TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

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

IBTEX No. 134 of 2022 July 08, 2022

NEWS CLIPPINGS

Currency Watch	
USD	79.22
EUR	80.45
GBP	95.11
JPY	0.58

INTERNATIONAL NEWS


SAYING CHILD
NO TO LABOUR

INTERNATIONAL NEWS

The End of Trump-Era China Tariffs Could Be Coming Soon

President Biden has intimated that he is mulling a removal of Trump-era Section 301 tariffs amid rising inflationary pressure that is driving up prices—and consumer anxiety. American Apparel and Footwear Association (AAFA) president and CEO Steve Lamar told Sourcing Journal that movement on the issue could be announced as early as this week, based on the trade group's conversations with members of the administration and Congress.

A Wednesday report from Politico citing former federal officials and others with knowledge of the situation suggested that new actions could include a rollback of duties on a small list of goods, the implementation of a new exclusion process, and a new Section 301 investigation into China's trade actions, conducted by the United States Trade Representative (USTR). "This is something that Ambassador Tai has been talking about, to kind of refresh the underlying investigation" that was conducted in 2017 by the Trump administration, Lamar explained.

Telling reporters at a briefing Wednesday that she could not yet share information on the fate of the Section 301 tariffs, White House Press Secretary Karine Jean-Pierre said, "There are a lot of different elements to this, especially since the previous administration imposed these tariffs in such a haphazard…non-strategic way."

Indicating that President Biden and his advisors are currently "talking through" the issue, Jean-Pierre said, "Once we figure out the right approach—this is about what is right for the American public, for the American people—we will have an announcement and we will let you all know."

The heightened discussion surrounding the Section 301 tariffs has reached a fever pitch in recent weeks, as legislators on both sides of the aisle question their effectiveness in tamping down China's anti-competitive trade practices. The USTR has seen its share of pressure, as it recently missed multiple deadlines set by Congress and a U.S. Court of International Trade (CIT).

The agency was tasked with establishing a new, user-friendly tariff exclusion process by early June, and failed to deliver, much to the chagrin of lawmakers. And following an April ruling on a case brought by four American business enterprises, USTR was also ordered to reexamine and explain its rationale for implementing the List 3 and List 4A duties which took effect in 2019. Though the CIT initially ordered the agency to present its findings by June 30, USTR was granted a month-long extension. The two tranches cover $300 billion in Chinese imports to the U.S.

Plaintiffs including HMTX Industries LLC, Halstead New England Corporation, Metroflor Corporation, and Jasco Products Company LLC argued this spring that USTR implemented the tariffs illegally. While the court did not find the agency guilty of illegal action, it resolved that the USTR did not adequately respond to public concerns before the List 3 and List 4A tariffs took effect, or elucidate its reasoning for levying additional duties against Chinese imports. The CIT subsequently ordered USTR to shed light on its decision-making process within 90 days.

The trade agency filed a motion on June 17 asking for 60 additional days to deliver its findings, citing the need to sift through more than 9,000 public comments from the period in September 2018 and August 2019, as well as transcripts from hearings that took place at the time. “Additional time is needed to complete this work given the volume of information under review, the limited resources available within USTR to conduct this review, and the numerous competing deadlines with which the agency has been tasked with during the remand period,” it wrote.

The plaintiffs swiftly opposed USTR’s motion for an extension, arguing that granting one “would leave uncured its established legal violation for another two months to the continuing detriment of American businesses and consumers.” The agency is permitted only to elaborate on “preexisting rationales memorialized in the rulemaking record,” they wrote, adding that the remand is “not an opportunity to concoct new rationales or develop new explanations” for its actions. These groups said their businesses were directly impacted by the List 3 and List 4A tariffs, and requested that USTR be compelled to deliver its explanation by the original deadline. The CIT opted to grant an extension of 30 days, ordering the agency to do so before Aug. 2.

Source: sourcingjournal.com– Jul 07, 2022

HOME

****

Egypt, Brazil to boost trade in textile and other sectors

Egypt is actively engaged with Brazil to boost biliteral trade in various sectors including textiles. The free trade agreement (FTA) between Egypt and the Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay), which entered into force in 2017, plays a pivotal role in promoting trade between Egypt and Brazil. Exports have jumped 3 times since the FTA.

There are distinguished investment opportunities for the Brazilian business community in the Egyptian market in the areas of the manufacture of textile, spare parts, pharmaceuticals, engineering, along with new and renewable energy, Egyptian minister of trade and industry Nevine Gamea said at an event of Arab-Brazilian Economic Forum, which she attended virtually.

The FTA between Egypt and Mercosur countries contributed to increasing the competitiveness of Egyptian exports and enhancing its access not only to Brazil but to all Mercosur countries, given that the Brazilian market remains a focal point in the penetration and marketing of goods to neighbouring countries, the minister added.

After the FTA entered into force, Egyptian exports to Brazil increased over three times from $155 million in 2017 to $541 million in 2021, as agreement provided access to many strategic goods at competitive prices.

The FTA also encouraged export of Egyptian apparel and home textile products to Brazil. Egypt's apparel exports to Brazil were just $0.944 million in 2017, which increased to $2.281 million in 2020 and $2.249 million in 2021, according to Fibre2Fashion's market insight tool TexPro.

In home textiles, Egypt's exports to Brazil were valued at $1.158 million in 2017, which increased to $3.507 million in 2020 and $9.223 million in 2021, as per TexPro.

Source: fibre2fashion.com– Jul 08, 2022

HOME

****

USA: Will Inflation Drive Consumers to Make More Sustainable Purchases?

The pandemic posed an unprecedented threat to sustainable innovation. The crisis, however, also led to brands, retailers and shoppers themselves taking a more honest look at their consumption habits. Designers promised smaller collections in the future, and consumers cleaned out closets and rediscovered the joy of resale and thrifting. Companies established more stringent protocols for measuring and reporting their environmental impact.

But sustainability is facing a new challenge two years later. Despite worker wages rising, consumer insights company GWI say they are not keeping pace with the cost of living. As a result, people are looking to make cutbacks where they can.

The inflation crisis in the U.S. means consumers may have to find alternative ways to practice sustainable lifestyles on a budget. GWI's latest report found that more than half of the consumers surveyed said they feel the cost of living has changed compared to 6 months ago, and 23 percent said inflation has had a "dramatic impact" on them personally.

To reduce spending, some of the most popular consumer actions center around reusability—be it using a water bottle or prioritizing versatile clothing. "Inflation could have a big impact on what clothing pieces consumers buy, with more potentially opting for traditional and timeless pieces, which won't need to be repurchased as often," GWI stated.

Though Gen Z and millennials are often viewed as the most vocal and knowledgeable about sustainable fashion, this is where the cohorts could take a cue from their older counterparts. GWI reported that over half of Gen Z and millennial consumers buy clothes at least once every two to three months and are "far more likely" to say they purchases clothes and footwear that they don't need compared to baby boomers and Gen X.

"When it comes to clothing, boomers also prefer to buy more traditional styles rather than the latest trends, which could mean they end up consuming less," GWI stated.

The secondhand market, which GWI said is expected to double to $82 billion by 2026 in the U.S., is one avenue young consumers may get their retail fix responsibly. Access to secondhand garments have never been greater with household brand names like Levi's and Wrangler adding vintage and preowned jeans to their assortments and new secondhand e-commerce sites like Denim Library popping up.

Gen Z is especially comfortable shopping for preowned items. “Just over a fifth of Gen Z and millennials say they're planning to buy more secondhand clothing due to rising costs, and we may see this number continue to grow,” the report stated.

While consumers may opt for cost-saving ways to shop sustainability, they still expect companies to reduce their environmental impact. The report found that Gen Z and millennials are more inclined to say they want brands to be transparent about how products are made, which could help them make more informed decisions and shop more sustainably.

“Younger generations place more onus on the government, while older generations feel more responsibility lies with individual consumers but overall, more than a fifth feel that brands have the most responsibility in supporting sustainable initiatives,” GWI stated. “It's time for brands to lead the way in the movement.”

Source: sourcingjournal.com– Jul 07, 2022

HOME

****

Sri Lanka increases policy rates to rein in inflationary pressures

After carefully considering the current and expected macroeconomic developments both globally and domestically, the Monetary Board of the Central Bank of Sri Lanka has increased the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 100 basis points to 14.50 per cent and 15.50 per cent respectively.

