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INTERNATIONAL NEWS

USA: Imports Stay High as Retailers Wrestle With Inventory

Imports remain high as the busy season nears for U.S. ports and retailers look to gain control of excess inventory levels.

Import volume is expected to hit near record levels this month at U.S. container ports, according to the National Retail Federation (NRF) and Hackett Associates' monthly Global Port Tracker.

The robust import numbers come as a rise in containers from China is now expected with Covid-19 restrictions there lifting and business operations starting to normalize. Some shippers may also be hedging against possible disruptions related to the ongoing West Coast dockworker labor contracts by transporting product in early.

"We're in for a busy summer at the ports," said Jonathan Gold, NRF vice president of supply chain and customs policy. "Back-to-school supplies are already arriving and holiday merchandise will be right behind them. And the big wild card is what will happen with West Coast labor negotiations with the current contract set to expire July 1."

Labor talks began in May and then reportedly came to a temporary halt late last month before picking back up. Some now expect negotiations to continue past the current contract's July 1 expiration.

"We continue to encourage the parties to remain at the table until a deal is done, but some of the surge we've seen may be a safeguard against any problems that might arise," Gold said of the contract talks.

Twenty-foot equivalent units (TEUs) handled by the U.S.'s major container ports are estimated to total 2.31 million this month, which would be a 7.5 percent increase from a year ago.

That would also be in line with what's projected for May, with ports not yet releasing TEU data for the month.

Activity is forecast to pick up in July and August, with each month expected to see roughly 2.3 million TEUs handled, according to Global Port Tracker. A new supply-demand imbalance is emerging among some U.S. retailers now grappling with too much inventory, running in contrast to product shortages seen during the height of COVID-19.

Target Corp. said Tuesday it would roll out markdowns and cancel some orders in an effort to reduce its inventory as it reworked sales estimates. The retailer also said it's looking more closely at its supply chain to increase speed to market and reduce transportation costs by boosting capacity closer to the ports and working with suppliers on speedier turnarounds.

Categories viewed as discretionary, such as home, are likely to see a pullback in buying as Target focuses on more essential items, such as food and household products, with strong consumer demand. Target CEO Brian Cornell said in a statement Tuesday the retailer's business continues to see traffic and sales growth even with the rapidly changing operating environment.

"Since we reported our first quarter results, we have continued to monitor external conditions and have determined the necessary actions to remain nimble in the current environment. The additional steps we are announcing today will ensure that we deliver for our guests while driving further growth," Cornell said.

Walmart Inc. is also working through excess inventory, which is up after several quarters of a buying strategy focused on having items in stock alongside inventory delivery delays. Brett Biggs, executive vice president and chief financial officers, told analysts last month the retailer is now in a "short period of right sizing" its inventory levels.

"We like the fact that our inventory is up because so much of it is needed to be in stock on our side counters, but a 32 percent increase is higher than we want," president and CEO Doug McMillon told analysts during the company's earnings call. "We'll work through most or all of the excess inventory over the next couple of quarters."

Source: sourcingjournal.com– Jun 08, 2022

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US import demand is dropping off a cliff

The latest ocean container bookings data reveals that despite the strong levels of inbound cargo during the first five months of 2022, import demand is not just softening — it's dropping off a cliff. Because capacity on the trans-Pacific has remained relatively stable, Freightos' container spot rates from China to the West Coast have plunged 38% month-over-month to $9,630.

Freight forwarders will enjoy expanding margins on ocean freight, while U.S. trucking carriers and intermodal volume providers may start to see volume risks.

Consumer buying patterns are rapidly normalizing to pre-COVID levels, and U.S. retailers are stuck with too much inventory. Target (NYSE: TGT) shares dropped Tuesday morning after executives said the company would mark down unwanted items, cancel purchase orders and move quickly to get rid of excess inventory.

Container imports bound for the U.S. have dropped over 36% since May 24. (This index measures departing container volumes at the port of origin). This is a troubling sign for domestic U.S. freight markets that have been benefiting from an unprecedented surge of containerized import volumes over the last 18 months.

Since ocean transit times for these inbound container volumes have recently been averaging between 30 and 35 days, we will begin seeing the softer volumes show up at U.S. ports in the first couple of weeks of July.

This also puts U.S. containerized imports from all countries of origin down 36% year-over-year, which is a reversion back to the volume levels of the summer of 2020. But what is the cause of the sudden drop in containerized import volumes? Well, there are a few simultaneous factors converging that serve as likely explanations for why volumes are suddenly dropping.

The inventory glut

At the forefront of these reasons is the buildup of inventory here in the U.S. resulting from companies attempting to both replenish inventories that were largely depleted in 2021, but also from these companies wanting

to keep enough inventory on hand in case of any further disruptions that may occur. Consecutive rounds of COVID lockdowns in China only exacerbated those fears, but after the war between Russia and Ukraine broke out more than 100 days ago, the geopolitical risks seem to only be escalating, and for better or for worse, companies decided that they would rather have the inventory safely here in the U.S. than risk having it abroad should there be a sudden surge in consumer demand.

So, if consumers are now shifting buying trends from goods to services, those goods-producing companies may get stuck with too much inventory or the wrong inventory in order to try to capture sales. This buildup of inventory will inevitably lead to a slowdown in new import orders abroad and thus will only add to the demand destruction we are seeing for containerized imports into the U.S. Just Tuesday Target announced an "aggressive" inventory reduction plan led by canceling orders and marking down even more inventory.

The chart above, displaying rising inventories, and the chart below, displaying falling imports, reveal that retailers are upside down after the last surge of freight to hit the United States' shores and are throttling down freight velocity in their networks.

The consumer is getting crushed

Conditions for the consumer seem to be getting worse and worse as inflation takes hold and prices get more and more expensive. Just this week, AAA reported a new record high for gasoline prices at $4.51 per gallon on its national index.

Some economists speculate that with the Fed beginning to raise rates and draw down its balance sheet, we may be experiencing "peak inflation." However, even if inflationary pressures begin to ease, consumers may still be overexposed to rising interest rates through the use of credit in a way that could further deteriorate demand and discretionary spending.

Click here for more details

Source: freightwaves.com– Jun 07, 2022

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USA: Does Jobs Data Suggests Economic Slowdown?

The U.S. unemployment rate stalled at 3.6 percent for the third straight month after the Labor Department on Friday said employers added 390,000 jobs in May.

The 17th straight monthly gain comes amid concerns over rising labor costs, with average hourly earnings up by 10 cents, or 5.2 percent higher than a year ago. But May's job additions underperform the 428,000 added in April. And retail cut 61,000 jobs, with apparel and accessories stores shedding 9,000 positions. But retail jobs were still 159,000 higher than in February 2020 before the pandemic reared its head.

