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IBTEX No. 152 of 2022 — August 2, 2022

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Founder & Managing Director

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Currency Watch	
USD	78.62
EUR	80.70
GBP	96.21
JPY	0.60

INTERNATIONAL NEWS

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

USA: Textile Mills Still Say They're Paying More for Raw Materials

Economic activity in the manufacturing sector grew in July, U.S. supply executives reported in the Institute for Supply Management (ISM) "Manufacturing Report On Business" published on Monday.

Of the 18 manufacturing industries, 11 sectors reported growth in the month, led by apparel, leather and allied products, and including textile mills, while seven sectors reported contraction in July compared to June, including furniture and related products.

Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee, said the July Manufacturing Purchasing Manager's Index (PMI) registered 52.8 percent, down 0.2 percentage point from the reading of 53 percent in June. This figure indicates expansion in the overall economy for the 26th month in a row after a contraction in April and May 2020.

A Manufacturing PMI above 48.7 percent, over a period of time, generally indicates an expansion of the overall economy. However, it was the lowest Manufacturing PMI figure since June 2020, when it registered 52.4 percent.

"The U.S. manufacturing sector continues expanding, though slightly less so in July, as new order rates continue to contract, supplier deliveries improve and prices soften to acceptable levels," Fiore said. "According to Business Survey Committee respondents' comments, companies continue to hire at strong rates, with few indications of layoffs, hiring freezes or headcount reduction through attrition…Price expansion eased dramatically in July, but instability in global energy markets continues."

ISM's report panelists expressed concern about a softening in the economy amid developing anxiety about excess inventory in the supply chain. They also were more concerned about excessive inventories and continuing record-high lead times.

The ISM Prices Index registered 60 percent in July, 18.5 percent lower than June, indicating raw materials prices increased for the 26th consecutive month, but at a much slower rate. The Prices Index has been at or above 60 percent for 23 straight months. The month-over-month decline was the fourth biggest decline on record (since 1948) and the steepest since a 22.1 percent drop in June 2010.

“The slowing in price increases is being driven by volatility in the energy markets, softening in the copper, steel, aluminum and corrugate markets, and a significant decrease in chemical demand,” Fiore said. “Notably, 21.5 percent of respondents reported paying lower prices in July, compared to 8.3 percent in June.”

A Prices Index above 52.6 percent is generally in line an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials.

In July, 12 of 18 industries reported paying increased prices for raw materials, including textile mills, and furniture and related products.

ISM’s New Orders Index dropped to 48 percent in July, a decrease of 1.2 percent from June. This indicates that new order volumes contracted again after growing for 24 consecutive months.

A New Orders Index above 52.9 percent is usually tied to an increase in the Census Bureau’s series on manufacturing orders. Of the 18 manufacturing industries, furniture and related products were among seven that reported a decline in new orders in July.

The Production Index registered 53.5 percent in July, 1.4 percent below the June reading of 54.9 percent, but showing growth for the 26th consecutive month. An index above 52.4 percent is generally consistent with an increase in the Federal Reserve Board’s Industrial Production figures.

Apparel, leather and allied products topped the five industries reporting growth in production during the month. The six industries reporting a decrease in production in July included textile mills.

ISM's Employment Index rose 2.6 percent to 49.9 percent last month. An Employment Index above 50.5 percent is usually in line with an increase in BLS data on manufacturing employment.

"Although an overwhelming majority of survey panelists again indicate their companies are hiring, they are still struggling to meet labor management plans," Fiore said. "Turnover rates remain elevated, with 39 percent of comments citing backfills and retirements, an increase from 29 percent in June. Employment levels, driven primarily by turnover, remain the top issue affecting production growth."

Eight of 18 manufacturing industries reported employment growth in July, led by apparel, leather and allied products, while six industries reporting a decrease in employment, topped by textile mills.

The delivery performance of suppliers to manufacturing organizations was slower in July, as the Supplier Deliveries Index registered 55.2 percent, 2.1 percent lower than June. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

Textile mills topped the 10 of 18 manufacturing industries reporting slower supplier deliveries in July, while furniture and related products were among the five sectors reporting faster supplier deliveries in July.

The Inventories Index rose 1.3 percent to 57.3 percent in July. An Inventories Index greater than 44.4 percent is usually consistent with expansion in the Bureau of Economic Analysis (BEA) figures on overall manufacturing inventories.

"Manufacturing inventories expanded at a faster rate compared to June, registering their highest level since July 1984, when the index registered 57.8 percent," Fiore said.

"Companies are showing the most concern about their inventory levels since the start of the pandemic in 2020, when a slowing of the manufacturing economy was anticipated."

Of 18 manufacturing industries, the 13 reporting higher inventories in July were topped by apparel, leather and allied products and textile mills.

Following the same pattern, ISM's Customers' Inventories Index increased 4.3 percent to 39.5 percent last month. The 12 industries reporting customers' inventories as too low included furniture and related products.

Fiore said customers' inventories were too low for the 70th consecutive month, "a positive for future production growth, but customer inventory requirements are easing compared to previous months."

ISM's Backlog of Orders Index registered 51.3 percent in July, a 1.9 percent decrease compared to June, meaning order backlogs expanded for the 25th straight month. The seven industries reporting lower backlogs in July were led by furniture and related products.

"Backlogs expanded in July at a slower rate, as new order levels remain low and panelists' customers prepare for a slowing in general manufacturing activity," Fiore said. "A slowing in price increases is a positive for future new orders growth and backlogs expansion."

ISM's Imports Index increased 3.7 percent to 54.4 percent last month, with activity improved as Asia ports started to clear their backlogs, Fiore noted.

The 10 industries reporting growth in imports in July were led by textile mills.

ISM's New Export Orders Index rose 1.9 percent to 52.6 percent in July, up for the 25th consecutive month.

"Gains were achieved in the month as the European economy stabilizes and China recovers from its recent Covid-19 lockdowns," Fiore said.

Source: sourcingjournal.com– Aug 01, 2022

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China's textiles and apparels market weak in H1 2022

In the first half of 2022, the Russia-Ukraine war impacted the world economy and led to higher prices of energy; Higher-than-expected inflation in the world, especially in the United States and major European economies, has led to a tightening of the financial environment; regional public health problems such as COVID-19 epidemic and monkeypox have disturbed economic activities. The International Monetary Fund (IMF) lowered its forecast for world economic growth in 2022 and 2023 to 3.2% and 2.9% respectively, after lowering its forecast for world economic growth in April.

The demand for textiles and apparels was impacted by weaker economy.

In January-June 2022, the total retail sales of consumer goods reached 21043.17 billion Yuan, with a cumulative year-on-year decrease of 0.7%.

Retail sales of garments, footwear, hats and knitwear scored at 628.17 billion Yuan in H1 2022 in above-designated enterprises, down 6.5% year on year. The retail sales of garments of enterprises above designated size amounted to 446.26 billion Yuan, down 8% year on year. Both were much higher than the total decline in social consumer goods.

During Jan to Jun 2022, the online retail sales of goods scored at 6300.7 billion Yuan, up 3.1% year on year (with YOY growth at 23.2% at the same period of last year), with that of physical goods scored at 5449.3 billion Yuan, up 5.6% year on year (with YOY change at 18.7% during the same period of 2021). Among the physical goods, retail sales of clothing increased by 2.4% year-on-year (with YOY growth at 24.1% in the same period of last year), with that of food and goods increased by 16.7% and 5.1% respectively (with YOY change at 23.5% and 16.7% respectively in the corresponding period of 2021).