“While recognising the possible ramifications on domestic economic activity, among others, the Board was of the view that a further tightening of the stance of monetary policy was necessary to ensure macroeconomic stability, by further curtailing any underlying demand pressures in the economy. Such monetary policy tightening is expected to ensure that inflation expectations remain anchored around the targeted level of headline inflation over the medium term,” the Central Bank said in a statement.

In arriving at the decision to increase SDFR and SLFR by 100 basis points, the Board weighed the impact of tighter monetary conditions on overall economic activity, including the micro, small, and medium scale businesses, and the financial sector performance, among others, against far reaching adverse consequences of any escalation of price pressures across all sectors of the economy in the near term, the statement said.

The Board, however, reiterated that the remedial policy measures adopted by the Central Bank need to be complemented by timely and appropriate policy adjustments by the Government, including the need for the expeditious implementation of fiscal consolidation measures, alongside efficient and effective social welfare programmes to support the vulnerable groups of the society. The latest policy adjustment “would help guide inflation expectations to be anchored around the targeted level of headline inflation over the medium term, while curtailing any build-up of underlying demand pressures in the economy,” the statement added.

Post the new policy rate, the Statutory Reserve Ratio (SRR) is now at 4.00 per cent.

Source: fibre2fashion.com– Jul 07, 2022

HOME

****

Sri Lanka's JAAF hopeful of achieving $6 bn apparel exports in 2022

After Sri Lanka's apparel export earnings expanded by 30 per cent to $446 million in May 2022 from $344 million in May 2021, the Joint Apparel Association Forum (JAAF) is hopeful of achieving the sector's target of $6 billion by the end of 2022. Cumulative earnings from the sector during January-May 2022 increased by 16 per cent YoY to $2.2 billion.

The expansion in export earnings has been registered even though Sri Lankan garment sector continues to face significant limitations from continuing disruptions in energy supply and logistics. In a statement, JAAF thanked all industry stakeholders for their outstanding resilience in ensuring that the sector continued to meet its commitments in the face of unprecedented challenges.

"We are still hopeful of achieving the sector's target of $6 billion by the end of 2022, however we acknowledge that there are significant obstacles ahead that we will first have to overcome. It is therefore essential that all possible support is provided to the sector to continue operating.

"In addition to ensuring that large manufacturers are able to maintain production, much more needs to be done to prioritise support for SME apparel producers, who are an equally essential component of the industry that is also facing severe challenges in day-to-day operations," JAAF secretary general Yohan Lawrence said in the statement.

Despite unprecedented domestic volatility, unstable global market conditions and escalating raw material and logistics costs, Sri Lanka's apparel sector has provided extraordinary support to the national economy, including direct surrender of export proceeds to the Government.

"All apparel companies receive payments through the formal banking system, which is visible at all times to the Central Bank. Once they receive these funds, they are permitted to use these dollars to fund raw material imports, which in previous years stood at approximately $2.5 billion annually.

"On a monthly basis, the balance of our industry's export proceeds is then converted into Sri Lankan rupees. Once converted, the dollars are then available within the banking system to go towards payments for essential imports such as fuel, gas, food and medicine," Lawrence explained.

These extraordinary measures have been commended by the Prime Minister's office as having provided vital assistance in mitigating issues around energy, transport and healthcare in the country.

"Moving forward, the apparel industry remains totally committed to doing all we can to help our nation move past this unprecedented crisis. There is still a great deal of potential for new investments, and capacity expansions including domestic production of raw materials to supply our manufacturing base. Such development hinges on the extent to which the Government delivers on the widespread and clear demands of the Sri Lankan people for meaningful economic and political reforms," Lawrence said.

Despite the ongoing crisis, the outlook for Sri Lankan apparel is still considered positive, as evidenced by the continuing Foreign Direct Investment (FDI) inflows to Sri Lanka which have mirrored upward trends in export performance, recording 17 per cent YoY growth up-to June 2022. At present, $73 million worth of investments have been committed for expansions in the apparel sector in 2022, out of a total apparel investment pipeline of $94 million.

"We are extremely grateful to all our employees for their commitment towards keeping the industry running, against all odds. We will continue to work hard to maintain our global reputation as a reliable sourcing destination for high-end apparel, while also doing our utmost to support the economy at this time," Lawrence stated.

Source: fibre2fashion.com– Jul 07, 2022

HOME

****

More than 2% of the global freight capacity is at a standstill in Europe's North Sea

The global supply chain disruptions seem to be dragging far longer than expected, with shipping container shortages and sea ports' bottlenecks spreading beyond Chinese hubs.

Unusual situation

According to Germany's Kiel Institute for the World Economy (IFW) expert, Vincent Stamer, more than 2% of the global freight capacity remains at a standstill in Europe's North Sea, putting European ports in a "very unusual" situation. "There is currently no end in sight to the congestion in container shipping," Stamer said, noting that the current circumstances have had a particular impact on crossborder trade movement between Germany and other countries in the European Union on one side and Asia on the other side, the world's largest source market for consumer electronics, furniture and textiles, among others.

Stamer further highlighted that the world's most prominent trade route between Europe and Asia, the Red Sea is also experiencing a 20% drop in the number of cargo vessels, marking the largest gap between supply and demand since the outbreak of the global pandemic in late 2019.

Furthered disruptions

The pandemic and later repercussions have largely impacted the global supply chain and associated sectors, with snowballing logjams at major seaports and corresponding workforce and shipping container shortages driving record hikes in ocean freight rates and lengthy shipping delays across the world.

Over recent months, the global supply chain was subject to yet another crippling wave of disruptions, fuelled by China's zero-COVID strategy and the lockdown in the country's largest port, the Port of Shanghai, as well as the ongoing conflict in Ukraine and the subsequent upsurge in fuel prices, which hindered the flow of goods and instigated a series of cost increases and product shortages.

Source: logisticsmiddleeast.com– Jul 07, 2022

HOME

****

Retail trade volume rose by 0.2% in euro area in May 2022

In the euro area, the seasonally adjusted volume of retail trade increased by 0.2 per cent in May 2022 when compared with April 2022. On the other hand, retail trade volume declined by 1.4 per cent in April 2022. Moreover, the calendar adjusted retail sales index rose by 0.2 per cent in May 2022 when compared to May 2021.

In the euro area, the volume of retail trade increased by 1.2 per cent for non-food products and declined by 0.2 per cent for automotive fuels in May 2022 as compared to April 2022, according to Eurostat, the statistical office of the European Union.

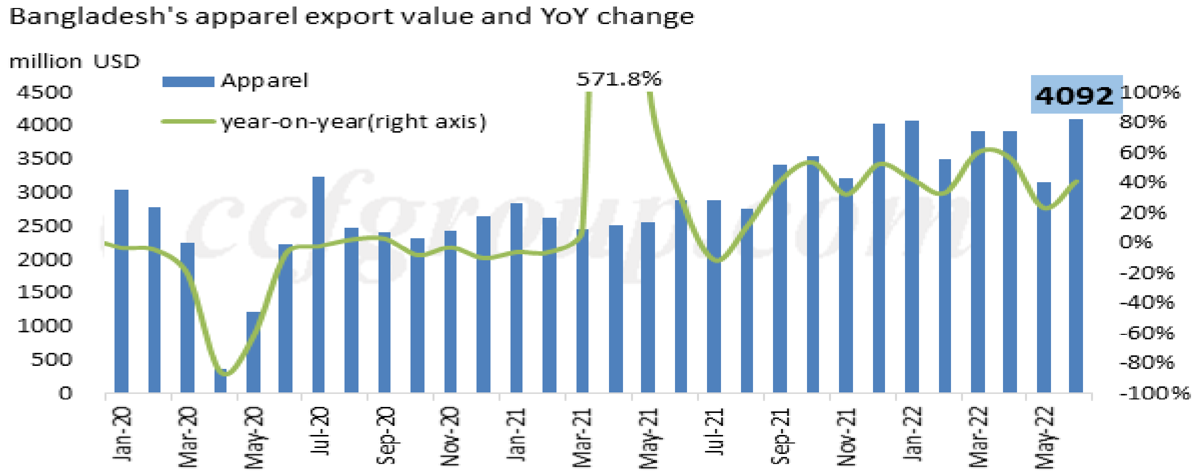
The volume of retail trade increased by 5.6 per cent for automotive fuels and by 2 per cent for non-food products in the euro area in May 2022 when compared to May 2021, the Eurostat data showed.

The euro area comprises European Union members that have adopted the euro as their currency. The 19 countries comprising the area are Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia, and Finland.

