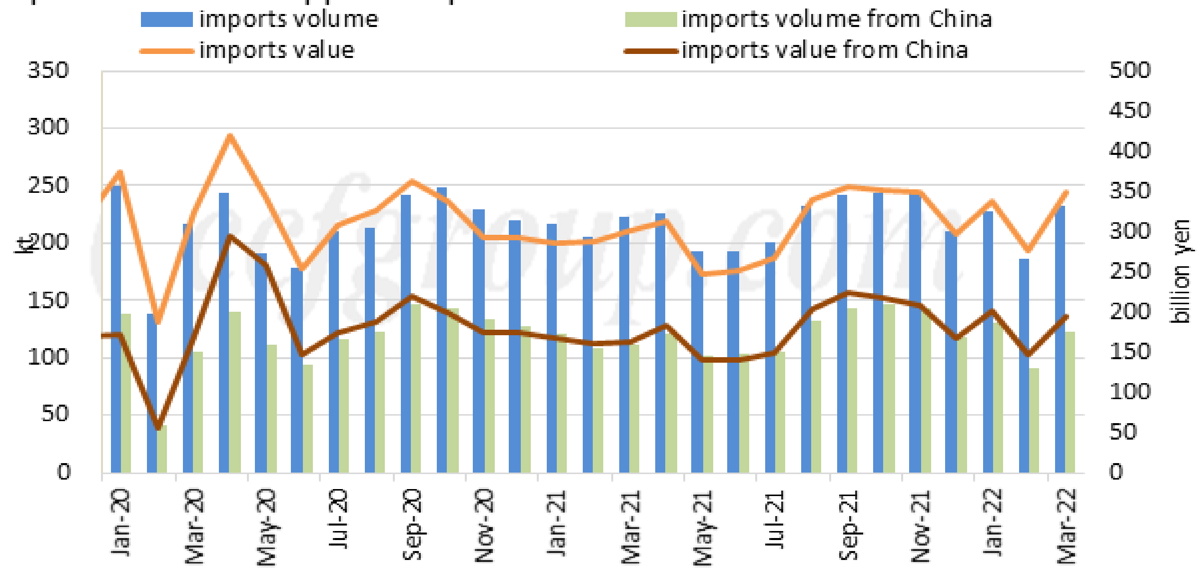
Japanese yen has depreciated sharply since the conflict between Russia and Ukraine, falling by more than 13% in less than two months. US dollar against the yen has broken through 130, the lowest since 2002.

The sharp depreciation of the yen is mainly due to three reasons. Firstly, the United States raised interest rates. Since March, the Fed has begun the cycle of raising interest rates, the US dollar has strengthened sharply, and interest-rate differential between Japan and the US has widened, causing the market to sell yen for dollars and a substantial outflow of capital out of Japan. The second reason is that Japan adheres to a loose monetary policy. Japan's economy has been stagnant over the past 30 years, with an average annual real GDP growth rate of only 0.97%. Since the COVID-19 pandemic in 2020, there has been a serious negative growth.

The economy has been repaired by loose monetary policy and fiscal stimulus, which makes the Japanese government too dependent on low interest rate monetary policy. Thirdly, high commodity prices and global economy downturn have led to a rise in the price of imported resources, while demand for exports has shrunk, and Japan has been running a trade deficit for months. This has led to a decline in global capital confidence in the Japanese economy and capital outflows.

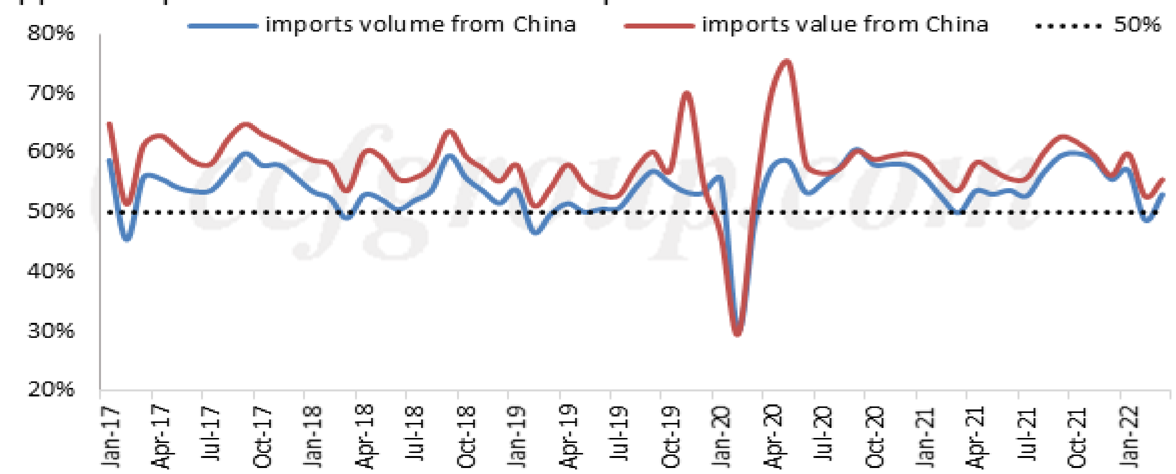
Because Japan is an export-oriented country, the depreciation of the yen is conducive to the export of Japanese products, but the relative price of imports is more expensive.

Japan's textile and apparel imports and those from China



The latest data showed that the volume and value of Japan’s textile and apparel imports in Feb slipped month-on-month and year-on-year due to seasonal reasons. During the Chinese Lunar New Year in February, logistics and transportation decreased greatly. The seasonality of textile and apparel consumption in Japan was similar to that in China. The main sales discount seasons in Japan were in November and December, including Black Friday and Christmas. Japanese New year is in January, and there are usually a few days off. After the peak consumption season in the fourth quarter, January is often the time for Japanese merchants to replenish their stocks.

Proportion of import volume and value of Japan's textile and apparel imported from China in total imports



Japan's textile and apparel imports in Feb totaled 277.41billion yen, down 3.4% from the same period last year, of which imports from China were 146billion yen, down 8.8% from the same period last year. Japan's apparel imports totaled 197.3billion yen, down 6.2% from the same period last year, of which imports from China were 104billion yen, down 10.6% from the same period last year.

Japan's textile and apparel imports in Mar totaled 349.36billion yen, up 15.9% from the same period last year and 25.9% month-on-month. Japan's apparel imports totaled 247.7billion yen, up 15.2% and 25.6% year-on-year and month-on-month, of which imports from China were 193.93billion yen, up 19.8% and 32.8% year-on-year and month-on-month.

Source: ccfgroup.com– May 12, 2022

HOME

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USA: Retail Apparel Prices Follow April's Easing Inflation

Retail apparel prices fell a seasonally adjusted 0.8 percent in April, ending a string of six consecutive increases, but were still up an unadjusted 5.4 percent from a year earlier, the U.S. Bureau of Labor Statistics (BLS) revealed Wednesday in its Consumer Price Index (CPI).

Women's apparel prices dipped 1 percent, while men's tags inched up 0.3 percent. Prices for boys' clothing rose 0.2 percent, while girls fell 0.5 percent and the cost of infants' and toddlers' apparel declined 0.7 percent.

In men's wear, prices increased 6.6 percent in suits, sport coats and outerwear, while the cost declined 1.9 percent for pants and shorts, 1.3 percent in the underwear, nightwear, swimwear and accessories group, and 0.9 percent for shirts and sweaters.

In women's wear, prices were down 2.3 percent for suits and separates and 0.9 percent for the underwear, nightwear, swimwear and accessories group, while costs rose 0.7 percent for dresses and 0.4 percent for outerwear.

Retail footwear prices fell 1.3 percent in April, as men's were down 1.4 percent and boys' and girls' clothing prices declined 1.4 percent, while women's footwear prices inched up 0.1 percent.