The Conference Board said the data means the U.S. is essentially at "full employment."

But ADP data suggests a slowdown is in the works. Private U.S. payrolls rose by 128,000 in May, representing the lowest nonfarm job gain during the post-Covid recovery.

According to ADP, small businesses shed 91,000 jobs in May, with hiring mostly at employers of 500 or more. By sector, manufacturing jobs rose by 22,000, but jobs at retail stores, under the "other services" category, increased by just 2,000.

"Under a backdrop of a tight labor market and elevated inflation, monthly job gains are closer to prepandemic levels," ADP chief economist Nela Richardson said. "The job growth rate of hiring has tempered across all industries, while small businesses remain a source of concern as they struggle to keep up with larger firms that have been booming as of late."

The Department of Labor on Thursday said people filed 200,000 first-time jobless benefit claims for the week ending May 28. That seasonally adjusted figure was 11,000 lower than the week before.

For now, the National Retail Federation doesn't expect the economy to cool off.

"With changes underway that focus on taming inflation without splintering the economy, the nation's economic system is in the process of being rebalanced in ways that are testing its resilience," said Jack Kleinhenz, chief economist for the Washington, D.C.-based retail trade group. "This is an extraordinary period with unprecedented factors that include inflation at a 40-year high, uncertainty over the war in Ukraine, supply chain disruptions and the Federal Reserve raising interest rates. There's good reason why businesses, consumers and policymakers alike all feel uneasy."

Kleinhenz said there's little evidence to suggest the economy is stalling, countering with claims that data points to growth.

Meanwhile, The Conference Board's Consumer Confidence Index last week decreased slightly in May to 106.4 from 108.6 in April. While consumers were slightly more pessimistic about the current job market—51.8 percent said jobs were "plentiful," down from 54.8 percent in April—they also were more upbeat about the jobs front six months out. Of the consumers surveyed, 18.5 percent said they expect more jobs to be available, marginally better than the 18.4 percent in April. And 18.7 expect fewer jobs, down from 19.8 percent.

A Moody's Analytics report on Friday noted that despite a drop in the savings rate, higher inflation and rising gasoline prices, there is reason to be optimistic about consumer spending.

"Using payment card transactions data from the Bureau of Economic Analysis, weekly consumer spending isn't showing any significant deceleration," according to senior director Ryan Sweet and director Damien Moore, the report's lead authors.

While it's prudent to plan for a recession, an economic slowdown isn't inevitable "nor it it the most likely path for the economy," U.S. chief economist Mark Zandi said. In fact, the Fed's aggressive actions have worked so far and inflation expectations have fallen in recent weeks.

"An even more significant reason to be optimistic that the economy will skirt a near-term recession is that none of the problems that typically plague the economy and cause or contribute to a downturn are evident today.

Most obviously, in over 40 years of record keeping, American families currently devote the smallest share of their income to interest and principal payments on their debts," Zandi said, adding that recession calls "are sure to get louder as the Fed continues working to rein in inflation and politicians running in the midterms portray the economy's struggles to their advantage."

Lower-income consumers are also disproportionately impacted by rising inflation. Last month Dollar General CEO Todd Vasos told Wall Street analysts that consumers don't seem to be switching to cheaper goods quite yet but expects them to later this year if inflation doesn't let up.

Source: sourcingjournal.com– Jun 08, 2022

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US woven apparel imports at $10.464 bn in Jan-March 2022

The import of woven apparel and clothing accessories (HS code 62) by the United States were valued at $10.464 billion during the first quarter of current year 2022. After declining in second quarter (April-June) of 2021, import of woven apparel by the US has shown an upward trend during the subsequent three quarters, with China being the largest supplier.

Woven apparel import by the US was $9.069 billion in October-December 2021, compared to $8.987 billion in July-September 2021. The import had decreased to $7.546 billion in April-June 2021 from $7.684 billion in January-March 2021. The US had imported woven apparel worth $7.066 billion in October-December 2020, according to Fibre2Fashion's market insight tool TexPro.

Despite the ban on products made from cotton originated from Xinjiang province, the share of China in total woven apparel imports by the US has registered growth during the last two quarters. The US import of woven apparel from China increased to $2.311 billion in January-March 2022 from $2.226 billion in October-December 2021. The figure was $2.468 billion in July-September 2021. China's export to the US was $1.723 billion in April-June 2021, $1.914 billion in January-March 2021 and $1.978 billion in October-December 2020, as per TexPro.

The value of woven apparel imports from India to the US jumped to $806.144 million in January-March 2022 from $525.196 million in October-December 2021, and $462.565 million in July-September 2021. In April-June 2021 quarter, the value was $539.689 million. India had exported woven apparel worth $489.195 million in the first quarter of 2021 to the US, and $353.406 million in fourth quarter of 2020.

In the first quarter of current year (January-March 2022), the US imported woven apparel worth $1.797 billion from Vietnam, $1.529 billion from Bangladesh, $671.325 million from Indonesia, $499.560 million from Mexico, $321.405 million from Cambodia, and $311.862 million from Pakistan.

Source: fibre2fashion.com– Jun 09, 2022

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US to gain by ending additional tariffs: Chinese experts, businesses

Chinese experts and business leaders feel it would be better for the United States to do away with additional tariffs on goods from China if it is keen to rein in record-high domestic inflation. Urging the latter to cut the tariffs, they said bilateral economic and trade cooperation will be strengthened with lower tariffs, which can also benefit global economic recovery.

The remarks came after US commerce secretary Gina Raimondo said recently that US President Joe Biden has ordered to explore the option of lifting some tariffs on certain imports from China to combat high inflation.

However, it seems the United States may stick to its overall strategy of countering China's rise and expect China to deepen reform and expand high-level opening-up to cope with the situation, official Chinese media reported.

"As the world's two largest economies, any improvement in economic and trade relations between the US and China will be beneficial not only for themselves but also for the world," said Tu Xinquan, dean of the China Institute for WTO Studies at the University of International Business and Economics in Beijing.

Any US decision to remove tariffs on certain Chinese goods will only be made to serve its purpose of mitigating pressure on US economic growth while also continuing to suppress China through decoupling as much as possible, he said.

Yet, it would be difficult for the United States to seek decoupling from China, especially in areas where it has high reliance on Chinese goods and supply chains, like daily consumer products, he added

Zhang Yansheng, chief researcher at the China Center for International Economic Exchanges, said the United States will probably remove tariffs on consumer goods, because that will help it to instantly raise economic benefits for its people and curb runaway inflation, but tariffs on products that will suppress China's technological innovations and economic upgrades may continue.

"About 60 percent of the additional tariffs were imposed to force foreign investors to relocate their manufacturing facilities and supply chains outside China. Such tariffs have caused significant burdens to foreign investors, including US enterprises," he said.