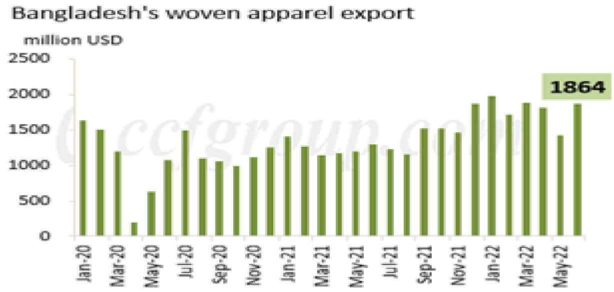
The index of the volume of retail trade measures the evolution of the turnover in retail trade, adjusted for price changes (deflated), i.e., the evolution of the total amount of goods sold, based on data adjusted for calendar and seasonal effects. Seasonally adjusted euro area and EU series are calculated by aggregating the seasonally adjusted national data. Eurostat carries out the seasonal adjustment of the data for those countries that do not adjust their data for seasonal effects.

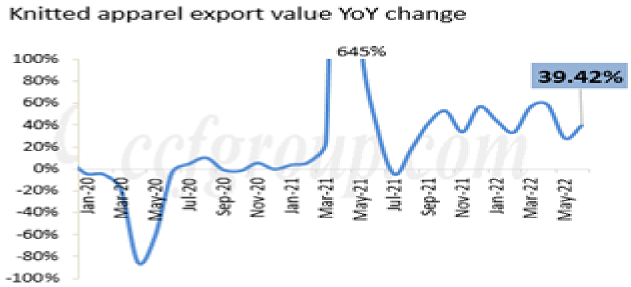
Bangladesh' s apparel exports performed well in Jun' 22

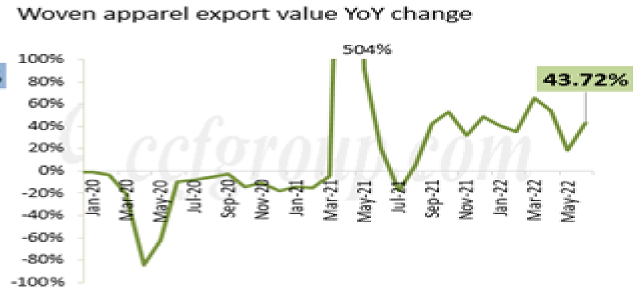
The latest data showed that Bangladesh's apparel exports in Jun 2022 were 4092 million USD, up 41.4% year-on-year and 29.6% month-on-month, respectively. In the first half of 2022, the exports rose by 42.7% year-on-year and increased by 33.2% compared to the same period of 2019.



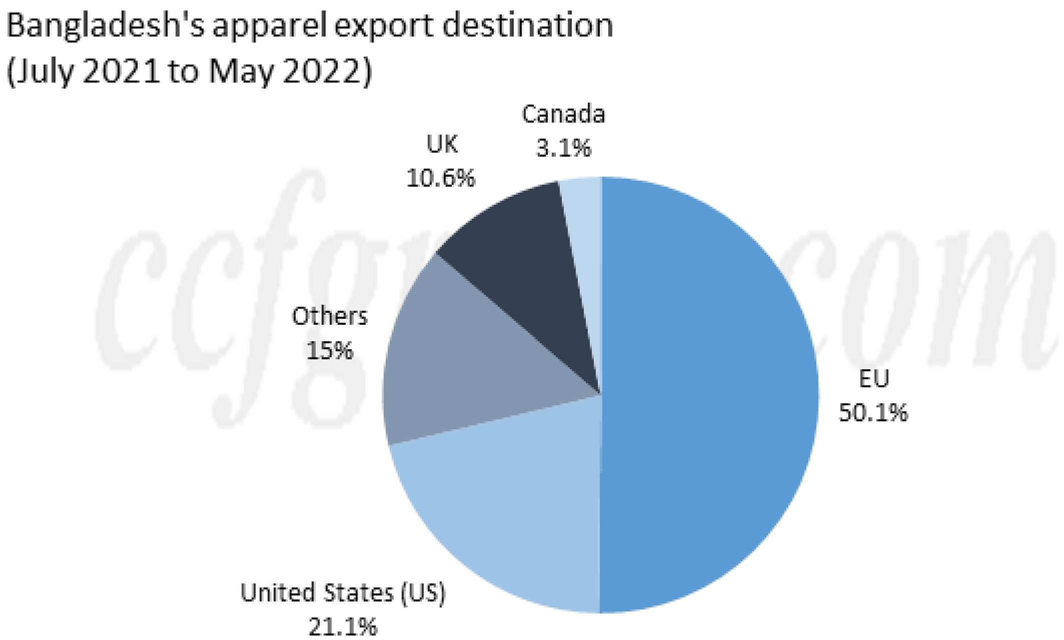
Bangladesh's knitted and woven apparel exports performed well in Jun and both of them remained high growth rate. Bangladesh's home textile exports moved up by 65.2% year-on-year to 155 million USD, up 14% month-on-month and up 204.2% compared to the same period of 2019. It can be seen that the COVID-19 pandemic has led to the development of Bangladesh's home textile industry. Although the base was not large, the growth rate was fast.



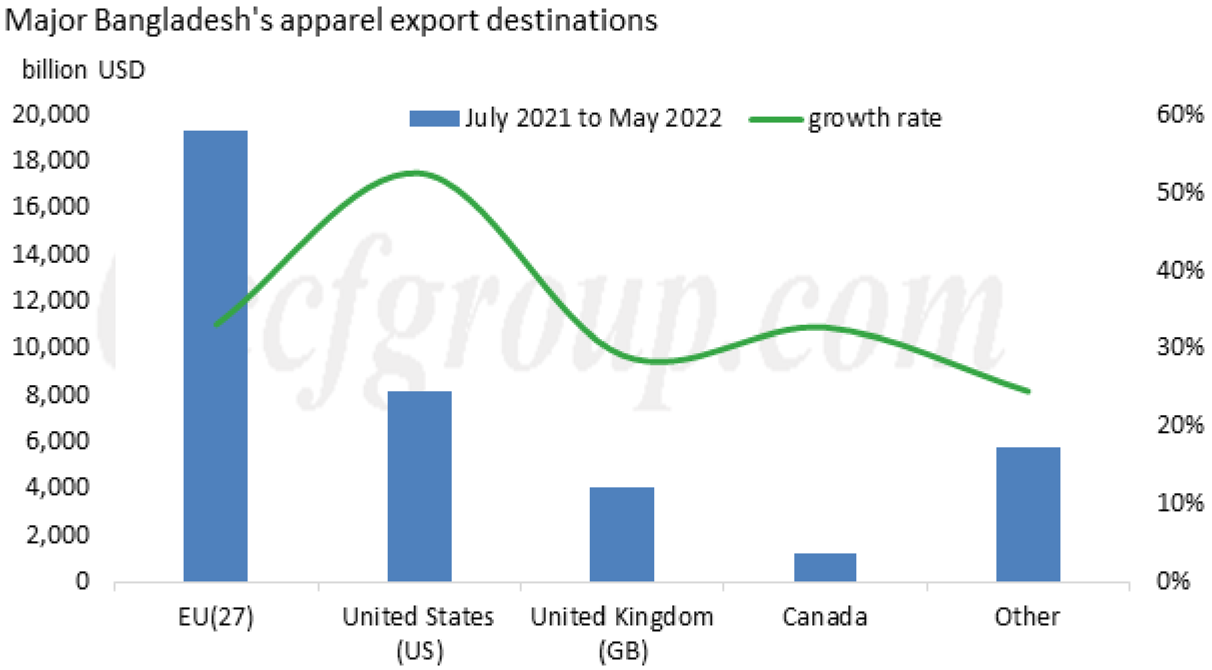




From July 2021 to May 2022, the European Union was the most important destination for Bangladesh's apparel exports, accounting for over 50%, followed by the United States, accounting for 21.1%, and the United Kingdom, accounting for about 10%, while Canada was relatively small, only 3.1%. The above four markets accounted for 85% of Bangladesh's apparel exports.



In terms of export growth, Bangladesh's apparel exports to the United States grew the fastest, reaching more than 50%, followed by EU and UK, which was also related to the obvious recovery of demand since the second half of last year.



But how long can the rapid growth of Bangladesh's apparel exports last? From the recent economic data released by Europe and the United States and the outlook, it is a high probability that the growth rate will gradually decline, but Bangladesh's exports may still perform well compared with China's exports.