The CPI for household furnishings and supplies rose 0.5 percent in the month and was up 10.6 percent from April 2021. Within the category, prices for furniture and bedding increased 1.5 percent in April and 15 percent from a year earlier.

While soft goods prices increases eased off somewhat in April, they could pop back up based on raw material price trends.

U.S. spot cotton prices averaged $1.45 cents per pound for the week ended May 5, the highest weekly average since the week ending June 16, 2011, when the average was 150.43 cents, according to the U.S. Department of Agriculture. The weekly average was up from $1.34 last week and from 84.03 cents a year earlier.

Online inflation and e-commerce data from the Adobe Digital Price Index (DPI), powered by Adobe Analytics, showed online prices increased 2.9 percent year-over-year, down from the record year-over-year 3.6 percent rise in March, and decreased 0.5 percent for the month.

Adobe said while this marks the 23rd consecutive month of year-over-year online inflation, April showed early signs of online price increases beginning to slow. Over half of the categories tracked by the Adobe DPI saw price decreases in April compared to March.

Prices for online apparel fell 1.7 percent in April, but increased 12.3 percent for the 12-month period. Adobe noted that although this is the highest year-over-year increase of any category, it is down from recent highs of 16.3 percent in March and 16.7 percent in February.

The overall CPI increased 0.3 percent in April on a seasonally adjusted basis after rising 1.2 percent in March, BLS reported. Over the last 12 months, the CPI was up an unadjusted 8.3 percent.

The core index, minus food and energy, rose 0.6 percent in April following a 0.3 percent gain in March. Indexes for shelter, airline fares, new vehicles, medical care, recreation, and household furnishings and operations all contributed to the increased in April, outweighing declined in apparel, communication, and used cars and trucks.

“While it is heartening to see that annual inflation moderated in April, the fact remains that inflation is unacceptably high,” President Biden said. “Inflation is a challenge for families across the country and bringing it down is my top economic priority.

This starts with the Federal Reserve, which plays a primary role in fighting inflation in our country…While I will never interfere with the Fed’s independence, I believe we have built a strong economy and a strong labor market, and I agree with what Chairman Powell said last week that the number one threat to that strength is inflation. I am confident the Fed will do its job with that in mind.”

Biden said beyond the Fed, his inflation plan is focused on lowering the costs that families face and lowering the federal deficit, noting that the Congressional Budget Office reported that the federal budget deficit in the first seven months of this fiscal year fell $1.5 trillion. The CBO also confirmed that the budget deficit so far this year is lower than it was during the same period in 2019, before the pandemic began.

The president called on Congress to pass the bipartisan innovation bill to bolster U.S. supply chains and make more in America, along with legislation that cuts costs and cuts the deficit, reducing families' prescription drug and utility bills and restoring fairness to the tax code.

Tim Drayson, chief U.S. economist for global asset manager Legal & General Investment Management, agreed that the Fed's best chance to meet its inflation target without a recession is if goods prices fall rapidly.

"It should help that used car prices are easing back, but the overall outlook is very uncertain," Drayson said. "Other rises in goods price should begin to slow as inventories recover, yet with elevated commodity prices and additional supply chain disruptions, prices are unlikely to actually decline."

The CPI rose 8.3 percent for the year through April, a smaller increase than the 8.5 percent figure for the period ending in March. The energy index was up 30.3 percent over the last year and the food index increased 9.4 percent, the largest 12-month increase since the period ending April 1981.

The energy index, important for business operations and logistics, declined 2.7 percent in April after rising 11 percent in March. The gasoline index fell 6.1 percent after increasing 18.3 percent the prior month. The other major energy component indexes increased in April–natural gas rose 3.1 percent and electricity increased 0.7 percent.

Source: sourcingjournal.com– May 11, 2022

HOME

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China expected to meet annual growth target in 2022: Experts

China is expected to meet its 2022 annual growth target of around 5.5 per cent with the help of government measures to control COVID-19 and stabilise market expectations, according to economists and experts, who recently said the country has plenty of policy tools to stabilise the overall economy, while the impact of outbreaks is likely to be temporary.

Citing China's faster-than-expected 4.8 per cent year-on-year (YoY) growth in the first quarter, they said there still exists a gap between first-quarter growth and the country's annual growth target, calling for more steps to accelerate macroeconomic policy support, especially for hard-hit enterprises and sectors, an official Chinese media outlet reported.

Compared with major economies, China reported higher GDP growth with lower inflation in the first quarter, demonstrating robust economic resilience despite downward pressures, said Wang Yiming, vice chairman of the China Centre for International Economic Exchanges.

Wang said at a recent seminar on the country’s economic situation in Beijing that while China witnessed sustainable industrial growth, rising investment demand and strong innovation momentum in the first quarter, the growth of major economic indicators have slowed since March because of the COVID-19 cases and the Russia-Ukraine conflict.

With many market entities like micro and small businesses facing difficulties and mounting pressures, he said, more efforts should be made to actively respond to the concerns of those entities to stabilise market expectations and provide stronger macroeconomic policy adjustments to stabilise the economy.

Considering the strong resilience of the economy and China's ample tools, Liu Qiao, dean of the Guanghua School of Management at Peking University, believes China has the confidence to meet its annual growth target of around 5.5 per cent this year.

Sang Baichuan, dean of the Institute of International Economy at the University of International Business and Economics, said China's economy will remain in the process of recovery this year while facing pressures from the COVID-19 pandemic, geopolitical tensions and monetary policy adjustments in the United States and Europe.

A new survey released by the European Union Chamber of Commerce in China and Roland Berger consultancy showed China's domestic COVID-19 cases and the Russia-Ukraine crisis are creating severe challenges to European business operations.

The survey said 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.

Vice minister of commerce Sheng Qiuping said that given challenges in the foreign trade sector, the ministry of commerce will work to safeguard smooth logistics and production activities, improve financial support and encourage new business forms, such as cross-border commerce.

China's consumption market will further expand, as the country has 1.4 billion people, including 400 million middle-income earners, he added.

Source: fibre2fashion.com– May 11, 2022

HOME

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90% consumers want cotton in more products: Cotton Inc survey

Comfort, durability, versatility, environmental-friendliness are some of the benefits that come to consumers' minds when thinking about cotton, according to Cotton Incorporated's latest Supply Chain Insight – All About Cotton – that offers insights on consumers' perceptions of cotton and clothing made of cotton. Close to 90 per cent of the consumers wish cotton were in more products.

Consumers choose cotton and cotton blends as 67 per cent said that it is best suited for today's fashion and close to 74 per cent of the surveyed consumers said it was their favourite fibre. About 96 per cent of the consumers said that cotton feels safe, according to the survey.

When asked to describe the products made with cotton, 83 per cent said they were comfortable, 76 per cent said they were functional and work well, 72 per cent said they are of high quality and 71 per cent described cotton products as durable and long-lasting.

The most favoured products made of cotton according to the survey are T-shirts (86 per cent), bed sheets (82 per cent), socks (82 per cent), dress shirts (63 per cent) and children's clothes (63 per cent).

Source: fibre2fashion.com– May 11, 2022

HOME

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Pakistan: Ministry proposes revision of seed cotton intervention price

The proposal also aimed at reviving cotton production in the country, bring stability in domestic market and assure fair return to the farmers for their produces, said an senior official in the Ministry of National Food Security and Research.

Talking to APP here on Wednesday, he said that the ministry has also proposed for constituting a Cotton Price Review Committee (CPRC) with mandate to review market prices and propose intervention at fortnightly bases.

He said that the proposals would be submitted in the meeting of Economic Coordination Committee (ECC) of Cabinet for approval that would help to develop and promote declining major cash crop for achieving sustainable agriculture development and prosperity of the farming communities across the crop sowing areas in the country.

