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INTERNATIONAL NEWS

Supply chain disruptions continue in China as brands struggle to meet demand

Recurrent lockdowns to curb COVID spread have led to supply chain disruptions in China besides price rise and sales decline. Shutting down of Shanghai, one of the biggest ports in the world caused interruptions in the supply of goods ranging from technology and cars to beauty and fashion in the country. A prominent clothing manufacturer, to US-based brand Under Armour had to cancel several orders owing to the crisis, reports Drapers Online.

China's supply chains have become hugely disorganized, making it difficult for brands to get required material on time, says Patrik Frisk, Outgoing CEO, Under Armour. Besides production, sales of many global brands operating in China have also been impacted. Adidas China sales declined 35 per cent Y-o-Y during the in the first three months of 2022 due to the challenging environment. Similarly, Moncler had to temporarily close 30 per cent stores in China.

Stock delivery to UK also slowed down, causing delays of four to six weeks for global brands, says Mark Hollis, Shani Group. Supply from China is taking nearly 12 weeks to reach destinations, adds a UK-based clothing supplier. Delays were attributed to slow pace at China's ports six weeks ago, Hollis says.

Imports from China causing delays for manufacturers

Fashion brands making garments overseas are facing a hard time as components like fixtures and trims need to be imported from China, rue brands. What's more the uncertainty around lockdown made it difficult for brands to take any long-term decisions. Brands had to also deal with rising cotton prices in the country.

As Steve Rowe, Outgoing CEO, Marks & Spencer notes, organic cotton prices have risen almost 40 per cent. Given this situation, Turkey has emerged a more lucrative destination for garment manufacturers with falling production costs triggered by a decline in the value of Turkish lira.

Vietnam gains with brands moving away from China

Manufacturers across UK are looking for local suppliers to reduce their dependence on China. As per a report 'Make UK, Operating Without Borders: Building Global Resilient Supply Chains', published in May, around 42 per cent UK manufacturers have increased sourcing from local suppliers in the last two years.

The country that has benefitted the most from diversion away from China is Vietnam which bagged many new orders in the last few months. However, Vietnam's garment factories also import raw materials from China, and have faced shortages in the last few weeks. However, suppliers have been unable to completely severe ties with China as it is a dominant global supplier of many fashion products like silk.

China's tough times to continue

China's fashion industry continues to reel under lockdown's effects despite Shanghai unlocking few key industries. Kasper Rorsted, CEO, Adidas says, his brand will return to growth only during the second quarter as the challenging market environment in China is expected to continue for some time. Inflationary pressures across the world would also force global suppliers to China suffer for a longer time, says Santoshan Sangha, Managing Director of Sweats & Tees.

The uncertainty will continue to affect fashion suppliers and retailers sourcing clothing and footwear from China. Unable to shift operations out of the country, they are likely to face rising raw material and production costs and delivery delays over coming months.

Source: fashionatingworld.com– Jun 07, 2022

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Annual inflation in Turkish clothing, footwear sector rises to 29.27%

Consumer prices in Turkiye increased by 2.98 per cent in May this year and annual inflation rose by 3.53 points to 73.5 per cent, according to the Turkiye Cumhuriyet Merkex Bankasi (TCMB), the country's central bank. There was a 4.63 per cent monthly price rise in the clothing and footwear group, which saw annual inflation rising by 3.52 points to 29.27 per cent.

The rise in annual consumer inflation spread across sub-categories in this period, with the most significant contribution coming from core goods and services.

In May, annual inflation increased across all subcategories of the core goods group. While the annual price increase in the services group was relatively flat in transport services, it went up in other sub-categories.

The rise in producer prices persisted in the month due to international commodity prices, exchange rate developments and ongoing supply chain disruptions.

In May, annual core goods inflation increased by 3.74 points to 65.32 per cent.

Source: fibre2fashion.com– Jun 07, 2022

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We need to talk about Gucci: Kering sets plan to boost brand in China

Kering will outline plans to reinvigorate sales at its star label Gucci this week, throwing the spotlight on its approach in China - a key growth driver for leading luxury houses that has been hit by its new COVID lockdowns.

Investors are closely watching the Chinese market, set to become the biggest for the luxury sector by 2025, to gauge how much the strict pandemic containment measures since March have impacted demand for high end fashion and accessories.

Kering has recruited former Tiffany executive Laurent Cathala to run Chinese operations for Gucci, which provides more than half the group's total's revenue.

Cathala is expected to bolster local teams, giving them control of marketing and advertising activities, analysts said, an unusual move in an industry where strategy is normally dictated by Europe-based executives in Paris or Milan.

Empowering local teams is key at a time when knowing your customer and understanding their culture is becoming increasingly important, according to Leaf Greener, a luxury brand consultant based in Shanghai.

"The brands haven't paid enough attention to how to build up this cultural bridge. The sooner they start, the better," Greener said. "It's not just about using celebrities to sell a lot of product anymore."

Kering, which makes its investor presentation on Wednesday and Thursday, declined to comment.

China's sputtering economy has a lot riding on its consumers, who are just now emerging from lockdowns in Shanghai and other big cities. Analysts say government stimulus measures may not be enough to drive a recovery in consumer spending.

Gucci suffered more than rivals like LVMH-owned Louis Vuitton or Hermes in the first quarter of the year due to the restrictions.

Kering shares have fallen 26% since the beginning of the year compared to a 16% decline for spirits-to-jewellery conglomerate LVMH, which is seen as more resilient to economic downturns as its business is more diversified.

BRAND FUNDAMENTALS

Chief Financial Officer Jean-Marc Duplaix said Gucci's underperformance was partly because the brand is more exposed to mainland China than some competitors. Barclays estimates the label generates around 35% of annual sales in China, compared to 27% for LVMH's fashion and leather goods division and 26% for Hermes. With restrictions easing this month, investors will be keen to hear how Kering will seek to regain lost ground.

"Beyond current trading, we think investors also need reassurance on the brand's fundamentals", Barclays analysts said in a note. Under CEO Marco Bizzarri and creative director Alessandro Michele, Gucci's profits increased nearly four-fold and its revenue almost trebled in 2015-19. Much of the brand's success up until recently relied on well-heeled, young Chinese shoppers traveling to Europe's fashion capitals and snapping up Michele's quirky, flamboyant designs.

But growth slowed as international travel froze during the pandemic, fuelling questions over what Kering might do to boost sales and reduce its dependence on the label - including potentially through M&A deals. Gucci has branched out into make-up and homeware to widen its appeal and also launched a collaboration with Adidas.

Analysts at Jefferies are not expecting a quick return to growth rates in China seen in the second half of last year, citing muted footfall in cities like Shenzhen and Shenyang earlier in the year after lockdown measures eased. They expect luxury sales to drop 15% in the country over the first half, followed by growth of around 11% in the second half.

Kering will also speak about its Yves Saint Laurent brand and its jewelry and glasses businesses at its 'Capital Markets Day'.

Source: retail.economictimes.indiatimes.com– Jun 08, 2022

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Sub-Saharan Africa: Potential and Challenges in Textiles & Apparel Industry

Sub-Saharan Africa has massive potential to be competitive in the production of cotton textiles and apparel, given its abundant human and natural resources. Despite the industrial opportunities, the region is still struggling to enter the global competition. This article talks about the potential and challenges faced by Sub-Saharan African countries.

Sub-Saharan Africa is a diverse region with an abundance of human and natural resources and a great potential to be competitive in cotton production and achieve inclusive growth. Its textile and apparel industry has major importance in terms of job creation and income generation. In recent years, Sub-Saharan African countries have attracted the attention of textile companies globally and have become a budding destination for textile and apparel sourcing.