Source: ccfgroup.com - Jul 08, 2022

HOME

****

Pakistan: Restore gas supply to fulfil export orders: APTMA

Prevailing economic conditions have affected the country at micro as well as macro level. 400 textile mills are facing shutdown which have seriously affected export order as well. Textile and clothing exports account for over 61 percent of Pakistan's total exports and the industry provides direct employment for about 40 percent of the country's total industrial workforce.

In this regard, Abdul Rahim Nasir, Chairman of the All-Pakistan Textile Mills Association (APTMA), has urged the federal government to restore gas supply to the textile industry at earliest, citing a loss of nearly $1 billion in exports as a result of the lack of gas.

He added that the 26 percent increase in textile exports during fiscal year 2021-22 was only possible due to the supply of energy at regionally competitive tariffs. Moreover, the textile industry showed commendable performance, increasing textile exports from $12.5 billion in 2020 to nearly $20 billion in 2022, a 60% increase in exports.

According to Rahim, the textile sector's exponential growth has encouraged over $5 billion in investment and the establishment of 100 new textile units, which when operational will result in additional exports of more than $500 million per month, or $6 billion per year.

He stated that gas supply to industry has been terminated since June 30, 2022, thus halting output in the whole value-added textile industry, resulting in massive economic losses. He said that large-scale shutdown of mills has resulted in significant layoffs and unemployment, spreading economic turmoil.

Rahim Nasir went on to say that it is inexplicable that the exporting sector, which was determined to increase textile exports to $25 billion in 2022-23 and more than $2 billion per month, is being denied energy/gas.

He stated that an uninterrupted supply of gas was critical for the textile industry to continue its export momentum.

Addressing the gathering, Chairman APTMA North Hamid Zaman stated that the textile sector has constantly demonstrated its commitment to increasing exports and demonstrating that it is a viable and long-term solution provider for the country's economic stability.

According to his observation, that more than half of output will be lost this month, with a very high probability of permanent loss of orders and buyer diversion from Pakistan to competitors. Zaman continued to say that the textile industry is now supplying goods for the upcoming Christmas, and any delays in delivery schedules risk losing export markets for an indefinite period with little possibility of resuscitation.

He concluded by saying that under these conditions, gas supplies to export-oriented industries may be restored promptly. On 1st July 2022, A letter was also sent to the Prime Minister Shahbaz Sharif from APTMA explaining all of these major concerns and underscoring the need to restore gas supplies.

Source: globalvillagespace.com- Jul 08, 2022

HOME

****

NATIONAL NEWS

India & Free Trade Agreements: Make haste slowly

With economic and geopolitical upheavals worldwide, India is being courted for strategic partnerships through trade and investment agreements. After a hiatus of almost a decade, India has signed free trade agreements (FTAs) in quick succession in the past few months, with Mauritius and the UAE and an interim FTA with Australia.

The visits of the UK prime minister and the European Commission's president earlier this year have added impetus to the FTA negotiations with both the UK and the EU, respectively. Negotiations with Canada have also been revived after almost five years. The government reportedly is planning to set up an inter-ministerial panel to fasttrack the multiple ongoing negotiations.

The new FTAs mark a bold, reinvigorated India seeking to maximise its advantages from the economic and geopolitical upheavals worldwide. For most trading partners, seeking reduction in tariffs for access to the Indian market is a big ask.

With skilful negotiations keeping sensitive products from key sectors outside of the purview of the FTAs, including dairy, agriculture, automobiles, medical devices and consumer electronics, the stumbling blocks that prevented India from being part of the Regional Cooperation for Economic Partnership (RCEP) in 2019 have so far been avoided.There are, however, three key areas where greater caution and prudence would be needed.

First, the FTA provisions on trade in services. The role of India's services sector in raising the rate of economic growth has steadily been expanding, with estimates that it contributed 53% of India's Gross Value Added at current prices in FY22 (until January 2022).

To maintain our competitive advantage, it is critical to ensure an dequate carve-out in the policy space for regulatory restrictions, both existing and those that may emerge in future.

While taking the commitments on market access under the schedule of commitments (SOCs) to an FTA,it is still possible to factor in such regulatory restrictions. Careful scheduling will help preserve our leverage, particularly in sensitive areas where the laws are still evolving. For example, RBI currently mandates data localisation of all payment data, and is also reportedly considering restrictions on processing of payment transactions abroad.

Another particularly tricky aspect is with regard to the rapid evolution of digital technologies, which has enabled electronic delivery of services that were traditionally assumed to be possible only through the physical mode, such as construction services through 3D printing. In situations such as these, it is important to build in adequate restrictions in the SOCs to preserve future policy space.

Drafting-lapses can impose a significant cost on a country in the case of trade disputes; to remedy this, the losing country would need to consider amendment to its laws, or face retaliatory action. In the very first WTO dispute involving commitments on trade in services, the US's oversight in factoring restrictions on online gambling services, resulted in its loss to Antigua & Barbuda, and consequent retaliatory measures.

A second area for particularly careful consideration are FTA chapters on environment, labour and sustainable development. This is inevitable in the FTAs with the UK, the EU, Canada, and any other developed country.

India's longstanding concern has been that trade agreements cannot be the instruments through which such non-trade issues can be genuinely addressed, and, furthermore, the trade-environment or trade-labour linkages, would run the risk of these issues becoming a proxy for trade protectionism. India does not shy away from commitments in these areas and continues to play an active role in multilateral environmental agreements (MEAs), in the International Labour Organisation's (ILO) conventions and recommendations on labour standards, and engaging with the United Nations Sustainable Development Goals.

Sustainable development, to be meaningful, requires adequate attention to each of its core pillars: economic, environmental and social. While addressing the environmental and social (labour) pillars in FTAs, India would need to ensure that the careful balance achieved in MEAs and in the ILO instruments is not compromised. For example, the United Nations

Framework Convention on Climate Change (UNFCCC), including the Paris Agreement and Glasgow Accord under it, recognises the differentiated accountability of countries for the climate crisis, and does not prescribe a “one-size-fits-all” approach to emission reductions.

These instruments also emphasise financial assistance and technological transfer from developed to developing countries as crucial to achieving climate change goals. Our FTA chapters need to reflect the same balance.

Additionally, the FTAs with the EU and the UK present an opportunity to negotiate exemptions from the imposition of unilateral carbon border adjustment measures that would require Indian exports in sectors such as iron and steel, refineries, cement, aluminium, organic basic chemicals, polymers, and fertilisers, to pay the EU and the UK, respectively, to compensate for India’s lower emission reduction obligations. Such measures are clearly iniquitous, unfair and contrary to the principles of differentiated responsibilities between countries and sustainable development enshrined under the UNFCCC. Any meaningful FTA partnership, should adequately address these concerns.

And lastly, dealing with digital trade and e-commerce in the FTAs is inevitable. Playing well, India can maximise its existing competitive advantages in digital technologies. But, for that, we need to expedite the changes to our legal and policy frameworks on issues relating to taxation and duties on electronic transmission and digitised goods and services, as well issues relating to data localisation and privacy. Clear commitments under FTAs will flow from clarity in our own framework.

India’s recent engagement on the subject of FTAs clearly demonstrates an evolution in our approach to such deals. FTAs are no longer about “trade liberalisation” alone, but about strategic partnerships. Defining what we want, both on the trade and non-trade aspects, and ensuring that FTA commitments follow, rather than lead, regulatory changes, are critical for maximising our advantages.

Source: financialexpress.com– Jul 08, 2022

HOME

****

Cheerleader Boris Johnson set India-UK partnership on comprehensive course

As Boris Johnson on Thursday announced that his innings at 10 Downing Street will soon end, his term as British Prime Minister will be remembered for setting the India-UK relations on the course of a "Comprehensive Strategic Partnership". Widely seen as an enthusiastic cheerleader for closer ties with India, Johnson had a palpably close bond with Prime Minister Narendra Modi – someone he would often refer to as his special friend or "khaas dost".

The two Prime Ministers famously pledged to achieve a "quantum leap" in the bilateral relationship as they clinched an "Enhanced Trade Partnership" as part of the 2030 UK-India Roadmap in May last year, with the aim of at least doubling bilateral trade by 2030 from around GBP 24 billion.

This marked the starting gun for the ongoing free trade agreement (FTA) negotiations, with a deadline for a draft agreement by Diwali this year agreed during Johnson's visit to India in April. "This could double our trade and investment by the end of the decade, driving down prices for consumers, and increasing wages across the UK by as much as GBP 3 billion," said Johnson, with reference to the FTA.