The CPRC would regularly monitor the cotton prices in the main domestic markets of Punjab and Sindh, as well as those in the international markets and issue a brief price report at weekly interval, he said adding that under the suggested framework, the Trading Corporation of Pakistan (TCP) would intervene to buy up to 2 million bales of lint cotton on the pre-determined price based of Rs. 6,000 per 40kg, he said adding that it would help to ensure fair rate of return to farmers.

He further informed that price intervention policy during last year (2021-22) resulted in price stability in domestic market and fair investment in crop management, he said adding that it also resulted in 2 million bales additional production despite that the area under crop production declined by 7%.

He told that the country has potential to produce 20 million bales in short period of time, if historic cotton area re-gained; farmers supported with appropriate technology and ensured a fair price.

Source: brecorder.com– May 12, 2022

HOME

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Bangladesh leads US' apparel imports in Q1FY'22: OTEXA

In the first quarter of 2022, the US' imported 24.72 per cent more apparels from Bangladesh and Indonesia, as against the same period last year, says latest Commerce Department's Office of Textiles and Apparels (OTEXA) figures.

As per a Sourcing Journal report, the country imported 50.12 per cent more apparels from Bangladesh totaling 0909 million SME during the quarter. It's shipments from Indonesia surged by 46.83 per cent to 376 million SME.

Imports grow despite tariffs, production hurdles

Compared to a year ago, US' apparel imports from China increased 25.64 per cent to 2.85 billion SME from January to March as against last year. Growth was achieved despite ongoing tariffs and diversification of sourcing from China. The US government is striving hard to introduce a feasible tariff exclusion process for exporters, says Steve Lamar, President and CEO, American Apparel & Footwear Association (AAFA). Overcoming production hurdles, Vietnam shipped 18.11 per cent more goods in the first quarter Y-o-Y to reach 1.36 billion SME.

Shipments from India also rose by 34.24 per cent during the quarter to 415 million SME, while imports from Cambodia grew 14.98 per cent to 371 million SME. The US also imported 22.59 per cent more garments from Pakistan totaling 257 million SME during the quarter.

Nearshoring fuels interest from Central America, Western Hemisphere

Exports from other suppliers also benefited from the nearshoring during the quarter. Mexico's exports went up 11.87 per cent to 214 million SME, while from Western Hemisphere neighbors Honduras and El Salvador saw a jump of 9.21 per cent to 212 million SME and 7.41 per cent to 164 million SME, respectively.

Facilitated by the Central American Free Trade Agreement, interest in the Central American apparel industry also grew. However, the region lacks sufficient investment opportunities. To push up investments AAFA has launched a coalition to engage stakeholders and policymakers to find ways to incentivize investments, says Lamar.

New investments to boost economic development in the region

Hosted by Jose Fernandez, US Under Secretary of State for Economic Growth, Energy and Environment, a recent meeting between the National Council of Textile Organizations (NCTO) and regional textile industry associations attracted US and Central American textile and apparel executives and investors who discussed trade policies supporting economic development in the region.

To boost economic opportunities in the region, the textile industry has invested over $20 billion in the US, informed Kim Glass, President and CEO, NCTO. It has also invested billions of dollars in the western hemisphere over the last decade.

ThinkHUGE (Honduras, USA, Guatemala, El Salvador) also announced $340 million investments in textiles and $680 million investments in renewable energy production in the region.

The initiative aims to attract investments worth $10 billion in these four countries over five years. It also aims to to create 500,000 direct and 1.5 million indirect jobs. It has already attracted $1.9 billion in new investments that would help create an estimated 160,000 jobs.

Source: fashionatingworld.com– May 11, 2022

HOME

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Pakistan: 'No change in trade policy with India'

The development has triggered speculations that the new government had decided to restore bilateral trade with India that has remained suspended since August 2019 when New Delhi revoked the special status of the disputed Jammu and Kashmir region.

"There is no change in Pakistan's policy on trade with India," a statement issued by the commerce ministry said.

The statement said the ministry managed 57 trade missions in 46 countries which includes the post of minister (trade and investment) in New Delhi.

"The post in New Delhi exists for more than two decades and has no connection with the operationalisation of trade with India or otherwise in the current context," it explained.

It further noted that the current cycle for selection of Trade and Investment Officers (TIOs) including for New Delhi was initiated in December 2021 and the final recommendations of the interview board were sent to the Prime Minister's Office on April 1, i.e. during the previous government's term.

The incumbent government has given the final approval to the recommendations of the previous regime for the selection of 15 TIOs.

The appointment, therefore, may not be seen in the context of any relaxation of trade restrictions with India.

Pakistan suspended bilateral trade with India as part of a series of measures to downgrade ties with the neighbouring country after the Narendra Modi government unilaterally changed the special status of the disputed Kashmir region.

The government of former prime minister Imran Khan at one point did consider partially restoring bilateral trade with India as a result of back-channel diplomacy, which led to the renewal of ceasefire understanding along the Line of Control (LoC). The truce was renewed in February 2021 and is still holding.

As part of the confidence-building measures, the two sides were to gradually restore bilateral trade and Imran Khan, as in charge of the commerce ministry, did give a go-ahead to import sugar and cotton from India. The Economic Coordination Committee (ECC) also approved the decision but the federal cabinet blocked it fearing the public backlash.

The development is believed to have been seen as a setback to back-channel efforts seeking rapprochement between the two nuclear-armed neighbours.

In April, Prime Minister Shehbaz Sharif and his Indian counterpart exchanged letters and expressed the desire to engage but both put forward their respective conditions. Modi brought up the issue of alleged cross border terrorism while Shehbaz emphasised the resolution of the longstanding Kashmir dispute in order to normalise ties.

Given the uncertain political situation and coalition government, prospects of any major or visible breakthrough in the ties between Pakistan and India remain slim.

Source: tribune.com.pk – May 11, 2022

HOME

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NATIONAL NEWS

TEXPROCIL appeals to Govt to intervene to control high input costs

Prices of all varieties of raw cotton, which is a major raw-material for textiles & clothing products, has increased sharply since the last many months.

"The steep increase in the prices of raw cotton is a matter of deep concern for the entire value chain of cotton textiles such as home textiles and fabrics as it makes them uncompetitive in the export markets" said Shri Manoj Patodia, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL).

As a result of the high raw cotton prices production costs for large , medium and small exporters have gone up to such an extent that export orders taken a few months back or earlier could now be executed only at a loss, pointed out Shri Patodia.

The Chairman, TEXPROCIL urged the Government to intervene in this matter urgently so that prices of raw materials remain stable and exporters of value added segments like home textiles and fabrics can take a long term perspective while negotiating export orders.

Source: up18news.com – May 11, 2022

HOME

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India-UK FTA draft treaty advanced in majority of chapters

The Free Trade Agreement (FTA) negotiations between India and the UK have resulted in the draft treaty text advancing across the majority of chapters at the end of the third round of talks, the British government said on Wednesday.

The Department for International Trade (DIT) issued a "Joint Outcome Statement" at the end of the latest round of technical talks between the negotiators on both sides, which was held in New Delhi in a hybrid fashion.

The experts held 60 separate sessions in-person and virtually to cover 23 policy areas, with the fourth round of talks now scheduled to be hosted by the UK next month.

"On 6 May 2022, the Republic of India and the United Kingdom concluded the third round of talks for an India-UK Free Trade Agreement (FTA)," the statement read.

"Negotiation officials undertook these technical talks in a hybrid fashion - with some of the teams meeting in New Delhi and the majority joining virtually. For this round of negotiations, draft treaty text was advanced across the majority of chapters. Technical experts from both sides came together for discussions in 60 separate sessions covering 23 policy areas," it said.