This sector is witnessing a remarkable growth for which the key reasons are foreign investments, investor confidence in the continent's manufacturing and design capability, and the rising cotton industry. In 2021, the textile and apparel exports from Sub-Saharan African countries increased by 25 per cent to $5.14 billion, compared to exports of $4.11 billion in 2020.

It can be observed from Figure 1 that the import to export ratio for the Sub-Saharan African countries is much higher. This indicates that the region is unable to meet its domestic demands, unlike the other developing countries at a similar stage of economic growth. The higher import to export ratio indicates a financial gap and a lack of economic activity in the region. The textile and apparel industries in the Sub-Saharan African countries are facing increasing competition in the local market due to cheap imports from Asian countries such as China, India, and Pakistan.

Sub-Saharan Africa's population is approximately 1.14 billion and growing at 2.7 per cent a year, of which 77 per cent are below the age of 35. 1According to United Nations projections, Sub-Saharan Africa will have the highest growth in working-age population anywhere over the next 20 years. By 2035, the working-age population in the region is expected to be as large as China's —more than 900 million people. 2This massive labour

pool is capturing the attention of several industries, including textile and apparel.

Africa’s cotton industry

Cotton is one of the most important cash crops in Sub-Saharan Africa and has an important role in creating jobs, poverty reduction, and foreign exchange generation. The Sub-Saharan African region ranks fifth in the world’s cotton production and takes up 7.12 per cent of the global total with West Africa accounting for almost 75 per cent of the region’s production. Sub-Saharan Africa has made remarkable progress by increasing its cotton production to reach a total of more than 1.84 million tons in 2021.

Currently, the cotton production in Sub-Saharan African region contributes 15.93 per cent of global exports and employs over 450,000 people. Within the apparel sector, the demand for natural fibres is expected to rise and cotton remains the primary natural fibre used. As per the United States Department of Agriculture (USDA), cotton lint exports of Sub-Saharan Africa are projected to expand by 14 per cent by 2025.3 An increasing share of these raw material exports goes to China and Southeast Asia, and then final goods are sold to consumers in the United States (US) and the European Union (EU). According to OECD agricultural outlook, Sub-Saharan Africa is expected to be the third-largest exporter of raw cotton in 2029.

In the African continent, there are a total of six cotton basins among which the West African basin is the most important. Burkina Faso, Benin, Mali, and Cote d’Ivoire, the leading cotton-producing countries, have seen their volumes expand over the years due to expansion in area harvested primarily as a result of increasing government subsidies. The USDA forecasts the total area for cotton cultivation in Sub-Saharan Africa at 4,843 thousand hectares (ha) in MY 2022-23. Mali is expected to plant the largest area of 740 thousand ha, up 2.78 per cent from 2021-22, while Benin and Burkina Faso each are forecast to sow cotton on over 650 thousand ha in MY 2022-23, up 1.56 per cent and 9.24 per cent respectively from last year.

African Development Bank Group (AfDB) has estimated that up to 600 per cent of value can be created along the cotton value chain: from cotton production, spinning and twisting into yarn, to weaving and knitting into

the fabric, followed by dyeing, printing, and designing. The textile industry of sub-Saharan Africa comprises various micro, small and medium enterprises (MSMEs), which can rapidly generate employment and help in women empowerment.5

African Growth and Opportunity Act (AGOA) AGOA is a US trade policy towards Sub-Saharan Africa since 2000. It is a non-reciprocal US trade preference programme that provides duty-free access to the US market for most exports from eligible African countries. AGOA promotes exports to the US and attracts investments to Africa, thus helping to accelerate economic growth. The Trade Preferences Extension Act of 2015 extended AGOA's authorisation until September 2025. Currently, 36 Sub-Saharan African countries are AGOA eligible, of which 24 have eligibility for textile and apparel benefits.

AGOA gives major importance to Africa's emerging textile and apparel industry as the primary sector for trade benefits. This sector is considered to hold the highest potential for promoting Africa's export competitiveness and overall growth by generating greater employment due to its relative labour intensiveness. Joseph Phi, group chief executive of Li & Fung company said in an interview for the McKinsey's State of Fashion "As a company, we have started to look at Africa.

We're talking about Ethiopia, Kenya, Madagascar, and the like because they're duty-free countries to America."6 AGOA removes import duties that can be as high as 32 per cent for certain articles of apparel, providing exporters with a significant boost to their competitiveness in the US market. In 2021, total US imports of textile and apparel from AGOA countries were $1.64 billion, an increase of 17.24 per cent when compared to $1.40 billion in 2020.

In a December 2021 proclamation, US President Joe Biden terminated AGOA preference benefits for Ethiopia, Guinea, and Mali, effective January 1, 2022. These countries failed to meet eligibility requirements regarding human rights (Ethiopia, Mali), political pluralism and the rule of law (Guinea, Mali), and worker rights (Mali).

On the other hand, China announced new investments in Ethiopia in its Forum on China-Africa Cooperation (FOCAC) ministerial meeting in December 2021. China presented its vision for China-Africa relations for the next three years, under the theme 'Deepen China-Africa Partnership

and Promote Sustainable Development to Build a China-Africa Community with a Shared Future in the New Era.’

China will encourage its businesses to invest at least $10 billion in Africa in the next three years and will establish a platform for China-Africa private investment promotion. China also aims to increase its imports from Africa to a total of $300 billion in the next three years. Click here for more details.

Source: fibre2fashion.com– Jun 07, 2022

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Nike, Adidas Targeted by Labor Campaigns in Cambodia

The garment industry's largest consortium of worker-rights organizations wants Nike to pay $1.4 million to Cambodian workers who were laid off amid the pandemic.

The current iteration of Clean Clothes Campaign's crusade takes aim at the footwear giant's position as a "wellness partner" with this week's Global Fashion Summit. Nike, for its part, claims it had long since stopped sourcing products from the facility in question, Ramatex's Violet Apparel factory.

"Wellness Partner at the Global Fashion Summit today is [Nike]," CCC wrote on Twitter Tuesday. "But Nike also owe women workers in Cambodia US$1.4M. A leading event for sustainable fashion can't have 'wellness' paid for by the sweat of Asian workers! [Global Fashion Agenda], cancel the 'Wellness' & tell Nike to #PayYourWorkers."

A consultant working with the Global Fashion Agenda, told the CCC that the GFA took the campaign's remarks "seriously" and researched them itself. "To our understanding, Nike hasn't produced in the named factory since 2006 and published a statement on this in 2020," the GFA team said.

The group said it would therefore not cancel its Nike partnership as CCC suggested. It also noted that Nike leadership would not attend the summit "because the company has an in-person leadership meeting in the US on the summit dates."

According to the Business & Human Rights Resource Centre, which has tracked the laid-off workers' efforts since October 2020, approximately 1,284 workers lost their jobs in July 2020 when the Violet Apparel garment factory "suddenly" closed.

The former workers and their union have demanded $1.4 million in unpaid compensation and damages, which they say they are entitled to under Cambodian law. They have pushed for multiple companies who they claim sourced goods from the facility to take responsibility, including Nike, C&A, Carter's, Matalan, Under Armour and Uniqlo.

Though Nike told the Business & Human Rights Resource Centre it did not source from the factory after 2006, the CCC claims it has “ample evidence” that says otherwise. It said it has communicated this information to Nike “directly.” It also pointed to an open letter to Nike supposedly written by the laid-off factory workers.

“We sewed clothes for Nike for years before Violet Apparel closed at the end of June 2020 and we have the right to the protections of Nike’s labour code after losing our job without getting what we were owed,” the workers wrote. “You are Ramatex’ biggest buyer, so you have a responsibility to make sure we are paid for our labour.”