Under RMB basis, in Jan-Jun, 2022, textiles and apparels export amounted to 1007.15 billion Yuan, up by 10.8% y-o-y, of which exports of textiles were 490.5 billion yuan, up 10.3% on the year, and apparel export reached 516.65 billion Yuan, up by 11.2% y-o-y. Under USD basis, in Jan-Jun, 2022, the trade of textiles and apparels was 156.49 billion US dollars, up 11.7% year-on-year. Among them, exports of textiles were US$76.32 billion, up 11.3% on the year. Exports of apparels were US$80.17 billion, up 12% on the year.

In the first half of 2022, export value of textiles and apparels rose by more than 10%, covering some premium factor. In addition to yarn, the YOY change of export value of most varieties were higher than that of export quantity. As for the YOY change of export unit price, it averaged at around 13.5%. Except for fur leather and other apparels, the growth rate of the rest of the products were all higher than 8%.

In Jan-Jul, 2022, prices of PFY, NFY, cotton and VFY rose by 16%, 7%, 31% and 8% respectively while that of spandex dropped by near 15%.

As for domestic sales, the sales volume weakened more on the year.

In the first half of 2022, domestic sales and export volume of textiles and apparels both declined on the year.

As for the change in different export destinations, the growth rate of Europe, America and ASEAN was tolerable while export of textiles and apparels to Japan weakened on the year. Exports of apparels to Europe and US saw relatively high growth rate and the YOY change of textiles and apparels to the ASEAN was both higher than the average level.

In the first half of 2022, above 50% of apparels were exported to Europe, US and Japan, not changing much. The proportion of apparel exports to the EU, US and Japan from China was at 20%, 24% and 8% respectively in H1 2022, which was at 19%, 24% and 9% respectively in 2021. 54% of China's textiles were exported to the "Belt and Road Initiative country" in H1 2022 (the proportion was at 50% in 2021).

Click here for more details

Source: ccfgroup.com– Aug 01, 2022

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Turnover of Germany's retail enterprises down 1.6% in June 2022

The real (price-adjusted) turnover of retail enterprises in Germany was 1.6 per cent and the nominal (not price-adjusted) turnover was 0.5 per cent lower, on a calendar and seasonally adjusted basis, in June 2022 compared with May 2022, according to provisional results of the Federal Statistical Office (Destatis).

Compared with June 2021, retail trade recorded an 8.8 per cent decrease in turnover in real terms in June 2022.

This was the largest year-on-year decrease since the beginning of the time series in 1994, as per Destatis.

In nominal terms, turnover was down by just 0.8 per cent. The difference between the results in real and nominal terms reflects the high price increases in retail trade, which have a noticeable adverse effect on the consumption climate.

Source: fibre2fashion.com– Aug 02, 2022

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Japan's clothing imports increase 24.8% in June 2022

Japan's imports of clothing and accessories increased by 24.8 per cent year-on-year to 233,597 million yen in June 2022. The import was 2.3 per cent of total import of 10,013,136 million yen during the month under review, according to the provisional trade statistics released by the Far Eastern country's ministry of finance.

According to the latest data, the import of textile yarn and fabrics were valued at 109,056 million yen in June 2022, which was 34 per cent higher than the same month of last year. The import was 1.1 per cent of the total import of Japan.

Japan's export of textile yarn and fabrics was worth 70,249 million yen, with increase of 19 per cent year-on-year. The export was 0.8 per cent of total export of 8614,670 million yen from Japan during June 2022.

Japan exported textile machinery of 20,075 million yarn, which was 7 per cent lower than June 2021. It contributed 0.2 per cent in total export.

Source: fibre2fashion.com– Aug 02, 2022

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First China-Europe freight train starts from Shanghai to Central Asia

The first China-Europe freight train from Shanghai to Central Asia departed on July 28, 2022. Headed for Almaty, Kazakhstan, the train is carrying over 980 tonnes of goods. Shanghai managed 12 China-Europe freight trains, carrying 1,166 TEUs with a cargo weight of over 7,234 tonnes in the first half of this year, according to Shanghai Customs.

The goods carried by these trains were worth 293 million yuan (around $43.5 million).

The first China-Europe freight train from Shanghai was launched in September 2021. At present, the city has nine freight cargo routes, which reach 13 cities along the Belt and Road. Moreover, Shanghai has operated 35 China-Europe cargo trains that have carried 3,438 TEUs of goods weighing 23,600 tonnes and worth 1.024 billion yuan until now.

China-Europe freight train services restarted in May due to high demand from foreign trade enterprises after they were temporarily suspended by Shanghai during the COVID-19 pandemic.

Source: fibre2fashion.com– Aug 01, 2022

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US' Home Depot aims to reduce carbon footprint

Home Depot strives to reduce carbon footprint by improving the efficiency of the operations and by investing in alternative energy solutions. The company partners with suppliers focused on social and environmental responsibility, and helps customers reduce their environmental impact by offering products and packaging created with sustainability in mind.

The Home Depot is committed to its three environmental, social and governance (ESG) pillars – focusing on the people, operating sustainably and strengthening communities. The latest ESG report details the progress made. It strives to operate as a company that reflects and supports diversity, equity and inclusion among its associates, suppliers and in the communities the company serves.

According to the ESG report, the company is making progress towards its goal to eliminate EPS foam and PVC film in private-brand packaging by 2023, produce or procure renewable electricity equivalent to the electricity needs for all Home Depot facilities worldwide by 2030 and reduce combine Scope 1 & 2 carbon emissions by 172k+ metric tonnes, equivalent to taking 37k+ cars off the road for a year.

Source: fibre2fashion.com– Aug 01, 2022

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Logistics flow & freight transport in China improves in July

Logistics flow and freight transportation have shown to be functioning smoothly for China in July, according to China's ministry of transport. The country's rail cargo volume, cargo throughput at big ports, and the business volume of its postal industry in July have all surpassed figures respectively noted in the same period in 2019.

"Expressways, ports, and waterways across the nation have been operating smoothly," said Wang Xiuchun, a transport ministry official, according to Chinese media reports. He added that the number of trucks on expressways on July 26 rose by 10.3 per cent from April 18, and key logistic indicators reflected stable growth.

Moreover, major transportation hubs have recommenced full-capacity production. The daily average container throughput of the Shanghai Port is at 139,800 twenty-foot equivalent units since July, which maintains a positive growth momentum.

Source: fibre2fashion.com– Aug 01, 2022

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Sri Lanka's Garment Workers Struggling to Survive 'Galloping Inflation'

Plagued by Sri Lanka's monthslong political and economic turbulence, millions of garment workers are grappling with volatile incomes, high prices and low savings that have pushed them to the brink of survival, though their lack of a living wage is partly to blame, some insiders said Wednesday.

Conditions in the South Asian nation are becoming increasingly fraught. While protestors have succeeded in running embattled former president Gotabaya Rajapaksa out of the country, the debt-ridden island has struggled to shell out for imports of essential goods such as food, medicine and fuel, which remain scarce. It has burned through its foreign reserves, and inflation has spiraled to a record high of 60.8 percent from the year before.

"Since April, we have been struggling with daily power cuts and [a] severe shortage of basic needs such as fuel, food and medicines," Shanti, a young garment worker, told Vishmee Warnachapa, Sri Lanka country coordinator at the Asia Floor Wage Alliance (AFWA).

