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IBTEX No. 156 of 2022 August 8, 2022

NEWS CLIPPINGS

Currency Watch	
USD	79.62
EUR	81.03
GBP	96.19
JPY	0.59

INTERNATIONAL NEWS

No	Topics
1	Logistics activities in China slightly contract in July
2	Nylon value chain prices likely to remain bearish, sentiments weak
3	Rate of UK inflation to keep rising in 2022: Bank of England
4	Vietnam earns more than $4.7 bn trade surplus with UK over 12 months
5	Vietnam: Textile firms see mixed performance in Q2
6	Bangladesh's garment exports growth slows to 16.61% in July 2022
7	Pakistan: Weekly Review: Cotton prices fall as PKR appreciates against $

NATIONAL NEWS	
No	**Topics**
1	PM Modi tells states to reduce imports, step up exports
2	Focus on quality, consistency and use of technology in Handloom Sector: Shri Goyal
3	Australian minister Don Farrell to visit India in Sept for Trade Pact talks
4	We expect textile exports to revive: Textile Commissioner Rashi
5	India Inc ready to embrace broader, new-age FTAs
6	Commerce department recast to bring more focus on trade policy making
7	Trade bodies urge Canada for CEPA with India to unlock opportunities
8	How India is shaping the future of e-commerce
9	Waterlogging, pest attack scare: Cotton growing area in Punjab shrinks by over 25,000 acres
10	E-commerce firms seek to curb return rate to cut losses
11	Shoppers from tier-I and tier-II cities drive India's e-commerce growth
12	The path to supercharge India's economic growth
13	Flipkart to handhold MSMEs, weavers, from Varanasi under Samarth programme for growth via e-commerce
14	Where trade is not enough

INTERNATIONAL NEWS

Logistics activities in China slightly contract in July

Logistics activities in China eased in July. The index tracking the logistics market performance there stood at 48.6 per cent in the month, down by 3.5 percentage points from the June figure, according to the China Federation of Logistics and Purchasing, which attributed the slight contraction to rain, a hot summer and COVID-19 outbreaks in some regions.

A reading above 50 indicates expansion, while a reading below reflects contraction.

The sub-index for fixed-asset completion volume rose by 1.1 percentage points in July over the June figure, marking a continuous climb for three months, official Chinese media reported.

The optimism for continuous market growth was relatively strong, with the sub-index staying above 53 per cent for a third straight month, a survey of the logistics firms in China showed.

Source: fibre2fashion.com– Aug 08, 2022

HOME

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Nylon value chain prices likely to remain bearish, sentiments weak

Downtrend in prices of nylon value chain is expected to continue in upcoming months. Asian market of the fibre is feeling pressure on pricing in last couple of months because of slower buying in the region. The price of benzene, a raw material of nylon products, fell in Asia. Nylon chips and nylon filament yarn are also feeling pressure of slower buying.

According to Fibre2Fashion's market insight tool TexPro, imported nylon chips (HS chip) is expected to trade at $2417.35 per ton in September 2022 which was priced at $2432.24 per ton in July. The prices may hover at around $2422.15 per ton.

Nylon filament yarn (FDY 70D/24F) may come down to $2.69 per kg in September 2022. The prices were noted at $2.72 per kg and expected to remain at $2.71 per kg.

As per fortnightly report of TexPro, benzene prices (FOB Korea) dropped to $1104.8 per ton in July from $1340.7 per ton of June 2022. While nylon chips (CFR SE Asia) also slipped to $2401 per ton from $2444.1 ton per ton of previous month. Nylon filament yarn (FOB NE Asia) prices reduced to $2701.2 per ton in July from $2809.5 per ton of June 2022.

Benzene prices tumbled in Asia due to dull regional buying sentiments during the last fortnight. The prices were quoted in the range of $1070 per ton to $1080 per ton in Korea in last two weeks. Nylon chips prices steadied in last two weeks due to average supply and demand. The prices are expected to weaken in the next week. The prices were ruling between $2395 per ton to $2405 per ton in Southeast Asian market, as per TexPro.

Nylon filament yarn was sold at $2.60 per kg to $2.70 per kg (FOB) in last fortnight. Lacklustre demand caused for weakening of the prices, which are expected to follow down trend.

Source: fibre2fashion.com– Aug 07, 2022

HOME

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Rate of UK inflation to keep rising in 2022: Bank of England

The Bank of England recently forecast that the rate of domestic inflation will keep rising this year, but is expected to slow down next year, and be close to 2 per cent in around two years. The prices of some things may, however, stay at a high level compared with the past. In June this year, prices had risen by 9.4 per cent compared to a year ago.

The bank said the main causes of the current high rate of inflation are not likely to last. It is unlikely that the prices of energy and imported goods will continue to rise as rapidly as they have done recently.

The bank also expects some of the production difficulties businesses are facing to ease. Less demand for goods and services in the United Kingdom should also push down prices, it said in a note.

Higher energy prices are one of the main reasons why the rate of inflation is so high. Russia's invasion of Ukraine has led to more large increases in the price of gas. Since May, the price of gas has doubled. The bank thinks those price rises will push inflation even higher over the next few months, to around 13 per cent.

Higher prices for the goods the country buy from abroad have also played a big role, the bank said. There is also pressure on prices from developments in the UK.

Source: fibre2fashion.com– Aug 08, 2022

HOME

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Vietnam earns more than $4.7 bn trade surplus with UK over 12 months

Vietnam marked a trade surplus of more than $4.7 billion with the UK in the four quarters till March 2022 — an almost 22 per cent increase over the corresponding period in 2021. Recent data revealed that total trade in goods and services, both exports and imports, between the UK and Vietnam was 5.7 billion pounds, which is a rise of 15 per cent year-on-year.

Total UK exports to Vietnam added up to 905 million pounds during the reviewed period, according to the UK's Department of International Trade (DIT). Of this the export of services was valued at 287 million pounds and the export of goods was worth 618 million pounds. Some of the major products that were shipped from the UK to Vietnam include pulp and wastepaper, medicinal and pharmaceutical products, metal ore and scrap, scientific instruments, and beverages.

Moreover, the most popular goods imported to the UK from Vietnam were clothing, footwear, furniture, telecoms and sound equipment, and iron and steel. It has been deduced that the bilateral free trade agreement between the UK and Vietnam, which was in effect from May 1, 2021, has been responsible for the increase in trade between the two countries thanks to its wide-range tariff elimination, according to various media reports.

There is potential for even further trade profits because Vietnam is the UK's 36th largest trading partner, and accounts for only 0.4 per cent of total UK trade.

Source: fibre2fashion.com– Aug 08, 2022

HOME

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Vietnam: Textile firms see mixed performance in Q2

In contrast to a sector-wide pickup in the first quarter of 2022, textile firms saw mixed performance in the second quarter.

According to the Vietnam Textile and Apparel Association (VITAS), textile exports hit around 22.3 billion USD in the first six months of the year, up 17.7% compared to the same period last year.

Vietnam National Textile and Garment Group (Vinatex) made an after-tax profit of 573 billion VND (25 million USD) in Q2, up 49% compared to Q2/2021.

The firm attributed the rise in profit to its high volume of cotton in storage, which resulted in low production costs amid mounting cotton prices.