"Protectionism and decoupling in areas are the choice of some people, but only cooperation and healthy competition will bring more benefits to both countries and the world," he added.

Analysts and business leaders in China said their country's acceleration of building a unified national market will help it to better cope with protective trade actions and weakened goods demand in certain countries. They also stressed the importance of deepening reform and expanding opening-up.

Source: fibre2fashion.com– Jun 08, 2022

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Bangladesh's export earnings to cross $80 bn by 2024, minister hopes

Bangladesh commerce minister Tipu Munshi recently hoped that the country's export earnings would cross $80 billion by 2024. The government had earlier set an export earnings target of $51 billion this fiscal (FY22). Now it hopes that the figure would reach $60 billion this year.

Munshi said this while inaugurating 50 types of online services by the office of the chief controller of imports and exports, reports a news agency.

Senior secretary in the ministry Tapan Kanti Ghosh, who presided over the event, said that hence forward no services would be provided offline from the office.

One who seeks a service has to file an online licencing module account against his organisation and can avail of the desired services through that account. No third party will be able to interfere in the process.

Source: fibre2fashion.com– Jun 08, 2022

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Korea to help promote technical textiles in Pakistan

Korean International Cooperation Agency (KOICA) Wednesday assured All Pakistan Textile Mills Association (APTMA) leadership to provide all technical and financial support to textile industry of Pakistan in promoting manufacture and export of non-woven fabric and technical textiles.

A five members delegation of KOICA visited APTMA office here and had discussions with senior APTMA management and leading textile manufacturers on the scope of promoting technical textiles. They said that KOICA is a donor agency, working closely with National Textile University (NTU) Faisalabad to promote non-woven textile fabrics and technical textiles.

APTMA management Asad Shafi, Shahzad Ahmed Sheikh, Haroon Elahi, Ismail Farid, Umair Abid and Secretary General APTMA Raza Baqir welcomed the delegation at APTMA House.

On this occasion, Asad Shafi made a detailed presentation on textile industry in general and prospects of non-woven textile industry in Pakistan.

He appreciated the establishment of testing laboratory by KOICA at NTU, Faisalabad in the first phase of cooperation and lauded the launching of the second phase aimed at providing R&D facilities, advance testing and support to the potential investors.

He hoped that this generous offer from KOICA would go a long way to enhance Pakistan's meagre share of 0.2 percent in $200 billion global market of technical textiles.

Source: pakobserver.net– Jun 09, 2022

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NATIONAL NEWS

RBI retains growth projection at 7.2% for FY23

The Reserve Bank of India on Wednesday retained its growth projection at 7.2 per cent for the current fiscal on the back of improvement in urban demand and gradual recovery in rural India. Unveiling the third monetary policy for the current fiscal, RBI Governor Shaktikanta Das said the Indian economy remained resilient, and the central bank will continue to support growth.

The RBI expects growth in the first quarter of the current fiscal at 16.2 per cent, which will taper to 4 per cent by the fourth quarter. He, however, cautioned that there are risks from the ongoing Russia-Ukraine war. The central bank earlier in April slashed the GDP growth projection for 2022-23 to 7.2 per cent from its earlier forecast of 7.8 per cent.

World Bank forecast

On Tuesday, the World Bank cut India's economic growth forecast for the current fiscal to 7.5 per cent as rising inflation, supply chain disruptions, and geopolitical tensions taper recovery. It was the second time that the World Bank has revised its GDP growth forecast for India in the current fiscal 2022-23 (April 2022 to March 2023).

In April, it trimmed the forecast from 8.7 per cent to 8 per cent and now it is projected at 7.5 per cent. The GDP growth compares to an 8.7 per cent expansion in the previous 2021-22 fiscal. India's economy grew by 4.1 per cent in the January-March quarter of 2021-22.

Source: thehindubusinessline.com– Jun 08, 2022

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OECD slashes India's GDP growth forecast to 6.9% for FY23

The Organisation for Economic Co-operation and Development (OECD) on Wednesday forecast India's GDP growth at 6.9 per cent for FY23. This is 120 basis points lower than the 8.1 per cent projection made in December.

"After recording the strongest GDP rebound in the G20 in 2021, the Indian economy is progressively losing momentum as inflationary expectations remain elevated due to rising global energy and food prices, monetary policy normalises and global conditions deteriorate," OECD said in its latest economic outlook.

Further, it estimates a growth of 6.2 per cent in FY24, despite a pick-up of corporate investment facilitated by the Production Linked Incentive (PLI) scheme. "While inflation will gradually decline, the current account deficit will widen due to the surge in energy import costs," it said.

What contributed

This forecast has been made on a day when the RBI kept the 7.2 per cent estimated growth rate for current fiscal with risks broadly balanced. On Tuesday, World Bank had slashed India's forecast to 7.5 per cent for the current fiscal.

OECD, in its outlook said, the waning scale of the Covid-19 shock, the elimination of containment measures, the ability of exporters to take advantage of favourable external conditions, and government support to vulnerable households combined to produce remarkably high GDP growth in FY22.

Merchandise exports rose to a record level, exceeding official government targets and validating India's strategy of managed liberalisation through preferential trade agreements with major partners.

However, consumption growth has slowed, with sales of two-wheelers falling to a 10-year minimum, subdued private sector credit growth, and contracting employment, although companies report difficulties in filling vacancies.

Consumer price inflation for energy-related items and edible oils started trending up even before the Ukraine war and has accelerated afterwards. Inflation has also risen and become wide-ranging: almost 75 per cent of the CPI sub-components exceed the 4 per cent inflation target.

Despite uncertainty, reflected in the higher yield on 10-year government bonds, equity markets have been boosted by the initial public offer of State-owned LIC. Meanwhile, the import coverage of foreign exchange reserves, which exceeded 18 months in March 2021, declined to 12 months in March 2022.

Neutral monetary stance

OECD noted that RBI began monetary policy tightening in May, intending to anchor inflation expectations and limit second-round effects. "Given the financial and social costs of high inflation, the RBI should gradually move towards a more neutral monetary stance," it said. On Wednesday, RBI hiked policy repo rate by 50 basis points to 4.9 per cent and also removed the accommodative stance.

OECD advised that the government should counter signs of a rapid deterioration in living standards with income support for vulnerable households. Risks include the appearance of a new Covid variant, failure to tame inflation, a reversal of capital flows to emerging markets, and a significant widening of the current account deficit.

Source: thehindubusinessline.com– Jun 08, 2022

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Cabinet approves Memorandum of Understanding between India and United Arab Emirates (UAE) on Cooperation in the field of Industries and Advanced Technologies

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, today has approved the proposal for signing a bilateral Memorandum of Understanding (MoU) between India and the United Arab Emirates (UAE) on Cooperation in the field of Industries and Advanced Technologies.