"While our wages have fallen, the prices of vegetables, rice and fish have doubled," she said. "There are days when I have stood in long queues for cooking gas, kerosene oil and other necessities—only to come back home empty-handed. Many women workers are walking 3 to 4 kilometers every day to buy medicines and other necessities, and they hardly have a proper meal a day."

Sri Lanka's garment industry is still in traction from the Covid-induced recession, Warnachapa said. Without sufficient fuel to transport raw materials or operate machinery, factories have been unable to operate at full capacity or dispatch orders on time, she said. Garment workers Warnachapa has spoken to have reported cutbacks in working hours and increasing layoffs. Many of them say they live in fear that their employers will shutter operations.

"While garment factories are still providing food, its quantity and quality have declined. Wages of workers are falling as working hours have reduced due to the fuel crisis," Chamila Thushari, of Dabindu Collective Union, one of the AFWA's trade union partners, told Warnachapa. "We have heard that many factories are laying off manpower workers who already lead very precarious lives."

Yohan Lawrence, secretary general of the Joint Apparel Association Forum, the country's trade group for garment manufacturers, told Sourcing Journal that he agrees with the industry's portrayal, but only to an extent.

"The crisis has come when Sri Lanka's economy was at its weakest, in the wake of a debilitating pandemic," he said. "Just as we were barely recovering from it, the economic crisis came as a body blow. Under any other circumstances, the government would step in to ensure that the most vulnerable are protected; however, at this time, the public services provision function is broken."

He rejected the view that manufacturers were laying off people, however. "The apparel industry would not be able to achieve the good results seen in the first half of 2022 in export numbers if the industry was laying off people," Lawrence said. "In fact, most factories are actively hiring, and work overflow from the larger factories [is] being shared by the SME sector."

Clothing and textile exports rose nearly 37 percent to $566.7 million in June, according to the Export Development Board. Sri Lanka's manufacturers are still eyeing $6 billion in exports this year.

Lawrence also said that the industry has moved away from the use of manpower workers, who work on a contract basis, over the past few years and that they represent a "very small percentage" of its employment footprint.

Still, Tharushi said that she and many other women garment workers have already exhausted their savings powering through the pandemic, when brands pared back their orders and paychecks took a hit. She was trying to repay the massive debts she racked up when Sri Lanka's worst financial crisis in decades struck.

"I have friends who pawned their little gold jewelry, the only heirloom in their life to pay for their children's school fees or to meet their medical needs during the pandemic," Tharushi said. "They now have no assets or savings to overcome this economic crisis."

Warnachapa said that while many recognize that the current predicament is a result of longstanding economic mismanagement and corruption, garment workers believe that their increased vulnerability to it is a "result of the business model of global fashion brands."

"Workers…feel that the unwillingness of global fashion brands to ensure living wages and social security for their supply chain workers or even contribute to emergency efforts like the AFWA supply-chain-relief contribution during the Covid-19 pandemic have contributed to their inability to meet this economic crisis," she said.

The industry's "paltry" wages couldn't meet additional expenses such as medical emergencies even during "normal times," said Anusha, a garment worker and mother of two young children, who blames her poverty pay for the fact she has no savings to afford even two meals during the current crunch. The bulk of her 25,000-rupee ($69.74) income goes to buying food, she said. The monthly minimum wage in Sri Lanka is 12,500 rupees ($34.87), though a living wage would be closer to 75,601 rupees ($210.89), the AFWA estimates.

"We have spent hundreds of hours standing in factories and stitching for global brands like Next, Victoria's Secret, Levi's, Nike and so on, yet, our wages are suppressed so that brands and their owners can amass huge profits," she said. "I refuse to believe that we did not deserve a living wage for our hard labor. Brands can pay us a living wage, but they choose to watch us starve."

Speaking on behalf of the JAAF, Lawerence said that employees in its member companies earn "well over" the minimum wage and are also afforded social protection through the Employee Provident Fund and Employees' Trust Fund schemes, which are the "law of the land."

Several factories, he noted, pay workers a cost-of-living allowance to help them navigate price hikes and shortages, though certain factors born of inflation, such as the rising cost of fuel, are beyond their control.

"The plants are providing and absorbing the considerably high costs of both meals and transportation as a value addition to employees, despite these costs being considerably higher than forecast, given the galloping inflation," Lawrence said. Many factories are providing an additional two or three packs of food per employee to alleviate their burdens, and several have begun doling out emergency packs of essential rations as well, he said.

Meanwhile, Warnachapa said that Sri Lankan workers and their unions are urging both suppliers and brands to engage in dialogue and work collaboratively with them so that workers “do not bear the entire brunt of this crisis alone.” The unions will soon be releasing a charter of demands, she said.

“We do not want fashion brands to cut and run from Sri Lanka during this economic crisis,” Tharushi said. “Instead, we want them to support suppliers and workers by providing longer lead times, and offering an urgent humanitarian financial contribution to all their workers in Sri Lanka so that they and their families can at least afford two meals a day.”

A ‘test of resilience’

Verisk Maplecroft, a risk-analysis firm, said that the political and economic crisis in Sri Lanka is “perhaps the biggest test of resilience for the country’s highly lucrative garment manufacturing sector.”

Its mostly female workforce, senior human-rights analyst Sofia Nazalya told Sourcing Journal, will be the most affected as increased pressures to meet production quotas will drive overtime and wage violations. Factory closures are also likely to increase given shrinking profit margins, leaving many destitute, she said.

“For Western brands, the situation is yet another example of how operating in countries hamstrung by poor governance come with significant disruption risks,” Nazalya said. “Producing low-cost garments in countries beset with governance challenges comes at its own expense. We have seen a similar picture in Myanmar, where political turmoil has raised serious ethical questions for the garment sector.”

Apparel companies sourcing from Sri Lanka, she added, will continue to face uncertainty so long as political instability persists. “It will likely be a long waiting game before the country’s deep-rooted structural issues are addressed,” Nazalya said.

In an open letter this week, a group of labor-advocacy organizations, including the Clean Clothes Campaign, Labour Behind the Label, Maquila Solidarity Network, War on Want and Workers United, urged national governments, international financial institutions, brands and other stakeholders to support a program of emergency relief and mid- and long-term financial support, along with a "democratic political solution to the crisis," especially since a loss of buyers' confidence in the industry is a "real risk."

"This is the result of a crisis driven by international debt that has been unfolding for decades and mismanagement by the previous Sri Lanka government," they wrote. "This has caused catastrophic inflation and the loss of purchasing power; failure of public services including health services, education and public transport; disruption of economic activity; and scarcity of fuel, cooking gas and oil and many basic commodities. Importantly, it has caused great hardship for the 300.000, mostly female, garment workers and their families."

The organizations expressed their solidarity with the people of Sri Lanka, adding that they stand with them as they "confront the political, social and economic crisis that has engulfed their country, causing extreme hardship and grave concerns for the future."

Source: sourcingjournal.com– Aug 01, 2022

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Vietnam's textile industry works on materials traceability for exports

Vietnam's textile industry is working on adapting to new requests for materials traceability from international markets.

According to experts in the textile industry, many companies right now are facing great difficulty with the high demand for traceability of raw materials in multiple parts.

If companies want to trade in markets with whom Vietnam has signed a Free Trade Agreement (FTA), they have to ensure that the materials that are used to make their products are in line with the FTA environmental regulations in the importing countries.