TNG Investment and Trading JSC followed suit with a revenue of nearly 2 trillion VND and after-tax profit of 87 billion VND, up 35.7% and 42.3% year-on-year, respectively.

Phong Phu Corporation was another firm that came out well in Q2. It raked in over 160 billion VND in profit, surpassing the figure in Q2/2021 by 11%.

Although many firms were riding high in the second quarter, some others saw their profits eroded by rising costs.

Thanh Cong Textile Garment Investment Trading JSC earned just 55 billion VND in Q2, down 6% against Q2/2021. The company said higher overheads and exchange rate fluctuations cost it over 75 billion VND, eating into its profits.

The situation was not better for the Century Synthetic Fiber Corporation as the company saw a fall of 2% in profit due to soaring financial costs. The costs ballooned from 320 million VND to over 15 billion VND, driving its profits down to 69.4 billion VND.

Hanoi Textile Garment JSC ran unprofitably as it incurred higher financial costs and elevated costs of sales. It made a loss of 5.4 billion VND in Q2, a stark contrast to the profit of 6.2 billion VND in the same period last year.

VITAS said the outlook of Vietnamese textiles is not very optimistic in the second half of the year as the risk of COVID-19 resurgence is still high.

On top of that, many of Vietnam's commercial partners have been tightening up their preventive measures against COVID-19, fuelling the situation.

Rising inflation in textile-importing countries, coupled with the prolonged Ukraine-Russia conflict, would continue to push up materials and fuel prices, adding around 25% to textile firms' bills and eroding their profits.

The securities firm SSI forecast that textile firms would fare worse financially in the last six months of 2022 and early 2023.

It is the case because rising costs, including labour, material and logistic costs, and the possible downturn of the US economy, a major textile importer, are expected to wear away their earnings.

Viet Dragon Securities believed that textile demand would fall during the rest of year as consumers have begun to tighten their belts and cut back on non-essential products.

It forecast that domestic textile firms would have to compete more vigorously for input materials and sale contracts during the period. Big firms are more likely to fare better profit-wise since they have a solid customer base.

Source: en.vietnamplus.vn - Aug 07, 2022

HOME

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Bangladesh's garment exports growth slows to 16.61% in July 2022

Readymade garment (RMG) exports from Bangladesh increased by 16.61 per cent to $3.366 billion in the first month of fiscal 2022-23 (July-June) compared to exports of $2.887 billion in July 2021, according to the provisional data released by the Export Promotion Bureau. The export was 6.45 per cent more than the target of $3.163 billion for July 2022.

The export witnessed slower growth in first month of new fiscal which is probably due to the impact of economic challenges the world is currently facing. Knitwear (chapter 61) exports gained at a slower rate than woven RMG exports. Knitwear exports increased by 11.80 per cent to $1.854 billion in 2021-22, as against exports of $1.658 billion during the same month of previous fiscal, as per the data.

Exports of woven apparel (chapter 62) increased at a faster rate of 23.11 per cent to $1.512 billion during the period under review, compared to exports of $1.228 billion during July 2021.

Home textile exports (Chapter 63, excluding 630510) could gain 3.89 per cent to $95.95 million during the period under review, compared to exports of $92.36 million during July 2021.

Woven and knitted apparel, clothing accessories and home textiles' exports together accounted for 77.05 per cent of $3.984 billion worth of total exports made by Bangladesh during July 2022.

Readymade garment (RMG) exports from Bangladesh witnessed an increase of 35.47 per cent to $42.613 billion in the last fiscal 2021-22 compared to exports of $31.456 billion in the fiscal 2020-21.

Bangladesh had achieved an all-time high in terms of value of RMG exports in 2021-22. The total exports also breached the target of $43.500 billion with 19.73 per cent rise during the period.

Source: fibre2fashion.com– Aug 07, 2022

HOME

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Pakistan: Weekly Review: Cotton prices fall as PKR appreciates against $

Along with the value of US dollar, the price of cotton also fell. A significant reduction of Rs 2200 per maund in the spot rate of cotton was noted. Due to continuous spell of rain, cotton crop is affected. The rate of cotton in international cotton market; however, remained stable.

There was increase in cotton prices in India. Recession in international cotton markets was seen due to rising tensions between China, USA, Russia and Ukraine. Pakistani textile exports have decreased by 10%. All Pakistan Textile Mills Association has presented outlines of new reforms to stabilize economy and boost exports.

During the last week, the price of cotton continued to fluctuate under the influence of the dollar/ rupees parity rate. The price of cotton continued to increase in the first two days of the week under review, but on Wednesday, the price of cotton started to fall due to the unusual drop in the price of the US dollar and the positive response from the International Monetary Fund (IMF).

Due to further reduction in cotton prices, the prices of Phutti also started decreasing, thus the uncertainty in the market continued. The price of cotton in Sindh province has decreased from Rs19,000 per maund to a low level of Rs 15,500 to Rs 16,500. Similarly, the price of Phutti per 40 kg has decreased by about Rs 1,000 to Rs 1,200.

In the same way the price of cotton in Punjab is decreased from Rs 20,300 per maund to Rs 17,500 to Rs 18,000 per maund. The price of Phutti has also decreased, although its quality is being affected due to rain.

The Spot Rate Committee of Karachi Cotton Association has reduced the spot rate by Rs 2200 per maund.

It is said that the cotton crop has been affected due to the rains, but no estimate is yet available.

On the other hand, textile mills are cautiously purchasing cotton as per their requirement. Due to the high dollar, it is difficult to import cotton from foreign countries because there is unusual fluctuation in the rate of dollar. It is expected that the rate of dollar may decline further.

According to market sources, many textile mills have reduced their shifts due to the recession in market. Many power looms have already been closed. Cotton gins are currently in a good position but cotton farmers are facing difficulties due to rains; however; they are getting good prices.

The price of cotton in Sindh province is in between Rs 15,500 to Rs 16,500 per maund. The price of Phutti per 40 kg is in between Rs 6,000 to Rs 7,000. The price of cotton in Punjab is in between Rs 17,500 to Rs 18,000 per maund while the rate of Phutti is in between Rs 6,000 to Rs 8,000 per 40 kg.

The rate of cotton in Balochistan is in between Rs 15,500 to Rs 16,000 per maund while the rate of Phutti is in between Rs 6500 to Rs 7200 per 40 kg. The prices of banola, oil and Khal are fluctuating in the three provinces.

The spot rate committee of Karachi Cotton Association has reduced the spot rate by Rs 22,00 per maund and closed the spot rate at Rs 17,000 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that overall cotton prices remained stable in the international cotton market but India saw an increase in cotton prices. According to USDA's weekly export and sales report, sales for 2021-22 stood at one lac twelve thousand and four hundred bales.

Ecuador topped the list by buying 1,200 bales. Honduras was second with 800 bales. Japan was third by buying 500 bales. Seventy thousand and four hundred bales were sold for 2022-23.

Vietnam topped the list by purchasing 40,400 bales. Pakistan bought 24 thousand 700 bales and stood second. Indonesia bought 9,900 bales and ranked third.

Pakistan's textile exports clocked in at a provisional $1.54 billion, a drop of 10%, in July 2022 compared to $1.71 billion in June 2022, stated the All Pakistan Textile Mills Association (APTMA).