Growing India-UAE economic and commercial relations contribute to the stability and strength of a rapid diversifying and deepening bilateral relationship between the two countries. India-UAE bilateral trade, valued at US$ 180 million (Rs.1373 crore) per annum in the 1970s has increased to US$ 60 billion (Rs.4.57 lakh crore) making the UAE, India's third largest trading partner for the year 2019-20 after China and the US. Moreover, the UAE is the second largest export destination of India (after US) with an export value of US$ 29 billion (Rs.2.21 lakh crore) for the year 2019-2020. The UAE is eighth largest investor in India with an estimated investment of US$ 18 billion (Rs.1.37 lakh crore). Indian investments in the UAE are estimated at around US$ 85 billion (Rs.6.48 lakh crore).

India and the UAE have signed a bilateral "Comprehensive Economic Partnership Agreement" (CEPA) on 18/02/2022. This agreement has potential to increase trade between India and the UAE from US$ 60 billion (Rs.4.57 lakh crore) to US$ 100 billion (Rs.7.63 lakh crore) in the next five years.

The MoU envisages cooperation on a mutually beneficial basis in the following areas:

a. Strengthening the Supply Chain Resilience of Industries

b. Renewable & Energy Efficiency

c. Health and life sciences

d. Space Systems

e. Artificial Intelligence

f. Industry 4.0 Enabling Technologies

g. Standardization, metrology, conformity assessment, accreditation, and Halal certification.

The MoU aims at strengthening and developing industries in both nations through investments, technology transfer and the deployment of key technologies in industries. This is likely to generate employment across the economy.

The implementation of MoU may lead to increase in research and innovation in all areas of mutual cooperation, particularly in the areas of Renewable Energy, Artificial Intelligence, Industry Enabling technologies and Health and Life science. This may lead to growth of these sectors, increased domestic production, enhanced exports and reduction in imports.

Signing of the MoU will result in fulfilling the goal of Atmanirbhar Bharat, a clarion call given by Hon'ble Prime Minister of India in making India a self-reliant nation.

Source: pib.gov.in– Jun 08, 2022

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Upward swing in India-Brazil bilateral trade; To touch USD 15 billion soon

India and Brazil are on their way to realise the target of USD15 billion in bilateral trade which was announced in 2020 during the State visit of President Jair Bolsonaro to India.

In an exclusive interaction with Financial Express Online in Sao Paulo, Brazil, Ambassador of India to Brazil Suresh K Reddy said, "The two way trade between the two countries has witnessed an all time high growth. In 2021, our bilateral trade touched USD11.53 billion with an increase of 63.5 percent over 2020. Balance of trade was USD1.93 billion in favour of India."

"India is now the 5th largest trading partner of Brazil. Today it is increasingly playing a vital role in meeting our export targets including the target of USD400 Billion in 2021."

According to the Indian envoy "The 2022 has also started with great momentum. During Jan-Mar 2022, the bilateral trade was USD 3.082 billion, representing a 42.9 percent increase compared to the same period last year. At the same time, it's noteworthy that our exports to Brazil were USD 1.766 billion, registering an increase of 28.9 percent and are more diversified as well."

As has been reported in Financial Express Online earlier, in 2020, the two countries had inked 15 agreements at the end of talks between Prime Minister Narendra Modi and President Bolsonaro.

The agreements are in a wide range of sectors including trade and investment, security and defence, energy, environment, agriculture and energy, civil aviation, health and innovation.

The two sides drew up an ambitious plan to boost their economies by expanding trade and set a target of USD 15 billion in bilateral trade by 2022.

In 2018-19 bilateral trade between the two countries was USD 12 billion which included USD8 billion worth of Indian exports to Brazil and USD 4 million as imports by India.

Role of the Indian Mission

"We are expecting further growth as many large trade delegations are scheduled to visit Brazil in the near future," Ambassador Reddy said.

The Indian mission has been doing an active outreach to Brazilian industries and this has resulted in many companies tapping into the large Indian market.

"We also estimate that Indian companies in Brazil today employ around 25000 Brazilians and this is only increasing," he said.

More about bilateral trade between India and Brazil

Indian exports of USD6.73 billion registering an increase of 61.4 percent. And India ranked 5th in terms of Brazilian import destinations, and made for 3.07 percent of Brazil's overall imports.

Indian imports of USD4.8 billion registered an increase of 66.4 percent and ranked 13th in terms of Brazilian export destination, and made for 1.71 percent of Brazil's overall exports.

In Jan-Apr 2022, our bilateral trade touched USD 4.13 bn with an increase of 31.4 percent over the same period in 2021. Balance of trade is USD 624.3 million in favour of India.

It comprises of:

Indian exports of USD2.38 bn registering an increase of 27.3 percent and ranks 6th in terms of Brazilian import destination, and makes for 2.93 percent of Brazil's overall imports.

Indian imports of USD1.75 bn registering an increase of 37.5 percent and India ranks 12th in terms of Brazilian export destination, and makes for 1.73 percent of Brazil's overall exports.

Source: financialexpress.com– Jun 07, 2022

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France keen to pursue FTA talks between the EU and India: Mr. Hermelin

A four member French delegation led by the Special Representative for Bilateral Economic Relations, Mr. Paul Hermelin called on the Union Minister of State for Commerce & Industry, Shri Som Prakash here today. They discussed the scope for mutual cooperation across the entire gamut of bilateral and international trade and economic issues.

Shri Som Prakash gave an overview of major initiatives and reforms of the Modi Government in reducing cost of business and increasing Ease of Doing Business in India. He also explained about the success of India-France Fast Track Mechanism.

Shri Som Prakash highlighted India's priorities ahead of the impending 12th Ministerial Conference (MC12) of the WTO due to be held in Geneva next week.

The Minister sought support of Government of France for India's proposal seeking TRIPS waiver in view of the global fight against the Covid pandemic. He also pointed out India's stance on WTO negotiations related to e-Commerce and the moratorium on Customs duties on electronic transmissions that is due to expire in the run up to the MC12.

Speaking on the occasion, Mr. Hermelin said France is keen to pursue the Free Trade Agreement (FTA) negotiations between European Union and India. Both sides hoped to conclude the agreement before 2024.

The pact will pave the way for India to give a boost to trade with the 27-member nation EU bloc, subject to ratification by both sides including the European Parliament. The two sides are due to reopen FTA talks in Brussels on the 17th June.

The French delegation included the Ambassador of France to India, Mr. Emmanuel Lenain.