Officials of the textile industry are currently working with the Ministry of Industry and Trade to build industrial compounds with wastewater treatment systems to ensure environmental protection. Textile companies, especially those who are original design manufacturers (ODM), should carefully research Vietnam and the importing countries' traceability rules and standards.

ODMs are those that will be responsible for the direct development of the goods, purchasing raw materials, manufacturing the products, and then selling the products to other brands. Vo Manh Hung, head representative of Cotton Council International (CCI) in Vietnam, said that cotton traceability is something that every company must account for when bringing their product to the world.

Currently, there are a lot of brands requesting that all their products have to be produced with sustainable cotton materials by 2030. Truong Van Cam, Deputy Director of Vietnam Textile and Apparel Association (VITAS), said that if the industry wants to sustainably develop, companies will have to invest in sustainable development themselves and bring back economic benefits to the industry.

The industry has significantly contributed to Vietnam’s economic growth and exports. In particular, in the first half of 2022, the industry's export revenue reached 22 billion USD, up 23% compared to the same period last year.

The textile industry is one of the key manufacturing industries of Vietnam's economy, accounting for 12-16% of the country's total export turnover. This industry also helps to create many jobs for labourers.

Digital transformation

Digital transformation plays an important role in improving the competitiveness of textile and apparel businesses, and businesses need to adopt it, a conference heard in HCM City late last week.

Nguyen Thi Tuyet Mai, Deputy General Secretary of the Vietnam Textile and Apparel Association, said more and more international textile and apparel companies are pursuing green production, which is posing a great challenge to Vietnam's textile industry.

Vietnamese businesses also need to satisfy transparency requirements related to origin, domestic material use, labour, and environment commitments, she said.

Other experts told the conference that digital transformation is essential for improving businesses' competitiveness, allowing them to meet customers' demands related to quality and transparency.

Businesses should look at investing in technologies such as artificial intelligence and automation to improve production capability, and in training their workforce to use them, they said.

However, Mai said: "80% of businesses in the field are small- to medium-sized, and so they have limited access to capital needed for digital transformation and green production."

The conference was held as part of the International Exhibition of Textile and Garments and Fabric and Garment Accessories (SaigonTex & SaigonFabric) being held at the Saigon Exhibition and Convention Centre in District 7 until August 6.

Source: en.vietnamplus.vn– Aug 01, 2022

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NATIONAL NEWS

Enhanced cover to help small exporters lower cost: Texprocil chief

The new scheme will enable small exporters to get export credit from the banks at a lower rate of interest, said Manoj Patodia

The new enhanced export credit risk insurance cover to support small exporters will enable them to explore new markets and buyers even while diversifying their existing product portfolio competitively.

Manoj Patodia, Chairman, Cotton Textiles Export Promotion Council (Texprocil) said the new policy would enable small exporters to avail of fund-based export credit working capital limit of up to ₹20 crore (total packaging credit and post-shipment limit per exporter/exporter-group).

"It will enable small exporters to get export credit from the banks at a lower rate of interest," he added.

Export credit provider Export Credit Guarantee Corporation of India (ECGC) has launched this new scheme to insure up to 90 per cent of the credit risk in export finance, supporting small exporters by encouraging banks to provide more credit for export amid global economic uncertainty. The risk cover will be provided by banks under the Export Credit Insurance for Banks Whole Turnover Packaging Credit and Post Shipment (ECIB-WTPC & PS).

By extending 90 per cent cover, small object-oriented companies are expected to get export credit at a lower rate from banks, besides other concessions. According to ECGC, the credit support extended for exports was ₹6.18-lakh crore last fiscal with over 6,700 exporters benefitting from the direct cover issued while over 9,000 exporters benefited under the Export Credit Insurance for Banks as of March-end this year. Around 96 per cent of these beneficiaries were small exporters.

Source: thehindubusinessline.com– Aug 01, 2022

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MSME sector among emerging areas of cooperation between India and Uzbekistan: Piyush Goyal

Trade, import and export for MSMEs: Commerce Minister Piyush Goyal has underlined the micro, small and medium enterprise (MSME) sector as one of the seven focus areas to enhance cooperation between India and the Central Asian nation Uzbekistan. Terming India-Uzbekistan relations as key to India's vision of an 'integrated extended neighbourhood', Goyal noted digital payments, space cooperation, agri and dairy, pharma, gems and jewellery, and Inter-regional cooperation apart from MSME as the seven emerging areas of cooperation between both the nations.

Addressing the 13th session of the India-Uzbekistan Inter-Governmental Commission (IGC) in New Delhi last week, Goyal called for taking the "relation forward in newer areas like technology, digital payment solutions and investment in startups." India-Uzbekistan bilateral trade increased 38.5 per cent from $247 million in 2019-20 to $342 million in 2021-22 despite the pandemic, the minister noted while highlighting 2022 to be the 30th year of diplomatic relations between the two countries.

Goyal's address came ahead of Prime Minister Narendra Modi's visit to Uzbekistan scheduled for September this year. Uzbekistan's Deputy Prime Minister and Minister of Investments and Foreign Trade Jamshid Khodjaev in his comments at the event said the visit of PM Modi will be utilized fully for giving a significant boost to bilateral relations in several areas of mutual interest.

In a separate event — India-Uzbekistan Business Forum organised by the Confederation of Indian Industry on Friday — Khodjayev invited Indian businesses to integrate and jointly produce pharma and IT products with Uzbekistan and also to work towards the development of several segments such as fintech and cybersecurity.

According to data from Trading Economics, India's exports to Uzbekistan in 2021 were topped by pharmaceutical products followed by machinery, nuclear reactors, boilers, tanning or dyeing extracts, etc. In terms of imports from Uzbekistan, gums and resins, medical apparatus, zinc, silk, cotton, etc., were the leading products purchased by India in 2021.

Source: financialexpress.com- Aug 01, 2022

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Manufacturing activity hits 8-month high in July

Manufacturing activities scaled an eight-month peak in July as new order intakes rose substantially, recovering the growth momentum lost in June, amid improving demand. The seasonally-adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) jumped to 56.4 in July from 53.9 in the previous month. With this, the index has remained in the expansionary zone for the 13th straight month.

The latest PMI print indicates a broad-basing of the economic pick-up, despite the global headwinds. The services activity, as gauged by PMI, had expanded at the fastest pace in eleven years in June 2022, reflecting robust demand conditions.

Also, agriculture output is seen to be strong in the wake of above-normal monsoon and kharif acreage being up 2% on year.

Importantly, input cost inflation eased to an 11-month low in July as supplies improved, weighing down the rate of increase in output prices to the weakest in four months, according to a release by S&P Global.

This will likely have a salutary impact on elevated retail inflation that remained above the central bank's comfort level for a sixth straight month through June. The fresh momentum in manufacturing will also have a benign impact on the industrial sector in the second quarter, even as the favourable base effect starts to wane. Already, growth in the output of eight core infrastructure sectors hit 12.7% in June. The growth in the index of industrial production, too, is expected to remain in double digits in June.

With input prices easing, goods producers witnessed one of the fastest increases in their input holdings at least since early 2005, according to S&P Global. Inventories of finished products, meanwhile, continued to decline, suggesting an improvement in demand.

Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said: "The Indian manufacturing industry recorded a welcome combination of faster economic growth and softening inflation during July."