The letter claims that the workers did not receive $343,174 in compensation in lieu of prior notice, nor damages of up to $1,048,120.

“Your refusal to take responsibility for the collective labour dispute at Violet Apparel, and in particular our severance payments, has caused us to face significant difficulties in our lives,” they added.

“Many of us who lost our jobs after the factory closed haven’t been able to find new employment. Other factories discriminate against us because we were members from the union at Violet Apparel. And some of us are now middle aged, after all our years working at the factory, and face discrimination to find new jobs. In addition, the covid-19 situation makes it worse.”

The workers asked that Nike contact their representatives with the Cambodian Alliance of Trade Unions to find a resolution. The Business & Human Rights Resource Centre’s website includes an October 2020 “rejoinder” from the CATU asserting Nike products were produced at Violet.

“And this was not just a recent thing, workers were making Nike products there for years. Nike’s profits came from these workers making their products for them,” the CATU wrote. “As well as this, we see that Nike continues to make orders at Violet’s sister factories in Cambodia. And so, if Violet does not pay compensation properly according to the law, we believe that Nike should take responsibility.”

The Business & Human Rights Resource Centre has aggregated the other companies' responses as well. C&A said it could "guarantee" none of its products were produced at the factory since 2019. Uniqlo claimed to have "no business or relationship" with Violet Apparel, but said its parent Fast Retailing, which works with Ramatex, contacted the group and requested the matter be handled properly. Carter's and Under Armour are listed as offering "no response."

Matalan, however, did not deny sourcing from the factory. Rather, it said that when it looked into the matter in March 2021, Ramatex told it the "vast majority" of workers had already collected the "compensation legally due to them."

The rest, it claimed, were urged to contact Ramatex. The two businesses chose not to continue their relationship in December 2020. "We have not placed any orders with any entities in the Ramatex group since that time and their account was subsequently deactivated," Matalan said.
Adidas supplier faces strike

Nike competitor Adidas is at the center of an unrelated labor dispute elsewhere in Cambodia. On May 31, more than 5,600 garment workers at an Adidas supplier, the Can Sports Shoe factory in Cambodia's Kampong Chhnang province, supported a strike, according to a statement shared on the Pay Your Workers website. The CCC said more than 1,000 workers rallied outside the factory.

These workers reportedly presented a list of 35 demands which had accumulated over "several years" and included payment of delayed wages and overtime, as well as access to food vendors. The following day, the factory agreed to "some" of these demands and workers agreed to return to work. Other demands, however, including regarding wages, "remain unresolved."

According to the Pay Your Workers statement, the agreement only came after union leaders were arrested and required to sign agreements with "local authorities by thumb print stating that they would not carry out any further activities that would cause 'unrest' in the factory."

"We take the allegations very seriously and are committed to upholding freedom of association in our supplier' factories," an Adidas spokesperson said. "We have asked the local authorities to explain why they intervened and prevented the union officials from freely exercising their rights."

Patrick Lee, legal consultant at the Center for Alliance of Labor and Human Rights (CENTRAL) in Cambodia, dubbed the leaders' treatment "union busting, plain and simple."

"Adidas claims to respect workers' rights, and yet a series of violations has taken place at one of their supplier factories leading to strike action and three union leaders have been arrested," Lee said. "This is a clear example of authorities trying to intimidate union members and leaders in the hope of stopping workers from demanding their rights. Adidas needs to take immediate action to support workers' rights and ensure something like this never happens again."

Leaders in the Pay Your Workers-Respect Labour Rights campaign called on Adidas to negotiate and sign a binding agreement on wages, severance and freedom of association. Dozens of garment worker unions, as well as organizations like the CCC and Worker Rights Consortium, have backed its efforts, Pay Your Workers said. So far, it claimed, Adidas has refused to meet with the unions on the matter.

In July last year, the CCC shared a report claiming Cambodian garment workers were deprived of an estimated $109 million in wages during the April and May 2021 national lockdown.

The figure is a projection based on unions' assessment of 114 factories. Including the outstanding wages and severance pay from the first 13 months of the pandemic, the total amount owed to garment workers in the country is $393 million, the CCC said.

The organization determined that Adidas was linked to the largest wage theft of the factory sample. Across eight Adidas supplier factories, losses "inflicted" on 30,190 workers since the beginning of the pandemic totaled $11.7 million, it said. It contends that this amount is small compared to the company's overall profits.

Adidas told Sourcing Journal last month that it rejects the allegations.

"Throughout the pandemic, Adidas has been committed to fair labor practices, fair wages and safe working conditions throughout its global supply chain," a spokesperson said.

"We continued to source from our partners and committed to paying all orders, whether they were completed or in process. We continued to ensure legal compliance in terms of pay and benefits for all workers and tracked the working conditions in each and every factory."

Source: sourcingjournal.com– Jun 07, 2022

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Bangladesh: RMG workers to get cards to buy commodities at low price

Former Shipping Minister and workers' leader Shajahan Khan has said the government is considering issuing cards through which garment workers can purchase essential commodities at lower prices.

He spoke as the chief guest at a meeting of the Department of Inspection for Factories and Establishments (DIFE) under the Ministry of Labour and Employment to discuss the issue of labour dissatisfaction in order to quell the agitation of garment workers in Mirpur and Uttara.

After the meeting yesterday, Shajahan Khan said, "Prime Minister Sheikh Hasina has taken into consideration the issuing of 'cards' among garment workers to help prevent their difficulties amidst the price rise of essential commodities.

"With this card, the workers will get the opportunity to purchase daily necessities at lower prices," he noted.

"State Minister for Labour and Employment Begum Monnujan Sufian will take initiative in the shortest possible time to form a 'minimum wage board' to increase the wages of the workers, after she returns to the country," he announced. "The factory will be open as usual from Tuesday," he said calling on the workers to go back to work. Regarding labour unrest in Mirpur and Uttara, he said workers can never vandalise institutions. He alleged that such an occurrence must have been incited by third parties or any political party.

"BNP is trying to return to power by taking unfair advantage of the workers and such movements," he alleged.

Source: dailyindustry.news– Jun 07, 2022

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Bangladesh becomes 4th largest remittance source for India

Bangladesh becomes 4th largest remittance source for India, remitting over $10.00 billion since 2017. Whereas, Bangladesh has fetched total of $18.53 billion remittance in last year and targets $26 billion for FY 2021-22. India remits $ 8.320 billion in 2016 from Bangladesh, which was $4.5 billion in 2014.

The remittances were sent through illegal channels but deposited with declaration to different Indian banks, told the sources of the Reserve Bank of India. Illegal foreign worker can't remit money from Bangladesh but the illegal Indians are frequently doing the practice.

Due to recent economic debacle and crisis in the South Asian countries, the issue of Indian remittance source from Bangladesh is spoken much in different forum.

Sources told that the Indian workers mostly deployed in different garment and textile factories mainly dealing the merchandising and buyer handling touchy issues. Our apparel manufacturers also treat it as a prestigious concern to employ Indian people in the technical positions, despite having efficient manpower in Bangladesh.

BGMEA, the apex body of garment sector also never emphasises on the skill development of the workers for the technical positions including, merchandizing, fashion designing and buyer handling.

There are hundreds of thousands of Indians in Bangladesh, most of them are illegal migrants and refugees. According to data produced by the Ministry of Home Affairs, as many as 500,000 Indians were staying in Bangladesh illegally in 2009.

Now the number has increased to one million. They were found working in different establishments such as NGOs, garments, textile, IT and sent money back home through hundi transfer systems. But actual figure of illegal Indians in Bangladesh may be one million till date, it is also forecasted by World Bank and International Migration Organisation of United Nations.

