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July 19, 2022

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INTERNATIONAL NEWS

China sees positive economic growth in Q2, expands 2.5% YoY in H1 2022

China witnessed positive economic growth against all the odds in the second quarter this year and expanded by 2.5 per cent year on year (YoY) in the first half (H1), showcasing resilience and potential. Though economic indicators fell sharply in April due to factors abroad and Omicron flare-ups at home, the downward spiral was quickly checked with government measures.

While the purchasing managers' index for the manufacturing sector is back to the expansion zone, the value-added industrial output reversed its downturn in May and accelerated its growth in June.

Consumption has improved as retail sales of consumer goods rallied 3.1 per cent YoY in June, following YoY drops in April and May. The recovery is expected to continue as China is on a trajectory of consumption expansion, upgrades, and innovations, official Chinese media reported.

Foreign trade registered a relatively fast growth since the year began. Foreign trade of goods jumped by 9.4 per cent YoY between January and June. Industrial upgrades are gaining traction, nurturing new growth drivers. In the first six months, the value-added output of large high-tech manufacturing enterprises grew by 9.6 per cent YoY, while investment in the high-tech industry rose by 20.2 per cent.

Meanwhile, consumer prices grew moderately. Employment has also improved, with the surveyed urban unemployment rate at 5.5 per cent in June, down from 5.9 per cent in May.

Source: fibre2fashiond.com– Jul 19, 2022

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USA: Apparel Sales Were Flat in June as US Retail Sales Rose 1%

Retail sales rose 1.0 percent in June to $680.59 billion, according to the U.S. Census Bureau's Friday report, though the seasonally adjusted data doesn't factor in changes in prices. This suggests that some of June's growth came as a result of retailers raising sticker prices and could mean that the month's sales might have declined.

In fact, Wells Fargo economists Tim Quinlan and Shannon Seery estimated that real retail sales adjusted to reflect inflation fell 1.0 percent.

Apparel and accessories store sales in June were essentially flat at $25.76 billion versus $25.87 billion in May, versus $25.83 billion a year ago. Department store sales slipped 3.0 percent to $11.23 billion from $11.53 billion in May, compared with $11.56 billion a year ago.

Non-store retailers, or companies that only sell online, rose 2.0 percent to $105.23 billion from $103.01 billion in May, versus $96.05 billion in the year-ago period. At furniture and home furnishings stores, sales rose 1.0 percent to $12.38 billion from $12.21 billion in May, compared with sales of $11.84 billion a year ago.

On Wednesday, the Consumer Price Index indicated that retail apparel prices rose a seasonally adjusted 0.8 percent last month, on top of a 0.7 percent gain in May. In addition, the report showed that inflation was up an unadjusted 9.1 percent over the last 12 months. That represented the largest 12-month increase since November 1981.

"June retail sales data shows that consumers remain on solid footing despite rising prices and an active Fed raising interest rates to combat it," National Retail Federation president and CEO Matthew Shay said. "Inflation has consumers modifying their spending behavior and prioritizing essentials like food, energy and back-to-school items. Unfortunately, modified consumer behavior won't be sufficient to offset persistent price increases."

The NRF urged President Biden's administration to eliminate China tariffs to lower costs for American families.

In addition, the University of Michigan's Consumer Sentiment Index hit 50.0 last month, its lowest level on record. On Friday, the Index barely showed a gain, inching up slightly to 51.1 for July's early read for a 37.1 percent decline from 81.2 percent a year ago. Data suggests consumers might be spending now to get ahead of prices going even higher.

"Consumer sentiment was relatively unchanged, remaining near all-time lows. Current assessments of personal finances continued to deteriorate, reaching its lowest point since 2011," surveys of consumers director Joanne Hsu said. "The share of consumers blaming inflation for eroding their living standards continued its rise to 49%, matching the all-time high reached during the Great Recession."

For now, economists expect at least a 75-basis-point interest rate hike when the Fed meets on July 27, although some predict a 100-basis-point increase. The Fed will have a fine line to walk in trying to slow demand to bring down inflation.

Source: sourcingjournal.com– Jul 18, 2022

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How AfCFTA can boost Africa's cultural economy

The African Continental Free Trade Area (AfCFTA) agreement, ratified in 2021, is a landmark milestone for the African continent. The past two-and-a-half years have underlined the need for cohesive, interconnectivity, and unity in our ever-changing world. The pitfalls of the covid-19 pandemic, the looming climate catastrophe, and general economic strife, make collaboration more important now than ever.

Expected outcomes of the agreement include greater regional economic integration and a more significant contribution by African countries to global trade. AfCFTA will cover a population of 1.3 billion people and an annual $3.4 trillion annual economic output. Fully implemented, it is estimated the agreement could boost the region's income by $450 billion annually, and provide new opportunities including agriculture, manufacturing, and e-commerce.

It is not only industries such as transport and manufacturing, though, that will stand to benefit. A pillar of Africa's economy, as well as its identity lifeblood, lies in the unique and varied cultural sectors. With the launch of AfCFTA, the cultural economy is one sector that should be a significant focus given its potential to provide additional value to the economic growth and development of African countries.

How important is Africa's cultural economy?

The cultural economy includes fashion, arts and crafts, cinema, visual, and performing arts, culinary arts, sports, and tourism. If AfCFTA is properly implemented, these sectors can benefit from the stated goals of AfCFTA, particularly around boosting the competitiveness of different industries, and policy changes that enable innovation and entrepreneurship.

Among the top objectives of AfCFTA is to improve intra-African trade through harmonization and easing the movement of people, goods, and services. Historically, intra-African trade has been low, with most trade-oriented towards other regions of the world. Intra-African trade stands at just 15%, compared to 67% for Europe and 61% for Asia according to the United Nations Conference on Trade and Development (Unctad.) AfCFTA has come at a timely period, with much opportunity to change this trajectory.

The cultural economy can support greater intra-African trade and broader regional integration through more Africa-driven cultural exchanges, programs, and products. While the pandemic posed challenges to the takeoff of AfCFTA, the mutual benefits for the trade agreement and the cultural economy are clear. Successful implementation would allow African countries to further project a positive brand of the region at home and abroad.

As an example, Africa's fashion industry has grown to $31 billion in value in recent years. With the expected reduction of tariffs and barriers expected to reduce the costs of trade, Kenya's largest textile factory is positioning itself to take advantage by boosting its manufacturing capacity and creating new jobs.

By enforcing rules of origin, the trade agreement seeks to spur more locally manufactured products, including textiles. A successfully implemented trade agreement complemented with other investments in fashion could benefit Africa's textile industry, generating $15.5 billion over the next several years.

A more competitive fashion industry, strengthened by AfCFTA, investments in infrastructure, regulatory reforms, and zero tariffs for African products, could not only strengthen intra-African trade but also potentially lift Africa's share of the global fashion industry in the longer term.

Click here for more details

Source: theparadise.ng– Jul 18, 2022

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Sri Lankan Apparel Exports Under Threat Amid Economic Crisis

The country's apparel export industry is facing a "serious threat" due to a crippled economy resulting from a sovereign-debt crisis and ensuing political instability, according to a local manufacturing association leader.

Over recent decades, the island nation has become an increasingly important production and sourcing hub for global fashion brands but the crisis beginning in 2019 has culminated in protests, looting and violence in the streets this month, raising concerns for the future of the sector.

Police in Sri Lanka's commercial capital Colombo imposed a curfew after firing tear gas and using a water cannon on protesters who blame former president Gotabaya Rajapaksa for what has become the country's worst economic crisis since independence from Britain in 1948. Rajapaksa resigned on Thursday.

The country's manufacturing purchasing managers' index (PMI) declined 6.2 points last month compared to May, according to the Central Bank of Sri Lanka. The monetary authority said fuel shortages have affected production levels directly and indirectly due to transportation challenges. Many export-orientated manufacturers have witnessed lower than anticipated orders as foreign buyers worry about the fragile political and economic condition and possible disruptions to order fulfilment.

Kolonna Manufacturing chief Ranjith Koralage, earlier this year said his facility, which produces garments for Levi's, Puma, and Victoria's Secret, is one of many that is having trouble meeting its production goals because of fuel shortages, power outages, and escalating expenses.

"Owing to unprecedented national economic mismanagement, this sector, which has long served as a fundamental pillar to the Sri Lankan economy, is now under serious threat," said Yohan Lawrence, secretary general of the country's Joint Apparel Association Forum.

Sri Lanka's apparel export industry accounted for approximately 44 percent of total exports, providing about 33 percent of the manufacturing employment in the country, according to the US International Trade Administration.