However, job creation remained marginal “amid an uncertain outlook and a general lack of pressure on operating capacities” and as many as 98% of companies opted to leave workforce numbers unchanged.

Moreover, there was a noticeable slowdown in external sales and new export orders rose at a moderate pace, the weakest in the last four months, possibly mirroring a growth slowdown in advanced economies.

Though the upturn in demand gained strength, there were clear signs that capacity pressures remained mild as backlogs rose only marginally, apart from subdued job creation.

“Purchasing activity growth ticked higher in July and firms were successful in their efforts to obtain inputs amid a second consecutive improvement in supplier performance. This in turn supported a near-record increase in inventories of raw materials and semi-finished goods as well as a softer upturn in input costs,” the S&P Global said.

In the PMI parlance, an index reading of 50 or above suggests expansion and below it points at contraction.

Source: financialexpress.com- Aug 02, 2022

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E-invoicing to be mandatory for businesses exceeding ₹10 cr turnover from Oct 1

E-invoicing for businesses with aggregate turnover exceeding ₹10 crore will be mandatory from October 1. Presently, e-invoice is compulsory for businesses with an annual turnover of over ₹20 crore

Following the recommendation by the GST Council, Finance Ministry has issued a notification for lowering the threshold. E-invoicing prescribes a standardised format of an invoice that a machine can be read. It is a system in which B2B invoices are authenticated electronically by the Goods & Services Tax Network (GSTN) for further use on the common GST portal.

Under the electronic invoicing system, an identification number will be issued against every invoice by the invoice registration portal (IRP) to be managed by the GSTN. Businesses for which e-invoicing is mandated and if they do not, their invoice will not be valid. In such a situation, input tax credit (ITC) on the same cannot be availed by the recipient, besides attracting applicable penalties.

On July 3, BusinessLine reported lowering the threshold in two phases – first for businesses with turnover over ₹10 crore and then to over ₹5 crore. Earlier, in an interview with this newspaper, Revenue Secretary Tarun Bajaj had said e-invoicing started with those having an annual turnover of ₹500 crore, then brought down to ₹100 crore and to ₹20 crore. Now the plan is to bring it down first to ₹10 crore and then to ₹5 crore.

"Timeline for lowering the threshold to ₹10 crore is there, but before that, we want stability in the IT system. The number of assesses between ₹10 crore and ₹20 crore would go up substantially, so we want to be sure that our IT system is good. GSTN is working on the plan and they should be ready in the next 3-4 months," he had said.

GST Council recommendation

The GST Council, in its 37th meeting on September 20, 2019, recommended the introduction of an electronic invoice ('e-invoice') in GST in a phased manner. The government has already made it clear that mandatory conditions will not add a financial burden on businesses as GSTN has empanelled various accounting and billing software products which provide basic accounting and billing systems free of cost to small taxpayers.

Empanelled software

Here, small taxpayers mean businesses having a turnover of less than ₹1.5 crore. Those small taxpayers who do not have accounting software today can use one of the empanelled software products available online (cloud-based) as well as offline (installed on the computer system of the user) mode.

Tax officials say businesses use various accounting/billing software, generating and storing invoices in their electronic formats. These different formats are neither understood by the GST System nor among the systems of suppliers and receivers. For example, an invoice generated by the SAP system cannot be read by a machine using the 'Tally' system, unless a connector is used.

With more than 300 accounting/billing software products, there is no way to have connectors for all. In this scenario, 'e-invoicing' aims at machine-readability and uniform interpretation. To ensure this complete 'inter-operability' of e-invoices across the entire GST eco-system, an invoice standard is a must. By this, e-invoices generated by one software can be read by any other software, eliminating the need for a fresh/manual data entry.

Source: thehindubusinessline.com- Aug 02, 2022

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₹1,48,995 crore gross GST revenue collected in the month of July 2022

The gross GST revenue collected in the month of July 2022 is ₹1,48,995 crore of which CGST is ₹ 25,751 crore, SGST is ₹ 32,807 crore, IGST is ₹ 79,518 crore (including ₹ 41,420 crore collected on import of goods) and cess is ₹ 10,920 crore (including ₹ 995 crore collected on import of goods). This is second highest revenue since introduction of GST.

The government has settled ₹ 32,365 crore to CGST and ₹ 26,774 crore to SGST from IGST. The total revenue of Centre and the States in the month of July 2022 after regular settlement is ₹ 58,116 crore for CGST and ₹ 59,581 crore for the SGST.

The revenues for the month of July 2022 are 28% higher than the GST revenues in the same month last year of ₹ 1,16,393 crore. During the month, revenues from import of goods was 48% higher and the revenues from domestic transaction (including import of services) are 22% higher than the revenues from these sources during the same month last year.

For five months in a row now, the monthly GST revenues have been more than ₹ 1.4 lakh core, showing a steady increase every month. The growth in GST revenue till July 2022 over the same period last year is 35% and displays a very high buoyancy. This is a clear impact of various measures taken by the Council in the past to ensure better compliance.

Better reporting coupled with economic recovery has been having positive impact on the GST revenues on a consistent basis. During the month of June 2022, 7.45 crore e-way bills were generated, which was marginally higher than 7.36 crore in May 2022.

The chart below shows trends in monthly gross GST revenues during the current year. The table shows the state-wise figures of GST collected in each State during the month of July 2022 as compared to July 2021.

Click here for more details

Source: pib.gov.in- Aug 01, 2022

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Bailout Package for MSMESs Sector

Government has announced and operationalised Aatma Nirbhar Bharat Package for MSMEs to cope up with the COVID-19 crisis, which inter alia includes the following major schemes:

- Emergency Credit Line Guarantee Scheme (ECLGS): This scheme was announced as a part of Aatma Nirbhar Bharat Package in May, 2020 to provide Collateral free Automatic Loans for businesses, including MSMEs. Initially, the admissible limit of the guarantee was Rs. 3 lakh crore which was later enhanced to Rs. 4.5 lakh crore. As per the Budget Announcement 2022-23, the ECLGS is being extended up to March 2023 with an expanded guarantee cover of Rs. 5 lakh crore. The additional guarantee cover of Rs. 50,000 crore is earmarked exclusively for the hospitality and related enterprises.
- Self Reliant India (SRI) Fund: The Government of India has announced Fund of Funds as a part of Aatma Nirbhar Bharat Package in May, 2020 ,with the nomenclature Self Reliant India (SRI) Fund to infuse as equity funding in MSMEs which have the potential and viability to grow and become large units. This initiative is aimed at providing growth capital to the deserving and eligible units of MSME sector.
- Credit Guarantee Scheme for Subordinate Debt (CGSSD): This scheme was announced in May 2020 as a part of Aatma Nirbhar Bharat Package with a view to provide credit facility to the promoters of stressed MSMEs viz. SMA-2 and NPA accounts who are eligible for restructuring as per RBI guidelines on the books of the lending institutions. Under the scheme, the promoter would infuse the credit in the MSME as quasi equity or sub-debt.

The Ministry of MSME on 7th September, 2021 assigned a Study to Small Industries Development Bank of India (SIDBI) to assess the impact of change in MSME classification on the Sector.

The terms of reference of the said study inter-alia also included assessment of impact of Covid-19 pandemic on the MSME sector. The study reveals that around 65 percent of the MSMEs surveyed, have availed the benefits of Emergency Credit Line Guarantee Scheme.

As informed by Department of Financial Services (DFS), studies have been conducted to assess the impact of the support to MSMEs through ECLGS by National Institute of Bank Management (NIBM), NOMURA and Trans Union CIBIL.