"India is an incredible rising power in Asia, with one of the fastest growing economies in the world – already worth GBP 2.25 trillion – and set to be the world's third largest economy by 2050. India is also our biggest partner in the Indo-Pacific, which is increasingly the geopolitical centre of the world, with two-thirds of humanity, and a third of the global economy – and that share is rising every year," Johnson said, during his India visit.

But domestic pressures of the partygate scandal of COVID law-breaking parties within UK government offices followed Johnson to India, even as he tried to enjoy a grand welcome in Gujarat before his meeting with Modi in Delhi.

"Our new and expanded Defence and Security Partnership will enable India to strengthen its own domestic defence industry as well as protecting vital shared interests in the Indo-Pacific," said Johnson after that meeting.

His visit to India followed a few cancelled plans since he took office in July 2019 due to the coronavirus pandemic crisis, with the two leaders holding several virtual talks and eventually meeting in person on the sidelines of the COP26 climate summit in Glasgow last November.

Controversy has never been far behind with Johnson, including when his enthusiastic images riding a JCB digger during a factory visit in Gujarat came under fire over the equipment's use in a controversial "anti-encroachment" drive in Delhi. He sought to dismiss the controversy and flagged the factory as a "living, breathing incarnation of the umbilicus between the UK and India".

Given that Johnson came to power as the pro-Brexit Prime Minister who formally oversaw Britain's exit from the European Union (EU), his lasting legacy will be the UK's so-called "Indo-Pacific tilt" with an Integrated Review launched in Parliament last year.

The post-Brexit review formally set out the UK's "Global Britain" foreign policy agenda, with countries such as India, Japan and Australia at the heart of this vision. Its physical manifestation was the UK's Carrier Strike Group (CSG), led by aircraft carrier HMS Queen Elizabeth, sailing to India for joint exercises with Indian military forces in the Indian Ocean in October last year.

"The world is tilting on its economic axis and our trade and relations with the Indo-Pacific region are becoming ever more vital than ever before," declared Johnson. Among some of Boris Johnson's recent highlights of the India-UK partnership is the successful vaccine partnership struck between Oxford University and AstraZeneca and the Serum Institute of India (SII) for the manufacture of COVID vaccines as Covishield.

"The Oxford vaccine has been distributed at cost around the world; more than a billion low-cost vaccines have been invented in Britain, saving millions of lives," he said. Many of these highlights will leave a lasting stamp on India-UK relations and, as ministers have often said, the bilateral partnership is now believed to be strong enough to cut across government-specific ties.

Source: financialexpress.com– Jul 07, 2022

HOME

****

The lofty goal of a $5-trillion economy — When and How

Prime Minister Narendra Modi, while addressing the nation from the ramparts of Red Fort on August 15, 2019, set a target of turning India into a $5 trillion economy by FY25. Nominal gross domestic product stood at $2.83 trillion in FY20, so the country needed to grow by nearly 100% in the dollar term in the next five years.

Doubling the size of the Indian economy has happened in the past in less than five years as well. In fact, this happened in four years– between FY04 and FY08– when India emerged as a $1-trillion economy for the first time. So, another doubling of the size in five years initially did not seem to be impossible.

The Covid Blues

But the unprecedented Covid outbreak in early 2020 changed everything. The government was forced to impose a pan-India lockdown; factories and other establishments remained shut so that the Covid spread could be contained. Several rounds of relief measures were announced by the government to soften the blow to individuals as well as businesses.

Just when things started looking up again and economic activities gained some traction in the March quarter of FY21, backed by government support like guaranteed loans under the Emergency Credit Line Guarantee Scheme (ECLGS), a massive nationwide vaccination programme and several other measures, hit the second Covid wave. Several localized lockdowns hit factory output, while growth in private consumption remained below par, reflecting the challenges faced by both the supply and demand sides of the economy.

Hurdles Beyond Pandemic

Cut to 2022, just when everyone thought the Omicron onslaught was behind us, the Russia-Ukraine conflict flared up in late February. Global supply chains witnessed massive disruptions and commodity prices, especially of energy, spiked, exacerbating inflationary pressure. Advanced economies witnessed even higher price pressure (US inflation scaled a fresh 40-year peak in May).

This led key central banks, including the US Federal Reserve, to raise interest rates substantially to break the back of inflation. Consequently, key economies like the US and those in Europe are now staring at recession, which will weigh down global demand and hurt the prospects of the Indian economy as well, thanks to the integration in a globalized world. The Reserve Bank of India, too, has raised the benchmark lending rate twice since May by a total of 90 basis points, in a difficult trade-off with growth; it is widely expected to go for another hike in August. Independent agencies have already revised down their growth projections for several key countries, including India, although the country will still remain the world's fastest-growing major economy.

Shift In Time-Frame

Domestic policy-makers have, therefore, shifted the goal post of realizing the $5-trillion target by two years to 2027. This will catapult India into the league of top four economies in the world. Already, India is close to achieving the fifth-largest economy tag. According to World Bank data, India lost out the fifth spot to the UK in FY22 by a mere $13 billion.

So, reaching the $5-trillion mark will happen for sure in this decade but a more pertinent question is when and how.

Strong External Headwinds

A lot depends on both external and internal factors. A prolonged mild recession in the US, India's largest export market, can impact New Delhi's growth prospects, according to Nomura. As the global supply-chains remain tangled and protectionism gains ground across the globe, India's exports will likely get affected.

With the possibility of a swift end to the Ukraine crisis still out of sight, elevated commodity prices have inflated the import bill of the country. India's trade deficit widened sharply to a record $70 billion in the first quarter of FY23 from less than $30 billion a year before.

Imports spiked by more than 60% year-on-year in the June quarter amid a surge in the purchases of crude oil, coal and gold, driven substantially by high prices.

At the same time, year-on-year growth in exports slowed down to 16.8% in June from 20.6% in May and 30.7% in April, as demand slowdown in advanced economies started to bite. The hike in the interest rate by the US Federal Reserve led to a capital flight from emerging economies, including India, and resulted in a fall of the rupee against the greenback. While a weak rupee should help exports, it does make purchases from overseas more expensive and doesn't augur well for a net importer like India.

Migration of HNIs

The migration of high net-worth individuals (HNIs) to advanced economies has been a disturbing trend. According to the 2018 Henley Global Citizen Report, which follows private wealth and investment migration trends globally, as many as 8,000 HNIs have been predicted to leave India in 2022. Strict tax rules and reporting requirements in India as well as the need for stronger passports remain the primary factors driving the migration. More and more young entrepreneurs are exploring global business and investment prospects while demonstrating an ever-increasing risk appetite, according to the report.

While the country's old industrialist base remains intact, the tech savvy, more ambitious young generation seems eager to diversify a portion of their wealth in countries that provide a raft of benefits and low tax rates. Besides, the charm of a higher standard of living, including better education and health facilities for the family, is also a key driver for the migration. The EU bloc and the traditional favorites Dubai and Singapore are gaining popularity among Indians.

The Way Forward

Given the strong global headwinds and other challenges, we need massive investments of around $300 billion a year in key infrastructure sectors, such as roads, railways, airports, waterways, ports, gas and transport. It will not just spur economic growth but create enormous scope for employment, thus providing income to people and bolstering consumption on a sustained basis. Given that private capex still remains elusive (a revival is limited to only a few sectors), the government has to take the lead to create durable infrastructure assets, as capex has a much higher multiplier effect than revenue spending.

Realising this, the central government has substantially raised its budgetary capital expenditure for FY23 to Rs 7.5 trillion (close to $100 billion), up 27% from the actual spending of Rs 5.93 trillion in the previous year. It's noteworthy that finance minister Nirmala Sitharaman has stressed there will be no cut in the capex outlay in FY23 despite the challenging times.

Roping in States And CPSEs

However, given that the infrastructure sector requires three times more investments than what the central government has proposed to do, it must impress on states to raise their capex outlay as well. At the same time, both the Centre and the states must nudge public-sector undertakings under them to step up their capex. It must be noted that without constant prodding and monitoring by the Centre, this goal can't be achieved.

Wooing The Private Sector

Given the limitation of the government outlay, a substantial chunk of the $300-billion investments must come from the private sector. Since the investment environment is sensitive to policy and regulatory initiatives and certainties, the government must not just ensure a predictable policy regime but make it easy for investors to start, run and quit (in case of a failure) businesses easily. Importantly, it must initiate reforms in various factors of production, such as land, labour and capital to attract investors.