On a yearly basis, textile exports were up 5%, compared to $1.47 billion recorded in July 2021, showed the provisional data released by APTMA. In July 2022, the percentage of textile exports in total exports reached 66%, it added.

"The decline in exports can be attributed to lack of energy supplies, which reduced textile export growth from double digits to single digits. If reliable and affordable supplies aren't made available, this could further contribute to negative growth in the ensuing months," said APTMA.

Just days ago, APTMA said exports in July are expected to suffer a major dent, and may drop to $ 1.5 billion.

The development comes weeks after APTMA urged to restore gas and RLNG supply of the export-oriented industry on an urgent basis, stressing that a loss of almost $1 billion in exports would take place, resulting in further damage to the economy.

Pakistan's textile sector accounts for a major share of country's exports, which are vital for the cash-strapped economy. Pakistan suffers from low foreign exchange with policymakers mostly scrambling to ensure dollar inflows. In such an environment, many experts have stressed on exports, especially in a rupee-depreciating environment.

On Friday, APTMA, in a statement, also warned that Pakistan is on the brink of economic collapse.

"With depleting foreign currency reserves, rising inflation, the exchange rate in free-fall and irrationally high-interest rates, the country is headed towards a path similar to the economic downfall of Sri Lanka," APTMA said.

"We at APTMA are pushing for all leaders and policymakers to develop a consensus on how to navigate from this situation of extreme distress and pull the economy out of this downward spiral."

APTMA in its recommendations said that lack of political stability is a serious impediment to economic progress. Not only does it shorten policymakers' horizons leading to suboptimal short-term macroeconomic policies, but it is also the cause of frequent policy U-turns and leads to non-completion of ongoing projects. Stability and consistent policy implementation are crucial for economic growth and for the export sector to thrive and contribute dollar earnings to stabilize the Balance of Payments for a sustainable economic outlook.

The exchange rate is a major cause for concern. The ER instability has significant negative relationship with sectoral exports of Pakistan such as textile. A negative indication indicates that a rise in relative price is to blame for the decline in export demand. Pakistan has been under the grip of debilitating ER for quite some time now. The value of one dollar reached its highest point ever on 27th July 2022 when it hovered at around 237 Pakistani rupees. In the long run, the large devaluation of the rupee is worst for exporters especially textile exporters because it raises input costs, making exports less competitive.

APTMA said it is time to abandon the widespread misconception that exporters welcome the rupee devaluation. The central bank and government should concentrate on achieving an ER that is competitive in the market and achieves actual exchange parity. Dollars earned through exports are the most sustainable with the added benefit of no compulsion to return them, no interest, and the cheapest with only 3-4% cost. Hence, focusing upon dollars generated through exports is far better option than bonds.

Moreover, the need for a long-term policy featuring lower interest rates cannot be underestimated, and its implications for a brighter economic future which generates foreign currency, jobs and international recognition cannot be denied. We need more investments in Pakistan, alongside holistic policy reforms that lend confidence to investors and the markets. This need cannot be met with an interest rate of 15%, says APTMA.

It said roadblocks to entrepreneurship and innovation need to be mitigated so that we can empower our youth and our disenfranchised talent to bring about a grassroots level economic revolution. We must rid our policymaking of the economic formula whereby interest rates are raised in order to stabilize the economy, as this can only be effective in certain highly developed economies: a title which Pakistan’s economy is a long way off from attaining. The best mechanism is through supply-side interventions, bringing more individuals into the economy and increasing the labour supply – for which entrepreneurship and financial inclusion is critical.

It said the current account deficit increased by 517 percent in FY22 compared to FY21. To counter the dangers of our mounting debt, we must immediately take the following steps:

Reduce the import bill by at least $5 billion, especially energy's, through ensuring energy efficiency.

Shockingly, petroleum imports are increased by 50% in June 2022 in volume terms. Pakistan imported petroleum products worth $24 billion last year. Gas needs to be used for productive purposes only. At present gas is being supplied to ceramics, steel and glass also.

Declare an energy emergency and introduce measures to conserve energy which can save Pakistan's economy in more ways than one:

Aggressive conservation – cuts import bills by more than 25% & saves $6 billion.

Implement both price & administrative measures to curtail consumption.

Curtail domestic gas supply to reduce consumption & waste by 18% UFG. Single point energy supply be made to domestic gas.

Fast track calibration of cooking burners is needed to save 200 MMCFD of Gas/RLNG.

APTMA also recommended to improve documentation and inclusion of unbanked persons; reduce external pressure 'hawala' from $10 to $5 billion by documentation as hawala can survive on undocumented sector only; introduce scheme whereby State Bank of Pakistan opens up bank accounts for those currently having no account with a pre-approved overdraft facility of PKR 10,000 that can be used as seed money for entrepreneurship.

It asked to revamp and improve the export paradigm by ensuring competitive tariffs and improved facilitation.

"Furthermore, we must take steps to add value in our exports and thereby improve global perceptions of Pakistan. This would require an environment that facilitates exporting industries to focus on quality improvement through new processes, thereby developing new products and entering fresh markets.

With a myopic focus on short staple fibre raw cotton, we rely on a shrinking market while neglecting the rapidly expanding market for MMF. The MMF tariff regime effectively prevents Pakistan from aligning its products in tandem with the rest of the world. The duty protection given to obsolete plants in Pakistan is denying the Pakistani industry any chance to compete in this booming market, internationally or domestically. We must do away with such hurdles so that progress can be made in value addition, diversification and market expansion.

Lastly, leaders must prioritize export-led economic growth. Enhanced exports enable the inflow of foreign currency to finance imports, service debt, stabilize exchange rates and to overcome the persistent problem of the balance of payment deficit."

The textile sector has performed exceptionally well in the last 2 years. Textile exports have increased by 43 percent in FY22 as compared to FY18. Textile industry has invested a sum of $5 billion over the past few years in new plant & machinery and upgradation. Further expansion and increase in exports are limited by the inconsistent availability of energy at Regionally Competitive Energy Tariffs (RCET).

Given that the past export spur occurred due to the priority of the government to provide regionally competitive terms for the sector, this policy must be consistently maintained in the future to enable economic stability and subsequent growth.

Source: brecorder.com– Aug 08, 2022

HOME

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NATIONAL NEWS

PM Modi tells states to reduce imports, step up exports

Prime Minister Narendra Modi urged states to focus on reducing imports and increasing exports, asking them to identify opportunities and encourage people to use locally made goods as much as possible. His reiteration of the 'vocal for local' call has come amid a burgeoning trade deficit and concerns over the widening current account deficit.

Although goods and services (GST) collections have improved, there's potential for this to be stepped up further, Modi said at the seventh meeting of the Niti Aayog's governing council on Sunday. India's upcoming G20 presidency in 2023 is a unique opportunity to show that the country is not just Delhi but every state and UT as well, Modi said. He called on states to set up dedicated G20 teams to derive the maximum possible benefit from the presidency.

India's merchandise trade deficit hit a record high of $31 billion in July, stretching the overall difference between exports and imports to over $100 billion in the first four months of the fiscal from $42 billion a year ago.