The studies have found that under ECLGS, the loans were fairly easy to obtain, cost effective, helpful to fulfil short term financial needs, eased cash flow burden. The scheme has been successful in helping MSME sector navigate through the crisis.

State Bank of India (SBI) came out with a research report dated 06.01.2022 on ECLGS, authored by its Group Chief Economic Advisor. It has been reported that almost 13.5 lakh MSME accounts were saved due to ECLGS scheme (including restructured), of which about 93.7% of the accounts were in Micro and Small category.

This information was given by Minister of State for Micro Small and Medium Enterprises, Shri Bhanu Pratap Singh Verma in a written reply to the Rajya Sabha.

Source: pib.gov.in- Aug 01, 2022

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Regular Source of Working Capital for MSMEs

To address the regular requirement of working capital including small ticket size loan by Micro, Small and Medium Enterprises (MSMEs) and to stay afloat, the Government has taken a number of initiatives in recent years which inter-alia includes measures such as (i) Collateral free Automatic Loans under Emergency Credit Line Guarantee Scheme (ECLGS) for businesses, including MSMEs.

Recently the Union Budget Government has enhanced the amount of collateral free automatic loans under ECLGS by Rs.50,000 core to Rs. 5 lakh crore. The additional funds are earmarked exclusively for hospitality and related enterprises.

The validity period of the scheme has been extended till 31.03.2023; (ii) Rs. 20,000 crore Credit Guarantee Scheme for Subordinate Debt (CGSSD) with extended validity till 31.03.2023; (iii) PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) Scheme.

Moreover, MSMEs have also been supported for working capital assistance by the ongoing schemes i.e. (i) Credit Guarantee Scheme (CGS) to strengthen credit delivery system and to facilitate the flow of credit to the Micro and Small Enterprise sector without the hassles of collateral and third party guarantee up to a maximum of Rs. 200 lakh; (ii) Pradhan Mantri MUDRA Yojana (PMMY) which extends collateral free loans upto Rs.10 lakh to individuals to enable them to set up or expand their business activities

This information was given by Minister of State for Micro Small and Medium Enterprises, Shri Bhanu Pratap Singh Verma in a written reply to the Rajya Sabha.

Source: pib.gov.in- Aug 01, 2022

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How importers can weather the rupee plunge successfully

The geopolitical conflict between Russia and Ukraine, raging since February 24, has sent global financial and energy markets into a deep recession. On the home front, things went further south recently when the Indian rupee, while outperforming the euro and the Japanese yen, began trading below the psychological level of 80 against the US dollar. This has been attributed to factors that include tightening monetary conditions, soaring crude oil prices, Russia-Ukraine conflict, and persistent outflows from domestic markets in the aftermath of high imported inflation.

The Reserve Bank of India recently implemented a new mechanism for invoicing, payment, and settlement of export/import transactions in Indian Rupee (INR). It is a small step toward reducing India's reliance on the dollar. While this decision will have a little immediate impact, it will benefit the country in the long run.

Magnitude of weakness

However, one must understand the magnitude of the weakening of the rupee; the scenario is beneficial to the country's exporters and not the importers. Almost three-fourth of the inflation pressure is said to stem from imports and energy prices. The import of commodities like coal, plastic, chemicals, vegetable oil, fertilisers, gold, pearls, precious, semi-precious stones and iron and steel are also affected.

While it makes imports more expensive for Indian consumers, it increases the demand for home-grown products albeit making it also relatively cheaper. This, in turn, could benefit certain domestic firms that face stiff competition from cheaper imports.

Furthermore, it will increase the competitiveness of domestic industries and provide India with the opportunity to achieve self-sufficiency, which is consistent with Prime Minister Narendra Modi's vision of making India AtmaNirbhar.

Interestingly, India and the US are on the same page when it comes to reshoring to fight inflation as manufacturing at home or importing from neighbouring countries is perceived to be a way to build resilience among supply chains.

A new University of California San Diego School of Global Policy and Strategy research also states that the US prefers nearshoring, where you outsource operations and services to a company in a nearby location. The research also suggests that most firms prefer to offshore during a crisis as it means hiring low-cost suppliers at a large scale from another location, which in turn keeps the costs down.

Rising international crude oil prices are undoubtedly the primary cause of the rupee's depreciation. India is impacted largely by this factor because it is a major crude oil importer, accounting for roughly 80 per cent of total imports. It's high time to shift focus to electric vehicles (EVs) as an alternative to oil.

However, many components, including the lithium-ion cells, which are important in the making of battery packs are fully imported into India, this makes it even more imperative for importers to put into effect the Make in India vision and encourage local manufacturing. They can explore government's initiatives like the FAME (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles) scheme, which encourages sourcing components in India.

Hedging instruments

The volatility in the currency markets has predictably seen a surge in demand for hedging instruments. Apart from impacting their financial decisions and stocking strategy, there is a rush among private players to buy currency hedges. It is not surprising that importers are jumping into the market to buy currency hedges as it helps them to cover their currency risks to protect margins.

The recent move by the RBI to settle trades in rupees as India has a trade deficit (where imports exceed exports) has been welcomed. It will not only reduce dollar outflows, but also does away with SWIFT payment systems.

Secondly, from a long-term perspective, such measures will encourage gradual and incremental shift to greater use of the rupee in foreign trades. These measures also help the country to trade with sanction-imposed trade partners like Russia and also facilitate trade with country like Sri Lanka having very low forex reserve to pay for its imports.

While these steps taken by the government raise the country's expectations, there are more reasons to look ahead with hope.

Despite the crisis, imports in India, according to Trading Economics global macro models and analysts, are expected to be $55 billion by the end of this quarter. This, coming as it does, at a time of uncertainty, importers have much to look forward to and celebrate!

Source: thehindubusinessline.com– Aug 01, 2022

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Cotton yarn gains in north India, mills hike rate on good demand

North India's cotton yarn market recorded upward trend today. Cotton yarn prices gained in Ludhiana as domestic demand also picked up. According to traders, most spinning mills in north India have increased their sale prices by ₹2-7 per kg to improve their recovery as they are confident for better demand. However, recycled yarn remained stable in Panipat.

Delhi market witnessed price rise of ₹5 per kg in most counts and varieties of yarn. According to market sources, most of the mills increased yarn prices as they were confident of better buying. Last week, export demand had picked up, now domestic demand was also improving. A trader from Delhi told Fibre2Fashion, "Cotton yarn prices may sustain as fundamentals are strong.

Yarn prices are quite lower than cost of production at current cotton prices. Domestic and export demand are also picking up." 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 ₹320-325 per kg and 40 count carded at ₹360-365 per kg, according to Fibre2Fashion's market insight tool TexPro.

Cotton yarn prices increased by ₹5 per kg in Ludhiana market due to stronger demand and hike in mills' rate. The mills have increased yarn prices between ₹2-7 per kg with the beginning of August. A trader from Ludhiana said, "Spinning mills had closed sale of yarn in the last days of previous months. They told traders that cotton yarn was not available at previous rates.

The mills opened sale today at revised higher prices." According to market sources, mills are facing disparity of 10-15 per cent in producing yarn at current cotton prices. Mills also took cues of better buying from weaving and garment industries.