As the government's land acquisition Bill has hit the political hurdle, it makes sense to allocate land to potential investors in suitable industrial clusters where they don't have to bother about obtaining various onerous approval, including environmental ones. Efforts must be stepped up to engage with states to implement the four labour codes on wages, social security, industrial relations and occupation safety, health and working conditions, which the Centre has proposed. Similarly, substantial work needs to be done to deepen the country's debt market.

Another important requirement will be to firm up a viable policy to promote the public-private partnership (PPP) in the country. The PPP model hasn't quite worked in India (apart from the limited success in the road sector). The government has proposed to come out with a new PPP policy and it would be interesting to see how it's been structured to incentivise private players.

At the same time, drawing patient capital, such as pension funds, to the infrastructure sector will be crucial to the successful implementation of projects, especially those under the National Infrastructure pipeline. The National Bank for Financing Infrastructure and Development Bill, the new development finance institution that was set up last year and is expected to start operations soon, will also have a key role to play in financing such long-term projects.

Conclusion

Notwithstanding the challenges, India continues to be one of the fastest-growing economies in the world, and its macro fundamentals have improved dramatically in recent years. The near $600 billion in forex reserves gives policy-makers the confidence that the country can easily cope with any external headwind. With a focus on Aatmanirbhar Bharat initiative and the creation of an investor-friendly eco-system, things are improving. So, even if the goal post has to be shifted, it may not go too far and India is going to be a $5-trillion economy during the 2020s only.

Source: financialexpress.com– Jul 07, 2022

HOME

****

UK politics likely to push back FTA talks with India beyond Diwali

The political storm in the UK is likely to delay the talks for an ambitious free trade agreement (FTA) with India, according to a senior government official. With UK Prime Minister Boris Johnson's resignation on Thursday following a spree of exits by ministers and other lawmakers, the Diwali deadline to conclude the bilateral FTA talks could be derailed, the official said.

"However, given the cordial relationship between the two countries, we don't see any major hurdle in finalizing an FTA," the official explained.

Jayant Krishna, former group CEO at UK-India Business Council, said Johnson's resignation would be a setback for the FTA talks as he was at the forefront of pushing deeper bilateral trade ties between the two countries. "Since the change in political leadership may also bring in a new trade secretary in the UK, it may slow down talks," he added.

Keen to set its own economic course after Brexit, the UK was eager to quickly finalise a trade deal with India. While the negotiations started in January, the fifth round of trade talks between officials from both sides were expected to happen this month in New Delhi.

After the fourth round of talks in June, UK's Department of International Trade said in a statement that for this round of negotiations, detailed draft treaty text was advanced across the majority of chapters.

"Technical experts from both sides came together for discussions in 71 separate sessions covering 20 policy areas. Negotiation officials undertook these technical talks in a hybrid fashion – with some of the teams meeting in London and the majority of officials joining virtually," it added.

David Henig, UK director at the European Centre For International Political Economy, indicated a delay in the bilateral talks. He said in a Twitter message: "A new PM might also want to take a close look at the UK-India trade deal and ask if something concluded at speed will really meet the needs of UK businesses, given the known difficult operating conditions."

Before Johnson's resignation, trade minister Piyush Goyal had told Financial Times that New Delhi was on track to conclude a full-trade agreement with the UK by October, adding negotiators had already finalized 11 out of 26 chapters.

Official sources said that some of the sticking points pertaining to the deal include the UK's ask for lower steep tariffs for automobile components and scotch whiskey. While the issue is still being negotiated, India has already ruled out giving market access to dairy products, keeping it in its negative list. Similarly, India has been pushing for reducing duty on textiles, rice as well as green exports such as solar, onshore, and offshore wind.

Arpita Mukerjee, professor at Indian Council for Research on International Economic Relations (ICRIER), said while the current political turmoil in the UK has caused uncertainty, however, the larger issue is that both nations need to agree on the contentious issues in order to finalise a trade deal that will be a win-win for both nations.

"Irrespective of whoever becomes the head of the nation, and how the political scenario pans out, the UK industry will not be happy with the trade agreement if tariffs on certain areas of their trade interest such as automobile, whiskey are not reduced," Mukherjee added.

Progress so far

- Trade talks between the two sides began in January
- Four rounds of talks have been completed
- Both sides have concluded 11 out of 26 chapters so far
- Fifth round of talks were scheduled for this month

Source: business-standard.com– Jul 08, 2022

HOME

****

States must ensure affordable power, land, effective labour laws to be part of textiles park scheme: Piyush Goyal

States that will ensure support measures such as affordable power, land and effective labour laws will get preference in the selection for the proposed Mega Investment Textiles Parks scheme, Union minister for commerce, industry and textiles Piyush Goyal said on Thursday. He said that the industry needs power at affordable prices and wants to see consistency in the rates.

"For textile parks, we will only give to those states that give an assurance of affordability of power, land and labour laws being implemented to the fullest and state incentive schemes will be given preference," Goyal said at the first meeting of the apex monitoring authority of of National Industrial Corridor Development and Implementation Trust (NICDIT).

Last year, the Union Cabinet approved the setting up of 7 Mega Integrated Textile Region and Apparel (MITRA) parks with a total outlay of Rs 4,445 crore for five years to strengthen India's position on the global textiles map. He also said that states need to attract investors in the projet developed under national industrial corridors. "For all the projects that have already come up or that are coming up, we must look at attracting investors quickly," he said.

He added that setting up an industrial park with modern plug-and-play infrastructure, single-window system, effluent treatment facility and good labour laws "is great but we want private sector to take that land". He urged states and officials to do roadshows and encourage industries to invest faster. Goyal said that pricing of things like land and power should be affordable.

"Power cost should be affordable as investors look at it very seriously. High cost will act as a deterrent to industry... If we find that the existing parks are not being put to use then I promise you that no new parks will come in your area. At least government will not support you. "So it is a very clear-cut wake up call for all the states that industry needs power at affordable prices," he added.

Source: economictimes.com– Jul 07, 2022

HOME

****

Bring industrial projects under GatiShakti: FM Sitharaman to NITI Aayog

Finance Minister Nirmala Sitharaman on Thursday asked the government's policy think tank NITI Aayog to map different projects such as industrial corridors, freight corridors, National Industrial Manufacturing Zones, PLI-based industry parks, logistics parks and pharma hubs, among others to be incorporated under the GatiShakti initiative.

Chairing the first meeting of the apex monitoring authority constituted to review the activities of National Industrial Corridor Development programme, the Finance Minister said the GatiShakti national master plan was expected to bring greater coherence in all investments in infrastructure projects. She also suggested that the shipping ministry look at all seaports in the country and their linkages with industrial corridors.

Sitharaman is the chairperson of the monitoring authority. Commerce and industry minister, railway minister, shipping minister, minister of road transport and highways, vice-chairman, NITI Aayog, and chief ministers of states concerned. Chief ministers from six states — Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra and Uttarkhand, among others attended the meeting. The next meeting of the monitoring committee will be convened in November.

"I would like the NITI Aayog to map all this (industrial corridors, freight corridors, defence corridors, manufacturing zones, textile parks, logistics parks, medical and pharma hubs). Map it all and tell us where you see a possibility for bringing them under the PM Gati Shakti," the minister said.

"I find many of them still lying loose and unconnected. Mapping it up will probably give a better idea of how they can all come into this scheme of things," she said, adding that NITI Aayog has been asked to prepare the report by October-end.

She also urged Commerce and Industry Minister Piyush Goyal to undertake a review of three industrial corridors in south India — the Chennai Bengaluru Industrial Corridor, Bengaluru Mumbai Industrial Corridor, and Vizag Chennai Industrial Corridor and their nodes.

"For some reasons...the three corridors coming from the south have not been dealt with in an elaborate fashion," Sitharaman said.

The government is developing various industrial corridor projects as part of the National Industrial Corridor Programme, aimed at developing greenfield industrial smart cities, which can compete with the best manufacturing and investment destinations in the world.

The National Industrial Corridor Development Corporation (NICDC) undertakes project development activities and acts as an intermediary for development and establishment of smart and self-sustainable industrial nodes.

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

HOME

****

China's share in India's total imports falls to 15.4% in 2021-22

In FY21, the share of Chinese imports was 16.5%

The share of Chinese imports in the country's total inbound shipments has declined to 15.4 per cent in 2021-22 from 16.5 per cent in 2020-21, sources said on Thursday. They also said the major items imported from China into India are used for meeting the demand of sectors like telecom and power.