In the first two rounds since the FTA talks began in January, four out of 26 chapters have already been agreed upon and those close to the negotiations said that there had been "significant progress" in the remaining 22 chapters.

During his visit to India last month, British Prime Minister Boris Johnson had announced that the negotiating teams on both sides must work towards a Diwali timeline for the completion of a draft agreement. The new target of October 24 brings forward from the previous timeline of concluding FTA talks by the end of this year.

"This could double our trade and investment by the end of the decade, driving down prices for consumers, and increasing wages across the UK by as much as GBP 3 billion," Johnson said at the time.

Indian High Commissioner to the UK Gaitri Issar Kumar has said that officials have been working round-the-clock towards the deadline and Minister of Commerce and Industry Piyush Goyal is also scheduled for a UK visit at the end of this month to hold discussions with stakeholders to move things along.

"The minister is leading the negotiations on the Indian side on achieving the target of doubling our bilateral trade by 2030," said Kumar, with reference to the ministerial visit planned for May 27.

"He has offered to come to London and speak to explain what's in store for both sides at a roundtable, where stakeholders from business and industry will get an opportunity to weigh in where necessary. So far, the feedback from the Chief Negotiators is that things are very cordial and going in the right direction," she said.

Earlier this week, a new UK India Industry Taskforce was also announced by the industry bodies on both sides as a joint commission to increase cross-industry collaboration to push the UK-India FTA over the line.

The Confederation of British Industry (CBI) and Confederation of Indian Industry (CII) say their Taskforce will provide oversight and meet ahead of key milestones to reflect views on trade-offs, breakdown barriers to market access and help feed in on-the-ground business intelligence at a ministerial level in both countries.

Source: economictimes.com– May 11, 2022

HOME

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RBI may 'kill excess demand' in economy in six-eight months

With inflation remaining at elevated levels, central banks around the world, including the Reserve Bank of India (RBI), will kill excess demand in economy over the next six to eight months, sources in the know said. They also indicated that there could be a rate hike in June, when the inflation forecast for the current financial year would be raised.

The RBI, the sources said, might announce more steps such as raising the limit on held-to-maturity (HTM) bonds to support government borrowings but might not come out with any further quantitative easing GSAP (Government Securities Acquisition Programme) measures.

The RBI will "certainly" raise the inflation forecast again in June, as it did not want to do it in the off-cycle emergency meeting held earlier this month, said the sources. The sources did not give details on how much the inflation forecast would be raised but said the RBI's current view trailed the International Monetary Fund's projection of 6.1 per cent for India.

In April, the RBI raised its inflation forecast for the current fiscal year to 5.7 per cent, 120 bps above its projection in February, while cutting its economic growth forecast to 7.2 per cent for FY23 from 7.8 per cent. The next meeting of the Monetary Policy Committee (MPC) is scheduled for June 6-8.

"The MPC did an off-cycle hike as it did not want to bunch off a big hike in just two meetings in June and August. They wanted to spread it (out)," one of the sources cited above said.

According to the sources, all reductions in the policy rate taken by the MPC since Covid-induced lockdowns were announced in 2020 would ultimately be withdrawn, but the timing has not been decided yet. "It may take one year, it may take two years, but ultimately these have to be withdrawn," said the source.

Earlier it was hoped that these cuts would be withdrawn in a laidback manner because the economy was not doing well. However, higher-than-expected inflation forced the RBI to hike the policy rate by 40 basis points outside the scheduled meeting. The sources said the MPC was not resorting to any extraordinary steps but was just reversing the measures announced to fight the decelerating economic growth during the pandemic.

They said all central banks were now going to drive their economy towards a decline in demand. “Whatever little demand there was will be killed and whatever little support inflation was getting will be killed,” said one of the sources.

They also attributed inflation to supply-side concerns. While supply disruptions have been there for quite some, the constraints have worsened. Now central banks are forced to act in some sense, they said.

The fear is that if inflation stays above the tolerance level for too long, it will enter into all the other things -- rents, wages, transport costs, and you can't do anything about it. Typically, what central banks do is to nip it in the bud, they said.

On further measures, one of the sources said, “We have already offered HTM from our side. We said you can hold more and more securities with HTM, there is no price risk or interest risk. More (measures) will come out. Of course, the kind of support we gave to the market in February through GSAP is not possible now.”

The RBI increased the limit for keeping specified securities in the HTM portfolio from 22 per cent to 23 per cent.

The increase in the HTM limit by 1 percentage point could create an additional headroom of Rs 1.6-1.7 trillion for banks. Banks can hold government securities without marking them to the market when yields are rising and prevent losses. This can improve the appetite of banks for government securities and facilitate the large borrowing programme of the central and state governments while moderating the rising yields.

Explanatory letter to the government

If retail inflation remains above 6 per cent, the RBI, and not the MPC, will have to write a publicly available letter to the government. If that happens, the sources said, the RBI will give the reasons such as the Russia-Ukraine war and supply disruptions.

Second, the RBI will have to tell the government its strategy to fight inflation. The RBI will say it will use a sledgehammer, the sources added.

Third, the RBI will have to give a time period by when inflation will be brought below 6 per cent. Sources said if the RBI gives a time period of, say, six months, it will mean that it will use more sledgehammer.

When asked whether RBI will blame the government's expansionary fiscal policies for abetting inflation in its letter, they said it is not fair to say that the government didn't do anything to stop the surge in prices.

Forex reserves

Foreign exchange reserves, which have fallen below $600 billion for the first time in a year, causing some concerns, will again show a jump next week, reliable sources said. They said the decline in forex reserves was not due to the RBI's intervention in the market to support the rupee, but due to valuation losses.

Forex reserves fell by $2.695 billion to $597.728 billion for the week ended April 29. This was the eighth consecutive week of decline in forex reserves. The last time the reserves fell below the $600-billion mark was during the week ended May 28, 2021.

Sources said the data to be released on this Friday may also show a decline in forex reserves. However, the one that will come next week will show significantly higher reserves due to taking delivery by the RBI in its war chest of forwards. This is reflected with a lag.

They said the RBI's intervention is not so big to cause such a fall in the reserves. The dollar has appreciated against currencies of advanced economies. So that has caused losses in terms of non-dollar assets, they explained. They hoped that there would soon be a reversal of this currency valuation.

So far as intervention is concerned, the RBI was in the forex market even on Wednesday for the third consecutive day to smoothen the exchange rate movement. They said the RBI is not concerned about any level of the rupee but there should not be any jerky movements.

Stagflation

Sources quoted Mohamed El-Erian, president, Queens' College, Cambridge University and chief economic adviser at Allianz, as saying that stagflation has already transitioned from risk scenario to base scenario.

Stagflation is globally upon us, they said. Even the world's most powerful central bank has no tool against stagflation. Let us pray stagflation does not come to India, sources said.

Source: business-standard.com– May 12, 2022

HOME

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SIMA calls for united approach by textile value chain to manage raw material crisis

Ravi Sam, Chairman of Southern India Mills Association (SIMA), has appealed to all stakeholders in the textile value chain to stand united and adopt a win-win strategy to mitigate the grave crisis of high raw material prices.

Some segments of the value chain were seeking short-term policy decisions such as ban or quantitative restrictions on cotton and yarn exports.

"Any negative step or short-sighted policy would cause irreparable damage to the highly capital intensive spinning sector that is already saddled with 35% of spinning machines that are more than 15 years old and it might force the downstream sectors to become import dependent," he said.

The spot cotton prices of Gujarat Shankar-6 variety that prevailed at ₹ 76,600 per candy during the beginning of March was now sold at ₹ 99,000. The cotton yarn price (40s Red label combed compact hosiery yarn) was at ₹ 411 a kg earlier and was now ₹ 481 a kg.