"Any plan for economic revival must prioritise support to apparel manufacturers large and small and leverage this strength to help stabilise the Sri Lankan economy," Lawrence added.

Yet despite the crisis, some investors are betting on the resilience of Sri Lanka's apparel industry. "We have not reduced our sourcing from Sri Lanka," said Sandro Veronesi, president of Italy's lingerie retail chain Calzedonia. "We are increasing the volumes that we source from this country."

Sri Lanka's Board of Investment (BOI) told media outlet Just Style it has secured agreements worth $76 million for new investments and expansions in the apparel and textile industry for this year.

"We have been receiving multiple queries regarding the availability of suitable land from investors looking to further expand their apparel manufacturing plants in Sri Lanka since many of them have seen an increase in orders," said Renuka Weerakone, director-general of BOI.

Source: businessoffashion.com– Jul 18, 2022

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S African fashion retailers turn to domestic market for fabrics

After depending on cheaper Chinese imports that ruined South Africa's farmers and producers, major fashion retailers in the country want to source fabrics from the domestic market. Mr Price, Truworths and Foschini are some such retailers that have committed to domestic procurement, which could resuscitate the country's farmers and manufacturers.

The issue came up for discussion late last month during the Africa Textile Talks panel discussion. The discussion centred around farm-to-fashion strategies, highlighting the importance of locally-produced apparel, and reigniting the sustainable fashion philosophy, according to a report in a South African newspaper.

Farmers, producers, designers and retailers benefitted from a thriving cotton textile industry in South Africa, but that changed when South Africa opened to trade with China in the late 1990s.

As retailers started importing cheaper fabric and clothing from China, the demand for local production reduced and the domestic manufacturing industry's capacity sharply dropped.

From around 20 cotton spinning plants in the early 2000s, the country had just four in early 2010s. Cotton lint output had fallen by more than 90 per cent by 2012.

Natasja Ambrosio, head of sustainable value chain for cotton at the Mr Price Group, said Mr Price's push towards procuring locally-farmed cotton started in 2013 when it received criticism for destroying the domestic cotton industry by importing from China.

Ambrosio said most of its procurement had shifted to Africa in recent years, with up to 75 per cent of some of Mr Price's businesses relying solely on domestic production.

Source: fibre2fashion.com– Jul 18, 2022

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Vietnam's textile & garment exports to Japan at $1.67 bn in H1 2022

Vietnam's export of textiles and garments to Japan reached nearly $1.67 billion in the first half of 2022, as per the latest data from the General Department of Customs.

Other groups of export goods valued at more than $1 billion were machinery, equipment, tools, and spare parts ($1.364 billion) and means of transport and spare parts ($1.2 billion).

Vietnam's exports to Japan went up to $11.38 billion in the first half of 2022, which was a nearly 13 per cent rise over the same period last year. On the other hand, imports from Japan touched $12 billion, which is an increase of 10.6 per cent year-on-year.

Japan is Vietnam's fourth biggest trade partner after China, the United States, and South Korea.

In 2021, bilateral trade between Vietnam and Japan totalled up to almost $43 billion, of which Vietnam's exports were estimated to be $20.13 billion and imports were pegged at more than $22.8 billion.

Source: fibre2fashion.com– Jul 18, 2022

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H&M CEO on Russia Exit: 'Impossible' to Operate Through Ukraine War

Four months after it paused operations in Russia, H&M Group is formally exiting the country waging a deadly war in Ukraine.

The Swedish fast-fashion giant pointed to "current operational challenges" and an "unpredictable future" in a statement outlining the factors behind its decision to quit Russia.

"After careful consideration, we see it as impossible given the current situation to continue our business in Russia," said Helena Helmersson, CEO of H&M Group, in a statement. "We are deeply saddened about the impact this will have on our colleagues and very grateful for all their hard work and dedication. Furthermore, we wish to thank our customers for their support throughout the years."

H&M has operated in Russia since 2009, with the market representing 4 percent of the retailer's sales in the 2021 fourth quarter. As of Nov. 30, 2021, H&M Group operated 168 stores in Russia, alongside its e-commerce site, all of which have been shuttered since March 2. The company also opened its first Arket store in the country in December 2021. H&M rents the stores in the market and operates them directly.

The company's strong second-quarter results likely aided in its confidence to make the full exit, with net sales increasing 17 percent to 54.5 billion kronor ($5.3 billion) from 46.5 billion kronor ($4.6 billion) in the period.

H&M appears willing to take a short-term sales hit. June sales were expected to decrease by 6 percent in local currencies on a year-over-year basis. The paused sales in Russia, Belarus and Ukraine represent 5 percentage points of the decrease, H&M said.

In total, 181 stores remained closed in Russia, Belarus and Ukraine ahead of the exit, with 7,500 employees operating in the three markets. Prior to the Covid-19 pandemic, in the 2019 financial year, these markets accounted for approximately 10 percent of the group's operating profit.

However, H&M's exit isn't complete just yet. As part of the winding down process, the retailer is temporarily reopening physical stores in Russia for a limited period of time to clear through inventory.

The combined assets in Russia, which include current stock-in-trade, cash and cash equivalents, equipment and right-of-use assets, amounted to 4.4 billion Swedish kronor (approximately $427 million) at the end of the quarter.

The entire liquidation is projected to cost H&M a total of approximately 2 billion kronor (approximately $193 million), of which approximately 1 billion kronor (approximately $96 million) will have a cash flow impact. The full amount will be included as one-time third-quarter costs.

Although operations in Belarus remain shuttered, H&M has not indicated it would permanently exit the market.

H&M is the latest Western company to ultimately decide to exit Russia as the war drags on and Western sanctions complicate operating in the country.

Late last month, Nike said it was shuttering Russian operations for good after first closing stores and then cutting ties with Russian franchisees.

And ocean carrier giant A.P. Moller-Maersk carried out what it said was its last cargo operation in a Russian port in early May, taking a $718 million hit in the process of leaving the country. The logistics giant is currently in the process of selling its nearly 31 percent stake in Global Ports Investments (GPI), which counts six terminals in Russia and two in Finland.

TJX, while not operating its own banners in the country, exited the market entirely when it divested its 25 percent stake in Russian apparel retailer Familia.

The decisions from these companies, as well as similar exits from American businesses like McDonald’s and tech titan Cisco, now place other corporations in the spotlight to potentially do the same. Brands including Levi Strauss, H&M rival Inditex, LVMH, Adidas, Gap Inc. and more are among the global fashion companies temporarily suspending their operations in the country, but have stopped short of indicating that they would leave Russia for good.

For Inditex, which owns Zara, Pull&Bear and Massimo Dutti, CEO Oscar Garcia Maceiras recently told shareholders it would continue to monitor the situation in Russia and would suspend operations for the time being.

“We are in contact with all actors that have been affected by the suspended measure and we are exploring different alternatives,” Maceiras told investors.”But at this moment there is no other decision than to continue to monitor the situation.”

The company already took a writedown of 216 million euros ($219 million) to cover all of the extraordinary costs derived from the temporary closure of its Ukraine and Russia businesses.

Prior to the market closures, Inditex’s sales in Russia and Ukraine represented approximately 5 percentage points of sales growth, the company said. As of March, Inditex operated 502 stores in Russia and 84 in Ukraine before shuttering the stores.

Source: sourcingjournal.com– Jul 18, 2022

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EU delegation visits Bangladesh to review GSP continuation standards

A delegation of the European Parliament's Committee on International Trade is visiting Bangladesh to now inspect the latter's progress in implementing the European Union's (EU) nine-point action plan to address human and labour rights issues, a prerequisite to remain eligible for the former's generalised system of preferences (GSP) benefit.

To be eligible for the EU's new GSP scheme under its Everything But Arms arrangement from 2024, Bangladesh has formulated a nine-point action plan with a target to execute it by 2026. The plan stipulates that child labour be eliminated by 2025, workers be given easy access to trade unions and collective bargaining agreements (CBAs), workers in one factory be allowed to join trade unions of other factories and labour court cases should be disposed of quickly.

However, Bangladesh is lagging behind in implementing the plan, which the EU had recently pointed to in a letter. Led by EU MP Heidi Hautala, the 11-member delegation will meet commerce minister Tipu Munshi, law minister Anisul Haque, state minister for labour and employment Begum Monnujan Sufian, parliament speaker Shirin Sharmin Chaudhury and state minister for foreign affairs Shahriar Alam.

The delegation will meet representatives from the Bangladesh Garment Manufacturers and Exporters Association, the Bangladesh Knitwear Manufacturers and Exporters Association and the Bangladesh Employers' Federation. It will also separately meet trade union leaders, International Labour Organisation officials and members of civil society organisations.