Citing some examples, they said imports like Active Pharmaceutical Ingredients (APIs) and drug formulations provide Indian pharma industry raw material for producing finished goods which are also exported. Increase in imports of information and communication technology products and medical and scientific instruments can be attributed to the surge in demand of these products during COVID-19 times.

"Moreover, the rising prices of commodities globally have also played a significant role in adding to import value," one of the sources said.

Exports to China

Exports to China increased marginally to $21.25 billion last fiscal from $21.18 billion in 2020-21, while imports rose to $94.16 billion from about $65.21 billion in 2020-21. India's exports to China at $21.2 billion in 2021-22 were its third highest, after the US and UAE. Exports to the neighbouring country stood at $11.9 billion in 2014-15.

Further, sources stated that imports of mobile phones from China dropped by 55 per cent to $626 million in 2021-22, from $1.4 billion in 2020-21. "Technical regulations have been framed for several products for maintenance of standards/quality of imported products. This will check import of sub-standard products from any country, including China," a source said.

Source: thehindubusinessline.com– Jul 07, 2022

HOME

****

CBIC comes out with clearer framework to curb fake invoices

The Central Board of Indirect Taxes & Custom (CBIC) has come out with a mechanism for clearer framework to curb fake invoices. This will help officials in determining demand and penalty in respect of transactions involving fake invoice much more effectively.

The new circular, based on decision taken by the GST Council last week, prescribes three scenarios and action in each one of them. First, what happens when there is an issuance of tax invoice by one registered person to another without any underlying supply of goods or services? As there is no supply, no demand for tax and recovery can be made, but the person issuing the invoice would be liable for penal action.

In the second scenario, a registered entity gets a fake invoice without any underlying supply, but gets ITC on the basis of that invoice. In this situation, the said business could be liable for demand and recovery of the said ITC, along with penal action and interest.

The third scenario involves issuance of a fake invoice by one registered entity to another and further passes on the said input tax credit to another registered entity. In such a situation, the second entity could be held liable for penal action on two counts – getting ITC fraudulently and issuing fake invoice.

The circular clarified that actual action to be taken against a person will depend upon the specific acts and circumstances of the case which may involve complex mixture of above scenarios or even may not be covered by any of the above scenarios.

“Any person who has retained the benefit of transactions specified under sub-section (1A) of section 122 of CGST Act, and at whose instance such transactions are conducted, shall also be liable for penal action under the provisions of the said sub-section,” the circular said.

Abhishek Jain, Partner (Indirect Tax), KPMG in India, says the government has clarified that in case of fake invoicing, no GST can be recovered from the supplier as no supply of goods/services was involved, however, penalty shall be leviable.

Further, the recipient should not be penalised under different provisions of the GST law for the same offence, if penalty has already been levied on the recipient under one provision of GST law. “With these clarifications the Government has tried to ensure that the GST authorities do not go beyond the scope of law on discovery of such fraudulent instances,” he said.

Other circulars

CBIC has also come out with some other circulars too to implement decisions taken by GST Council. For example one circular says GST payable as a consequence of any proceeding Instituted under the provisions of GST laws, can be paid by utilization of the amount available in the electronic credit ledger of a registered person. Then another circular talks about transaction(s) between related parties are subject to GST levy even if made without a consideration.

Further, employers and employees are deemed related under GST, while any consideration payable to an employee by the employer in the course of employment was kept outside GST purview.

Source: thehindubusinessline.com– Jul 07, 2022

HOME

****

Digital innovation a key growth lever for textile industry

The Indian fashion industry saw a 2% decline in revenues in 2019–20, as earnings before interest, taxes, and amortization (Ebita) margins declined from 3.4% to 6.8%. As the pandemic continued to run its course, performance inequalities were more pronounced than ever.

More than two years hence, supply-chain disruptions have created massive opportunities for India, and the industry is now pivoting towards growth. But has India leveraged it? A significant risk is potential shortages of products and resources. It is due to congested supply chains and increased transportation costs.

The goal now for textile and apparel manufacturers is to rebuild operations—to be as predictive, proactive, and responsive as possible to create digital and analytics skills, strengthen the ecosystem, ensure business continuity, and minimize the outbreak's downside.

The latest episode of Mint Zetwerk Smart Manufacturing dialogue, titled 'Shifting Gears of the Textile Industry through Digital Transformation', in partnership with Zetwerk delved into how digitalization is shaping the future of the textile and apparel supply chain. Shalil Gupta, business head of Mosaic Digital, an HT Media Group firm, moderated the session.

If India wants to become China plus One in the textile manufacturing space, the focus needs to move away from a price mindset. "Right now, we have a fixed mindset driven by the price. This is not going to help us scale. We are not serious about building a robust supply chain.

Today, we are getting inquiries from foreign brands who want to start production units, but what is lacking is the right awareness," said Manish Daga, managing director of Cotton Guru.

"The natural question in our thought process and as part of our strategy is how do we encourage our vendors or the industry to produce in India. So, now, as a part of Tata group, we are focused on ensuring that production takes place here," said Raja Harbinder Singh, head of global sourcing, Westside, Trent Ltd.

But, for this to be successful, manufacturers will have to invest in digitization. There are five pillars of change—leadership, digital operations, pace of innovation, ecosystem, and platform. The first four pillars need reset to suit the Indian perspective, and relevance to the times isn't a matter of choice anymore. It is a compulsion.

"Spykar has been serving only fashion for 30 years, without a year of having missed our objectives. And that wouldn't happen if we don't keep ourselves abreast with what is happening around us,," said Sanjay Vakharia, chief executive officer of Spykar.

Source: livemint.com– Jul 08, 2022

HOME

****

High-yielding cotton varieties needed: Niranjan Reddy

Scientists should help design machinery to suit small land holdings

Hyderabad: State Agriculture Minister S Niranjan Reddy has stressed that the country needs cotton seed varieties with high yields and machinery suitable for small land parcel cultivation.

The minister, along with a delegation comprising MLAs Ravindra Naik, Dr Methuku Anand, Peddi Sudarsan Reddy, and TS Seeds MD Kesavulu, was on a study tour in the US to take stock of modern cultivation practices in high cotton crop yields. The delegation visited a 13,000-acre cotton cultivation farm, and interacted with farmers Richard Kelly and Broad Williams, in Memphis (Tennessee State) on Thursday.

The minister said scientists should conduct research on needs of Indian agriculture conditions.

He said the cultivable land parcels in the US are very large, as against that in India. Mechanisation suitable to smaller land holdings would benefit the Indian farmers, he added.

He said to meet international competition, there is a need to reduce investment and increase crop production.

Reddy said mechanised agriculture in the US allows 30,000 plants per acre. The high-density cultivation reduces the problem of pests. On an average 1000-5,000 acres of farmlands cultivate cotton in the US. Machines with capacity to extract 70,000 tonnes of cotton are available. Cotton cultivated 52-70 hectares could be harvested in a single day. It costs 1 US $ m; farmers are using about 500 gallons of diesel.

"Tennessee is known for cultivating cotton as its main crop for the past 200 years. Revolutionary changes have been brought in cotton cultivation. The State cultivates cotton on about 5.5-6.5 lakh acres producing a million bales in a year. It acts as headquarters for the National Cotton Council of America.The delegation visited single-pick cotton cultivation, seed production centre, and ginning mills. It also took stock of the machinery used for ploughing, sowing and applying anti-weed treatment in one go.

Responding to the suggestions of the Union Minister Piyush Goel to the states on the fixing of electricity meters to the agriculture connections and increasing the cultivation of paddy, the minister said that the Centre should shun its tough stand on the fixation of electric meters to the agriculture connections.

Source: thehansindia.com– Jul 08, 2022

HOME

****

Indian textile exporters expect $15 mn US orders from trade fair

MSME units (specifically Gujarat based units) of Indian textile sector have received good response in the trade fairs held in three cities of the US by South Gujarat Chamber of Commerce and Industry (SGCCI). MSME exporters are expecting orders of apparel, home textiles and fabrics worth ₹80-120 crore ($10-15 million) from the trade events.

Last month, SGCCI organised its first Global Textile Trade Fair (GTTF) in the US to promote the world's second largest man-made fibre (MMF) manufacturing hub based at Surat. GTTF was held at three places—Atlanta (Georgia), New Jersey, and Los Angeles.