To produce the 40s RL yarn, spinning mills incurred ₹ 502 a kg with zero profit as against the current price level of ₹ 481 a kg.

The SIMA had urged the textile mills to extend full support to the downstream sectors by shouldering the increase in cotton price to the maximum possible extent.

Indian spinners so far contracted over 10 lakh bales of cotton for import, after the government withdrew the import duty. Cotton prices might soften when the imported cotton and domestic summer cotton were available.

The industry should unitedly appeal to the Government to extend the period of import duty removal beyond September 30.

Source: thehindu.com– May 11, 2022

HOME

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Shri Narayan Rane Inaugurates Center of Excellence for Khadi at NIFT, Delhi

Seeking to make Khadi trendier by diversifying its fabrics and clothing line and up-skilling the Khadi Institutions to upgrade the quality standards, Khadi and Village Industries Commission has collaborated with National Institute of Fashion Technology (NIFT) to set up Centre of Excellence for Khadi (CoEK).

The CoEK hub in New Delhi and its spokes in Gandhinagar, Shillong, Kolkata and Bengaluru were inaugurated by Union Minister of MSME, Shri Narayan Rane, at NIFT Campus in New Delhi . The Minister also launched the CoEK website where the latest design and technology interventions will be uploaded for usage of the Khadi Institutions.

Speaking on the occasion Shri Rane said Khadi has a big responsibility of contributing to nation's development and fulfilling the goal of "Aatmanirbhar Bharat" and, at the same time, the designers have the responsibility of introducing new designs in Khadi and making it appealing for the youths. "There is a need to assess the popularity of Khadi as compared to other leading players in the Indian fashion industry. Our designers must introduce such appealing designs in Khadi that people are tempted to buy Khadi as much they buy other clothing," he said.

Minister of State for MSME, Shri Bhanu Pratap Singh Verma, Minister of State for Textiles, Smt. Darshana Vikram Jardosh, Secretary MSME, Shri BB Swain and Secretary Textiles, Shri UP Singh were also present on the occasion.

Chairman KVIC, Shri Vinai Kumar Saxena congratulated the entire team of KVIC and NIFT for setting up the CoEK and said it would contribute significantly in making Khadi trendier and globally popular.

An MoU, for setting up of CoEK, was signed between KVIC and NIFT last year and the project will be implemented over a period of 3 years. The CoEK will work to introduce the latest designs and adopt processes of international standards to create new fabrics and clothing as per the needs of the domestic and global buyers. The CoEK will also upskill the Khadi Institutions to introduce new designs and techniques in the manufacturing process to diversify Khadi's product line.

In addition to this, the CoEK will also contribute to branding and publicity, visual merchandising and packaging for new Khadi products and increasing the global reach of Khadi by organizing Khadi Fashion shows and exhibitions in India and abroad. The new contemporary designs on the Khadi Fabric and clothing, prepared by the NIFT, will be uploaded on the CoEK and KVIC website for commercial usage by the Khadi Institutions with hand holding support of the CoEK. A knowledge portal for Khadi will also be developed by the CoEK.

NIFT has engaged professionals, and to begin with, a diagnostic study on 20 best performing Khadi Institutions has been conducted by the NIFT team. The new contemporary designs of Khadi Fabric/products are expected to be launched in the current financial year.

Source: pib.gov.in– May 11, 2022

HOME

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Biz in fast drive: Govt mulls industrial hubs along e-ways

In a few years from now, Banda district, close to Bundelkhand Expressway, could be the hub of natural health products industry while weavers in Barabanki's Haidergarh town could be the part of a textile manufacturing hub along the Purvanchal Expressway. The vision is a possibility being explored by the UP government in a systematic manner.

The state government had engaged professional consultants to study the feasibility of development of industrial corridors along the Purvanchal and Bundelkhand expressways. The idea is to make the most of the opportunity created in the form of improved connectivity through expressways.

Chief executive officer, UP Expressways Industrial Development Authority, Awanish Awasthi said, "Expressways will be the instruments of industrial development which will create mass employment that will improve the overall quality of life of people. The state also aspires to create a new model of development.

Based on the findings of the consultants engaged, the work for land acquisition will be launched. Sector-specific industry consultations and briefs will also be organized to translate the vision into action."

The state infrastructure and industries development department had floated a tender for this in August 2021 and the consultant was appointed in December.

The experts have now submitted their report to the state government saying that "the idea is feasible and integrated manufacturing corridors could be developed on both sides of the expressways to fuel economic development of the state".

Banda and Jalaun have been the points of study for the Bundelkhand Expressway which passes through Chitrakoot, Banda, Mahoba, Hamirpur, Jalaun, Auraiya and Etawah. Likewise, Barabanki, Jaunpur, Gorakhpur and Ghazipur have been the points of assessment for the Purvanchal Expressway that connects the state capital with Ghazipur via Barabanki, Amethi, Sultanpur, Ayodhya, Ambedkar Nagar, Azamgarh and Mau.

The districts have been assessed for potential in at least eight sectors like electrical and electronics, automobiles and heavy engineering, nutrition and nutraceuticals, food-agriculture, agricultural processing and food processing, meat processing and packaging, textiles and apparel manufacturing, medical supplies, logistics and warehousing besides others.

Source: timesofindia.com– May 12, 2022

HOME

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Inflation-brace for aftershocks

Inflation is here to stay. It is currently affecting different groups of people in different ways. But as price pressures spread, everyone will be similarly impacted, leaving weaker growth and sticky prices which will outlast the commodity price shock. We answer some pressing questions.

Have the global price increases fed fully into domestic food inflation?

Not all the price pressures have been passed on yet. At least three channels will lead to higher food prices. One, wheat prices in India could rise further, led by rising Indian wheat exports, a lower domestic crop yield, and a possible demand-supply mismatch at public sector granaries. While stocks at public granaries soared in the past two years, they have fallen recently. If wheat prices rise this may spill over into rice, a close substitute. A lot hinges on the monsoon rains and fertiliser availability in the summer rice season.

Two, rising global edible oil prices, led by supply disruption and a recent export ban by Indonesia, could stoke food inflation. India is an importer of edible oils and edible oil inflation rose 19 per cent year-on-year (y-o-y) in March.

Three, rising input costs (e.g. the price of diesel, fertiliser and cattle feed) will push up the price of all food items. The agricultural input cost index was up 15 per cent y-o-y in March and the full impact will be felt when the current crop is harvested in a couple of months.

Is the pass-through from corporates to consumers complete?

Dividing wholesale price index, or WPI, inflation into input and output prices, we find that only 50 per cent of the input costs over the last six months have been passed on — generally, it's about 80-90 per cent. For now, fear of weak demand may be preventing a full pass-through. But if input costs remain high, higher pass-through may be necessary and the growth drag will shift more from corporates to consumers.

Another pass-through that is incomplete is fuel inflation. WPI fuel inflation is outpacing consumer price index, or CPI, fuel inflation by a large margin. This is due to the difference between primary and secondary energy costs. The primary energy cost of mineral oils and coal has soared and this is picked up in the WPI inflation index.

But secondary energy costs, particularly retail electricity prices, rise only when tariffs are increased. These costs make up a larger share of CPI inflation, keeping CPI fuel inflation relatively low for now. As electricity tariff adjustments are made over the next year, CPI fuel inflation will begin to rise. And this should keep India's inflation high and sticky for longer.

Will goods or services drive inflation in 2022?

Goods producers have passed on more input cost increases than services producers. This is not surprising as goods demand recovered quickly after lockdowns ended, while services demand is still recovering.