The delegation will also visit Aman Spinning Mills Limited, SKF Pharmaceuticals Limited and the Jute Diversification Promotion Centre.

"Waiting for the implementation of the EPZ Labour Rules is not needed. We therefore look forward to a concrete adjusted timeline for amending the EPZ Labour Act," EU's director general of trade Ewa Synowiec, director general of employment Jordi Curell and deputy managing director for Asia and Pacific Paola Pamaloni were quoted as saying by Bangla media reports.

Source: fibre2fashion.com– Jul 18, 2022

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NATIONAL NEWS

Morgan Stanley cuts India's FY23 GDP estimate by 0.40%; expects FY24 growth to slow to 6.4%

American brokerage Morgan Stanley on Monday cut its FY23 real GDP expansion estimate for India by 0.40 per cent to 7.2 per cent on slower global growth. It said the GDP growth will slow down to 6.4 per cent in FY24, the brokerage said, adding that this is lower by 0.30 per cent compared to the earlier estimate.

A majority of watchers are expecting FY23 GDP growth to come at over 7 per cent levels. The RBI estimate also stands at 7.2 per cent. "We pare our GDP forecasts by 0.40 per cent to 7.2 per cent for FY23 and by 0.30 per cent to 6.4 per cent for FY24 on the back of slower global growth. "We see downside risks emanating from a weaker than expected global growth trend, supply-side-driven commodity price shock and faster than warranted tightening of financial conditions," the brokerage said in a note.

The brokerage said it expects global growth to slow down to 1.5 per cent for the quarter ended December 2022 from 4.7 per cent registered in the year-ago period, which will have an impact on the export growth for India. However, domestic demand will be providing a partial offset to the impact of the slowing export growth, it said, noting that the government's supply-side response and the reopening vibrancy to partially counter the downside. The ongoing moderation in commodity prices is improving the near-term trajectory for macro stability and also cut its FY23 average inflation target to 6.5 per cent against 7 per cent earlier.

"However, we do not expect much change in inflation beyond FY23 and expect it to average 5.3 per cent in FY24. Near-term risks to the inflation trajectory stem from changes in commodity prices and/or domestic food prices," it said. The Reserve Bank will continue with the policy normalisation measures, and the repo rate will be at 6.5 per cent by April 2023 against 4.9 per cent at present, it said.

Source: financialexpress.com- Jul 18, 2022

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Sitharaman: Few states seek extension of GST compensation for 5 yrs

A few states including Telangana have sought a five-year extension of the goods and services tax (GST) shortfall compensation, finance minister Nirmala Sitharaman told the Lok Sabha on Monday.

As per Section 18 of the Constitution (One Hundred and First Amendment) Act, 2016, Parliament on the recommendation of the GST Council, provided for compensation to the states for loss of revenue arising on account of implementation of the goods and services tax for a period of initial five years. It ended on June 30.

GST Council, in its 42nd meeting, has recommended extending the period of levy of GST Compensation cess beyond June 2022 to cover the entire shortfall as well as servicing the back-to-back loan released to states to meet their resource gap due to the short release of compensation, Sitharaman said in a written reply to Lok Sabha.

The Centre borrowed Rs 1.1 trillion in FY21 and Rs 1.59 trillion in FY22 as back-to-back loans to meet part of the shortfall in cess collection. In addition, she said, the Centre has further released Rs 86,912 crore to states/UTs on May 31, 2022, and cleared the entire provisionally admissible GST compensation due till May, 2022.

This decision was taken to assist the states in managing their resources and ensuring that their programmes especially the expenditure on capital is carried out successfully during the financial year. This decision has been taken despite the fact that only about Rs 25,000 crore was available in the GST Compensation Fund, she said, adding, the balance Rs 62,000 crore was released by the Centre from its own resources pending collection of cess.

As a result of the continued reforms in GST undertaken by the Centre and states, on the recommendations of the GST Council, buoyancy in GST revenue has been achieved in the recent months, she said. The average monthly gross GST collection for the first quarter of FY23 has been Rs 1.51 trillion against the average monthly collection of Rs 1.1 trillion in the first quarter of the last financial year, showing an increase of 37%.

Source: financialexpress.com- Jul 19, 2022

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Delay in cotton shipments outside contracted period is a breach of contract: ICA

The International Cotton Association (ICA) has said any delay in the arrival of cotton imports outside the contracted period is a breach of contract and buyers could reverse the deal.

In a letter to Tamilnadu Spinning Mills Association (TASMA), the Chief Advisor K Venkatachalam, ICA Managing Director Bill Kingdon, said "invoice back" or reversing the deal is one of the remedies available to mills that have bought cotton from global sellers.

However, the ICA official acknowledged that this may not often provide a suitable remedy to the buyer. He expressed surprise over allegations by TASMA that there was no protection in the trading rules for quality-related complaints, including weight differences.

Time lapse

"The rules for weighing are covered in Rules 214-218 of our ICA bylaws and rules (BL&R) – the terms for weight settlement are usually contained within the cotton contract," Kingdon said.

Kingdon was responding to Venkatachalam's letter to ICA saying some of the mills which had entered into import contracts have not received shipments to be delivered in March and April.

"Some of our members had signed contracts with suppliers and shippers for delivery of cotton in March and April this year and they have reported that the deals have not been honoured.

Though four months have lapsed in some cases, suppliers and shippers are not providing any satisfactory reply," Venkatachalam told ICA.

The ICA managing director said, if buyers cannot reach an agreement with the seller, they could apply for quality arbitration. "We believe that there is good protection for cotton buyers and sellers alike on all quality matters," he said.

Logistics firm to blame

Kingdon blamed global logistics companies for the poor performance behind the delay and default of cotton shipments to spinning mills in South India. The logistics firms were showing “no immediate sign of improving”.

Sharing TASMA’s concerns over delays and uncertainty in getting the consignments, the ICA official said changes to consignments and shipping dates were hampering all as “we try to track cotton and communicate updates”.

Recently, ICA asked its members to proactively communicate with the buyers about the delays and revised timings of shipments. Stating that carrying charges and delayed shipment were not part of the ICA BL&R, he said the association consistently encouraged its members to make provisions for these within their contracts.

“The ICA encourages buyers to include remedies for late deliveryinto their contracts, if any delay to the shipment period is likely to significantly impede operations. We have been advising this approach to our members.” Kingdon said.

The ICA has asked its members to communicate “openly and effectively throughout the contract execution period”.

‘One-sided contracts’

Referring to allegations of buyers being forced to sign “one-sided contracts”, the cotton association official said he encouraged TASMA and its members to join ICA and it would “help by shaping and improving the ICA’s international cotton trading rules”.

“We welcome members from all sectors of the cotton supply chain and regions. As an ICA member, you are able to participate in ICA work and the committees and working groups that shape the cotton trading rules. By not doing so, you are missing the opportunity to influence the rules that affect us all,” he said.

Spinning mills in Tamil Nadu have entered into deals worth ₹400 crore and TASMA members have paid ₹60 crore as a 15 per cent advance out of the contracted cost, Venkatachalam told BusinessLine.

Rushing in panic

Trade sources say some mills had rushed to sign import deals in panic as cotton prices headed towards ₹1,00,000 a candy (356 kg). Prices have dropped since June on fears over economic slowdown and recession. Currently, the rates have dropped to ₹85,000-86,000.

In agricultural terminal markets across the country, the net weighted average modal price of raw cotton (kapas) has dropped to ₹8,616 a quintal from over ₹12,000 in May.

In the global market, the benchmark Cotlook A index is currently at 126.55, but Cotlook A forward index is 105.50. On the Inter Continental Exchange, New York, benchmark cotton futures are currently ruling at 97.38 US cents a pound (₹61,550 a candy).

Source: thehindubusinessline.com– Jul 18, 2022

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India's export of cotton yarn, fabrics, handlooms fall in June 2022

India’s exports of cotton yarn, fabrics, made-ups and handloom products and carpet declined in June 2022, which dragged down overall textile exports by 14.30 per cent.

According to industry experts, export of cotton yarn and fabrics fell due to disparity in prices, while export of other textile products dropped due to slower demand amid economic volatility.

According to the figures released by ministry of commerce and industry, the export of cotton yarn, fabrics, made-ups, handloom products, etc reduced by 19.49 per cent to $961.73 million in June 2022.

An analysis of Confederation of Indian Textile Industry (CITI) revealed that the export of carpet declined 8.97 per cent to $130.17 million and handicrafts excluding handmade carpet came down 28.68 per cent to $115.99 million. Therefore, overall cotton textile export dropped 14.30 per cent to $1699.61 million in June 2022.