As a platform to strengthen the textile trade relations between both countries, GTTF presented textile stakeholders of India and the US an opportunity to discuss business possibilities, joint ventures, and technology transfers, to take the textile trade between both countries to the next level.

Speaking to Fibre2Fashion, on returning from his US trip after attending GTTF at three places, SGCCI president Ashish P Gujarati said, "This is a good time for MSME exporters. They can expect good orders from the US as their cost of production is lower than merchant exporters and large-sized manufacturing exporters."

He said that there was good response not only for apparel, but also for home textiles and fabrics. The participating exporters feel there is huge demand for viscose and pure silk fabrics also.

The SGCI president said the response to the exhibition will boost confidence in current challenging conditions. "It is the right time to replace the textiles products of China with textile products of India. The buyers were from sourcing houses, boutique owners, US Hotel and Motel Association members, Hospital association members etc," said Gujarati.

He informed that SGCCI signed an MoU with the Atlanta Chamber of Commerce and Industry for textiles and diamonds industries, for demand and supply. "A team from Direct Resource Group of Atlanta and members of Hotel and Motel Association will be visiting Surat in the coming months to explore more business opportunities."

India's apparel export to the US was $4.405 billion in 2021 and $2.929 billion in 2020. The export was $2.281 billion in first four months of this year, according to Fibre2Fashion's market insight tool TexPro.

Home textiles exports from India to the US were valued at $4.745 billion in 2021 and $3.321 billion in 2020. The export was $1.472 billion during January-April 2022, as per TexPro. Fabrics exports stood at $0.552 billion in 2021, $0.367 billion in 2020, and $0.197 billion in first four months of 2022.

Source: fibre2fashion.com– Jul 07, 2022

HOME

****

Downtrend continues in north India cotton yarn as buyers stay away

North India's yarn markets noticed continued pressure on prices as buyers preferred to stay away from the market. According to traders, they will be back when they find stability. Current prices are attractive but fall in cotton is discouraging yarn buyers. Delhi and Ludhiana noted decline prices of cotton yarn. Recycled yarn was also down.

Cotton yarn prices slipped by ₹10-15 per kg in Ludhiana as buyers did not want to purchase in unstable market. Most varieties of cotton yarn were sold at lower prices. A Ludhiana-based trader told Fibre2Fashion, "Buyers were waiting for stability in the market. They do not want to take risk in current market situation." In Ludhiana, 30 count cotton combed yarn was sold at ₹385-390 per kg (GST inclusive), according to Fibre2Fashion's market insight tool TexPro. 20 and 25 count combed yarn were traded at ₹375-380 per kg and ₹380-385 per kg respectively. Carded yarn of 30 count was quoted at ₹340-345 per kg.

Delhi market continued to see downtrend in prices as demand was very week. According to trade sources, buyers were reluctant for fresh buying as they want to see stability in prices. Buyers are uncertain about improvement in buying from weaving and apparel industry. In Delhi, cotton yarn prices dropped by ₹5-10 per kg for most of counts and varieties. 30 count combed yarn was traded at ₹380-385 per kg (GST extra), 40 count combed at ₹415-420 per kg, 30 count carded at ₹340-345 per kg and 40 count carded at ₹380-385 per kg.

Recycled yarn market at Panipat also noted downward trend amid weaker sentiments. A local trader Preetam Singh Sachdeva told Fibre2Fashion, "Buyers are hand-to-mouth, and they were buying just for immediate need. They were waiting for the market to bottom out. Buyers will increase their purchase when the prices start moving up." Today, recycled yarn prices declined by ₹5-20 per kg. But the price of comber remained unchanged at 115 per kg after falling last week.

In Panipat market, 10s recycled yarn (white) was traded at ₹90-95 per kg (excluding GST), 10s recycled yarn (coloured - high quality) at ₹110-115 per kg, 10s recycled yarn (coloured - low quality) at ₹85-90 per kg and 20s recycled high quality PC yarn (coloured) at ₹130-135 per kg. 10s optical yarn was traded at ₹100-110 per kg in the market. The price of recycled polyester fibre (PET bottle fibre) was noted at ₹90 per kg. Meanwhile, manufacturers are returning to recycled cotton fibre as its prices have fallen due to lower buying.

North India cotton prices crashed further after steep fall in ICE cotton. Buyers also remained absent as they preferred to wait for the market to bottom out. According to traders, prices have registered steep fall of up to ₹700 per maund of 37.2 kg. Cotton was sold at ₹8,500-9,000 per maund in Punjab, ₹8,100-8,500 per maund in Haryana, and ₹8,800-9,000 per maund in Upper Rajasthan.

Source: fibre2fashion.com– Jul 07, 2022

HOME

****

Fluctuations in Indian rupee's value eroding its purchasing power in global market

Analysts are concerned over the fall of the rupee that hit a record low of Rs 79.03 per US dollar a few days ago. Experts expect weak demand to lead to a further decline in the value of the local currency. Since January 2022, the rupee has fallen by around 6 per cent. However, it recently recovered by 13 paise to hit Rs 78.90 against the dollar. The common man is reeling under rising inflation and drastic increase in prices of daily essentials.

High crude prices, outflows causing depreciation

As per an Outlook India report, the value of Indian rupee against the US dollar is determined by demand and supply factors. Higher demand for the US dollar causes the value of the rupee to depreciate. An increase in demand for the US dollar is caused by a country's rising imports. The current fall in rupee's value can also be attributed to high crude oil prices, a strong dollar overseas and foreign capital outflows.

Heavy foreign fund outflows from the domestic markets are also contributing to the fall in rupee's value. The rupee has depreciated 5.9 per cent against the dollar so far this calendar year. This depreciation is also impacting the rupee-dollar exchange rates. Further, it's causing import prices of crude and raw materials to rise, increasing production and retail prices.

The US Federal Reserve plans to hike interest rates, causing the Indian rupee to plunge further. India mostly pays for imports in US dollars. A weak rupee could compel it pay more for the same quantity of items. This threatens to increase the costs of raw materials and production for consumers.

Rising crude oil prices to make imports expensive

Meanwhile, a decline in the rupee's value causes exports to surge as they become more competitive, giving buyers a wider choice. However, the current fall in rupee is not being supported by exporters.

India imports crude oil to meet over 80 per cent of its energy requirements. Rising crude oil prices are likely to make imports more expensive. It also indicates a rise in India's imports, further signaling a weakening of the rupee. Since January, the Indian rupee has been on the decline, eroding its purchasing power in the international market.

Analysts expect a further decline in the rupee against the dollar in the next few years. To restrict this fall, the Reserve Bank of India is using the country's huge stockpile of forex reserves. The RBI has so far sold Indian rupees at an exchange 78.97-78.98 per US dollar to boost its forex reserves and restrict the rupee's fall.

The bank may intervene further to contain the rupee's depreciation. It will not allow such fluctuations in the value of the rupee, says Michael D Partra, Deputy Governor, RBI. The bank aims to work towards the stabilization of the Indian rupee, he adds.

Source: fashionatingworld.com– Jul 07, 2022

HOME

****

Gap Taps India's Largest Retailer for Return to the Region

India's largest retailer is reintroducing Gap to the five million customers it serves every week.

Gap Inc. has inked a long-term franchise agreement with Reliance Retail Limited to become the official retailer for Gap across all channels in India. Reliance Retail will bring Gap's latest fashion collections to Indian consumers through a mix of exclusive brand stores, multibrand store expressions and digital commerce platforms.

The partnership is aimed at leveraging Gap's position as a leading casual lifestyle brand, and Reliance Retail's established competencies in operating robust omnichannel retail networks and scaling local manufacturing and driving sourcing efficiencies, the company stated. Financials terms of the deal were not disclosed.

The pandemic, and subsequent shutdowns and changes in consumer fashion preferences, complicated Gap's footprint in India. Gap and Arvind Lifestyle Brands, a wholly owned subsidiary of Arvind Fashions, mutually terminated their franchise business in India in 2020.

"We believe that Reliance and Gap complement each other in their vision to bring industry leading fashion products and retail experiences to their consumers," said Akhilesh Prasad, Reliance Retail Ltd. CEO of fashion and lifestyle.

New markets and market strategies are part of Gap's Power Plan 2023. Gap re-entered the U.K. earlier this year as a shop-in-shop inside Next's largest store on Oxford Street. The company closed all 81 of its company-operated Gap and Gap Outlet stores in the U.K. and Ireland in 2021 to focus on establishing strong local franchise partners and amplify its global reach.

Source: sourcingjournal.com– Jul 07, 2022

HOME

****