Source: pib.gov.in– Jun 08, 2022

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FM launches EASE 5.0 public sector banks common reform agenda

Finance and Corporate Affairs Minister Nirmala Sitharaman, on Wednesday, launched the fifth edition of Enhanced Access and Service Excellence-EASE 5.0, which spells out the common reforms agenda for public sector banks (PSBs) under the EASENext program.

The launch event was attended virtually by Managing Directors and CEOs and other senior executives of PSBs.

Under EASE 5.0, PSBs will continue to invest in new-age capabilities and deepen the ongoing reforms to respond to evolving customer needs, changing competition and the technology environment. EASE 5.0 will focus on digital customer experience, and integrated andinclusive banking, with emphasis on supporting small businesses and agriculture. Simultaneously, all PSBs will also create a bank-specific three-year strategic roadmap. It will entail strategic initiatives beyond EASE 5.0. The initiatives will be across diverse themes — business growth, profitability, risk, customer service, operations, and capability building.

Speaking at the launch event through videoconferencing, Sitharaman mentioned that EASENext is well-positioned to channel reforms with specific focus on customer-centric initiatives.

She emphasised on the customer-first strategy and focus on employee development. Sitharaman further mentioned that in order to develop customer-centric approach, banks should engage with their customers to understand their needs and expectations. While upgrading technology initiatives robust security mechanisms should also be developed, she added.

Sitharaman also said EASENext reforms should bring ease for customers as well as for employees.

In his opening remarks, Department of Financial Services Secretary, Sanjay Malhotra, mentioned that all PSBs are now profitable and have stronger balance sheets. It is imperative that PSBs leverage this position of strength to significantly increase their competitiveness.

He mentioned about PSB Manthan 2022, which was organised in April, with functional heads of Public Sector Banks that paved the way for the genesis of a broader and bolder program - EASENext - would comprise 2 major initiatives: EASE 5.0 (common PSB reforms agenda) and Bank specific strategic 3-year roadmap(based on individual bank's business priorities).

EASE has evolved over four annual editions from FY19 to FY22 and has catalyzed reforms in diverse areas in Public Sector Banks.

Source: thehindubusinessline.com– Jun 08, 2022

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Indian state releases new textile & leather policy to lure investors

The north Indian state of Bihar has announced a new textile and leather policy, aimed at promoting industrialisation, as the state has ample availability of skilled labour. To attract investors, the policy will provide 15 per cent subsidy on investment in plant and machinery. The state government has also assured timely disbursement of subsidies.

As per the Bihar Industrial Investment Promotion Policy (Textile & leather policy), released by the state chief minister Nitish Kumar today, new textile units set up under certain conditions will be entitled for capital investment subsidy of 15 per cent of expenditure on plant and machinery. The subsidy, with a cap of ₹10 crore, will be disbursed in five years after the commencement of production.

Further, all textile and leather units will get 100 per cent reimbursement of SGST for 5 years. The new units set up under the latest policy will be eligible for freight subsidy, employment subsidy, power subsidy, patent subsidy, skill development subsidy, and exemption from stamp duty, registration fee and land conversion fee.

The policy categorises the entire textile and leather value chain into two categories. Category A covers weaving, knitting, apparel, accessories, hosiery, leather, leather garment, leather footwear, etc, while category B comprises ginning, spinning, textile processing (printing), man-made fibre, synthetic fibre, polyester, acrylic, viscose, rayon, technical textile, and leather processing (tanning, finishing) units.

Sanjay K Jain, managing director of TT Limited, who attended the event, told Fibre2Fashion, “The most important thing is an assurance from the government to disburse subsidy on time. Overall, the policy is very good.” TT Limited has announced that it will set up its new unit in Bihar under the latest state policy.

Source: fibre2fashion.com– Jun 08, 2022

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India notifies Green Open Access Rules, 2022, to promote green energy

The Indian ministry of power recently notified the Green Open Access Rules, 2022, to promote generation, purchase and consumption of green energy, including that from waste-to-energy plants. The rules enable simplified procedure for and faster approval of open access to green power, uniform banking, and voluntary purchase of renewable energy by commercial and industrial consumers.

Captive consumers can take power under Green Open Access with no minimum limitation. Discom consumers can demand for supply of green power to them.

Green Open Access is allowed to any consumer and the limit of open access transaction has been reduced from 1 MW to 100 kW for green energy, to enable small consumers to purchase renewable power through open access.

The rules will offer certainty on open access charges to be levied on green energy open access consumers. This includes transmission charges, wheeling charges, cross-subsidy surcharge and standby charges, an official release said.

The cap on increasing of cross-subsidy surcharge as well as the removal of additional surcharge not only incentivise consumers to go green, but also address issues that have hindered the growth of open access in India. Approval, to be carried out through a national portal, will be granted in 15 days or else it will be deemed to have been approved subject to fulfilment of technical requirements.

The tariff for green energy shall be determined separately by the appropriate commission, which shall comprise of the average pooled power purchase cost of renewable energy, cross-subsidy charges, if any, and service charges covering the prudent cost of the distribution licensee for providing the green energy to the consumers.

The rules will help streamline the overall approval process for granting open access to improve predictability of cash flows for renewable power producers. It will also bring uniformity in the application procedure.

There shall be a uniform renewable purchase obligation on all obligated entities in area of a distribution licensees. It has also included green hydrogen and green ammonia for fulfilment of its recovery point objective.

Consumers will be given the green certificates if they consume green power. Cross subsidy surcharge and additional surcharge shall not be applicable if green energy is utilised for production of green hydrogen and green ammonia.

Source: fibre2fashion.com– Jun 08, 2022

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E-way bills in May down 2% from April

E-way bills generated by businesses for inter-state commerce in May were marginally down from April, but significantly higher than the year-ago month, suggesting that June GST collections will likely be around Rs 1.35 trillion, sources said.

E-way bills stood at 73.62 million in May 2022, the third highest since the system was rolled out in 2018 and up 84% on year, partly because of a very low base. However, on a month-on-month basis, e-way bills in May were 2% lower than the previous month.

Collections had hit an all-time high of Rs 1.68 trillion in April (March transactions), broadly reflecting efficient plugging of tax evasion, a sustained shift of business to the formal sector of the economy and year-end bunching of tax payments by firms.

Monthly gross GST collections moderated to Rs 1.41 trillion in May, reflecting a 4% decline in e-way bills in April.

A continued momentum in GST receipts from July 2021 onwards yielded average gross GST mop-up of Rs 1.23 trillion in FY22, up 29% on year. Officials reckon that monthly GST revenues may average at Rs 1.35 trillion in FY23 as against an average of Rs 1.2 trillion factored in the Budget.

Continued buoyancy in GST collections for several months in a row would help allay the state governments' concerns about a revenue shock they might have to deal with once five-year revenue protection ends on June 30.