In 2020, Bangladesh was the fifth among the nations sending highest remittances to India. Indians working in Bangladesh sent more than $10.20 billion back to India in 2020. Making Bangladesh the 4th largest source of remittance in India. This is the official figure while the unofficial figure is estimated to be significantly more. Most of them came on tourist visas and tended to stay back.

The migrant community has often been a source of contention between the two countries; according to available reports, the lakhs of Indians illegally staying in the country hailed from the Indian states of West Bengal, Delhi, Tamil Nadu, MP, UP and Gujarat and were spread across numerous urban and rural areas.

The CPD at a recent press conference said Bangladesh has become the 4th largest remittance source of India, with around $10 billion dollar sent in 2017.

The issue of outflow of funds to neighbouring India deserves immediate official attention. Thousands of so-called skilled Indian and Sri Lankan nationals, both legal and illegal, have been working mainly in the country's apparel industry. Because of the geographical proximity, the number of Indian nationals is far greater than that of the Lankans.

Many Indian nationals are, reportedly, also working in the information technology (IT) sector and a good number of them do not have valid work permits. The government agencies concerned have never taken the issue of illegal foreign nationals in due cognizance for reasons best known to them. Only recently, the law enforcing agencies managed to detain a few illegal foreign nationals, most of whom have their origins in Africa.

A country which has considerable dependence on the remittance money earned by its nationals at the cost of their sweat and blood cannot afford the reverse flow of funds for reasons that can be addressed rather easily.

But there is no room for any further delay to find out the replacement and stop the outflow of hard-earned foreign exchange. There are lots of technical institutions imparting primary, intermediate and higher level technical education. The trade bodies representing the apparel sector might sponsor foreign trainers so that a few of these institutions can create skilled hands enough to meet the requirement of their member units.

The sources of Bangladesh Bank told Daily Industry that the boosting of foreign currency reserve has become stagnant due to fund erosion by the illegal foreign expats. The forex reserve stood at $ 33 billion in 2016 but there is not increase during last three years, whereas, the export earnings have increased around 7 percent and the remittance of the country slightly decreased, the BB sources added.

Bangladesh becomes 4th largest remittance source for India, remitting about $10.00 billion in 2020. Whereas, Bangladesh has fetched total of $13.53 billion remittance in the same year. India remits $ 8.320 billion in 2016 from Bangladesh, which was $4.5 billion in 2014.

The remittances were sent through illegal channels but deposited with declaration to different Indian banks, told the sources of the Reserve Bank of India. Illegal foreign worker can't remit money from Bangladesh but the illegal Indians are frequently doing the practice.

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Source: dailyindustry.news– Jun 07, 2022

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Bangladesh apparel industry to continue focus on safety, sustainability

Bangladesh's garment industry aims to carry forward the achievements of the sector and sustain its reputation as a safe and sustainable industry, says Faruque Hassan, President, Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Hassan was speaking at a discussion titled, 'On the road to sustainability and a transparent supply chain' organized by OAV – German Asia-Pacific Business Association, the German importers, and the Embassy of Bangladesh in Berlin, and hosted by Wünsche Group Friday.

Hassan says, Bangladesh has the highest number of LEED Green factories in the world, with 161 green factories certified by the USGBC, of which 48 are platinum-rated and 99 are gold-rated, and these green factories are equipped with all the eco-friendly features and emit 40 percent less carbon than a conventional factory.

The BGMEA has joined the German Green Button initiative which identifies socially and ecologically sustainable textiles that are placed on the market by responsible companies. It publishes all factory inspection reports online, setting an unique example in the world on the issue of workplace safety.

The discussion was also attended by Mosharraf Hossain Bhuiyan, Ambassador of Bangladesh to Germany, Miran Ali, Vice President, BGMEA; Christian Moritz, Managing Director, Wunsche Gruppe;, Almut Roessner, Executive Board Member, OAV, Dr Michael Arretz, CEO, VFI; Christian Ewert, Global Director, TEDD – Trusted Experts on Due Diligence, and Md Saiful Islam, Commercial Counsellor, Bangladesh Embassy in Berlin.

Source: fashionatingworld.com– Jun 07, 2022

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Pakistan's textile sector to hit $20 billion exports this year: APTMA

Pakistan's textile sector is expected to hit the $20 billion export mark by the end of this fiscal year. However, experts are urging the government to provide low cost and smooth supplies of power and natural gas to ensure that Karachi—the country's financial hub—does not experience the extinction of its industrial sector.

As per a Nation report, Pakistan's textile sector accounts for about 60 per cent of overall exports from the country; yet, millers claim that they are receiving minimal facilitation from the government. The sector has grown by around $4.6 billion compared to June 2021, as per figures from the All Pakistan Textile Mills Association (APTMA).

Due to poor energy provision, textile mills in the country are operating at less than 75 per cent capacity. A further continuation of this trend may result in a loss of $250-400 million in exports each month, as per ATMA. The ban on energy supply is expected to increase gas prices further with the Oil and Gas Regulatory Authority (OGRA) announcing a 45 per cent hike in the tariff of natural gas for the next fiscal year starting from July 2022.

APTMA urged the government to prioritize sectors on the basis of performance—especially with regards to exports—and facilitate key industries on the basis of economic rationale and nothing else.

Source: fashionatingworld.com– Jun 07, 2022

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Pakistan: Exporters seek restoration of RLNG supplies

"Immediate restoration of full supplies of re-gasified liquefied natural gas (RLNG) to power plants is essential to avert any calamity in export-oriented industries," said FPCCI President Irfan Iqbal Sheikh.

Expressing concern, he said "Pakistan is struggling with an enormous trade deficit, which stands at $43.3 billion in 11 months of 2021-22, and state reserves have fallen to a mere $9.72 billion, which are not even sufficient to cover two months of imports as Pakistan's imports have surpassed $6 billion."

Towel Manufacturers Association of Pakistan Chairman Kashif Mehtab Chawla expressed fear over the recent hike in petroleum product prices by 40%, gas tariff by 45%, water cost by 30% and electricity cost by Rs8 per unit, plus time-to-time imposition of fuel adjustment charges.

"These are the basic inputs for any industry but are the most significant for the export-oriented sector because we have to match prices of our exportable commodities with our competitors," he said.

He cited that it had become a challenge for Pakistan's export industry to offer a good price to its buyers as the government frequently increased the prices of basic commodities, causing an adverse impact on the prices of raw material and increasing the cost of production.

Earlier, it was easier to successfully compete with the regional countries before the increase in the utilities' cost but "now the cost has risen to more than 100%", he added. "Survival is difficult in the international market."

Economic managers must try to understand the difficulties of the exporters, otherwise exports would decline day by day under the present cost factors, he added.

The FPCCI president stressed that "the minimum the government can do is to not disturb the industrial production in the export-oriented through disruptions in gas and power supplies".

Sheikh reiterated that "textile sector is the backbone of Pakistani exports and they are all geared up to break the psychological barrier of $20 billion this year".

He underlined that goodwill and reputation means everything in the export markets; and damages the reputation if an order is not fulfilled, resulting difficulties to earn new orders.

“The tragedy is that even with a 59% increase of textile exports in May 2022 ($1.69 billion) over May 2021 ($1.06 billion), exports are not being given their due importance,” said APTMA Chairman Rahim Nasir.

Gas or RLNG is being continuously supplied to non-export industries – ceramics, glassware, steel and not the export sector, against all economic rationale, he added.

He rejected the government’s decision to halt the supply of gas and RLNG to exporters, and declared it highly illogical as it is a critical input to textiles, the single largest contributor to Pakistan’s exports and the mainstay of Pakistan’s economic future. The sector has sizeable investments in state-of-the-art machinery and high efficiency generation, with over $5 billion worth of investments for expansion and modernisation made in the last 1.5 years.