The PM said states must focus on reducing imports, increasing exports and identifying opportunities for this, according to the statement isued by the Niti Aayog.

"We should encourage people to use local goods wherever possible," he said. Vocal for local is not the agenda of one political party but a common goal, the PM told the states, according to the statement.

He added that each state should focus on promoting the three Ts - trade, tourism, technology - through Indian missions abroad.

Modi said India needs to focus on modernised agriculture, animal husbandry, and food processing to become self-sufficient and a global leader in the agriculture sector. He asked states to focus on making India self-sufficient in edible oil production. India remains the world's largest importer of edible oil and is heavily dependent on imports. This, along with petroleum crude and gold, is among the country's biggest import items.

"The Centre is targeting to reduce its edible oil import by half in the next five years," Niti Aayog member VK Paul said, briefing the media after the meeting. The states demanded an increase in the minimum support price for pulses and oil seeds to promote their cultivation at the meeting, he said.

Modi said GST can yield more after the monthly collection touched the second highest ever at Rs 1.49 lakh crore in July.

"Increasing GST collection requires collective action by the Centre and states," he said. "It is crucial for strengthening our economic position and becoming a $5 trillion economy."

The first physical meeting of the council since the onset of the pandemic was attended by 23 chief ministers, three lieutenant governors, two administrators and Union ministers. Bihar chief minister Nitish Kumar and Telangana chief minister K Chandrashekar Rao did not attend.

Cooperative federalism

Modi heralded cooperative federalism as the force that helped India cope with the Covid pandemic.

"Every state played a crucial role according to its strength and contributed to India's fight against Covid," he said. "This led to India emerging as an example for the developing nations to look up to as a global leader."

Rapid urbanisation can become India's strength instead of weakness by leveraging technology to ensure ease of living, transparent service delivery, and improvement in the quality of life for every citizen of urban India, he said, according to the Niti Aayog statement.

Source: economictimes.indiatimes.com– Aug 08, 2022

HOME

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Focus on quality, consistency and use of technology in Handloom Sector: Shri Goyal

Union Minister of Commerce and Industry; Consumer Affairs; Food and Public Distribution and Textiles, Shri. Piyush Goyalstressed upon the need to connect weavers and artisans with a greater clientele with both domestic as well as International customers.

Stating that the e-commerce intiatives should be utilized to the fullest, he said the emphasis should be on onboarding of Handloom Weavers and Handicraft artisans on GeM portal in large numbers, while simultaneously making it incumbent upon all Govt. Departments to purchase Handloom Products for all their textile needs. For this he urged the Ministries of Commerce, Industry and Textiles to join hands to facilitate the process.

He was addressing on the occasion of 8th National Handloom Day, a function organised by the Ministry of Textiles, Government of India. The Minister for Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, Shri Piyush Goyal was Chief Guest for the function. Smt. Darshana Vikram Jardosh, Minister of State for Railways and Textiles was Guest of Honour for the function.

Shri Goyal stressed upon the need to put the Census data of Handlooms of over 35 lakh handloom workers in public domain for transparency and validation so that the benefits of handloom schemes reach the genuine beneficiaries.

Minister of Textiles asked for organizing a large scale exhibition involving all awardees of Handlooms and Handicraft since inception of the awards to celebrate their achievement, and inspire others to emulate them.

He highlighted the need for quality, consistency and need for selective use of technology to reduce drudgery without compromising the basic character of Handlooms. Addressing the gathering, he told that Prime Minsiter is the biggest Barand Ambassador of Art and Crafts made in India, and always prefers gifting Handloom and Handicraft items to dignitaries during his foreign visits.

Concluding his address, Minister of Textiles appealed to all to participate in the Har Ghar Tiranga campaign, a campaign to mark the 75th year of India's independence through Azadi ka Amrit Mahotsav.

Secretary (Textiles) Shri U.P. Singh and Development Commissioner (Handlooms) Shri Sanjay Rastogi were also present for the function.

Five Design Resource Centres at Inbdore, Kolkata, Nagpur, Meerut and Panipat were inaugurated. On the occasion, 82 Sant Kabir and National handloom Awards were given away. The function was joined in person by Awardees and their families, weavers from different parts of the country in person, besides dignitaries from different ministries including Ministry of Textiles The function was widely participated from different corners of the country.Handloom Clusters from across the country, Weavers' Service Centres, Indian Institutes of Handloom Technology, offices of National Handloom Development Corporation, Handloom Exports Promotion Council, Export Promotion Council for Handicrafts and NIFT campuses.

Besides audio-visual inauguration of Design Resource Centres, an audio visual presentation was made on the weaves of India.

Speaking on the occasion, Minister of State, Smt. Darshana Vikram Jardosh hailed the sector as a sparkling example of Ek Bharat Shreshtha Bharat and a medium of rural development and made an appeal to provide Support and encouragement of fellow citizens, which will go a long way in ensuring our handloom weavers' livelihoods, instilling pride amongst our weaving community and ensuring sustenance of our cultural heritage. She told that the sector needed new ideas to promote the sector in novel ways and promote the business of Handloom through effective marketing.

Secretary (Textiles), in his address, told that weavers of Handloom basically weave magic through their products and sector has survived despite apprehensions, and hoped that the sector will keep moving ahead with times and prosper.

He told that efforts are being made by the Ministry to popularize Handlooms both domestically and abroad, and that National Handloom Day is gradually acquiring international recognition.

He told that Ministry has taken initiuative to hold exhibitions in London and Madrid where 75 weaves are being showcased I and 75 handloom gifts have been distributed amongst Indian diaspora and people having genuine interest in Handlooms. He said that a person wearing Handlooms basically wears the leagacy of the country.

Besides the above, the National handloom Day was celebrated across the country in all the Weaver Service Centres, Clusters and Handloom Pockets, NIFT campuses and offices of National Handloom Development Corporation. Programmes were held to make the weavers and other stakeholders aware of the Govt. Schemes, the transforming nature of the business and increasing use of technology to promote the Handloom Sector to achieve greater heights.

Source: pib.gov.in– Aug 07, 2022

HOME

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Australian minister Don Farrell to visit India in Sept for Trade Pact talks

Australian minister for trade and tourism Don Farrell is likely to visit India next month to begin talks on a bilateral comprehensive trade agreement with Canberra. The interim trade deal that the two sides signed earlier this year is also expected to be ratified soon.

India and Australia signed the Economic Cooperation and Trade Agreement (ECTA) in April and the pact is expected to enter into force this year after both countries complete domestic and parliamentary processes.

"Canberra has communicated that all Parliamentary and legal procedures to get the ECTA ratified will be done soon after which negotiations for a compressive agreement would begin," an official said. Australia has also agreed to amend its domestic tax law to stop the taxation of offshore income of Indian firms providing technical services in the country.

"The Double Taxation Avoidance Agreement (DTAA) changes would also happen simultaneously," said another official. The first official quoted earlier said Australia had indicated its keenness to intensify economic, trade and investment ties.

"The minister would come with a strong business delegation. The contours of the comprehensive pact are yet to be decided," the official said, adding that Australia was also keen on a comprehensive strategic partnership with India. The ECTA is India's first trade agreement with a developed country after more than a decade and Canberra's first where dairy has not been included.