In Ludhiana, 30 count cotton combed yarn was sold at ₹375-380 per kg (GST inclusive), according to TexPro. 20 and 25 count combed yarn were traded at ₹365-370 per kg and ₹370-375 per kg respectively. Carded yarn of 30 count was quoted at ₹335-340 per kg.

Recycled yarn of various counts and varieties were traded steady because demand remained weak in Panipat. Recycled yarn is mainly used in furnishing products like curtain, pillow cover, bed sheets, quilt, sofa cover, etc. Traders said that there was slightly better buying of 10 count recycled yarn from Uttar Pradesh. This variety is widely used for bed sheets, quilt cover, etc. Traders feel that home textiles market is yet to pick up. However, cotton comber and PET bottle fibre gained due to better buying from spinning mills.

The raw material is being blended by the mills for cost cutting. Comber gained ₹2 per kg while PET bottle fibre or recycled fibre appreciated by ₹5 per kg. 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 prices further increased by ₹2 to ₹122-127 per kg. The price of recycled polyester fibre (PET bottle fibre) also rose to ₹89 per kg from previous rate of ₹85 per kg.

In north India, cotton prices maintained at previous rates as demand remained intact. According to traders, cotton prices had witnessed upward trend during last week. Current buying of mills has supported market, so the higher prices sustained in the beginning of this week.

Cotton was traded at ₹8,800-9,300 per maund of 37.2 kg in Punjab, ₹8,400-8,800 per maund in Haryana and ₹8,900-9,300 per maund in upper Rajasthan. It was sold at ₹84,000-86,000 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com– Aug 01, 2022

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Rajapalayam Mills charts ₹400 crore capacity expansion on strong biz outlook

Rajapalayam Mills Ltd, part of the Ramco Group, is investing ₹400 crore to expand its fabric division's capacity in view of the favourable order outlook.

The company, a leading manufacturer of cotton yarn and fabrics, has been receiving many enquiries from leading brands worldwide for the supply of processing fabric. The special value-added fabric produced from its Jacquard looms has been well received in export markets.

"Since the demand for our quality fabric is very much encouraging, the company is expanding its fabric division by adding 166 looms and to establish a new unit with a capacity to process 50,000 metres of fabric per day at Rajapalayam. Also, it will install 110 KVA/11 KVA own substation inside its Rajapalayam premises to strengthen its electricity infrastructure," the company said in its annual report for FY22.

With an ₹400 crore outlay, the capex proposals will be funded from the internal accruals/equity instruments and term loans from banks.

New fabric unit

Meanwhile, the fabric unit commissioned during FY2 is successfully running with the capacity of 146 looms. In FY22, it has produced 79 lakh metres of fabric as compared to 39 lakhs metres). It sold 91 lakhs metres of fabrics as against 41 lakh metres in FY21, registering a growth of 122 per cent. The total revenue generated by the fabric unit for FY22 was ₹122 crore (₹39 crore in FY21), and the exports stood at ₹31 crore (₹11.5 crore in FY21).

Financial performance

The company's FY22 l revenuewas at ₹705 crore, up from ₹429 crore in FY21. Its sale of yarn grew to ₹550 crore in FY22 as compared to ₹363 crore in FY21.

For the first quarter of this fiscal, its total revenue grew to ₹204 crore against ₹134 crore in the year-ago quarter, while profit after tax rose to ₹18 crore compared to ₹5 crore

"Retail sales of textile products across the globe are witnessing a robust trend. Due to the effects of pent-up demand and increased spending by the consumers, the global demand for cotton yarn, fabric and garments are on a rising trend. India is becoming a strong alternative sourcing base to China for textile products.

The recent trade agreements entered into between India and other countries like UAE and Australia will further boost the demand for Indian textile products in the export market in the forthcoming years," it said.

The company has reshaped itself to a better position by strengthening its product lines with more value-added customised yarn counts such as mercerised yarn, melange yarn, core yarn etc., to take full advantage of the current market trend.

Source: thehindubusinessline.com- Aug 01, 2022

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Dip in demand sends yarn prices down by ₹30 a kilo

TIRUPPUR: Poor demand from garment units has triggered a drop of Rs 30 per kilogram in price of cotton yarn across all categories. According to sources, combed and semi-combed yarn in the categories-20s count, 24s count,30s count, 40s count are mostly used in the garment industry in Tiruppur.

Due to fall in demand, prices dropped Rs 40 per kilogram on July 1, 2022, and continued to drop to Rs 30 on August 1. As a result, all varieties of yarn which was hovering above Rs 470-490 per kilogram has come to around Rs 390-410 per kilogram. President of Tiruppur Exporters and Manufacturer Association MP Muthurathinam said, "As expected, the price has come down and there are many reasons, the most important one being reduction in offtake by garment units since May.

This affected offtake of yarn from mills in Tiruppur, Coimbatore and Erode and many mills were forced to shed stock at throwaway prices. . In order to attract garment units, they reduced price across the board. But one must remember this is a business cycle, whatever goes up must come down."

Explaining the dip in demand for yarn, K Nagarajan, proprietor of Bhagwan Hosiery, said, "In March and April, mills increased price by up to Rs 30 and Rs 40 per kilogram respectively. Distributors from North India, Andhra Pradesh, Telangana placed orders in Tiruppur, cautiously. When the price fell in July, they reduced orders, expecting prices to fall further. So, garment units had to procure less yarn from mills."

South India Spinners Association president P Jagadesan said, "There are some reasons why mills were forced to reduce prices. Large mills couldn't hold stocks for a longer period of time. So in order to avoid excess accumulation, they are offloading stocks. This is having a cascading effect."

Source: newindianexpress.com- Aug 02, 2022

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Uttar Pradesh govt seeks to take embassies' help to boost exports

The Uttar Pradesh government will tap the Indian embassies in the US and European countries in its bid to double merchandise shipments to Rs 3 trillion in the next 4-5 years.

The Indian embassies in the US, UK, Germany, Australia, Israel, Singapore, etc. will promote the micro, small and medium enterprises (MSME) products, apart from traditional handicrafts and indigenous products, under the state's flagship One District One Product (ODOP) scheme.

"Indian embassies will provide the much-needed traction and visibility to our traditional products in key export destinations across the globe," UP Additional Chief Secretary (MSME and export promotion) Navneet Sehgal told Business Standard.

Bucking the pandemic headwinds, the UP merchandise exports had jumped 30 per cent from Rs 1.07 trillion in 2020-21 to more than Rs 1.40 trillion in 2021-22, of which the ODOP basket contributed 72 per cent.

The UP MSME department had already tied up with leading e-commerce platforms viz. Flipkart and Amazon to market the state's merchandise basket and would make a similar pact with e-bay as well, Sehgal said. The state will also utilise the Open Network for Digital Commerce (ONDC) channel to foster merchandise exports.

Promoted by the Centre, ONDC is mandated to promote the exchange of goods and services over digital networks. It is based on open-sourced and open network protocols, independent of any specific platform, thus providing an expansive selling-buying experience for institutional entities.

Among the top-selling UP products are leather goods, carpets, hand woven textiles, brassware, glassware, sports goods, etc. ODOP scheme, which was launched during the maiden UP Foundation Day celebrations in January 2018, is themed at promoting the state's traditional products and creating local level jobs. In fact, the state government has been organising virtual global buyer-seller meets over the past two years to augment MSME and ODOP exports.

“We are also looking at launching exclusive ODOP marts at fuel retail pumps, railway stations, airports, and bus terminals in the country. We will invite bids from private companies to set up such marts and work on a commission basis,” Sehgal said.