The potential losses thus accruing to the shutdown of gas and RLNG supply are phenomenal, he said. On the contrary, the industry can bring substantial economic benefit from enhanced exports if the stable and consistent supply of gas is guaranteed.

He highlighted that the new plants and expansions completed since November 2021 are still awaiting gas and power supply.

Sheikh further proposed that PLL, gas terminals, gas companies, private licensees for LNG import and all relevant government ministries should sit together under the Prime Minister of Pakistan Muhammad Shehbaz Sharif to reach a resolution and mechanism to avoid any future disruptions.

He, as President of FPCCI, assured all possible help to the government in bringing the business together and help the government reach a win-win solution for all.

Source: tribune.com.pk– Jun 07, 2022

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NATIONAL NEWS

World Bank trimmed growth forecast for India to 7.5% in FY23

The World Bank on Tuesday lowered India's forecast to 7.5 per cent for the current fiscal year, i.e., 2022-23 (FY 23). It is 120 basis points lower than the earlier projection.

India recorded a growth rate of 8.7 per cent in FY22.

"In India, growth is forecast to edge down to 7.5 per cent in fiscal year 2022/23, with headwinds from rising inflation, supply chain disruptions, and geopolitical tensions offsetting buoyancy in the recovery of services consumption from the pandemic. Growth will also be supported by fixed investment undertaken by the private sector and by the government, which has introduced incentives and reforms to improve the business climate," World Bank said in its latest issue of the Global Economic Prospects.

Growth is expected to slow further to 7.1 per cent in 2023/24, back towards its longer-run potential, it added.

Second time

This is the second time that the World Bank has revised its GDP growth forecast for India in FY23. In April, it trimmed the forecast from 8.7 per cent to 8 per cent Earlier, Moody's Investors Service trimmed the GDP projection to 8.8 per cent for the calendar year 2022 from 9.1 per cent earlier, citing high inflation. S&P Global Ratings too cut India's growth projection for 2022-23 to 7.3 percent, from 7.8 per cent earlier, on rising inflation and a longer-than-expected Russia-Ukraine conflict.

In March, Fitch had cut India's growth forecast to 8.5 per cent, from 10.3 per cent, while the IMF had lowered the projection to 8.2 per cent from 9 per cent. The Asian Development Bank (ADB) has pegged India's growth at 7.5 per cent, while RBI in April cut the forecast to 7.2 per cent from 7.8 per cent amid volatile crude oil prices and supply chain disruptions due to the ongoing Russia-Ukraine war.

The World Bank observed that in India, growth slowed in the first half of 2022 as activity was disrupted both by a surge in Covid-19 cases, accompanied by more-targeted mobility restrictions, and by the war in Ukraine. The recovery is facing headwinds from rising inflation. The unemployment rate has declined to levels seen prior to the pandemic, but the labour force participation rate remains below pre-pandemic levels and workers have shifted to lower-paying and less-secure jobs.

"India's growth in fiscal year 2021/22, which ended in March 2022, was 8.7 per cent, with the release of pent-up demand late last year following the mid-2021 wave of the pandemic offset by weakness in early 2022, "it said, while highlighting that the focus of government spending has shifted toward infrastructure investment, labour regulations are being simplified, underperforming State-owned assets are being privatised, and the logistics sector is expected to be modernised and integrated.

The report noted that rising inflationary pressures led to an unscheduled policy rate hike in May. A rise in prices across all items, from fuel to vegetables and cooking oil, pushed WPI, or wholesale price-based inflation, to a record high of 15.08 per cent in April and retail inflation to a near eight-year high of 7.79 per cent.

High inflation prompted the Reserve Bank to hold an unscheduled meeting to raise the benchmark interest rate by 40 basis points to 4.40 per cent last month, and another hike is expected on Wednesday.

Source: thehindubusinessline.com– Jun 07, 2022

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RBI increases repo rate by 50 basis points

Interest rate has been increased in a bid to target rising inflation

Reserve Bank of India (RBI) once again increased its key interest rate by 50 bps on June 8, 2022, in a bid to target rising inflation.

The repo rate — the rate at which RBI lends to commercial banks — stands at 4.90%. Last month the central bank hiked the repo rate to 4.40% from a record low of 4% is the first since August 2018 as well as the first instance of the RBI governor-headed monetary policy committee (MPC) holding an unscheduled meeting for raising interest rates.

The Standing Deposit Facility (SDF) rate and the Marginal Standing Facility (MSF) rate have been accordingly adjusted higher by the same quantum to 4.65% and 5.15%, respectively.

The monetary policy committee (MPC) voted unanimously to increase rate.

Source: thehindu.com– Jun 07, 2022

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The World will Emulate the example of PM Gati Shakti in the coming years: Shri Piyush Goyal

Shri Piyush Goyal, Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles said that the world will emulate the example of PM Gati Shakti in the coming years.

Adding that PM Gati Shakti will be a game changer, the Minister suggested that people who want to set up industrial units utilise the initiative. He was addressing the Investors Round Table Conference organized by NICDC (National Industrial Corridor Development Programme) at Kochi today.

The Union Minister urged investors to make use of the natural advantages of the state of Kerala for establishing industries. He said that the Union government aimed at making business seamless and also affordable for the people. He said that the Prime Minister is very clear on this vision. Shri Piyush Goyal added that the government was spreading the message of good governance on the occasion of the completion of 8 years of Modi government.

Shri P. Rajeev, Industries Minister, Kerala government, while delivering his address said that the aim was to establish one lakh enterprises in the year.

He also requested the Union Minister to extend the Bangaluru-Kochi Industrial corridor to Thiruvananthapuram. Shri. Rajendra Ratnoo, Joint Secretary, DPIIT, Santhosh Koshy Thomas, MD, KINFRA, Suman Billa, Principal Secretary, Government of Kerala, Abhishek Chowdary, Vice President, NICDC also spoke on the occasion.

Source: pib.gov.in– Jun 07, 2022

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India's textile industry revenue sees phenomenal growth with 85% rise in FY'22: Wazir Advisors

India's textile industry saw phenomenal sales and EBITDA growth in FY22 over pre-COVID levels, shows latest Wazir Textile Index compiled by Wazir Advisors for the year FY22. The index based on the analysis of 10 companies highlights, overall grew by 18 per cent Y-o-Y since 2020.

Welspun India recorded highest sales at Rs 5,956 crore followed by Vardhman Textiles with total sales worth Rs 5,788 crore. The third highest was Arvind Ltd with sales worth Rs 4, 519 crore.

Overall textile sector revenues grow 85%

In FY22, total revenues of India's textile industry grew 85 per cent over FY20 levels. However, EBITDA margins of Welspun declined from 20 per cent in FY20 to 18 per cent in FY21 and further to 13 per cent in FY22. Vardhman Textiles EBITDA dropped to 13 per cent in FY21 from 14 per cent in FY20.

However, it increased to 23 per cent in FY22. On a consolidated basis, EBITDA margins of the selected 10 players increased 5.0 percentage points.

Cost of raw materials dropped 2.0 percentage points

The average raw material cost of the textile industry grew 36 per cent in FY22 over FY20 while cost of manpower increased 19 per cent. Based on percentage points, raw material costs decreased 2.0 percentage points in FY22 over FY20.

Welspun's raw material costs highest

Raw material costs of Welspun India grew 53 per cent in FY'21 as compared to 49 per cent in FY'20 and further increased 58 per cent in FY'22, this was by far the highest among all ten companies in the study.

The second highest increase was recorded by Vardhman Textiles whose costs increased 54 per cent in FY'21 over 53 per cent in FY'20. However, it declined to 48 per cent in FY'22.