India has kept many sensitive products in the exclusion category (29.8% of tariff lines) in the pact without offering any concession.

Australia would give duty-free access in its market for 96.4% of the value of exports (98% of tariff lines), including textiles, leather, jewellery and sports goods, from Day One of the entry into force of the agreement.

Source: economictimes.indiatimes.com– Aug 08, 2022

HOME

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We expect textile exports to revive: Textile Commissioner Rashi

'Drop seen in July only temporary'

Textile and clothing exports, which saw a dip in July, are expected to rebound shortly, Textile Commissioner Roop Rashi said here on Saturday.

According to available preliminary estimates, export of readymade garments declined 0.6% from $1,389.3 million in July 2021 to $1,380.5 million in July 2022.

Cotton yarn, fabrics, and made-ups exports slid 28.3 % to $ 943.5 million ($1,313.4 million).

Ms. Rashi told The Hindu that the drop in exports was only temporary and would revive soon.

On increasing cotton productivity and quality, she said all core issues related to the cotton sector had been identified, specific action groups formed, and the industry had also been involved towards arriving at solutions.

From farmers and traders to ginners and spinners, all segments of the value chain had come together.

"The industry is involved so that the solutions do not destabilise any segment (of the stakeholders). A master plan from the industry is expected by Monday," she said.

Source: thehindu.com– Aug 07, 2022

HOME

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India Inc ready to embrace broader, new-age FTAs

Who is afraid of a 'new-age' free trade agreement (FTA) that goes well beyond traditional pillars of goods, services and investments? Certainly not the Indian industry! At least that is the position of key chambers representing India Inc, in a discerning change from their usual demand for more and more protection against foreign competition over a decade ago.

India is negotiating 'new-age and modern' FTAs with the UK and the EU and hopes to forge some more with others in future. These FTAs differ from the traditional ones, as they cover, and involve the country's commitments on a wide range of subjects. These may include labour, climate/environment, digital technology, public procurement, supply chains, e-commerce, gender, health, education and even some evolving sectors, in addition to the traditional pillars.

Indian policy-makers and industry had been traditionally averse to the inclusion of new areas, especially labour and environment, in trade pacts for fears that it would impose onerous and exacting standards (being adopted by the developed world) on domestic manufacturers that would be hard to implement without incurring huge costs, in which case their export competitiveness would erode further. Moreover, given that areas like digital technology and e-commerce are still evolving, taking commitments on them in trade deals that may remain valid for decades would crimp domestic policy space.

More importantly, there were fears that foreign firms could exploit the FTAs better and potentially flood the country with cheaper products. In fact, India remained cautious about any trade deal for about a decade before signing one with the UAE in February, as five of its six prominent FTAs that came into force between 2006 and 2011, had exacerbated New Delhi's trade balance, according to an FE analysis.

These fears have subsided, if not entirely gone, with growing realisation that in an interconnected world, failure to adopt global best practices has a far bigger cost than embracing them. Moreover, with the emergence of several Indian multi-national companies and start-ups, which are not scared of competition, the protection-seeking mindset of traditional businesses is taking a knock.

Of course, industry players still want the fine-prints of any FTA to be fair and balanced, and seeks safeguards, wherever required, to have a level-playing field. For instance, New Delhi may have to negotiate with the UK and the EU for an exemption from their carbon border adjustment measures, which typically aims to tax imported goods, including steel and cement, from countries with less strict climate policies.

BK Goenka, chairman of Welspun Group, told FE that the new-age FTAs 'augur well' for the country. "The global marketplace in which Indian industry currently operates ensures, to a large extent, that the products are benchmarked to international standards and are competitive. The broad-based coverage of the FTAs would lead to technology acceleration and adoption of best manufacturing practices which would be particularly positive from an ESG Perspective," Goenka said.

The Indian textile players would need to keep transforming themselves for these changes, which would 'eventually help them mature into industry-leading global players', he added. The labour-intensive textile and garment sector has been pitching for FTAs with the UK and the EU.

Chandrajit Banerjee, director general of CII, said industry is keen to see early conclusion of the FTAs with the UK and the EU. "CII is working with the government to ensure that while negotiating issues like public procurement, sustainability, intellectual property rights, the genuine interests of Indian industry are preserved."

Arun Chawla, director general at Ficci, said, "These (modern FTAs) will not only promote meaningful economic activities in goods and services, but curate an ecosystem for exchange of global best practices, on diversity, inclusion and sustainability, with an objective to transform business value chains."

The changing mindset of corporate India assumes significance, as the country is either negotiating or planning to start talks for a flurry of high-stake FTAs with key economies, such as the EU, the UK, Canada, Israel, members of Gulf Co-operation Council (GCC) and Australia. While an interim deal with Canberra is clinched, talks for a full-fledged FTA could start soon. Together these economies (excluding the GCC member UAE, with which an FTA is already signed) contributed as much as $108 billion, or 26%, to India's merchandise exports in FY22.

Pradeep Multani, president of PHD Chamber of Commerce and Industry, said modern FTAs will further broad-base development of the country and improve people's standards of living. Nevertheless, any new FTA must be tailored in such a fashion that it provides a level-playing field to domestic industry, he added. Proper safeguards need to be built in to ensure that FTA provisions aren't abused to injure domestic industry, he added.

Assocham secretary general Deepak Sood said, trade negotiations on issues like health and education would be within a premise of 'win-win' for both India and its trading partner and in both these areas, global engagement would help India. "As regards labour and environment, India has been following global norms and is in the forefront of moving towards renewable and new energy," he added.

Source: financialexpress.com– Aug 08, 2022

HOME

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Commerce department recast to bring more focus on trade policy making

The commerce department has restructured the organisation separating multilateral and bilateral trade-negotiating divisions to allow greater focus on ongoing talks for free-trade deals.

It has also taken away from the Directorate General of Foreign Trade (DGFT) its power to make foreign trade policy, leaving it only with the function of regulation and promotion of foreign trade.

The Trade Policy Division has been bifurcated to Trade Negotiation Wing-Bilateral and Trade Negotiation Wing-Multilateral (TNM) to be headed by additional secretaries in the departments. The move is significant at a time when India is negotiating free-trade agreements (FTAs) with countries like the United Kingdom, European Union, Canada, and Australia.

"The Trade Policy Wing/Division of DGFT, from the date of this order, will function as foreign trade policy division within the Trade Policy Wing of DoC (Department of Commerce) and will be responsible for foreign trade policy and all connected matters," a government notification reviewed by Business Standard showed.

Earlier, foreign trade policy used to be prepared by the DGFT. The ministry has now created wings of trade regulation and global trade promotion that will function under the DGFT.

A commerce ministry official confirmed that the reorganisation had been conducted based on a report submitted by Boston Consulting Group. "So both the Special Economic Zone (SEZ) and foreign trade policies will be under one additional secretary. The idea is to anchor related policies at one location instead of keeping it scattered. However, the idea is also to induct domain experts into the department. If that does not happen, the restructuring will be of little use," he said.

The DGFT has been already working on the much-delayed foreign trade policy, which is now expected to be released by the end of September.

Another former trade official said there might be a logic in separating the two divisions so that they don't interfere in each other's domains since in bilateral and multilateral negotiations, the considerations are different.