While goods inflation will likely outpace services inflation to begin with, services inflation could begin to catch up. This also has growth implications. Pent-up services demand is a key driver of growth but once that runs its course and prices rise, services sector and gross domestic product growth could weaken.

Why is rural inflation outpacing urban inflation?

Rural inflationary pressures are outpacing urban inflationary pressures, led by rising primary fuel costs. For example, the prices of kerosene used for lighting and bulk diesel for water pumps are not regulated and have risen sharply.

Urban Indians use more secondary energy like electricity, where prices rise only with a lag, as discussed earlier. Once electricity tariffs are raised, urban inflation may see a similar increase, narrowing the rural and urban inflation gap. This has implications for growth as the real purchasing power of urban Indians could begin to fall around the time the ongoing fillip from pent-up services demand will begin to fade.

Which income group has borne most of the input price shock?

We assess the impact of CPI inflation on different income quartiles. Early in the pandemic (2020), the top 20 per cent income quartile faced lower inflation than the bottom 20 per cent. The top quartile is associated with large companies and the bottom quartile with small, informal firms.

Since early 2022, this phenomenon is being repeated. Again, small firms unable to withstand the sudden rise in input costs are closing and the supply disruption is pushing up prices. If input costs do not abate quickly, the growth drag from this group could spread.

Will inflation dip and growth soar when the commodity price shock abates?

There is a general belief that as soon as commodity prices begin to fall, inflation will dip and growth will pick up pace. We are not so sure and see three reasons why elevated CPI inflation could outlive the commodity price shock.

One, large firms have gained pricing power through the pandemic and may not lower prices quickly once commodity prices ease. Two, electricity tariffs are only raised with a lag of about a year; the losses faced by power distribution companies today will only be covered a year later. Three, higher agricultural input costs could impact food prices over the next year as the Kharif and Rabi season harvests progress.

In addition, we see three related reasons why the impact of high commodity prices on growth will show up more clearly down the line. One, as services demand rises further, producers may start passing on more input cost increases to consumers, eroding purchasing power and growth. Two, as electricity tariffs are raised over the next 12 months, the urban cost of production and living could hurt growth. Three, if the informal sector demand weakens, its impact could be felt by formal sector producers down the line; after all, they produce for the entire economy.

Brace for aftershocks.

Source: business-standard.com– May 10, 2022

HOME

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Govt meets stakeholders today as industry seeks ban on cotton exports

As the government once again sits with stakeholders on Wednesday to find a way out of high cotton prices and the impact they are having on downstream industries, here is a look at the major issues surrounding them despite import without duty.

What has been the price spike?

The price of cotton has more than doubled to around Rs 95,000 per candy (356 kg), up from about Rs 48,000 during the beginning of this season in October. Farm gate raw cotton prices have risen by a sizable amount.

Why did the price spike?

A lower than estimated domestic harvest, increased international rates, rise in demand from yarn makers due to the addition of new spindles, etc.

The Centre had initially estimated cotton production in 2021-22 to be around 36.25 million bales (1 bale =170 kg), while traders were estimating it to be much lower at 33-34 million bales because of rain and pest attacks.

In its second advance estimate, the figure 34 million bales was put out.

Demand and supply

Cotton consumption this year is expected to be around 35 million bales, though some traders said it could be around 33.5 million bales.

Then the cotton closing stock at the end of the current season is expected to be around 1.5 million bales after accounting for 4 million bales of export.

This is lower than the minimum of 4.5 million bales required at the end of any cotton season and thus puts further pressure on prices. However, by March 2022, the pipeline stocks had further declined and prices flared up due to fears of supply disruption on account of the Russia-Ukraine war.

Globally too, the US Department of Agriculture has lowered estimates of world cotton production and also India's. That apart, international cotton prices are high also due to a mismatch in demand and supply. The benchmark ICE cotton contract has consistently stayed above 100 cents per pound for several months.

How did the government respond?

The Centre in April 2022 waived customs duty on cotton till September 30. However, there was little respite as cotton yarn manufacturers raised prices by Rs 40 per kg for various categories of the commodity.

The international market too factored in the duty cut and raised prices, thereby negating the impact.

Garment units in Tirupur have decided to go on strike for six days between May 16 and 21 due to the rise in cotton yarn rates.

What has been the impact on downstream industries?

According to the Spinners Association (Gujarat) and industry players in Tamil Nadu, mills have reduced cotton consumption and yarn output by 30-40 per cent. According to industry players, spinners in some parts of the country are making a loss of Rs 30-40 per kg.

The finance minister assures help

The finance minister on Monday said due to the higher prices of cotton and cotton yarn, the government was looking at the option of Cotton Corporation of India selling the cotton it procured directly to textile mills.

There has been a demand for a ban on export of cotton from India.

Source: business-standard.com– May 11, 2022

HOME

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Tamil Nadu has the potential to increase exports manifold, says Chief Minister

'In 2020-21, the State accounted for 8.97% of India's exports and stood third among the States'

Tamil Nadu has the potential to increase its exports manifold, Chief Minister M.K. Stalin said on Wednesday.

"In 2020-21, Tamil Nadu accounted for ₹1.93 lakh crore or 8.97% of India's exports and was the third among the States. Our goal is to increase this share every year," he said, speaking at the Federation of Indian Exports Organisations' Southern Region Export Excellence Awards function.

Stating that exports would help Tamil Nadu become a $1-trillion economy by 2030, he pointed to the release of Tamil Nadu's exports strategy last year, with the aim of $100 billion in exports by 2030 from the current $26 billion.

Mr. Stalin also listed industry-friendly measures, including ₹100 crore for strengthening export infrastructure, formation of a Knowledge City and the constitution of the State Export Promotion Committee. He also expected the southern region's share in exports to increase to 35% from 27% in five years, and Tamil Nadu to play a key role in the process.

The Chief Minister presented awards in multiple categories. Minister for Industries Thangam Thennarasu and Minister for Micro, Small and Medium Enterprises T.M. Anbarasan also presented the awards.

Hyundai Motor India Ltd. was presented with the Highest Foreign Exchange Earner (Top Exporter)-Southern Region for 2017-18 and Chennai Petroleum Corporation Limited was awarded in the same category for 2018-19.

Miot Hospitals was awarded the Top performing Service Exporter in Southern Region for 2017-18. Caplin Point Laboratories was honoured for being the top performing exporter in Tamil Nadu for 2017-18.

FIEO president A. Sakthivel said Tamil Nadu was poised to become one of the investment-friendly States internationally and the conducive atmosphere in the State was an added advantage for the investors.

FIEO regional chairman Israr Ahmed said Tamil Nadu accounted for over 40% of all exports from the southern States.

Source: thehindu.com– May 11, 2022

HOME

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Demand slump mars exporters' gain

While most of us are ruing the rupee's spectacular slump against the US dollar, the depreciation gives exporters a competitive edge. They are likely to get higher value for overseas shipments, especially in markets pegged to the dollar. However, the paradox is that a slump in demand triggered by global factors has nullified this gain for most of them.

The ongoing war between Russia and Ukraine coupled with rising global inflation has weakened demand for goods. According to the RBI data, rupee has depreciated against the US dollar from 74.45 in November to 77.2 in May.

Explaining the impact, Bhupendra Patel, chairman of Chemical Exports Promotion Council (Gujarat), said, "The realization on export of dyes and intermediates is better over the past two months. Yet, exporters are unable to leverage the gains due to industrial inflation and rising costs of raw materials as well as finished products. Clients – mainly processing houses – are unable to absorb these costs. Therefore, the order volumes have shrunk by at least 20%."