However, the export of jute products including floor covering and man-made yarn, fabrics, made-ups etc improved in the same period which limited overall decline in textile segment.

India’s apparel export jumped 49.82 per cent to $1,500.91 million in June 2022 from $1001.81 million in June 2021. The overall export of textile and apparel showed a rise of mere 7.22 per cent because of decline in textiles’ shipments.

According to CITI’s analysis, cumulative export of cotton yarn, fabrics, made-ups, handloom products etc reduced 6.09 per cent to $3160.90 million during April-June 2022. The export of carpet decreased 7.15 per cent to $382.43 million and handicrafts excluding handmade carpet down by 24.08 per cent during first quarter of current fiscal 2022-23.

Overall export of textiles declined 4.91 per cent to $5359 million in April-June 2022. Apparel exports registered an increase of 31.84 per cent in this period, but the shipment of textile and apparel could manage to rise by 8.93 per cent to $9850.48 million in the period.

Industry experts feel that overall export conditions are not favourable in the textile sector. Apparel export registered impressive rise due to increase of unit price due to costlier cotton and other raw materials.

Cotton yarn and fabrics export reduced because of price disparity. The shipment of made-ups and handlooms declined as export orders were fewer amid challenging economic conditions in the world.

Source: fibre2fashion.com– Jul 19, 2022

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Retailers clock 13% growth in June over pre-pandemic levels; inflation a concern: RAI

Second half of June was not very encouraging due to a lack of drivers of sales, says CEO

Retail businesses across India reported a growth of 13 per cent in sales as compared to pre-pandemic levels but inflationary headwinds remain a key concern ahead of the festival season, according to the latest survey of the Retailers Association of India (RAI).

Overall, there has been a slowing down of growth rates sequentially. In May, retailers in the country had reported a growth of 24 per cent compared to pre-pandemic levels.

As per the latest edition of the RAI's Retail Business Survey, East India reported a growth of 17 per cent in June compared to June 2019, while West India reported a growth of 11 per cent. Retail businesses in North India and South India reported a growth of 16 per cent and 9 per cent, respectively.

Kumar Rajagopalan, CEO, RAI, said many retailers indicated that the second half of June was not very encouraging due to a lack of drivers of sales such as weddings.

'A definite slow down in growth'

"While June 2022 has witnessed growth as compared to the same period before the pandemic, the rate of growth has definitely slowed down. The headwinds of inflation on consumer spending are still a worry and may impact the upcoming festive fervour. We will have to wait and watch how the next two months will pan out," Rajagopalan added.

In terms of categories, quick service restaurants (QSR), footwear ad apparel reported stable growth. While the QSR category witnessed a growth of 16 per cent compared to June 2019, sales of footwear and apparel categories were up 14 per cent.

Jewellery sales were up 27 per cent compared to pre-pandemic levels and sports goods sales clocked a growth of 29 per cent in June (versus June 2019). Consumer durables and electronics clocked a growth of 16 per cent in June compared to pre-pandemic levels.

Meanwhile, furniture and furnishing and beauty and personal care categories witnessed a growth of 7 per cent and 5 per cent, respectively, last month compared to June 2019.

Source: thehindubusinessline.com– Jul 18, 2022

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Rupee fall fuels inflation, but makes exports competitive: Experts

Rupee depreciation has impacted the current account deficit and fuelled inflationary pressures but at the same time it has made Indian exports more competitive, according to experts.

The Indian rupee has been depreciating against the USD dollar and is nearing the psychologically key mark of 80, making imports expensive.

"The depreciation of the rupee has multiple impacts on the economy. Given we have a negative trade balance, though a depreciation of the rupee makes our exports more competitive, our import bills go up significantly.
"It has an impact on the current account deficit thus further putting pressure on the rupee as well as imports inflation too as the price of imports in rupee terms is higher," said Ranen Banerjee, Leader, Economic Advisory Services, PwC India.

A recent report by the finance ministry cautioned that India's current account deficit (CAD) is expected to deteriorate in the current fiscal on account of costlier imports and tepid merchandise exports.

Primarily driven by an increase in the trade deficit, the CAD stood at 1.2 per cent of GDP in 2021-22.

Rumki Majumdar, Economist, Deloitte India, said the US dollar has strengthened amid economic uncertainties marked by rising global inflation and commodity prices, rapidly tightening monetary policy in advanced nations, rising geopolitical tensions, fears of a global economic slowdown, and even a possible recession in the US and a few major European nations.

However, not always does currency depreciation hurt an economy, she added.

"The opportunity to boost services exports revenue on the back of the global digitisation wave is promising. A weaker domestic currency also is an opportunity for FPIs to enter the equity market to earn handsome returns in the medium to long term," she opined.

Foreign portfolio investors (FPIs) were net sellers in the Indian equity market for the ninth consecutive month in June, with an outflow of Rs 49,469 crore -- the highest since March 2020. The sell-off has continued this month, with net outflows to the tune of Rs 7,432 crore during July 1-15.

Overall, FPIs have withdrawn Rs 1.2 lakh crore from the Indian equity market in 2022-23 so far, but the sell-off has been absorbed by domestic institutional investors (DIIs).

Aditi Nayar, Chief Economist, ICRA Limited, was of the opinion that a weaker rupee will partly counteract the slide in commodity prices, lessening the fall in the wholesale (WPI) and retail (CPI) inflation expected over the next few months.

"Similarly, the beneficial impact of the fall in input costs on corporate margins will be tempered. The weaker INR will help to protect some export competitiveness, given the sharper fall recorded by many emerging market (EM) currencies than the INR in the recent period," she added.

Khalid Khan, vice-chairman of exporters' body FIEO, said while a depreciating rupee will help exporters, exporting goods which have import content in terms of raw materials will not be benefited that much.

An article published in its recent bulletin said that amid a hostile international environment, close and continuous monitoring of the widening trade deficit and portfolio outflows is warranted, strong reserve buffers notwithstanding.

As per the latest data, the country's imports expanded by 57.55 per cent to USD 66.31 billion in June compared to the year-ago month.

The merchandise trade deficit in June 2022 was estimated at USD 26.18 billion as against USD 9.60 billion in June 2021, which is an increase of 172.72 per cent.

Crude oil imports in June almost doubled to USD 21.3 billion.

Coal and coke imports more than doubled to USD 6.76 billion in the month as against USD 1.88 billion in June 2021.

It is widely expected that the Reserve Bank of India (RBI) may go for the third consecutive hike in the key interest rate next month as retail inflation continues to rule above 7 per cent -- higher than its upper tolerance limit of 6 per cent.

Banerjee further said the matching rate hikes by the RBI in response to the US Federal Reserve actions will also provide support to the rupee.

These counterbalancing forces have helped the rupee in the past few months wherein it has not depreciated to the extent of other emerging market currencies, he added.

Source: economictimes.indiatimes.com- Jul 17, 2022

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India accounts for more than 13% of global start-up layoffs

Start-ups have been facing a tough time since the last quarter of 2022 with funds drying up following monetary policy tightening by global central banks and correction in equity markets. In a bid to please their investors, many start-ups had to downsize, reducing their staff strength. The number of start-up employees laid-off has surged in 2022-23.

Since April 1, , 43,399 start-up employees have been laid off across the world. Of these, over 13 per cent were fired by Indian start-ups.

According to the data compiled by layoffs.fyi, a tracker that compiles public information about layoffs in start-ups across the world, between April 1 and July 12, 2022, 26 start-up events happened in India, causing 5,670 people to lose their jobs. To put this in context, in the whole FY22, the number of start-up employees laid off in India were 1,440.

Globally, 342 companies laid off their employees since April 1 and 43,399 people were shown the door. In the US alone, 21,329 start-up employees were let go off.

Most start-up layoffs in this financial year in India occurred in June; 17 of them. Data say that at least 2,261 people lost their start-up jobs in this period. In May, seven layoff events occurred in India across six companies. However, 2,109 people lost their jobs then. In April, two start-ups cumulatively fired 1,150 people.

Big fires

With big players like Unacademy, BYJU'S s and Vedantu laying off a large number of people, the ed-tech sector saw the greatest number of firings in the first quarter of the fiscal. The tracker says that Unacademy fired 1,150 people in two phases, Vedantu fired 624 and BYJU'S -owned Toppr and Whitehat Jr fired 350 and 300 people each.

Healthcare start-up sector saw the second most number of people losing jobs. 940 people were laid off in the first quarter of FY23, with Bengaluru-based MFine alone firing 600 people. Pre-owned cars e-commerce platform Cars24 too fired 600 people in May.

Back to 2020?

Since the outbreak of the pandemic, 23,681 start-up employees lost their jobs. As many as 12,951 people lost their jobs in 2020 alone. While things got much better in 2021, 2022 has no dearth of bad news. Are we heading towards a firing spree similar to 2020?