Average employee costs decline by 19%

Compared to FY'20, the average employee cost of the top ten industry players grew 19 per cent in FY'22. However, the average employee cost fell by2.0 percentage points in FY'22 over FY'20. From 10 per cent in FY20, Welspun India's average employee cost declined to 9 per cent in FY21 and 8 per cent in FY'22. The employee cost of Vardhaman Textiles increased to 10 per cent in FY21 from 9 per cent in FY'21. However, it fell further to 7 per cent in FY'22. Arvind Ltd's employee cost also followed a similar patter, increasing to 13 per cent in FY21 over FY20 but falling to 9 per cent in FY22.

Quarter on quarter sales 29% in Q4

The consolidated sales of all 10 textile players quarter-on-quarter (Q-o-Q), grew 29 per cent to Rs 14, 255 crore in Q4 of the year compared to corresponding quarter of previous year. Average EBITDA margins of the companies declined 1 percentage points in Q4FY22 to 6 percentage points compared to 5 percentage points in Q3FY22.

Fiber exports dominate

India's textile and apparel exports grew at a CAGR of 13 per cent from $34,222 million in FY20 to $43, 435 million in FY22. Triggered by the US ban on exports from China, India's fiber exports achieved highest growth of 46 per cent from $1,891 million in FY20 to $4,041 million in FY22. This was followed by yarn exports which grew 36 per cent from $3,501 million in FY20 to $6,474 million in FY22. The United Arab Emirates topped with highest share of India's textile and apparel exports at 36 per cent while the share of exports to Bangladesh increased 7 per cent during the year.
Yarn imports total 26% in FY'22

India's textile and apparel (T&A) imports have grown steadily since 2020. Imports of filament yarn increased 26 per cent during the year compared to FY20. China continued to be the largest importer of fibers and yarn from India though its share declined by 2.0 percentage points compared to 2021.

Source: fashionatingworld.com– Jun 07, 2022

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Demand hit: Cotton and cotton yarn prices fall

The Gujarat textile industry is contending with major fluctuations in cotton and cotton yarn prices. After an unprecedented rise, cotton and cotton yarn prices have fallen significantly, mainly due to the weak demand at peak levels and the imports of yarn from Vietnam.

Industry experts said that the import of cotton yarn has affected yarn prices in the local markets. Bharat Chhajer, former chairman of Powerloom Development & Export Promotion Council, said: “We have seen cotton prices increase by almost three times and that has impacted the demand.” Chhajer added: “Traders are cautious in buying materials at higher prices so the demand is weak.

On the other hand, some players have put in cotton yarn import orders.” He went on to say: “According to estimates, about 1,000 containers of cotton yarn are expected to arrive by the second week of July from Vietnam. This has created a panic in the market and prices of cotton yarn have fallen sharply.” Chhajer said that 20 Comb open end yarn prices have decreased from Rs 330 per kg to Rs 275 per kg and there are no buyers in the falling market.

Spinners Association Gujarat (SAG) president Saurin Parikh said: “The demand is very weak for cotton and cotton yarn due to high prices. The demand is down by almost 30%.” Parikh added: “In recent days, we have seen a fall in cotton yarn prices more than in cotton prices. Cotton yarn 30 Comb prices have come down from a high of Rs 405 per kg to Rs 380.”

He went on to say: “Spinning mills across the state are passing through challenging times and we do not see any respite before the arrival of new cotton crop in September.” Parikh said that the price of good quality cotton has come down to Rs 1.02 lakh per candy (356kg) from Rs 1.10 lakh and the price of the weaker quality cotton has decreased from Rs 1 lakh per candy to Rs 92,000.

Source: timesofindia.com– Jun 08, 2022

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Banks need to adapt to rising credit demand

Banks are particularly susceptible to such risks as demand for credit is rising and deposit growth is falling. A more holistic approach is needed to fine-tune the nuances of asset liability management (ALM).

While managing ALM, focus on liquidity risk is a near term activity and working on cost-efficient liability mix (growth of deposit segments) is a continuing long-term ALM activity.

Liquidity risk management is a treasury function whereas balancing liability mix is a line function to augment cost efficient resources. With the use of centralised online real-time exchange (CORE) banking technology, management of risks arising from ALM has become a centralised function whereas mobilising deposit resources continues to be a line function.

The pattern of capturing data in the prescribed time buckets on inflows and outflows of assets and liabilities in banks is processed as part of ALM function at the corporate level whereas mobilisation of business (deposits and credit) is done at the line management level.

Among others, ALM data becomes a critical factor in pricing assets and liability products that helps branches in mobilising business.

In this context, it becomes important to share the ALM data regularly with field level functionaries to ensure that they are aware of the tenor-based gaps and risks inherent in the business mix. The top down and bottom-up communication on ALM risks must be well aligned to mitigate ALM risks.

Branches' role

In addition to term deposits, bank branches focus more on augmenting low-cost deposits through current accounts and savings accounts (CASA). The component of CASA is an important line of business to not only mitigate ALM risks but also to improve liquidity and profitability to increase stakeholder value.

With innovative alternate investment products available in the market and tax saving schemes, operating units of banks have to work hard to mobilise deposits.

The efficiency in augmenting deposits and deploying credit at unit level is the driving factor in better managing ALM risks in the long term while the efficiency of treasury has a limited but significant near-term role in managing risks. Thus, the role of unit level business operations holds the key for managing ALM risks.

Credit surpasses deposits

The dynamic between deposit and credit growth in the banking system is changing fast. With the economy working on full swing as the pandemic enters the endemic stage, the lending support of banks assumes greater significance.

When entrepreneurs are struggling for enhanced working capital needs due to rising input costs and exacerbated business risks, handholding by banks with timely credit is important. A look at the data on assets (Credit) and liabilities (deposits) will provide cues on the next level of ALM challenges.

The trend reflects diminishing deposit growth and rising credit growth which will widen the gulf between the two unless deposit growth is reinforced to enable credit flow.

While capital adequacy ratio (CAR) of most banks is far higher than the threshold of 11.5 per cent, what is needed is the seamless inflow of deposit resources. The CD ratio at 78.2 per cent in March 2019, before the pandemic struck, had gone down to 71.50 per cent in March 2021 and is now bouncing back with early signs of uptick.

Long-term strategies

Seamless cost-efficient resource inflows are important for managing ALM risks. Even prior to the recent hike in repo rate, banks started increasing interest rates on fixed deposits and marginal cost of fund-based lending rates (MCLR). The trend further firmed up after RBI intervention on May 4.

While interest rate is an important factor in deposit mobilisation and lending, it is not the sole differentiating factor. The efficiency of digital infrastructure and management of customer service holds the key in attracting customers.

With customers holding bank accounts in multiple banks, customer-friendly banks will garner a greater share of the business while others will end up carrying the overheads with unremunerative accounts.

Besides adopting a customer-friendly and service oriented attitude, the responsiveness and efficiency of technology driven back offices have to be improved with appropriate operational risk management practices. Availability of cash at ATMs, well-functioning digital devices in kiosks, safety and security against cyber risks have to be ensured.

Business per customer, revenue per customer, cost of deposits and risk adjusted yield on advances are some of the data points that need to be closely monitored.

RBI insists on customer protection and quality of customer service. Recently, it had set up a six-member committee to look into the adequacy of customer service regulations.

Banks should regularly introspect into quality of customer service at unit level. A holistic look at ALM risks is essential to mitigate them and balance near-term and long-term perspectives.

Source: thehindubusinessline.com– Jun 07, 2022

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With 'house of brands' model, ABFRL eyes foray into D2C market

ABFRL, which has a network of over 3,300 stores across India, is home to brands like Pantaloons, Van Heusen, Louis Philippe and Allen Solly.