"But one should not confuse form for substance. Our exports are not strong and resilient for reasons which are deep rooted in the economy. That cannot be changed by such restructuring. Sometimes, we diagnose the problem wrongly," he added

The government has been seeking to reogranise the work structure of DGFT for quite some time. In 2016, consultancy firm Frost & Sullivan submitted a report restructuring of DGFT, but it did not take off.

"The effort was to convert DGFT into a corporatised agency like the Japan External Trade Organization. Governments in developed countries like Japan don't carry out trade promotion functions. They do it through a corporatised body supported by the government. But our government decided against it as in our environment it would become like yet another government agency without any arm's length functioning. There could also be duplication of work through the government and the corporatised body," the former trade official said.

"Another idea was to hand over the implementation and adjudication function of DGFT to customs authorities because even now there is a dual responsibility. But the revenue department was not ready for it," he added.

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

HOME

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Trade bodies urge Canada for CEPA with India to unlock opportunities

A report released recently by the Business Council of Canada and the Canada-India Business Council has urged the Canadian government to finalise a comprehensive economic partnership agreement (CEPA) with India to help unlock opportunities in the latter. An analysis by Ciuriak Consulting commissioned by both the trade bodies says an ambitious trade deal would increase two-way trade by C$8.8-billion a year.

By 2035, the potential boost to Canada's economy would be even greater than the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a deal which has succeeded in advancing Canadian trade ties with 10 other countries, a press release from the trade bodies said.

"Simply put, there is no path to a successful Indo-Pacific strategy without going through India," said Business Council of Canada president and chief executive officer (CEO) Goldy Hyder.

"Despite the challenges Canada and other countries have faced in past trade negotiations, the Indian government has signaled a new openness to trade," said Hyder. "Canada should move quickly to become one of the first advanced economies to secure a comprehensive trade and investment agreement," he added.

The report also examines Canada's relative underperformance in the Indian market over the past 20 years, losing market share to competitors during this period.

"India is experiencing a massive economic surge and Canadian companies should have an actionable strategy to take advantage of this unique window of opportunity," said Canada-India Business Council president and CEO Victor Thomas.

"As Canada considers its economic future, strong trade and investment ties with the world's next economic superpower must be a central priority," he added.

Source: fibre2fashion.com- Aug 06, 2022

HOME

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How India is shaping the future of e-commerce

The future of open retail is taking shape in India as the nation rolls out the Open Network for Digital Commerce (ONDC) in 100 cities this month.

Spearheaded by Infosys founder Nandan Nilekani, ONDC is a non profit designed to create a level playing field in online commerce. It puts tens of millions of kirana stores on a more even footing with online giants such as Amazon, Google, and Flipkart (a Walmart subsidiary). According to Reuters, Amazon and Flipkart control more than 60% of the Indian ecommerce market. ONDC caps referral commissions for platforms that send shoppers to a seller at 3%, a far cry from the roughly 30% cut that third party sellers lose on the existing major ecommerce platforms.

“We have a chance to start over and remake the digital world to be more fair and transparent for all participants,” says Nilekani. “With ONDC, we hope not only to create a level playing field for India and all the businesses operating there but also provide a glimpse for the whole world of how open commerce can drive positive non zero sum outcomes for business and society.”

Even midsized firms want ONDC. This is because the programme creates an open order book for purchase requests that any store on the network can respond to. As an open platform, allowing stores to respond to purchase enquiries, ONDC aims to create a digital foundation for ecommerce that incorporates inventory, logistics, and dispute resolution

Early reports from ONDC’s initial rollout in four cities are positive. If it works, ONDC could fundamentally change the rules of the game for ecommerce and retail — potentially on a global scale — and herald a future of more open and competitive retail with less dominance by vertically integrated platforms. It could show United States (US) regulators how to take on monopolies.

ONDC is not an application, an intermediary, or a specific piece of software. Rather, it is a set of specifications designed to foster open interchange and connections among shoppers, technology platforms and retailers. At its core, ONDC is an open network and set of open standards similar to the Universal Payments Interface (UPI).

Open standards are the hidden foundation of the US economic and technology infrastructure. They underpin open networks (such as the internet), in which a core set of technology standards enables interconnection between different systems. Effective open networks and standards foster competition and eliminate friction and barriers to entry.

According to Nilekani, ONDC aims to democratise digital commerce, replacing a platform centric model (where the buyer and seller must use the same platform or application to transact) with an open network, allowing cross platform and cross application interaction and commerce. ONDC builds on the concept of open source, which has become the dominant format for enterprise software.

By contrast, ecommerce in the US, Europe, and India make platforms the arbiters and intermediaries. To compare prices or offers, an online shopper has to hop from one platform to another, creating difficulties in comparing similar products by vendor prices, shipping costs, and taxes.

Because ONDC functions as a set of standards, it will allow consumers to pick one of many platforms for shopping. Each platform will receive the same product, pricing, and availability information, based on one set of standards. ONDC may also unlock the ultimate killer app for kirana stores and local merchants: Proximity. As Amazon races toward same day delivery and venture capitalists continue to bet big on short window delivery startups, the kirana stores already have less than an hour commerce solved due to their location.

India is a natural laboratory to test ONDC. At over 80%, according to Nilekani, it has among the highest digital finance participation rates in the world, driven by the adoption of Aadhaar that brought vast chunks of the population into the digital world. In addition, the government is pursuing a digitisation policy.

ONDC aims to have 25% of all internal commerce online within two years. That’s triple the current online penetration rate of 8% of internal commerce. Supporters also believe that ONDC is necessary because it will create a fairer and more efficient foundation for commerce. ONDC may provide a smooth entry for kiranas, but ultimately all retailers will benefit. Home grown ecommerce platforms such as Snapdeal are signing up for ONDC. Google, too, has indicated interest.

There are challenges and risks for ONDC. Even if it succeeds, its effect may not match its intent. Bringing the tens of millions of existing kirana stores onto the platform will require a massive, well funded adoption campaign.

Amazon and Flipkart will continue to benefit from economies of scale that enable them to negotiate lower prices. Any move to restrict commerce that results in higher prices could spark a consumer backlash. And the large platforms may be the ones that benefit the most from ONDC. In the case of UPI, which was designed to provide an open standard for payments, Google Pay and Walmart's PhonePe have grabbed a dominant share of the transaction volume. The government is looking at mechanisms to generate more competition, but this will be challenging without directly restricting user behaviour.

On the other hand, the combination of ONDC and UPI establishes a foundation for future competition that reduces barriers to entry. By open sourcing India's commercial underpinning, the two are setting the stage for the future of competition in which new entrants can challenge incumbents with greater ease.

For retailers and governments worldwide, ONDC provides a glimpse of what open retail might look like in practice. In the end, every one may benefit through turbocharged ecommerce adoption and the creation of a larger global economic pie.

Source: hindustantimes.com- Aug 07, 2022

HOME

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Waterlogging, pest attack scare: Cotton growing area in Punjab shrinks by over 25,000 acres

The area under cotton cultivation in Punjab has dropped by over 25,000 acres due to waterlogging and ploughing of standing crops by the farmers owing to the fear of pest attack. This alarming trend has been put forth by the provisional crop assessment carried out by the government.