Sajith Pai, Director of tech fund Blume Ventures, does not think so.

"As the funding environment gets cautious, we are seeing greater focus on costs and extending runway at start-ups. A lot of the larger start-ups are rethinking projects outside of their core and are becoming cautious on expansion of teams," he says.

The funding scene also looks bleak at the moment. While 292 venture capitalist deals happened in India in the first quarter of the financial year, the cumulative value of those deals was $7 billion, the lowest since the last quarter of FY21. This is according to the data compiled by research film Venture Intelligence.

"Sectors that rely heavily on external and institutional capital for their operations may be the hardest hit," says Ashish Bhatia, Co-founder of India Accelerator, adding that one could expect more bad news in the coming months. "The larger job market in India remains buoyant across sectors so things won't be as bad as 2020," he says.

Source: thehindubusinessline.com- Jul 19, 2022

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The downside to trade settlement in rupees

The Reserve Bank of India's recently announced circular allows for International Trade settlements in Indian Rupees (INR).

This measure is aimed at facilitating the growth of global trade with emphasis on export from India and to support the interests of global trading community in Indian rupees.

It has also placed an additional arrangement for invoicing, payment and settlements of exports/imports in Indian rupees.

The Circular further states that exchange rate between currencies of two trading partner countries may be market determined and the entire process will be carried out using special VOSTRO account.

It is also stated that Rupee surplus balance accumulated in such account may be used for permissible capital and current account transactions in accordance with mutual agreement.

The decision to allow INR in international trade settlements is considered as an important step to facilitate trade with Russia, Iran and Sri Lanka. INR in international trade settlements is also expected to gradually contribute to the global acceptance of rupee for international trade transactions. However, this move by the RBI demands a close scrutiny considering the ever changing nature of global trade transactions.

Three issues deserve prominent attention in the RBI decision to allow international trade settlements in rupee. First, international trade transactions to be settled in Indian rupee needs to be analysed from bilateral trade equilibrium to understand their potential scope and scale.

For example, in 2021, India's exports to Russia were at $3.3 billion while its imports from Russia were at $8.6 billion. This means that international trade settlement in rupee can happen up to $3.3 billion where exports and imports are equal. Beyond this point, international trade settlement in rupee can get challenging.

However, the RBI has given the flexibilities that additional surplus generated through exports by partner country can be invested in Indian government securities and bonds without considering the fact that the rupee is not a convertible currency. Therefore, investment in government securities and bonds cannot be repatriated.

Moreover, this could potentially create macro-economic imbalances and possibly lead to a situation in the long run where India's trade deficit is financed with the surplus investment of trading partner in government securities and treasury bills.

Second, the international trade transactions that takes place between countries are shaped by various factors such as political and economic relations, availability of goods, quality and competitive pricing etc. Exchange rate happens to be one of the factors in deciding trade. All elements have to be examined seriously which directly impact the landed cost for importers.

Currency depreciation

Depreciation of currency against US dollar and inflation play an important role. If the local currency depreciates against the dollar, it affects the pricing of imported and exported goods. Coupled with impact on custom duties the product becomes costly.

Not only this, if there is inflation then its impact is quite serious. Let us examine a few countries with which we either have a trade deficit or surplus.

The accompanying table shows that India has a trade surplus with Bangladesh, UK and Turkey while we have a trade deficit with South Korea, Thailand and South Africa.

The currencies of all these six countries have depreciated against the US Dollar by more than 10 per cent.

In Turkey, the depreciation of the local currency against dollar is almost 93.53 per cent. In such a situation, do we expect Turkey to import more from India even if we decide to have exchange rate fixed with Turkey (Indian Rupee and Turkish Lira without bringing US Dollar in the picture)? If the rate is to be market determined, how will Turkey respond? This problem becomes more serious if inflation is taken into account.

At the end, depreciation in local currency and inflation put together add substantial burden, which may make imports unviable even if rupee is used as a currency of invoicing.

Accepting the rupee

Third, India's efforts to promote invoicing in Indian rupee and acceptance of exchange with various countries is a herculean task. In the prevailing global trade protectionism and geopolitical rivalries, each country wants to promote exports and reduce imports.

It has another angle as well. Invoicing in Indian Rupee and not depending on US Dollar may upset India's relationship with the US.

It may also have an indirect impact on services sector for which we are dependent on developed markets like the US and Europe.

Other than this, India's share in global trade is not significant enough and our dependence for import of fossil fuels, edible oils, gold and silver etc. is quite large. It is unlikely that exporting countries will consider Indian rupee as a currency of invoicing, unless it suits their interests.

To promote rupee for international trade settlements, the first stage is that India should increase exports and imports so that rupee becomes a highly tradable currency. This should be supported by critical reforms in financial markets which include capital account convertibility, deepening financial markets coupled with large financial institutions other than the RBI to manage the large scale inflow and outflow of capital.

Source: thehindubusinessline.com- Jul 17, 2022

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Fibre & Yarn Innovation Trends in Denim Industry

The plethora of innovations at the level of fibres and their blends, yarn types, stretch fibre content, weaving techniques and fabric constructions are all contributing to making denim an even more desirable fabric ranking high on fashion and performance.

A 'sturdy fabric' possibly driving its origins from France with a close predecessor named dungaree from India, denim is most commonly an indigo dyed cotton textile. With around half of the population on earth wearing it at any given point of time, this classic indigo blue fabric is considered to be unique and has evolved to be a fabric of the masses and a quintessential American garment.

With the demand of denim continuing to grow, the annual global production of denim is 15 billion metres with half of the production coming from Asian countries like China, India, Turkey, Pakistan and Bangladesh. China is the largest exporter of denim accounting for around 64% of the world's total, followed by Pakistan.

The market share of denim in cotton fabric imports by volume has ranged from 21% to 24% in the last 5 years and its market share in cotton fabric exports by volume ranged from 14% to 26% in the last 10 years. With a current market size of around US$ 57.3 billion in 2020, the market value is projected to reach US$ 76.1 billion in 2026 growing at a CAGR of over 4.8%.

Since today's discerning customers of denim clothing desire lot of aesthetic appeal, fit, wearing comfort, performance, and sustainability in all aspects of its production, numerous developments in fibre and textile technology are offering newer concepts in denim.

Conventionally produced from 100% cotton and dyed from natural indigo, today's denim is a highly transformed new generation fabric. The highly supple fashion denims are now draping diverse body shapes.They are available in different variants (stretch to bio-polished), colours (vegetable-based, indigo to sulphur dyed), fibre blends (most recent being softer, lighter, comfy silk for all weather denims),textures, drapes and avatars fitting the recent 'athleisure' trend.

The more recent and an almost universal escalation in cost of raw materials and logistics to decadal highs has necessitated the denim industry to innovate at all levels to maintain margins and contain the rising prices of the products. The denim manufacturers across the world have been employing various methods and reverse engineering techniques to stay afloat and make their products more cost effective. These measures include reducing the weight of the fabric, reducing fabric lines to improve plant efficiency, skewing the product mix towards more profitable technical fabrics,exploring different dye combinations and a shift to less expensive lighter shades, working with various blends of cotton and man-made fibres like polyester, modacrylic, aramid and stretch,increased use of recycled cotton, recycled polyester and use of newer methods,digital age machines and automation to save on energy and water to offset the higher prices of fibres and other inputs.

The most important innovations in denim have been the use of new fibres and new fibre blends.

Stretch (synthetic elastic fibres known as spandex in the US and elastane elsewhere) fibres blended with cotton have been revolutionising the entire denim landscape.Lycra as the branded stretch fibre offers lasting stretch for fit, shape and comfort and delivers clothes that move with the body. Lycra T400 fibre provides spandex-free stretch and bounce-back recovery for exceptional shape retention. The patented Lycra dualFX technology goes further by providing two stretch fibres – spandex (elastane) and a polyester bi-component fibre (Lycra T400) for unparallel denim performance which includes high stretch and high recovery and exceptional dimensional stability. A bi-stretch denim with spandex spun into both warp and weft is another important innovation.

Besides synthetic fibres like Polyester and polypropylene normally used in denim fabric, a lot of different performance denim concepts are being realized by blends of cotton and synthetic fibres like high strength Invista nylon 6,6 resulting in an engineered Cordura denimfabric known for its durability, comfort, hard-wearing and an additional resistance to abrasion keeping the jeans looking new longer.A combination of Cordura staple nylon 6.6 Black SDN fibre and spun dyed Lenzing Tencel Modal fibres with Eco Color technology is rendering black color to denim fabrics at the fibre level resulting in very effective color consistency, fastness and retention.