The Yogi Adityanath government is bullish on the potential of the MSME and ODOP verticals to create employment opportunities, and actively contribute to achieving the ambitious goal of UP becoming India’s first $trillion economy in the next few years.

The state is promoting the ‘flatted factory’ concept to economise on space for non-polluting MSME industries. A flatted factory is a multi-storied industrial building, accommodating a host of industrial and assembly units, apart from serving as industrial warehouses.

Source: business-standard.com- Aug 01, 2022

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A flag business unfurls in Gujarat with corporate-govt partnership

Sanjay Sarawagi, the factory owner, says he has orders to supply one crore flags for the "Har Ghar Tiranga" campaign in which the Centre has identified 24 crore homes across the country that would hoist the Tricolour from August 13 to 15 to mark 75 years of Independence. After the flag code was amended in December last year to allow machine-made and polyester cloth, this is the biggest order that textile firms in Surat have got — through a "corporate-government partnership".

Union MoS for Textiles and Railways Darshana Jardosh, who is the BJP MP from Surat, told The Indian Express, "Companies have been told to use their CSR (Corporate Social Responsibility) funds for these flags. We are trying to make people buy the flags, and we have a fixed price of Rs 25 for a single flag (measuring 20"x30"). Only when people spend money on something, will they care for it. If something is given free, no proper care is taken."

According to Jardosh, "Apart from Surat where the flag-making is on a large scale, flags are being made in Noida (UP), Maharashtra and southern India. Surat's textile industry has a wide reach and we know that Surat has the capacity to meet the demand, as it has the infrastructure for every stage of the manufacturing process. We (the Ministries of Textiles and Culture) have formed a body and got a target for 11 crore flags for the campaign. Similarly, other ministries also have got targets as have state governments. There are 24 crore houses in the country and attempts are being made to ensure that the tricolour reaches each and every house."

Sarawagi says he has engaged over 5,000 workers, including 3,000 women, to finish the order of one crore flags from Aditya Birla group, which he has to deliver by August 10. "We started the work on July 1. Our people are working in two shifts 24×7, and we load the flags onto vehicles of the client that come daily," he said.

The vendors have been chosen by the Union ministry of textiles, according to Rajesh Vataliya, marketing head of Grasim Industries of the Aditya Birla Group. "We also got intimation from the ministry to supply flags to Meghalaya, Karnataka, Andhra Pradesh, Madhya Pradesh, Manipur and Maharashtra."

Grasim industries has been assigned vendors such as Jai Singh Sharma of Jay Pradhan Shree Tradex Pvt Ltd, New Delhi, Shree Arvind Gadia of Gadia Enterprises, Surat, Gujarat, Sanjay Sarawagi of Laxmipati Sarees, Surat, Gujarat, Vikas Kundaliya and Brijesh Gondaliya of Unique Fur fabric Pvt Ltd, Surat, Gujarat, Manan Gondaliya and Brijesh Gondaliya of Surat, Gujarat, Salauddin Mandal of Uddin Enterprises, Kolkata, West Bengal, KN Textiles in Ahmedabad, Gujarat, Kabir Kumar of Anirath Contracts, New Delhi, and Ashish Bajaj of Anaghyam Enterprises, Punjab.

Alok Industries of Silvassa, in the Union Territory of Dadra and Nagar Haveli, has got an order of two crore flags. Tulsi Tejwani, CEO, said, "We got the order on July 15 and August 8 is the deadline given by the ministry. As the order is huge, we are outsourcing to other companies in Surat. We purchase grey bales from Bhiwandi and Malegaon in Maharashtra, and also from Surat and get it dyed and printed in Surat."

Tejwani said, "Once the product is delivered from these factories to Silvassa, it is cut, stitched and packed. Starting from one lakh flags a day, we now finish eight lakh flags a day."

Adding that they don't have a CSR, Tejwani said, "We have been told to supply the Tricolour consignment to different states and the respective state governments will pay us."

In Ahmedabad, flag-making units have received large-scale orders from several business houses. "This is the first time that we have got orders on such a large scale. Usually, for Independence Day, we make 10-15 lakh flags every year. We got orders from Mathura (UP), Surat (Gujarat) and Ahmedabad (Gujarat), as the units there were over-burdened," said Imran Khan, 40, a tailor from the old city area.

Khan has received bundles of printed flags in satin and roto polyester from Mathura, Surat and Ahmedabad. "We have got 10-15 lakh meters of bundles…satin from Surat and roto from Mathura" says Khan. He is making flags of 30"x20" and 23"x15" sizes.

Source: indianexpress.com- Aug 02, 2022

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Gartex Texprocess India New Delhi to Highlight Region's Textiles Expertise

With participation from more than 200 companies, Gartex Texprocess India is gearing up for its next edition in New Delhi, with its new association with FABEXA that will bring fabric manufacturers and suppliers from Gujarat to the show floor to highlight the region's textile and apparel sector.

Following the success of its first Mumbai edition in May, Gartex Texprocess India, a B2B platform for garment and textile machinery, fabrics, accessories and allied industries, is set for Aug. 4-6 at Pragati Maidan.

"India is one of the prominent textiles and clothing producing countries in the world," Shri Upendra Prasad Singh, secretary for India's Ministry of Textiles, said. "Domestically, it is the second largest employment providing sector and accounts for 11.4 percent of India's global merchandise exports during 2020-21 and holds a 4 percent share on the global trade in textiles and apparel. Gartex Texprocess India New Delhi will not only provide opportunities to overseas buyers to source their requirements, but also provide a platform to domestic exporters, especially SMEs for expanding their export potential."

Co-located alongside the Denim Show, Fabrics & Trims Show and Screen Print India, the three-day exhibition will feature an extensive display of manufacturing technologies and finished products.

Textile and apparel machine manufacturing brands such as Aura, Fabcare, Jaysynth Dyestuff, Wenli, Baba Textile Machinery, Orange-O-Tec and Jack have confirmed their participation at Gartex Texprocess India, while the Denim Show will include denim producers from India such as Jindal Worldwide Ltd., Arvind Ltd., Raymond UCO Denim, LNJ Denim, Siyaram Silk Mills Ltd. and Kanchan Group.

Meanwhile, Screen Print India will showcase manufacturing technologies for textile, digital and screen printing from brands such as DCC Print Vision LLP, JN Arora, Konica Minolta, Epson and Green Printing Solutions.

With an aim of promoting localization in the fabrics sector, organizers Messe Frankfurt India and MEX Exhibitions Pvt have joined hands with FABEXA, an arm of Ahmedabad's textile trade body Maskati Cloth Market Mahajan for the Fabrics & Trims Show. The FABEXA pavilion will host around 70 fabric manufacturers from Gujarat to demonstrate their expertise in fabric, cotton and natural based fabrics, including Nakoda Fashion, Shashwat Textiles, Bhavna Processors, Viru Textile Mills, Panam Texfab and Shree Chamunda Fabrics. The trade fair will also welcome about 300 fabrics sourcing representatives as hosted buyers.

Gartex Texprocess India New Delhi 2022 is backed by the support of the Ministry of Textiles, as well as industry associations and trade bodies, comprising The Confederation of Indian Textile Industry, Denim Manufacturers Association, Maskati Cloth Mahajan, Retailers Association of India and the Apparel Export Promotion Council.

Source: sourcingjournal.com- Aug 01, 2022

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