Officials in the state agriculture department say the figures of perished cotton cultivation area may witness further increase, as the crop loss assessment is underway in Fazilka and Muktsar.

Fazilka has emerged as the worst-affected for cotton as nearly 17,000 acres are waterlogged with little scope for crop survival, said the department officials.

This year, 2.47 lakh hectares or over 6 lakh acres are estimated to be under cotton in the 2022-23 Kharif season.
Agriculture director Gurvinder Singh said farmers' use of unapproved Bt cotton seeds contributed significantly to the unexpected whitefly infestation this season.

"It has come to notice that a sizeable number of farmers bought 4-G or Bt4 from Gujarat. This variety has not been recommended and is a likely host to the deadly whitefly. The department's domain is limited to creating awareness about using only approved seeds but cannot force farmers to not buy any particular quality of seeds," said the director, who was in Bathinda on Saturday to chair the inter-state consultative and monitoring committee of cotton-growing states of Punjab, Haryana and Rajasthan.

He said experts from the Punjab Agriculture Department (PAU) are examining the reasons behind incidents of ploughing of standing crops across the south Malwa districts as the pest attacks have not gone out of control.

The Director said market trend indicates that cotton rates may remain above ₹10,000 per quintal mark and farmers should not panic from the pest attacks and start paying more attention to the health of plants to ensure a good yield. Field inputs suggest that whitefly infestation has come under control after a good spell of rains in the key cotton-growing districts of Bathinda and Mansa, he added.

"Field studies show that cotton fields are nutrient deficient and farmers need to pay more attention to put urea. By this time, fields should have 50% of the total requirement of urea whereas farmers have used only 10%. The low nutrient level will affect yield and farmers should ensure good health of plants," said the director.

Officials said the next 50 to 60 days are crucial to protect the white gold from another deadly pink bollworm.

"To date, there is a negligible presence of bollworm. As the crop is entering the flowering stage, farmers should stay alert and ensure the use of recommended pesticides," said the head of the agriculture department.

Source: hindustantimes.com- Aug 07, 2022

HOME

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E-commerce firms seek to curb return rate to cut losses

E-commerce firms in the B2C segment are looking for ways to curb the high rate of order returns by consumers of general merchandise and lifestyle products bought on their platforms to narrow their losses.

Unless the high return rate – almost 15-16% – is checked, analysts reckon that most such firms may find difficult to post profits. The economics make this clear. The average order size is around Rs 200-300. Of this nearly 14-15% goes into logistics costs. Add to this, discounts on products which could range between 20-30%.

Though there was some reduction in the return rate in FY22 mainly because of the companies cutting down on cash -on-delivery orders, it's doubtful whether sticking to such a policy would keep on bringing down the rate further on a consistent basis as the rate in the pre-paid segment did not see any decline in FY22.

The total return order volume in FY22 dropped to 14.86% from 16.10% a year earlier, according to a report jointly published by Unicommerce and Wazir Advisors.

Their sample was 500 million orders. Here CoD return orders fell to 18.8% from 22.1% a year earlier, but pre-paid return orders remained constant at 10.4%.

Kapil Makhija, CEO of Unicommerce, a supply-chain management portal which has clients like Myntra, PharmEasy, boAt, Lenskart and others, expects the declining trend to continue even this year as companies are trying to make faster deliveries of products. However, delayed servicing of orders is just one of the factors which fuels higher return by consumers.

For instance, fashion and apparel products generally have a higher return rate – around 25% compared to 8% in general merchandise — because the products displayed on the platform may differ from what is actually delivered. The touch and feel factor and ordering more for trial purposes could be other reasons.

Lakshminarayan Swaminathan, supply growth CXO at Meesho, said returns cannot be attributed to a single reason. “I don’t think CoD orders are the primary cause for return order, they in fact give a sense of security to customers. There are other factors like the touch and feel of a product and how different it is from online viewing to actual feel. Some users have a try and buy sort of a behaviour where they order in bulk, keep a few and return the rest – so all of these together result in orders being returned,” he said.

Sonakshi Nathani, co-founder of Bikayi, a Sequoia and Y Combinator-backed platform that helps sellers set up their e-commerce stores, said fashion and apparel sellers on her platform saw over a 40% return rate six months ago, which has now dipped to about 30%. “Now sellers on Bikayi ask buyers to make an upfront payment of `100 for a product worth Rs 500 which basically covers for shipping and to a large extent even reverse pickups, if any. That partial payment, once completed, shows there is a clear intent to purchase and the buyer is legit,” she explained.

She, however, added ‘there was still no escaping the loss from inventory pile-up and time spent in reverse pickups unless there’s a minimum of 1,000 orders per month which keeps the bottom line immune’.

Source: financialexpress.com- Aug 08, 2022

HOME

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Shoppers from tier-I and tier-II cities drive India's e-commerce growth

India's Retail and E-commerce Trends, a report prepared by e-commerce tech firm Unicommerce along with Wazir Advisors, assesses the growth of India's retail ande-commerce industry in FY22 and how consumer buying patterns have changed in the last two years.

The report underlines that over this period India's e-commerce growth was driven by consumers from tier-II and tier-III cities. Furthermore, growth was powered by the direct-to-consumer (D2C) segment.

Key highlights

- $836bn Estimated size of India's retail sector in 2021-22 (FY22)
- 81.5% Contribution from traditional retail
- 12% Organised brick-and-mortar, and 6.5% online sales channels
- $225bn Potential size of the online retail market in India, which is expected to grow at 32% a year over the next few years
- $70bn Potential size of the D2C segment in the next few years, reflecting a robust CAGR of nearly 45%
- 69.4% Overall e-commerce order-volume growth YoY in FY22, compared with 49.4% in FY21

Vibrant sectors

- 143% Order-volume growth of beauty & personal care, the highest among all sectors in the fiscal year gone by (FY22)
- 62.4% Order-volume growth in health & pharmaceuticals over the last two years
- 61.7% Order-volume growth in FMCG & agriculture over the last two years
- 59.7% Order-volume growth in fashion & accessories, and 34.7% in electronics & home appliances, which were the biggest categories
- D2C and digital-first brands continue to rise, with consistent order growth of brand websites
- 80.4% Faster growth of D2C brands on websites; marketplace growth was 59.6%

Return orders decline

- 14.8% Share of returns in overall order volume in FY22, compared with 16.10% in the previous year
- 18.8% Returns on cash-on-delivery orders in FY22, down from 22.1% in FY21
- 10.4% Share of returns of prepaid orders remained constant YoY

Source: business-standard.com- Aug 07, 2022

HOME

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The path to supercharge India's economic growth

Every year, however, a little over 10 million youth join the workforce. This is a matter of concern as the labour force participation rate (LFPR) in India has been less than 50% for a long time and the employment statistics have not improved. These challenges have been further magnified due to the impact of the pandemic and while India's economic activity has returned to normal now, the jobs lost during the pandemic have not come back.