Kevlar as a synthetic aramid fibre provides exceptional strength and heat resistance and forms an important mix with cotton to impart added strength to the denim fabric and increased durability. Dyneemafibre when blended with cotton delivers light weight yet exceptionally strong, durable, abrasion and cut resistant yarns which may be knitted or woven into denim fabric for outdoor, sports and fashion industry.

Cotton, generally coarser in fineness (micronnaire) and shorter in staple length (ranging from 22mm to 27mm) remains the major cotton type for spinning yarns suitable for denim fabric.As an important innovation, finer (lower micronnaire) cotton types traded generally at a discount to the normal/premium micronnaire range cotton are also being used for the purpose of spinning counts suitable for denim applications. Pre-consumer waste fibres like combernoil, flat stripping(generally to the extent of 10-20%) are also used in mixing with fresh cotton for spinning medium to coarser yarns for denim.

The important and well-known cotton varieties suitable for spinning coarse count yarns are primarily desi or indigenous cotton strains like Bengal Deshi grown in the Northern Zone states of Punjab, Haryana, Rajasthan, V-797 (Kalyaan)in Gujarat, AK/Y-1 in MP and Maharashtra,Jayadhar in Karnataka and some other now lesser-known types in Tamil Nadu.With the advent of high yielding varieties, hybrids and Bt cotton, the production of indigenous short staple cotton types has been on the decline. The increasing denim capacities and smaller crop production sometimes necessitates imports of these cotton types.

The denim industry is also seeing lot of innovations as far as sustainability of fibres is concerned. Whereas, Organic and Better Cotton (BCI) are other sustainable alternatives to conventional cotton, other natural fibres like hemp, linen and silk are being looked upon as important alternatives to scarce and highly resource intensive cotton fibre. Various combinations of silk (mulberry and eri silk) are being tried with cotton and linen to produce versatile new range of fabrics. Whereas eri silk's warmth like wool makes the denim garments suitable for cold weather, other blends of silk with cotton and linen have been found to be providing light weight and comfortable denim fabrics for all weather conditions. Biodegradable synthetics and bio elastomers are other important sustainable innovations at the fibre level.

Since denim is a warp-faced textile with weft passing under two or more warp threads, studies on clothing comfort in denim fabric from regenerated cellulosic fibres suggest that Indigo dyed cotton warp and viscose filament/Tencel weft offered greater degree of wearing comfort. Regenerated cellulosic fibres like viscose, Modal, ProModal, Tencel, blends of cupro, rayon and bamboo have evolved as important manmade sustainable fibre alternatives in denim manufacturing. Besides being eco-friendly, these regenerated cellulosic fibres and yarns provide much sought-after soft handle, lightness, subtlety, suppleness, fit, comfort, strength and durability to denim.

Recycling and embedding circularity in denim is adding a unique sustainability punch to this most popular attire.In addition to fresh sustainable fibres, recycled fibres (both cotton and polyester from pre-consumer and/or post-consumer wastes)are getting extensively used in denim manufacturing. Millsare setting up dedicated recycling unit (s) to recycle spinning, fabric and garment waste materials otherwise destined for the landfills.The post-consumer recycled cotton being slightly coarse and rough imparts an additional texture and dimension and richer color hues.

Fibres like Tencel Refibra lyocell as an important recycled fibre innovation is being seen as a step towards contributing to the circular economy in textiles. It involves upcycling cotton waste from garment production to make new lyocell fibre. Similarly, Re-Gen fabric is being made from half of recycled cotton and half of Refibra and not a single kilo of fresh cotton fibre is used.This is leading to conserving lot of resources like water, fertilizers and avoids polluting agro-chemicals in the form of pesticides and insecticides used to grow cotton.

Ring spinning remaining the main stay of yarn manufacturing for denim fabrics, experts foresee growth in open-end spinning with an increased use of recycled fibres. Ring and Open-end core spun, elastic ply yarns, multi-component and bi-component synthetic filament yarns are used to provide stretch. Slubs and multi-count yarns are being used to provide fancy effects to the denim fabric. Knitted denim, SolucellAir cotton yarns (combining Solucell and cotton to engineer 3D hollow channel system inside the cotton fabric), embedding conducting fibres and composite materials into denim, robotic cutting and sewing for higher quality garments, 3D-printed jeans are few other innovations which hold the potential to revolutionize the denim industry. Use of Artificial Intelligence (AI)and 3D visualization in the design process and to study trends and improve retail interface are also in vogue.

Nanotechnology is providing newer application techniques and imparting more durable and innovative functional finishes like UV, antimicrobial protection, stain-resistance, nano encapsulation amongst otherstthereby offering higher realms of textile performance, comfort, and environmental friendlinessthan the conventional.

Graphene as the wonder material isolated from Graphite is being used as safe, chemical free and non-toxic functional finishto enhance the denim fabric through thermal distribution(when coated on the surface of the fabric), prevent formation of bacteria, an anti-odour effect and a very high abrasion resistance.

Various value-added effects like vintage, streaks, fading, stone wash, peach skin, oily feel, permanent 3D creases and others are now achieved by the use of enzymes, special finishes and chemicals.

Foam coatings, ozone and ammonia finishing, bonding, tinting, natural and totally biodegradable sizing and others are leading smart innovations which are helping the denim industry go green and conserve water and energy, reduce consumption of chemicals, manufacturing costs, lesser release of GHGs and enhance biodegradability. There is a new awakening and a quest to achieve product stewardship by meeting the cradle-to-cradle (C2C) design standards and certification and sustainability criteria of various eco-labels like Oeko-tex, green label, blue sign amongst others.

The denim industry is also striving hard to innovate in dyeing and processing technologies to remain sustainable. Various other dyeing techniques like the Crystal-Clear dyeing, Nitrogen dyeing, foaming, spray dyeing, Indigo Juice dyeing, patented Kitotex, pre-washing and creating of motifs through lasers are some of the innovations in dyeing and processing of denim which conserve precious resources like water, energy and chemicals unlike Indigo dyeing which is most water and chemical intensive with a high environmental impact.

The plethora of innovations at the level of fibres and their blends, yarn types, stretch fibre content, weaving techniques and fabric constructions are all contributing to making denim an even more desirable fabric ranking high on fashion and performance.

Source: textilevaluechain.in- Jul 18, 2022

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Former agri secretary Agrawal to head panel on MSP, natural farming

The Centre has finally constituted a committee headed by former Union Agriculture Secretary Sanjay Agrawal here on Monday to look into the issues of minimum support price (MSP), as promised to the Samyukt Kisan Morcha (SKM) earlier in January. The panel has three unfilled posts for representatives of the SKM, which will be filled as and when the Centre receives the recommendations from the umbrella body of farmers.

Prime Minister Narendra Modi had said while announcing the decision to repeal the three farm laws that a committee will be constituted to promote zero budget-based farming, to change crop patterns keeping in mind the changing needs of the country, and to make MSP more effective and transparent. He had said the committee will consist of representatives of the Central and State governments, farmers, agricultural scientists and agricultural economists.

Apart from Agrawal, NITI Aayog Member (Agriculture) Ramesh Chand, agricultural economists CSC Shekhar and Sukhpal Singh, award-winning farmer Bharat Bhushan Tyagi, members from other farmer organisations Gunwant Patil, Krishnaveer Choudhary, Pramod Kumar Choudhary, Gumi Prakash and Sayyed Pasha Patel, IFFCO chairman Dilip Sanghani, CNRI general secretary Binod Anand, senior member of the CACP Naveen P. Singh, agriculture experts P Chandrashekhar, J.P. Sharma and Pradeep Kumar Bisen will be members of the panel.

Secretaries of Departments of Agriculture and Farmers Welfare, Agricultural Research and Education, Food and Public Distribution, Cooperation, Textiles and Director General ICAR will represent the Centre in the panel. Representatives of State governments, and the member-secretary of the panel will be Joint Secretary (Crops).

“At the moment, we are holding nationwide protests against the policies of the Centre. We do not know the brief given to this committee. The SKM will take a final decision”Hannah MollahLeader, Samyukt Kisan Morcha
SKM leader Hannan Mollah said the SKM will take a decision on the government’s offer to be part of the committee soon. “At the moment, we are holding nationwide protests against the policies of the Centre. We do

not know the brief given to this committee. The SKM will take a final decision," Mr. Mollah said.

The "subject matter of constitution" of the committee, according to a gazette notification, include suggestions to make MSP available to farmers by making the systems more effective and transparent. "Suggestions on practicality to give more autonomy to Commission for Agricultural Costs and Prices (CACP) and measures to make it more scientific," the notification added.