Given that an incipient pick-up in consumption has resulted in a more-than-proportionate jump in GST revenues, a stronger economic recovery could allow the collections to settle at an elevated level, proving the high revenue productivity of the broad-based consumption tax.

The rise in monthly gross GST collections have given some breathing space to the GST Council to recalibrate an action plan on tax rates, as the shortfall in GST by states after end of compensation mechanism will not be that high, officials reckon.

Under the GST compensation mechanism, which is constitutionally guaranteed, state governments are assured 14% annual revenue growth for the first five years after the tax's July 2017 launch.

Source: financialexpress.com– Jun 09, 2022

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Exports rises 24.18 pc to USD 9.4 billion during June 1-7

The country's exports increased 24.18 per cent to USD 9.39 billion during June 1-7 on account of healthy growth in sectors like engineering, gems and jewellery and petroleum products, an official said.

The exports during June 1-7 2021 stood at USD 7.56 billion, the commerce ministry official said. Imports during the first week of this month too rose by about 77 per cent to USD 16 billion.

Gems and jewellery, engineering, petroleum products, and electronic goods' exports increased by 84.3 per cent, 25.7 per cent, 20.4 per cent and 73.5 per cent, respectively.

Major import goods that recorded growth include petroleum, crude, coal, coke and briquettes, gold and chemicals.

India's merchandise exports rose by 15.46 per cent to USD 37.29 billion in May on account of healthy performance by sectors, including petroleum products, electronic goods and chemicals.

Imports during the month grew by 56.14 per cent to USD 60.62 billion.

Source: thehindubusinessline.com– Jun 07, 2022

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CCEA approves Minimum Support Prices (MSP) for Kharif Crops for Marketing Season 2022-23

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Prime Minister Shri Narendra Modi, has approved the increase in the Minimum Support Prices (MSP) for all mandated Kharif Crops for Marketing Season 2022-23.

Government has increased the MSP of Kharif Crops for Marketing Season 2022-23, to ensure remunerative prices to the growers for their produce and to encourage crop diversification, as provided in the table below.

Minimum Support Prices for all Kharif crops for Marketing Season 2022-23
(₹ per quintal)

Crop	MSP 2014-15	MSP 2021-22	**MSP 2022-23**	Cost* of production 2022-23	Increase in MSP (Absolute)	Return over cost (in per cent)
Paddy (Common)	1360	1940	**2040**	1360	100	50
Paddy (Grade A)^	1400	1960	**2060**	-	100	-
Jowar (Hybrid)	1530	2738	**2970**	1977	232	50
Jowar (Maldandi)^	1550	2758	**2990**	-	232	-
Bajra	1250	2250	**2350**	1268	100	85
Ragi	1550	3377	**3578**	2385	201	50
Maize	1310	1870	**1962**	1308	92	50
Tur (Arhar)	4350	6300	**6600**	4131	300	60
Moong	4600	7275	**7755**	5167	480	50
Urad	4350	6300	**6600**	4155	300	59
Groundnut	4000	5550	**5850**	3873	300	51
Sunflower Seed	3750	6015	**6400**	4113	385	56
Soyabean (yellow)	2560	3950	**4300**	2805	350	53
Sesamum	4600	7307	**7830**	5220	523	50
Nigerseed	3600	6930	**7287**	4858	357	50
Cotton (Medium Staple)	**3750**	**5726**	**6080**	**4053**	**354**	**50**
Cotton (Long Staple)^	**4050**	**6025**	**6380**	**-**	**355**	**-**

**Refers to cost which includes all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred on use of material inputs like seeds, fertilizers, manures, irrigation charges, depreciation on implements and farm buildings, interest on working capital, diesel/electricity for operation of pump sets etc., miscellaneous expenses and imputed value of family labour.*

^ Cost data are not separately compiled for Paddy (Grade A), Jowar (Maldandi) and Cotton (Long staple)

The increase in MSP for Kharif Crops for Marketing Season 2022-23 is in line with the Union Budget 2018-19 announcement of fixing the MSP at a level of at least 50 percent over the All-India weighted average Cost of Production, aiming at reasonably fair remuneration for the farmers. It is notable that, return over MSP for bajra, tur, urad sunflower seed, soybean and groundnut is more than 50 percent over the All-India weighted average Cost of Production at 85%, 60%, 59%, 56% , 53% and 51% respectively.

Concerted efforts have been made over the last few years to realign the MSP in favour of oilseeds, pulses and coarse cereals to encourage farmers to shift larger area under these crops and adopt best technologies and farm practices, to correct demand – supply imbalance.

As per 3rd Advance Estimates for 2021-22, production of Foodgrains in the country is estimated at record 314.51 million tonnes which is higher by 3.77 million tonnes than the production of foodgrain during 2020-21. The production during 2021-22 is higher by 23.80 million tonnes than the previous five years' (2016-17 to 2020-21) average production of foodgrains.

Click here for more details

Source: pib.gov.in– Jun 08, 2022

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No major trade impact seen as business trumps over politics

As a now-suspended BJP spokesperson's comments on Prophet Muhammad drew condemnations from Islamic nations, especially those in western Asia, a look at India's relations with these countries suggests that if the issue is allowed to escalate, it could have serious economic implications for both.

Trade or business relations, however, haven't yet been impacted. "No report of any cancellation of export or import order has been received so far," a senior government official told FE.

Senior trade executives discounted fears of any major disruption in India's trade with West Asian countries due to this incident. Business is likely to trump politics in this case, especially because these are remarks of a few individuals who don't represent the Indian government and against whom action has already been taken by the ruling BJP, one of them said.

Moreover, there are factors as well. "While India depends heavily on West Asian nations for oil supplies, no economy that relies so much on oil revenue can afford to sever ties just like that," he added.

About 38% of India's fuel requirements in FY22 were met by members of the Gulf Co-operation Council (GCC) members — such as Saudi Arabia, the UAE, Qatar, Kuwait, Oman and Bahrain — and Iran. The oil dependence, thus, reinforces the idea that these countries do matter to India.

Similarly, they make up about 54% of India's inward remittances. India's goods imports from these countries were to the tune of $111 billion in FY22 — 18% of its total purchases from overseas. Similarly, India's exports to these countries stood at $45 billion last fiscal, or 11% of its total outbound shipment.

So while India's reliance on these countries is well documented, these nations, too, depend on New Delhi for various supplies, especially of essential items, trade analysts said. For instance, some of these economies, such as the UAE and Oman, have sought wheat supplies from India after New Delhi banned its exports. Similarly, India is a major

supplier of grains, meat, chemicals, capital goods and automobiles and spices to the West Asian countries, among a plethora of other products. Given that about 9 million Indians reside in the GCC nations, they are also a large consumer base for Indian products there.