The pinch of inflation is being felt across industrial sectors as well. Rahul Mehta, chief mentor of Clothing Manufacturers' Association of India (CMAI), said, "Exports going up in value is a function of inflation, not increase in demand. The rising prices of cotton and other raw materials has added to cost pressures across the value chain. Against this, export volumes have not grown significantly . As a result, the higher realization is not helping industries." "The cost of gas, fuel, and logistics has gone up, forcing industries to bear the additional burden of rising shipping costs too," said Yogesh Parikh, president, Gujarat Dyestuff Manufacturers' Association (GDMA). Ceramic manufacturers also have failed to reap the benefits even as cost pressures continue to eat into their profit margins.

KG Kundariya, president of Morbi Ceramics Association (MCA), said, "Gas prices continue to remain on the higher side which has increased production cost. Meanwhile, export volumes have declined by at least 30% in Morbi due to decline in demand – both in domestic as well as real estate market. As a result, the higher realization from exports is countered by servicing input costs."

Source: timesofindia.com– May 12, 2022

HOME

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Tirupur knitwear exporters knock at banks' doors to tide over funds crunch

The Tirupur Exporters' Association (TEA) on Wednesday wrote to heads of all the banks seeking help to tide over the financial crisis faced by the knitwear exporters, mostly small units, who are reeling under the high yarn prices. TEA has asked all the banks to handhold the exporters who are customers of the respective banks and provide ample financial assistance.

TEA president Raja M Shanmugham pointed out that the Tirupur knitwear sector is now passing through a difficult situation at its peak again due to the unprecedented surge in cotton prices of more than double and subsequent hike in the yarn prices, which also doubled compared to last year. Tirupur knitwear sector comprises 95% of MSME exporters and is solely dependent on bank funds for their operations.

He said TEA is seeking bank support from their MSME customers to tide over the liquidity crisis and help them bring back normalcy in their export business.

"Considering the need to protect MSMEs in the garment sector, we request you to kindly review the issue empathetically, handhold the customers to tide over the current situation, help for the sustenance of the units and protect the employees attached with these units," said Shanmugham.

Tirupur garment cluster has had exports to the tune of Rs 33,525 crore in FY2021-2022 and in terms of the dollar, exports recorded $4.51 billion.

Highlighting the graveness of the issue at hand, he said that around 18 months ago, the knitwear units could buy one kilogram (kg) of yarn for Rs 200 whereas now, with the same amount, the units could buy only 400 g of yarn.

"This apparently reveals how much knitwear exporting MSMEs are now undergoing financial stress on the operational front and the major concern is that liquidity has been drained off from its sanctioned limits and MSMEs can execute only 40% of their own capacity. As an impact of a liquidity crisis, the rest of orders are also got struck up in the pipeline itself," he said.

The price escalation cannot be easily equated with price realisation just like that as it takes its own time and ultimately, all MSMEs have got into stress and couldn't rotate as desired or originally planned, Shanmugham added.

TEA had appealed to the textile mills associations SIMA Coimbatore, TASMA Dindigul and ITF Coimbatore to advise their members to revoke the cotton yarn price hike of `40 per kg for all counts immediately and restore it to April 2022 price level.

The association had in last week urged the Centre to ban cotton and cotton yarn exports immediately till the time prices are stabilised as the knitwear garment exporters are running out of solutions, fearing that they could not complete the orders taken already based on the previous input costs.

"We apprehend that the severity of impact on the value-added knitwear garment sector will have a cascading effect on each stage of manufacturing and thousands of workers employed with these units, apart from the banks," Shanmugham had said in a letter to the Union textile secretary.

While the government had removed the 11% of import duty on cotton in mid-April, the textile mills on Monday increased the yarn prices by Rs 40 per kg for all counts and according to TEA, this has happened at a time when the survival of knitwear exporting units are at a stake due to various other adverse factors like Russia – Ukraine war, increase in accessories, a job working and freight charges.

He said that the softening of cotton and cotton yarn prices could be witnessed only when the government takes a serious view and ban the cotton and cotton yarn exports till the prices are regularised in the domestic market.

Source: financialexpress.com– May 12, 2022

HOME

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Gujarat: Spinners cut cotton procurement by 50%

With cotton prices soaring to Rs 97,000 per candy, the procurement of cotton by yarn manufacturers has declined sharply. Estimates of Spinners' Association of Gujarat (SAG) suggest that over the past month, yarn demand has declined due to the increase in prices. Consequently, spinning units in Gujarat have reduced cotton procurement to 50%, to 3.1 lakh bales per month instead of 6.2 lakh bales per month.

Cotton prices went up by 25% over the past three months or so up from Rs 76,000 per candy around January-end to Rs 97,000 per candy currently. "With the rise in cotton prices, the cost of production has gone up. On the other hand, realizations have taken a major hit," said Saurin Parikh, president, SAG.

"Spinners are unable to pass on costs to their end-consumers. Therefore, spinning units are procuring only what is needed." At present, the demand in the international market has also been affected. An estimated 60% of the yarn produced here is exported and the demand slide is a major dent to the business.

With increasing cost of production, spinners are facing net cash losses worth about 10% to the tune of Rs 30 per kg. For instance, 30 CCH cotton yarn is sold at about Rs 385 per kg. However, it is produced for Rs 410 per kg. Similarly, 40 CCH cotton is manufactured at Rs 450 per kg and sold at Rs 420 per kg.

"Some spinning units have switched to a five-day work week," said Rippal Shah, an Ahmedabad-based yarn manufacturer. "Not only is the production down but the order volumes have also dipped. This is certainly not a good sign for the industry."

"Since the last week of March the demand has reduced. Exports of cotton yarn have almost stopped and the domestic demand is very weak too," said Shah. "Currently, there are no takers for cotton yarn because of the low demand in the international market." According to SAG, all mills have reduced their cotton consumption and yarn production by 30% to 40%.

Source: timesofindia.com – May 12, 2022

HOME

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Expensive cotton drives PC yarn prices in north India

Costlier cotton drove polyester-cotton (PC) yarn prices in north Indian markets today as mills' costing is increasing. The price of PC yarn increased by up to ₹15 per kg even though the demand from weaving industry remained average. Polyester spun fibre (PSF) remained stable, but its raw material PTA and MEG surged. Acrylic yarn prices were also steady.

A trader told Fibre2Fashion, "PC Yarn prices gained ₹5-15 per kg because mills' costing was increasing. Spinning mills are increasing yarn prices as cotton is still touching new highs. The demand from downstream industry was average. However, shifting of consumption from pure cotton to polyester-cotton may support market sentiments. Many garment brands and unbranded manufacturers have shifted to PC yarn because cotton yarn's record high prices are unbearable for the entire value chain."

In Ludhiana market, 30 count PC combed yarn (48/52) was sold at ₹305-320 per kg (GST inclusive), according to Fibre2Fashion's market insight tool TexPro. 30 count PC carded yarn (65/35) was priced at ₹280-290 per kg. 20 count PC (recycled-O/E) PSF yarn (40/60) was traded at ₹200-205 per kg. 30 count poly spun yarn was sold at ₹190-200 per kg, while recycled 30 count poly spun yarn at ₹175-185 per kg. Acrylic NM (2/48) was priced at ₹330-340 per kg, whereas acrylic NM (2/32) was at ₹280-290 per kg.

The price of PSF remained unchanged at ₹123 per kg. Reliance Industries Limited (RIL) has fixed prices of raw material as: PTA ₹92.40 per kg (up ₹0.50) and MEG ₹61.30 per kg (up ₹0.50) and MELT at ₹106.20 per kg, as per TexPro.

In the global market, ZCE cotton yarn May 2022 futures traded higher by CNY 120 at CNY 26,795 per ton, and September 2022 traded up by CNY 100 at CNY 27,670 per MT today. ZCE cotton May lost CNY 90 to CNY 21,225 per MT and September contract traded up by CNY 10 to CNY 21,230 per MT.