To evolve an agricultural marketing system

It also says that the committee will discuss methods to strengthen the Agricultural Marketing System as per the changing requirements of the country to ensure higher value to the farmers through remunerative prices of their produce by taking advantage of the domestic output and export. On natural farming, the committee will make suggestions for programmes and schemes for value chain development, protocol validation and research for future needs and support for area expansion under the Indian Natural Farming System through publicity and through involvement and contribution of farmer organisations.

On crop diversification, the panel will look into the mapping of existing cropping patterns of agro-ecological zones of producer and consumer States. It will for a strategy for diversification policy to change the cropping pattern according to the changing needs of the country. "Arrangement for agricultural diversification and system to ensure remunerative prices for the sale of new crops, review and suggestion on micro irrigation scheme" are also part of the agenda of the panel.

Source: thehindu.com- Jul 18, 2022

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Rupee at 80: Textiles, gems & jewellery upbeat, but gains may not sustain

With the rupee breaching the psychological level of 80 to a US dollar, both gems and jewellery, and the textile sectors are upbeat. The caveat, however, is that the gains may not be outright, and for some may be short-lived.

Textiles & Readymade Garments

Textile industry players indicate that the weak rupee will help the industry, which is a net exporter, to the extent of 5-10 per cent rise in profit margins. However, industry sources also say that the gains may be short-lived as customers will demand revised rates in upcoming orders.

“Textiles is a net exporter; hence rupee depreciation is clearly beneficial for the industry. It will improve the competitiveness of the industry that is hit badly due to high cotton prices,” said Sanjay Kumar Jain of Delhi-based TT Ltd.

"International buyers have begun asking for price discounts. However, raw material costs too have softened. As rupee touches 80 to a dollar, the net benefit accruing to textile exporters could be at least 10 per cent," said Narendra Goenka, chairman of the Apparel Export Promotion Council (AEPC).

Within the textiles and clothing (T&C) sector, however, while the natural fibres segment, led by cotton, is estimated to enjoy at least a 10 per cent fillip in margins for exporters, the man-made fibre (MMF) segment may not be so lucky. “This is because while natural fibres, especially cotton, are produced in significant quantities within the country, imported cotton has fallen in recent times.

However, this has not been so for the MMF industry which uses imported raw materials that are derivatives of crude oil which has been ruling high for some time,” said Rahul Mehta, former president and mentor to the Clothing Manufacturers' Association of India (CMAI).

India had seen a 41 per cent rise in textiles and apparel exports to $44.4 billion in 2021-22.

“Rupee at 80 will give us a temporary benefit of around 5 per cent for at least three to four months. Buyers have already started negotiating and are expected to go for revised rates during the next order,” said Raja M Shanmugham, president, Tirupur Exporters Association.

Gems & Jewellery

As for the gems and jewellery sector, the depreciation of rupee is giving a cost advantage for its units. "Those who deal only in dollars such as those importing rough diamonds and then exporting polished ones, will continue to benefit in terms of administrative and other costs,” said Dinesh Navadia, former president of Surat Diamond Association and regional chairman - Gujarat for Gems and Jewellery Export Promotion Council (GJEPC).

“With both inward and outward payments being in dollars, the units have a higher disposable amount to spend in rupees for domestic expenses including salaries and other costs. Hence, it is a win-win situation," Navadia added. However, the industry is also wary of rising interest rates, both within the country as well as in western markets like the US.

"The Federal Reserve is set to hike rates again in the US and India may follow suit to beat inflation. But already talks of recessionary trends have begun. If the rates continue to rise, then industry margins will be under pressure and we won't be able to enjoy the benefits of the depreciation for long," said Vipul Shah, vice chairman of GJEPC.

India's gems and jewellery imports, including rough diamonds, grew by 9.9 per cent in $ terms and 14 per cent in rupee terms for the April-June 2022 period on a year-on-year (YoY) basis to stand at Rs 52,310 crore or $6.77 billion. Exports grew 8.7 per cent YoY to $9.98 billion during this three-month period.

Clearly, given the moving parts in the two industries – textiles & garments and gems & jewellery, the jury is out on how much and how sustainable the gains will be.

Source: business-standard.com- Jul 19, 2022

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Textile park project should stay in Ludhiana: Bizmen

Almost a week after Punjab chief minister Bhagwant Singh Mann scrapped the textile park project at Mattewara in Ludhiana, city businessmen have said a textile park should not be shifted out of the district. They said it should be set up at a place in Ludhiana where there is ample government land which is not a forest area or panchayat land.

Harish Kairpal, president, Ludhiana MSME Association, said, "The scrapping of textile park has sent shock wave among the textile and garment industry. The move may push back the progress of the industry by several years. So, we felt that the government needs to revive the project at the earliest in Ludhiana district itself. There are several areas like Malerkotla Road, Doraha to Chandigarh Road, Raikot where there are huge chunks of land available but there are no issues like forest area or panchayat land."

Vinod Thapar, chairman of the Knitwear and Textile Club, said, "It is our request to the CM that no time should be wasted in identifying the land for a textile park. Despite several persons, even those within the Aam Admi Party, demanding that textile park should be shifted to some border area, no such move should be made.

In case the textile park is set up far from Ludhiana, it would defeat the purpose of this project as all the raw material producing units, manpower and allied service providers exist in Ludhiana. By default, the textile Park should come up in Ludhiana."

Thapar said, "We are of the opinion that CM should form a committee of officials of the state government which should also have representatives from the textile and garment industry. This committee should work on identifying and finalising the suitable land for the textile park project, which should be free from any controversy."

Source: timesofindia.com– Jul 19, 2022

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Cotton yarn prices down in north India, but optimism prevails

North India's cotton yarn market fell today because of poor demand, but traders expect better buying at attractive prices. Cotton yarn priced dropped by ₹10-15 per kg in Delhi market, and ₹5-10 per kg in Ludhiana. Traders said that market will take a direction in last week of this month. Recycled yarn prices also showed declining trend in Panipat.

Cotton yarn prices were down in Ludhiana by up to ₹10 per kg as buyers remained absent. Mills and traders were still under pressure for selling. A Ludhiana-based trader Gulshan Jain told Fibre2Fashion, "Cotton yarn prices are down because of lower buying. However, declining trend is adding attraction for buyers."

There is expectation that demand will improve in the last week of this month or first week of August. In Ludhiana, 30 count cotton combed yarn was sold at ₹370-375 per kg (GST inclusive), according to Fibre2Fashion's market insight tool TexPro. 20 and 25 count combed yarn were traded at ₹360-365 per kg and ₹365-370 per kg respectively. Carded yarn of 30 count was quoted at ₹330-335 per kg.

Delhi market registered decline of up to ₹15 per kg amid weaker buying. The market was receiving comparatively better buying till last week, but sluggish trend was noted in this market also.

A prominent trader from Delhi market told that current weak demand forced them to reduce prices for now. But there was optimism that demand will improve very soon. In Delhi, 30 count combed yarn was traded at ₹370-375 per kg (GST extra), 40 count combed at ₹405-410 per kg, 30 count carded at ₹325-330 per kg and 40 count carded at ₹360-365 per kg.

Recycled yarn of various counts and varieties also noted down trend in Panipat market. Few counts and varieties of recycled yarn were quoted lower by ₹3-5 per kg. A local trader said that demand did not improve, and weaving units were reluctant for fresh buying because demand for furnishing textile products is very poor in both local and global markets.

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 ₹80-85 per kg and 20s recycled high quality PC yarn (coloured) at ₹125-130 per kg. 10s optical yarn was traded at ₹100-110 per kg in the market. Comber price remained stable at ₹100-105 per kg. The price of recycled polyester fibre (PET bottle fibre) was noted at ₹85 per kg.

Meanwhile, cotton prices remained steady amid sluggish buying in north India. According to traders, cotton arrival was very negligible, and buyers were absent. Cotton was sold at ₹8,600-8,900 per maund of 37.2 kg in Punjab, ₹8,000-8,300 per maund in Haryana, and ₹8,700-8,900 per maund in upper Rajasthan.

Source: fibre2fashion.com– Jul 18, 2022

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Textile firms must diversify to survive amid uncertainty

Product diversification, the addition of new markets (overseas as well as domestic), and vertical integration can support the clothing companies to have good business irrespective of seasons and specific market conditions in any specific market region. In fact, these are now mandatory

Seasonal nature is one of the major limitations of the clothing industry which is in fact a bottleneck for the growth of clothing manufacturing companies, as many companies are not offering a large and diverse range of products for various seasons. And now after Covid-19 when the market has almost achieved the growth level which was there before the pandemic, again there is uncertainty prevailed- majorly for those exporting clothing products to overseas. And up to a certain extent, almost the same is the condition in India's regional markets that are facing inflation.