The Aditya Birla Group has just announced the launch of its 'house of brands' business entity, TMRW, to support digital fashion and lifestyle brands. TMRW, which will operate as a wholly owned subsidiary of Aditya Birla Fashion & Retail (ABFRL), aims to build and buy over 30 brands in the next three years, the company said in a statement.

With this move, the company expects to make its entry into the D2C market, which is expected to be reach $100 billion by 2025. "What a brand like Shoppers' Stop does in brick and mortar, ABFRL is doing online. While in the past, the company was known for certain brands, it is now pivoting itself towards a wider pitch with bigger variety of brands that could potentially appeal to a wider range of consumers," said Ankur Bisen, senior partner and head, food and retail, Technopak Advisors. The launch could be ABFRL's next step in positioning itself as a fashion major, he said. Prashanth Aluru, a former Facebook and Bain hand, will be behind the steering wheel for this venture.

ABFRL will compete with start-ups like the Good Glamm Group and Mensa Brands, among others. The number of D2C brands and online sellers in the country have grown over the last couple of years, and experts believe that TMRW could be the company's endeavour to become relevant to new-age consumers. Brands like Reliance Retail and Myntra are going down the same path, says Bisen.

Source: financialexpress.com– Jun 08, 2022

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Resolve GST disputes quickly and smartly

The finance ministry's reported move to work on a mechanism to resolve goods and services tax (GST) disputes raised by states, while avoiding distortions in the tax regime, is logical. The proposal must be swiftly placed before the GST Council for approval. The need to create a robust dispute resolution mechanism follows a recent Supreme Court verdict holding the GST Council's decisions to be recommendatory, and not binding on the Centre and states.

The court also made it clear that GoI and state governments have equal power to legislate on aspects of GST. Disputes are expected to mount after July 1, when the cushion of GoI's compensation to states for deemed shortfalls in GST collections lapses. In the absence of an acceptable way to adjudicate disputes between the Centre and states, many cases could end up in overburdened courts. This is avoidable. A separate resolution mechanism that can examine disputes - even in relation to GST collections and their disbursal between GoI and states - makes sense.

The GST Council has the power to make recommendations on tax rates and a wide range of GST-related subjects. The council's decisions are based on a three-fourth majority of the members present and voting, where GoI's vote counts as one-third, while the states' votes have a weightage of two-thirds of the votes cast. Reassuringly, over the last five years, all differences have been resolved by consensus, except one that the council decided by vote. The Constitution also empowers the council to devise a system to adjudicate any dispute that 'arises out' of its recommendations.

Ideally, the pros and cons of a dispute can be examined by the dispute resolution body that can offer a reasoned solution that should guide the council. This will prevent any arbitrariness in its final decision-making. GoI wants to have a Dispute Redressal Bench that will include representation from the states, GoI and independent fiscal and legal experts. There must be clarity on which cases can be referred, and resolution must be swift.

Source: economictimes.com– Jun 08, 2022

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Niti Aayog cautions against sharp increases in MSP

Cautioning against big hikes in minimum support price (MSP) of crops corresponding to their market prices, Niti Aayog member Ramesh Chand told FE on Monday that food inflation will be less than 6% by July thanks to the Reserve Bank of India's monetary tightening, import duty cuts on edible oils and curbs on wheat exports.

"There will definitely be an increase in kharif MSPs for next season to negate the increase in input costs for cultivation," Chand said. He, however, said the increase in international prices over the past year can't be a justification for a sharp increases in MSP. "It will be difficult to reduce MSP when international prices start to come down."

Chand said that as farmers for most of the rabi crops realised better prices than MSP, prices are expected to prevail above MSP for kharif crops as well. While a sharp spike in global fertiliser prices has been absorbed by the government, studies have shown that rural wages are not increasing by more than 4% which is in sync with normal trend, Chand said. Fertiliser and labour are the two large input costs for cultivation.

FE on Monday reported that the government may announce 5-20% increases in MSPs for the summer-sown crops in 2022-23 year soon, taking into consideration a sharp rise in costs of farming inputs. Retail food inflation came in above the overall consumer price inflation for April and May, 2022. It was 8.1% in April, while the CPI inflation was 7.79%.

The MSP increases this year could roughly be the highest since 2018-19 when a new policy of 50% profits over computed cost of production led to MSP hikes for kharif crops in the range of 4.1-28.1%. In the last two years, MSP increases were roughly in the 1-5% range. India imports about 55-56% of its total domestic requirement of edible oil while 15% of pulses consumption is met through imports.

In the race to get on top of rising food inflation, the government recently allowed tariff-free imports of crude soyabean and sunflower oils during this financial year and the next. The tax waiver is also subject to an annual cap of 2 million tonne for each, which will more than suffice to meet the needs of domestic refiners and ease supplies in the domestic market.

A waiver of basic Customs duty for the two edible oils, which together account for a quarter of India's edible oil imports, was extended till FY24-end, and a residual 5% agriculture infrastructure development cess on the two crude edible oils was removed.

The government's food subsidy expenses are expected to rise further from budgeted 2.06 trillion for 2022-23. The government has decided to absorb a substantial part of the rise in fertiliser prices, and subsidies are expected to touch2.15 trillion in 2022-23 against `1.62 trillion in 2021-22 mainly because of spike in global prices of phosphatic and potassic fertilisers and urea in last one year.

Source: financialexpress.com– Jun 07, 2022

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Credit Outreach programme in all districts to be held by all Public Sector Banks as part of the Azadi Ka Amrit Mahotsav tomorrow

Massive Credit Outreach programme is being held by all Public Sector Banks as part of the Azadi Ka Amrit Mahotsav (AKAM) tomorrow, 8th June,2022. All districts of the country are prepared to entertain customers and public at large with their queries on credit facility and on enrolment in various government schemes. These district level programmes are being coordinated by all Public Sector Banks and State Level Bankers Committees (SLBCs).

The programmes are curated as part of the iconic week celebration of the Ministry of Finance (MoF) under AKAM during 6-12 June 2022. The first day of the week was graced by Hon'ble Prime Minister at Vigyan Bhawan, New Delhi.

These District level programmes are intended to take the AKAM celebration to all parts of the country with maximum participation of staff and customers and public at large. All SLBCs have been addressed to conduct programmes of Credit Outreach, enrolment in Jan Suraksha Schemes of Pradhan Mantri Jeevan Jyoti Bima Yojana(PMJJBY), Pradahan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY), customer awareness and financial literacy and of suitably recognising the good work done by the branches, BCs etc.

Source: pib.gov.in– Jun 07, 2022

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Cotton yarn prices drop in south India; seasonal slump in Mumbai

Downward trend continued in cotton yarn prices in south India's markets Mumbai and Tiruppur. Poor demand and selling pressure from stockists led to further decline of up to ₹20 per kg. The onset of monsoon also caused seasonal downfall in yarn prices as the demand dries up before the season considering users stop buying cotton clothes including malmal Kurta.

A trader from Mumbai told Fibre2Fashion, "Finer cotton yarn demand slows before monsoon as malmal Kurta and other cotton products find fewer buyers due to colder weather." According to sources, low demand in market has forced traders and stockists to reduce prices, and there is no possibility of price rise of cotton yarn.

In Mumbai market, cotton yarn prices lost ₹10-20 per kg from last week. 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,950-2,000 and ₹1,870-1,920 per 5 kg (GST extra) respectively.

Carded cotton yarn (44/46 count) of warp variety was traded at ₹1,840-1,870 per 5 kg. 80 count carded cotton yarn of weft variety was sold at ₹1,900-1,940 per 4.5 kg. 40 count carded cotton yarn (warp) was sold at ₹355-362 per kg. 40 count combed yarn (warp) was priced at ₹410-425 per kg, according to Fibre2Fashion's market insight tool TexPro.