ICE cotton futures settled Tuesday's session higher, after declining in the previous session, tracking gains in broader financial markets. ICE cotton contracts for July rose 0.01 cent to 142.94 cents per lb. December contract rose 0.54 cent to 124.17 cent per lb.

In north India, cotton prices remained firm for the second day in a row due to good demand from spinning mills, while daily arrivals declined. Cotton futures also gained at local exchange. In Punjab, cotton was quoted at ₹97,400 to ₹97,700 per candy of 356 kg.

In Haryana, cotton prices were ruling at ₹96,000 to ₹97,600 per candy. In Upper Rajasthan, cotton was sold at ₹97,600 to ₹97,750 per candy. In Lower Rajasthan, cotton prices were noted at ₹95,500 to ₹99,400 per candy.

Source: fibre2fashion.com– May 11, 2022

HOME

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Power crisis cripples textile production in north and west India

The ongoing power crisis in northern and western states has crippled the textile industry in India. Production is being hampered by power cuts in the states of Haryana, Delhi, Uttar Pradesh, Punjab, Rajasthan, Gujarat, Madhya Pradesh and Maharashtra. Spinning mills are the most affected as yarn production is a high power consumption process.

The disruption of electric supply is adding to the problem faced by the textile industry due to skyrocketed prices of cotton.

Ludhiana-based trader Ashok Singhal told Fibre2Fashion that the spinning mills are badly affected due to the power crisis. “The power intensive spinning mills are forced to halt production, as captive power consumption from DG sets is not viable due to high cost.” He explained that mills are getting power supply at average price of ₹7-8 per unit from local electricity distribution company, while captive power from DG sets cost around four times at ₹25-28 per unit. So, “most of the mills have replaced the large capacity DG sets with smaller ones for light-fan power supply.”

Anil Bansal from Mumbai said that most of the cities of Maharashtra are facing power cuts. According to him, lakhs of powerlooms across the state are forced to halt production due to power shortage. However, powerloom operators are not very much worried due to halt of production because demand from downstream industry is also weak after cotton prices rose to a record high.

Gujarat based textile mills are also facing power shortage, but the extent of power cut is limited compared to other states. The states of Delhi and Uttar Pradesh are also reeling under severe disruption in power supply.

However, furnishing textile hub of Panipat is the most affected by the power crisis. All the production activities including spinning and weaving are adversely affected in the textile hub. Trading activities are also hampered due to slow production, which has not improved even after Eid due to power shortage.

According to industry sources, there is a power cut of 10 to 15 hours in Panipat and other adjoining areas of Haryana. A mill owner from Panipat said that the power crisis in Haryana started in mid-April itself, which is still not over. He added that he does not find production profitable if he runs his mill on DG sets.

Panipat-based trader Suresh Durga said, “It became very difficult to meet out the regular demand for furnishing products like curtains, bedsheets. There is a production mismatch as items in high demand are short supplied.” Durga said that there is off-peak season in Panipat for furnishing textiles, but the power crisis has made it difficult to maintain production and supply even at a minimum level.

Source: fibre2fashion.com– May 12, 2022

HOME

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Subsidy for mid-sized powerloom units restored

In a relief to the mid-sized powerloom operators in the state, the textile commissionerate has decided to restore the power subsidy.

The commissionerate had stopped the subsidy to mid-sized powerloom units, which have power consumption between 27 and 201 HP, as most of the powerloom operators had failed to register the details sought through an online portal. The deadline for registration ended on December 31, 2021. Since then, the operators had been receiving non-subsidised bills.

After several complaints, textiles minister Aslam Sheikh directed the commissionerate to restore the subsidy and extend the deadline for registration of details on the portal.

The details were sought to ensure ineligible operators do not get the benefit of the subsidy. On May 4, Shital Teli-Ugale, the textile commissioner, wrote to the MSEDCL to restore the subsidy.

Vinay Mahajan, the president of Ichalkaranji Powerloom Owners' Association, said, "It is relief to 2,500 powerloom units in Ichalkaranji. We had received bills worth double the amount we used to get earlier."

State grants subsidy of almost half the power rate. For instance, in mid-sized powerloom units, power tariff is Rs 8 per unit.

Of this, Rs 4.5 per unit is subsidised. The state grants over Rs 150 crore power subsidy to the textile industry every year.

Source: timesofindia.com– May 12, 2022

HOME

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Welspun's home textiles business crosses $1 bn mark in FY22

Welspun India Ltd. (WIL), a global leader in Home Textiles and part of the US$ 2.7 billion Welspun Group, announced FY22 results.

Total revenue stood at ₹ 93,773 mn in FY22, up by 26.6% YoY. Textile business revenue at ₹ 87,911 mn reported sharp increase in FY22 on account of higher sales volume of Terry Towels by 1% YoY, Bed Sheets by 6% YoY and Rugs by 19% YoY.

Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun Group, said "The global economy is going through unprecedented times currently – Ukraine-Russia conflict, logistical challenges, unseen levels of increases in commodity prices and decades' high inflation in western economies – have all come on the back of an extended pandemic and resulted in dampened business sentiments across industries worldwide.

Against this backdrop, it is very heartening to see that our Home Textile revenues continued its upward trajectory to cross $1bn mark this fiscal, growing by 23% and total revenue growing by 27% to reach ₹9,377 crore. This demonstrates the ability of scaled-up, quality-led, and highly differentiated players to maintain an edge even during challenging times. The recently announced Free Trade Agreements with Australia and Middle-East countries would bring in additional advantage for the Indian Home Textiles industry and players like Welspun.

Our Emerging Businesses of E-commerce, Brands, Flooring, and Advanced Textiles have cumulatively grown by 44% during the fiscal year under review with all the businesses touching record revenues. The share of these businesses in the overall revenue has steadily increased to 26% from 23% last year.

Domestic Retail top-line has grown by 66% in FY22 and the Welspun brand has become the largest distributed health textile brand in the country. Flooring continued its upward trajectory and has grown by 107% this fiscal. The investment in all of our Emerging businesses is starting to reap the desired results to drive our growth plans for the future.

Historic highs in cotton and coal prices, global logistics disruptions and related impacts continue to put further pressure on the margin front. We, however, remain focused on our medium to long term strategic priorities and growth pillars by laying emphasis on our long term goal of sustainable growth, profitability, and deleveraging our balance sheet.

On the sustainability front, Welspun has set benchmarks for the industry through its differentiated efforts in all areas of Environmental, Social, and Governance (ESG) where several significant outcomes have already been achieved. In Home Textiles, we have been recognized by Tesco and awarded with their Sustainability & Community Award for exceptional focus on community initiatives and for outstanding ethical performance. I am also delighted to share that in our Flooring plant, 15% of total energy currently being used is from renewable energy and the target is to reach 25% by 2025 and 50% by 2030."

Key Business Updates:

Flooring business revenue was up by 107.4% YoY to ₹ 6,611 mn. The company registered significant growth of 40.3% YoY in branded business in FY22

With an aim to be "Har Ghar Welspun", the company has increased nationwide footprint of Brand Welspun' to 6,642+ outlets and 482+ towns, reinforcing it to be the Number 1 distributed HT brand in India.

Capacity Enhancement:

The capital light expansion at Vapi and Anjar which were started last year have been completed with increase in Towel capacity by 12.5%, Bed Sheet capacity by 20.0% and Rugs capacity by 50.0%.

The new capacities are ready for use from Q1FY23. Greenfield Spunlace Capacity addition project in Telangana started commercial production from March 2022. The Flooring capex project will conclude towards the end of Q2FY23. In FY22 the Company has spent ₹ 5,431 mn towards Capex.

Source: indiantextilemagazine.in– May 11, 2022

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