Trade analysts say any friction in the buyer-seller engagement hurts both the sides. It's not easy for any party to diversify their supply base all of a sudden. In FY22, India had a huge trade deficit of $66 billion with the GCC countries and Iran put together. This means New Delhi is no small customer to snap the ties with, said the analysts.

These are organic relationships, which can't just be rejected whimsically, a Delhi-based trade expert said. Calls for boycotting Indian products in a few places in countries like Kuwait are unlikely to dent India's exports to the region, he said. "Normalcy should return in the short run."

Similarly, replacing skilled Indian workers by the GCC nations with those from other countries is much easier said than done. So, remittances are unlikely to be impacted much.

"No government can publicly take the blame for the action of certain individuals, because if it does so, it will prove that these individuals were acting at its behest, which isn't true in this case. Moreover, in a democracy, it's not possible at all," said another trade expert, who didn't want to be named. "So, a public apology, as demanded by a few of these countries, can't be entertained."

Source: financialexpress.com– Jun 09, 2022

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Shanghai setback leaves Ludhiana's apparel industry staring at losses

Go to the narrow lanes of Ludhiana’s bustling Shahpur Road, and you will find them crammed with customers, salesmen and traders. But the seeming sense of normalcy in this crowded market for fabrics and garments belies the deep distress that the city’s textile industry finds itself in. Repeated supply shocks, the latest being the closure of the Shanghai port in China, have all but brought the industry to its knees.

Ludhiana, Punjab’s Rs 20,000-crore textile hub, accounts for more than 90 per cent of India’s apparel production for the domestic market. But for the last six years, it has been repeatedly hit by one setback after another. In 2016, demonetisation crippled the city’s hosiery industry, which mostly comprised micro and small businesses. Then, just as it started finding its feet again, the Covid-19 pandemic piled more misery on it.

The latest supply shock has come from the closure of the Shanghai port for the last two months, owing to a resurgence of Covid-19 in that city. Shanghai handles a fifth of China's cargo and the country holds a virtual monopoly on the supply of garment accessories such as buttons, chains, embellishments, and so on. Even though the port opened for business last week, industry insiders say that it will take over a month for the supply chain to return to normal.

“We’re tired now,” sighs Rehman, a small retailer who also owns a weaving unit. “Raw materials are getting costlier by the day, and we have not had a steady supply of accessories for months. There are overhead expenses to be paid and we also have to pay the workers. It’s very difficult.”

“The supply of garment accessories has been slow and unreliable for over three-four months now,” says Vinod Thapar, president of Knitwear Club, an apparel industry association. Many retailers add that their products would not sell for even half the price without the accessories that are mostly imported from China.

Thapar and others say that though the Shanghai port has reopened, manufacturers in Ludhiana have already curtailed or delayed their production plans, at the risk of not having ready stock by the time the peak season arrives in winter.

Factory owners say that earlier, basic raw materials would take 15-20 days to be shipped and specialised orders would take 60 days. These supply cycles have now extended multi-fold. Consequently, input costs for manufacturers have also gone up.

Many factory owners have been forced to source their accessories locally. However, the local products lack competitiveness, both in terms of quality and cost, says Thapar.

Another problem is the depreciation of the rupee against the dollar. Says Harinder Thapar, a textile manufacturer and retailer, “Even if the basic cost of our material doesn’t rise, we end up paying more for our imports.”

The industry is also concerned about small manufacturers, who sell handmade fibre, facing a double-whammy. In addition to the cost inflation in basic raw materials, the high price of crude is severely impacting business, since fabrics like nylon and polyester are petroleum-based products.

“While medium and larger manufacturers have learned to compromise and work through the supply shocks, the distress of the micro industry has been much bigger. Their survival is on the line,” says Sudarshan Jain, president, Knitwear and Apparel Manufacturers Association of Ludhiana.

“We (industry) expect the prices of winter apparel to increase by 15-20 per cent this season. While it could change with how the supply situation changes, we can’t test the market too much. We have to be careful in raising prices, or our sale volumes could be low,” says Jain.

In fact, the issue of price makes many retailers anxious. Most of them were banking on this season to make good the losses they had incurred over the last two years due to the pandemic. They point out that fashion is a space where trends change quickly, and if the increased prices are not accepted by consumers, they will end up with unsold stock which will not be of any use next year, as trends would likely have changed by then.

Source: business-standard.com– Jun 09, 2022

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Runaway rupee, the next worry

Raging inflation may have been in the limelight in the June monetary policy, but the RBI Governor's statement also flashed the other issue that is worrying him — the depreciation in the rupee. He highlighted the havoc being caused in currency markets by the rapid monetary tightening by central banks of advanced economies, and how the rupee along with other emerging market currencies is being buffeted in this volatility.

The RBI has a reason to be worried about the rupee since it has been prancing close to its life-time low of 77.92 since May. The central bank has been intervening actively in the forex market to keep the depreciation 'orderly'. But the odds are currently piled high against the Indian currency. In 'A perfect storm awaits the rupee in 2022', published in these columns in January, we had highlighted the risks awaiting the rupee this year due to monetary tightening by global central banks. The Russia-Ukraine war has made this already boiling cauldron, even more explosive.

While the RBI has been supporting the rupee through forex market interventions, it will have to begin looking at other means to support the currency. Hiking the repo rate to stem portfolio outflows is one way to that, but it may not be enough.

Cracks in the external account

India's external account is beginning to look quite fragile of late. The forex reserve arsenal accumulated over the last few years may not suffice if the central bank has to wage a protracted war against rupee depreciation. Forex reserves have declined almost 7 per cent since October 2021, down from $642 billion to $597 billion. The continued fall in reserves combined with an increase in import bill due to elevated oil prices has resulted in lower import cover for merchandise imports to 10 months by April this year, down from a robust 15 months in May 2021. The ratio of forex reserves to external debt and to volatile capital flows is also deteriorating fast.

India's current account deficit, which was at 2.7 per cent of GDP in the third quarter of FY22, is expected to have crossed the 3 per cent mark in the fourth quarter. But the bigger worry is that most of the factors weakening the external account are likely to persist over the coming quarters.

With the Russia-Ukraine war showing no sign of abating and the Iran nuclear deal getting delayed, most projections expect crude oil price to stay elevated at around $110 per barrel in 2022. This means that India's trade deficit is likely to persist. Continued supply disruptions in global metals, chemical and agri commodities, due to the ongoing war, could add to the import bill.

There appears to be no respite in foreign portfolio outflows as well. Spike in global bond yields as well as rally in US dollar has resulted in funds flowing back to the safe haven of dollar-denominated securities. Both Indian equities as well as bonds have been witnessing continued outflows this calendar with ₹1.77-lakh crore being pulled out of equities and ₹14,157 crore pulled out of Indian debt securities so far. With the US Federal Reserve and other central banks set to continue aggressive tightening, portfolio outflows are likely to continue.