Trade sources from Tiruppur said that traders and stockists are selling cotton yarn in panic. They feared sharp fall which forced them to clear their stocks at lower prices.

Buyers remained absent as current yarn prices are not affordable for them. Export demand was also very poor. Some traders said that Russia-Ukraine war is disrupting international trade with European countries. The selling pressure caused a downfall of ₹3-8 per kg.

In Tiruppur market, 30 count combed cotton yarn was traded at ₹400-405 per kg (GST extra), 34 count combed at ₹420-425 per kg and 40 count combed at ₹430-435 per kg. Cotton yarn of 30 count carded was sold at ₹365-370 per kg, 34 count carded at ₹375-380 per kg and 40 count carded at ₹380-385 per kg, as per TexPro.

In Gujarat, cotton prices remained bearish due to slower demand from spinning mills.

Many mills have halted production of cotton yarn or shifted to polyester yarn due to high prices of the natural fibre. Cotton was traded at around ₹98,000-99,000 per candy in Rajkot and other market in Gujarat.

Source: fibre2fashion.com– Jun 07, 2022

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How textile industry can be made sustainable to offset impact on environment

Why do we need a sustainable approach more than ever before?

India is among the world's biggest manufacturers and exporters of textiles. In terms of economic activities, the Indian textile industry constitutes the second largest sector of global trade market. In 2019-2020, the domestic market for textiles in India was valued at $100 Bn with increasing exports valued at $50 Bn, with the market estimated to reach $1230 Bn by 2024.

The Indian government has undertaken significant measures to empower the textile industry to attract major investments, generate employment, and compete globally.

In recent times, our environment has increasingly come under multiple threats such as pollution and global warming. Industries have multiple implications on the environment – huge dependency on water and energy resources, lack of proper disposal, and harmful chemicals involved in manufacturing.

It is, therefore, more important than ever before for enterprises and industries such as Textile industry to adopt mindful practices in their production processes. An effective monitoring system and compliance to necessary guidelines can help make industries sustainable for the environment.

The need of the hour is innovation and research, followed by adoption of sustainable solutions on a large scale. Globally as well as in India too there is a shift among consumers towards sustainable, cruelty free fashion, which needs to be encouraged and fostered and imbibed by enterprises in their way of doing business.

How to make the textile industry sustainable

Sustainability focus at every step of the process: There needs to be a sustainable and circular approach in all operations, from the sourcing of raw materials, manufacturing, and supply chain to the final product delivered- all this and more to leave a greener earth for future generations.

As a result, the inputs and outputs will be healthy and safe for consumers and the environment. Producing and processing sustainable textiles, which are made from renewable or recycled sources, will help reduce the harmful effects on the environment as well as ensure that millions of workers earn fair and work under safe conditions.

Developing eco-friendly products such as paper from agri-residue, manufacturing organic yarn, managing resources that are under- or non-utilized, and rainwater harvesting are some of the options that enterprises need to act upon.

The preferred strategy should be to focus on input management rather than just tailpipe management. This can be defined as a 5R approach – Reduce, Reuse, Recycle, Re-engineer and Re-design.

Recycling resources

To remodel and restructure from linear to circular operations, enterprises need to focus on using pre- and post- consumer waste. This means to focus on how water can be saved by using techniques such as Zero Liquid Discharge facilities to recover million gallons of water every year. This water can then be recycled for various purposes.

Water is also reused by treating wastes generated from various production units. Similarly, waste fibre is recycled to make yarn and other eco-friendly textiles. This method reduces the loss of essential resources. Discarded PET bottles are converted into flakes which are then finely churned into a thread and cut for spinning into yarn. In terms of performance, such recycled 100% polyester fibres are just like virgin polyester fibre.

The Bottom Line

Sustainable techniques of textile production are still in the testing phase. Efforts are underway to develop low-cost methods for treating polluted water. If implemented effectively, these developments can help create a sustainable environment. Earlier, textile production was solely focused on one specific need without giving a thought to its future impact.

Today, widespread awareness has transformed the whole scenario. Industry stakeholders are leaving no stone unturned to develop sustainable fibres and fabrics.

Therefore, to sustain the textile industry, we need to bring in sustainability by enhancing resource productivity, cost efficiency, co-efficiency, customer satisfaction, and environmental conditions.

Source: timesofindia.com– Jun 07, 2022

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Erode's Texvalley transforms into South India's first destination mall, opening new vistas for trade, shopping, and entertainment

Texvalley, a trailblazing B2B hub for the textile industry, located at a sprawling 20 lakh sq.ft area in Erode, Tamil Nadu, is all set to metamorphose into South India's first 'destination mall' of its kind, housing both B2B as well as B2C business across segments, besides food, entertainment, and other lifestyle outlets.

Fully exploiting the growing demand for a destination mall in this region that comprises Karur, Erode, and Tirupur, Texvalley, in its new avatar, is dedicating over 4,00,000sq.ft for B2C business and lifestyle outlets. There-imagined Texvalley will house a hypermarket, a 5-screen multiplex, a 500-seater food court, 100+ 'outlet' vanilla shops, and 5 fine dine options, and a family entertainment center. The formats of these facilities would be completely new to the region and are designed keeping today's youth in mind.

For its transformational journey, Texvalley has appointed Beyond Square feet, a consulting firm specialising in providing end-to-end solutions in mall development and mall management.

Currently, the textile market has 500 odd brands, representing textile and allied industries, and is making a turnover of about Rs 750 crore. However, the new mall will take the presence of differentiated local and global brands to 1500 within the next two years. As per a research report by AC Nielsen,a global marketing research firm, the turnover of Texvalley may cross Rs. 5,000 crore by 2024. The report points out that adding the "Outlet Mall" to Texvalley, shall further give impetus to the footfalls, thereby making Texvalley the most sought after destination in the entire region.

Talking about Texvalley's transformation, Devarajan C, Vice Chairman, Texvalley, said, "The grand makeover is in alignment with our unwavering vision of promoting the business of our customers and boosting the experience of our visitors. Since inception, we have set several new benchmarks in the textile industry in India – one of them being, our undisputed position as South India's largest textile market.

We keep growing and evolving with the changing needs of our customers. The new Texvalley as South India's only B2B and B2C integrated destination mall is in line with global retail trends. We expect that there will be a symbiotic relationship between B2B and B2C segments thus boosting business, enhancing customer experience and future proofing the asset."

Commenting on the growth of Texvalley post transformation, P Raajashekar, Managing Director, Erode Textile Mall (PVT) ltd (Texvalley), said, "The footfall of Texvalley is expected to grow multifold- from about 60,000 visitors a month during the pre-Covid years to over 5,00,000 businesspeople, consumers, and tourists every month in the next two years post the large-scale infrastructure enhancements which are nearing completion. It is projected to provide direct and indirect employment to about 50,000 skilled people".

Briefing the media, Susil S Dungarwal, Chief Mall Mechanic, Beyond Squarefeet, emphasized that "Change is the priority number one for growth post Covid. This means, evolving to match with the new expectations of the stakeholders.

At Texvalley, we have reinvented the entire business strategy in such a manner that it would be the most sought after destination marketplace in the entire southern region. We have been known in the sector to drive challenging projects to success. The new positioning and mix of the trades will attract customers from all over the country and beyond, thus converting Texvalley into a world class destination."

Texvalley is owned by Erode Textile Mall ltd., a special purpose vehicle promoted by two prominent business groups: Lotus Textiles, and URC Pvt. Ltd, a leading construction company in South India.

Source: indiaretailing.com– Jun 07, 2022

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