Around six months back textile supply chain has good business and the last three months have been lean from the demand side. Though in near future, demand will be again there in overseas as after inflation come down and inventory clears at stores will push the customers to buy again and more. Coming festival seasons are as usual biggest opportunity or season for India's regional markets.

Product diversification, the addition of new markets (overseas as well as domestic), and vertical integration can support the companies to have good business irrespective of seasons and specific market conditions in any specific market region. In fact, these are now mandatory.

The majority of clothing exporters have not developed themselves into multi-products as even today their focus is summer wear, that too women and kidswear. They could not develop summer wear and menswear as their strength.

To stay relevant for 365 days, and to overcome this uncertainty, this is the high time for diversification into those products which was not been done so far. A major question is that it could not take place so far so how it will happen now. The best answer could be that it now or never situation. Most of the things are in India's favour which was hardly there ever so companies especially small firms should focus on this product diversification rather than just working in their comfort zone and saying that this is our specialisation. Clothing companies can also explore accessories, home textile segments, and textile-based toys are also an emerging category. Similarly, they can expand their horizons into organic garments.

If the firms have deep pockets, vertical integration is also not a bad idea, as per their market hold and resource availability they can go for backward or forward integration. Investment is there for sure but it will make them more cost-effective and can open new growth paths also.

There are some recent examples, where companies that were earlier into mainly woven-based products and now entered into knit-based. Some of the home textile-based companies started manufacturing of clothing products also and vice-versa.

The same aggressive approach is required to focus beyond the USA and European Union. What so far has happened in the case of small clothing export firms, they participate in a few specific trade shows and get clients from the show. These firms should focus on their product strengths and to explore new markets accordingly. They can also see emerging markets like Canada, Australia, Japan, and UAE and develop, and change their products according to the need of these markets.

Still, there are hundreds of clothing companies manufacturing produce either for overseas clients or completely only for the Indian market. Having similar manufacturing systems, there are also firms that easily manage production for their overseas as well as Indian clients. There are certainly different terms and working differences in manufacturing for overseas and Indian market, but there is nothing wrong, if they combine both of them, with this they can feed the factories for 12 months, rather than just working fully for 6-7 months and rest utilising just half or less capacity.

The idea is to get business as much as possible and deliver on time so, whatever suits to a company, in the above-mentioned ways or something extra, their promoters should not hesitate to take a step forward.

In my circle, some have their apprehension about the changes I suggested, but one can easily see that there are many successful examples. Companies which adopted these changes have grown.

From the years, overseas clients have become seasons less, as usual many Indian retailers are following them and going in the same direction. The majority of the retailers are offering the entire range of products so clothing manufacturers can also work in a similar direction.

There are plenty of options and support structures for every option too. Later or sooner, these adoptions will be like mandatory to survive in the business. And to cut the long story short, in this era of startups and technology, continuous newness, and innovations are the growth mantra.

Source: bizzbuzz.news– Jul 18, 2022

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In battle against pests, Punjab cotton farmers pin hopes on mating disruption technology

These farmers had invested extensively in cotton crop last year and got their fingers burned when pink bollworm (PBW) attack wreaked havoc on their fields. Although disillusioned with last year's experience, they haven't completely abandoned cotton crop this year but have certainly reduced the quantum of its cultivation. They are pinning their hopes on 'PBKnot technology', which has a potential to control the pests by disrupting the mating of PBW adults.

Young farmer Randeep Singh, from Behman Koer Singh, a cotton village under Talwandi Sabo block of Bathinda district, had suffered over 90% loss on his cotton crop due to the deadly PBW attack last year.

He had sown cotton on 35 acres, including 10 acres of his own and 25 acres he took on lease, but he could not harvest even 10% of the expected normal yield. He was not the only one who bore the brunt of the PBW attack and the resultant yield loss but the farmers of his entire village were at the receiving end of it. This time he reduced his cotton cultivation to 18 acres. He has decided to sow guar on 10 acres and paddy for the first time on 5 acres.

His village has 2,800 acres of land where cotton used to be sown on 2,400 acres. This year, the area under cotton cultivation has been reduced to 1,000 acres.

Despite having a fear of PBW attack this year too, he is hoping that his cotton crop may remain safe this time because his fields have come under one of the three clusters selected for 'field experiment-cum-demonstration' of the mating disruption 'PBKnot technology' in the state to manage PBW.

'Knot of PBW Protection', this technique is part of project 'Bandhan' of the South Asia Biotechnology Centre (SABC), Jodhpur, in collaboration with Ambuja Cement Foundation (ACF), supported by PI Foundation under the technical supervision of ICAR-CICR (Indian Council of Agricultural Research – Central Institute of Cotton Research).

The project has been launched in northern states where 469 acres in seven clusters each of over 65 acres is spread in seven districts of three states, including Bathinda, Mansa and Fazilka in Punjab; Sirsa and Fatehabad in Haryana; and Ganganagar and Hanumangarh in Rajasthan. The PBW had wreaked havoc last year on cotton crop in Bhatinda and Mansa in Punjab; Sirsa, Fatehabad and Hisar in Haryana.

“Mating disruption is an innovative pheromone-based technique that interferes with the reproductive cycle of PBW in such a manner that the population levels are significantly reduced and crop damage is diminished. The PBKnot dispenser releases sex pheromones to prevent male moths from finding females and mating, thus disrupting the reproductive cycle,” said Dr C D Mayee, president of SABC, Jodhpur.

“They have installed pheromone traps for trapping adult PBW moth before mating and hatching, and have tied the thread on our plants also. Everything is free of cost,” said farmer Harpal Singh of Burj Bhalaike, another cotton village which was chosen for the same experiment, under Mansa district of the state. The village had also suffered over 90% damage to cotton last season because of the PBW attack. Harpal has also reduced cotton sowing from 10 acres to 7 acres this season.

In Harpal’s village, which has 1,500 acres of farmland, as many as 1,200 acres used to be under cotton cultivation every year, but after last year’s PBW attack, the cotton area has been confined to just 750 acres this year.

“They visit us regularly and teach us how to observe their fields,” said farmer Surinder Singh of the same village who also reduced his cotton area to half.

On Thursday and Friday, Dr Dilip Monga, former head of Regional Research Station, ICAR-Central Institute for Cotton Research (CICR), Sirsa, Haryana, inspected the fields in Punjab and provided all technical knowledge and on-farm training to the farmers. He says that this technique is environmental-friendly and is a component of integrated pest management (IPM) for the dreaded pink bollworm.

Randeep says, “They call this thread a ‘rakhi’ and tell us that it will save the crop just like a brother protects his sister.”

Around 650 farmers and farm labourers are being trained across the seven clusters.

“PI foundation has introduced this innovative mating disruption technology in collaboration with its partners from Japan for Indian cotton growers. This technology had been widely tested in India at various locations for the last three years and was found to be effective for PBW management. Central

Insecticide Board (CIB) had granted registration for sale in India in 2020 for PBW management. Last year PI conducted demonstrations of this technology under the technical supervision of CICR Nagpur on more than 300 acres," said Prashant Hegde, CEO of PI Industries Ltd.

"We are hopeful that this technology will emerge as an effective pest control and help farmers, and we have become its part because of the responsibility towards our people," said Rajesh Suthar, programme coordinator of Ambuja Cement Foundation.

"We chose North Indian states because there was a deadly attack of PBW last year and we want to educate farmers on how to control such attacks. Like India, the USA cotton industry had also suffered from pink bollworm for more than 100 years. Realising the destructive nature of PBW, the US had launched a countrywide PBW eradication programme in 2002 and by 2018 it was declared PBW-free," said Bhagirath Choudhary, founder & director of SABC.

Dr Deepak Jakhar, a senior research fellow at SABC and a field officer, said that this thread, which is a thin pipe, is required to be tied once in the entire duration of the crop around the plant when the crop is 45-50 days old and it releases pheromones. "This is tied closely to the stem of fourth to the fifth leaf from the top," he said, adding that they selected the areas where the attack was the deadliest last year. "The coming two months are quite challenging for us when the chances of its breeding are more."

Punjab Agricultural University (PAU), Ludhiana, has also been experimenting with another gel-based technology for the last couple of years on its farmland in Bathinda. This paste/gel is applied on the stems of the plant close to the shoots at an angle. This paste then will release synthetic pheromones and the male insect interacts with it but won't be able to find the female insect and it will disrupt the mating. But in this method, three applications are required when the plant is 50, 80 and 110 days old.

Source: indianexpress.com– Jul 19, 2022

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