Rescue the rupee

The easiest way for the RBI to support the Indian currency is through market interventions. But this has several negative fallouts. One, it leads to depletion of forex reserves. It may be argued that the reserves are built for times such as these, but it sends a signal to the market that the currency is on unsteady ground. This emboldens speculators who begin taking short positions in the currency.

A point of solace is that most emerging economies are in similar straits as India, using up their forex reserves to protect their currencies. World foreign exchange reserves excluding gold is down 4 per cent since the beginning of 2022.

The other impact of forex intervention is that it sucks out liquidity from the system. As the RBI Governor pointed out in the statement, surplus in the system has reduced to around ₹2-lakh crore in May. Part of this decline could be due to the RBI selling dollars in the market.

Since market intervention has its limitation, the RBI is doing what it needs to do to stop FPI outflows and support the rupee – hike policy rates. The US Federal Reserve has signalled aggressive rate hikes for the rest of this year and the next.

Other emerging economies have already hiked interest rates aggressively since the end of last year. As a result, 10-year government bond yields of Mexico (8.8 per cent), Brazil (12.75 per cent) and South Africa (10.3 per cent) are trading much higher than Indian 10-year sovereign bond yield. If rates are not moved higher aggressively, funds will continue flowing out of India into other economies.

What if the rupee continues to reel under selling pressure? The central bank can consider tapping Indians residing overseas once again, as in 2013, by offering them higher incentive to move their deposits back home. The FCNR (B) swap scheme was extremely successful in 2013, helping raise around $26 billion of inflows. While FDI takes time since it involves corporate decision-making, NRI deposits can be faster to garner.

Speculative activity in the currency also needs to be kept under check. If speculators sense that the Indian currency is getting weak, they can short the rupee futures traded on overseas Non-Deliverable Forwards (NDF) market, exacerbating the weakness. Since these NDF markets are located overseas, in Singapore, Dubai and so on, it is difficult to control the trades.

The RBI had given permission to banks located in the Offshore Financial Centre in the GIFT City to trade in the NDF market recently. This should be encouraged so that the overseas trades can be influenced by the RBI. Also shifting trading of rupee derivatives from Singapore to GIFT City will also help check runaway speculation in the rupee.

Finally, the RBI should make conscious effort to internationalise the rupee. The Russia-Ukraine war and the disruptions to payments caused by it, is a good opportunity to insist on export settlement in rupee, beginning with some of the smaller export partners. As dollar domination is likely to reduce going ahead, the rupee can claim some of the ground ceded by the greenback.

Source: thehindubusinessline.com– Jun 08, 2022

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Tiruppur exporters demand ECLGS 5.0 for garment sector

The Tiruppur Exporters' Association (TEA) has requested the central government to announce Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 for garment sector which has been hit by a number of factors such as increased cotton yarn prices, geo political tensions, interest rate hike etc.

The President of TEA Raja M Shanmugham has appealed to Nirmala Sitharaman Union Minister of Finance, highlighting the crisis the garment sector is facing and urged her to announce ECLGS 5.0.

Addressing the increase in policy repo rate by 50 bps to 4.90 per cent, Shanmugham said the central bank has taken the decision mainly to ensure the inflation remains within the target, while supporting growth.

However expressing apprehension he said that the increase of interest rates by banks will further impact the sustenance of MSMEs in Tiruppur Cluster.

He also emphasized on the protection of lakhs of jobs associated with MSMEs, out of which 65 per cent are women workers hailing from rural areas.

TEA has sought an immediate intervention to address the liquidity crisis issue and bring back the Value Added Tirupur Knitwear Garment Sector into a normal business mode, gain confidence and sustain in the business.

Source: knnindia.co.in– Jun 08, 2022

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Polyester, PC yarn prices steady in north India amid poor demand

Steady trend was noted today in polyester and PC yarn in north India amid weaker demand from weaving industry. Demand for polyester and PC yarn was very slow from downstream industry as higher prices were discouraging buyers. However, higher prices of MEG (upstream raw material) may push up polyester stable fibre (PSF) which is stable for last one week.

A Ludhiana based trader told Fibre2Fashion, "Higher prices of yarn and poor demand from end users are discouraging buyers. Buyers are unable to decide on increasing production due to costlier raw material."

In Ludhiana market, 30 count PC combed yarn (48/52) was sold at ₹295-305 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 ₹210-215 per kg.

30 count poly spun yarn was sold at ₹185-200 per kg, and 30 count recycled poly spun yarn at ₹172-177 per kg. Acrylic NM (2/48) was priced at ₹320-330 per kg, while acrylic NM (2/32) was at ₹275-285 per kg. High tenacity recycled fibre was priced at ₹96 per kg.

The price of PSF remained stable at ₹126 per kg. However, the man-made fibre is likely to gain Reliance Industries Limited (RIL) has increased the price of MEG. The company has fixed prices of raw material as: PTA ₹97 (-0.20) per kg, MEG ₹61.90 (+1.50) per kg and MELT at ₹100.64 per kg, as per TexPro.

Meanwhile, cotton prices dropped further in Punjab and other northern states due to poor buying from mills. Cotton was sold at ₹10,200 per maund of 37.2 kg in Punjab market. Earlier, it was sold at ₹10,400 per maund.

Source: fibre2fashion.com– Jun 08, 2022

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India's Arvind cuts down garment production capacity in Ethiopia

India's Arvind Limited is gradually cutting down its garment production capacity in Ethiopia with uncertainty looming over renewal of the US African Growth and Opportunity Act (AGOA). The company, however, has earmarked ₹200 crore for capacity augmentation in its advanced material division and garmenting businesses, and cost optimisation projects for fabric business during fiscal 2022-23.

"During the year we completed a restructuring of some of our facilities across India and also started to gradually bring down capacity in Ethiopia. We had shared that the AGOA Treaty has been kind of cancelled for now and hence duty-free exports from Ethiopia to the US have been halted.

As such, the traffic for that location has come down, so we have started kind of reducing the footprint there. So, our installed capacity has come down to about 50 million pieces or so," Samir Agrawal, chief strategy officer at Arvind, told analysts in a post-earnings call recently.

Enacted in 2000, the AGOA offers sub-Saharan African countries duty-free access to the United States. It was renewed in 2015 till 2025, but faces uncertainty over its extension further.

The key challenge in this segment has been the continuously rising prices of all the raw materials, most prominently cotton, which continued to climb even though the new harvest coming in the market around November, he informed.

Source: fibre2fashion.com– Jun 08, 2022

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