A low unemployment rate and a higher labour force participation can supercharge India's economic growth. What can policymakers do to ensure that the country can achieve these goals? The Indian government understood the importance of skilling and the youth joining the workforce quite early; it introduced the Skill India Mission to provide training for youth and align them with the job requirements of the economy. The skilling programs have grown over the years – more than 40 skill development schemes across 20 central ministries/departments are being implemented currently. These schemes have already trained over 55 million youth. There is, however, a need to link these schemes to livelihood opportunities, beyond jobs.

Meanwhile, it is not just formal skill development programs that equip the workforce with the necessary expertise. The informal economy of our country has a wide spectrum of skills, consisting of workers like street vendors, construction workers etc., who learn through experience and informal training. There are traditional apprenticeships and artisans who inherit legacy skills.

However, despite being core members of a productive economy, informal workers are not adequately paid/rewarded, and their skills are not recognized. As a result, the younger generations of various artisanal communities are moving to alternative sources of income and many traditional crafts/arts/skills are vanishing.

Entrepreneurship development can be seen as the solution to various issues ranging from youth unemployment, reducing female labour force participation rate, low wages of informal sector workers, and disappearance of traditional arts and crafts, among others.

It can become a prominent source of livelihood for skilled youth coming out of the skill training programs, women artisans, artisan groups and workers from the informal sector.

Entrepreneurship has the ability to create direct and indirect employment, generate income, and create assets in rural, urban, and tribal contexts, thus acting as a potent factor for economic development.

India's entrepreneurship ecosystem, especially targeted at individuals at the grassroots level, currently is largely disaggregated and lacks standardization. Many ministries and departments are implementing entrepreneurship-related schemes, but these are all focussed on select elements of the entrepreneurial value chain. Some initiatives provide only training, while others provide support in the form of collateral-free loans, grants, toolkits, etc. But there is no one-stop solution or platform that provides all the necessary support to potential microentrepreneurs, especially in rural and peri-urban areas.

Standardization is also required in different elements of the value chain of the entrepreneurship ecosystem ranging from training curriculum, related infrastructure and mentoring framework to opportunities for credit and market linkage and tracking mechanism.

India is a hugely diverse country and its entrepreneurs also have to deal with unique cultural and geographical nuances and sector-specific requirements. This multi-dimensional complexity requires a level of uniformity in the framework so that holistic solutions can be designed.

While it is a complex task, but definitely not an insurmountable issue. A thriving ecosystem needs to be created by dismantling the silos and aggregating enabling services for entrepreneurs. The existing skilling infrastructure and network need to be leveraged to create entrepreneurship development capacity for the beneficiaries including formally skilled youth and communities with informal or legacy skills.

A few focussed steps and the use of technology can help in getting the best bang for the buck. Solutions for enabling the creation of the envisaged ecosystem should include:

1.Single platform for aggregating all credit avenues (grants, loan and subsidy schemes, CSR funds, microfinance institutions, etc.) and market linkage options (e-commerce, retail stores, exhibitions, and haats) available for microentrepreneurs. Currently, many aspiring entrepreneurs depend on family and friends for credit support or have limited access to microfinance institutions in their region. Similarly, they do not have access to markets for selling their products and services. Therefore, it is essential to provide an array of credit and market linkage options on a common platform. As Open Network for Digital Commerce (ONDC) gains momentum, integrating microentrepreneurs with ONDC can help them get on online platforms and create new opportunities.

2.Network of mentors across geographies, trades and expertise, to provide handholding support to aspiring and existing entrepreneurs. The mentors can provide much-needed support in areas like business idea identification, business plan creation, loan applications, linking entrepreneurs with relevant industry stakeholders, leveraging government schemes/programs, etc. Continued support throughout the entrepreneurial journey of the beneficiaries is imperative to ensure the sustainability of their enterprises.

3.Digital platform to support the entire value chain for an entrepreneur's journey would ensure transparency and make them and their services more discoverable. For instance, an artisan registry will provide artisans across all states a platform for showcasing their products and directly engaging with the customers.

4.The right training and capacity building of potential entrepreneurs to unleash new opportunities. Despite a large population already familiar with the Internet and social networks, most micro-entrepreneurs in India are yet to turn digital.

While the COVID-19 pandemic has given a push toward digitization and many businesses now depend on digital marketing and online sales, the lack of awareness to undertake digital initiatives remains a challenge. Training for microentrepreneurs must include dispersing practical knowledge on leveraging digital technology to scale up the business and product design.

There is an urgent need to develop holistic solutions that aggregate services, enable scale-ups, and bring standardization. Leveraging the large-scale skilling ecosystem is a critical step in this direction.

An effective strategy for micro-enterprise development can be a potent solution to address youth unemployment and give rise to competitive entrepreneurs who can drive the economic aspirations of our nation.

Source: economictimes.com- Aug 07, 2022

HOME

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Flipkart to handhold MSMEs, weavers, from Varanasi under Samarth programme for growth via e-commerce

Ease of Doing Business for MSMEs: Walmart-owned Flipkart on Sunday announced the signing of a Memorandum of Understanding (MoU) with the District Administration of Varanasi, Uttar Pradesh, to bring local artisans, weavers, and people with disabilities of Varanasi to the e-commerce marketplace under the latter's Samarth programme. Flipkart said products such as Banaras sarees, handmade carpets, zardoji craft, metal crafts, and handmade dari from the state will be available to its 400 million customers. The programme will provide training and time-bound incubation support for local sellers to grow their businesses online.

"Today, MSMEs are leveraging the power of technology and wider national market to accelerate their growth. Through e-commerce customers from across the country can now access the state-specific local iconic goods.

MSMEs growth and digital transformation are a road to realizing the country`s dream of becoming a $5 trillion economy," said Bhanu Pratap Singh Verma, Minister of State for Micro, Small and Medium Enterprises, Government of India, at the event.

Launched in 2019, Flipkart Samarth intends to benefit MSMEs, artisans and underserved communities from across the country through e-commerce.

The programme offers incubation, assistance with onboarding, free cataloguing, marketing support, account administration, business insights, and warehousing support to small enterprises in selling their products on Flipkart's marketplace.

We are delighted to continue to deepen our engagement in the state of UP while creating lakhs of opportunities and new jobs through this MoU and expanding e-commerce opportunities to small businesses, artisans, weavers etc in Varanasi on the National Handloom Day, just ahead of the 75th anniversary of our nation's independence," said Rajneesh Kumar, Chief Corporate Affairs Officer, Flipkart Group.

Amazon's arch-rival Flipkart had earlier signed similar partnerships with governments and public departments of Assam, Maharashtra, Odisha, Tamil Nadu, Jammu & Kashmir, West Bengal and more to enable local MSMEs, artisans and weavers to sell on its marketplace.

For ease of selling on its portal, the company had announced a slew of new marketplace policies in July this year. Flipkart had launched easy settlements, simplified rate card, single final settlement value for the sellers, reduction in the Platform fee, growth programme Flipkart Ignite, business experts to handhold sellers, AI-led cataloguing support, etc.

Source: financialexpress.com- Aug 07, 2022

HOME

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Where trade is not enough

Virudhunagar produces nothing, but controls everything – so goes an old adage. This district in southern Tamil Nadu had overcome its shortage of water for agriculture by becoming a trading hub for various commodities.

The district was Tamil Nadu's largest exporter of dry chillies, cardamom, coffee, coriander and even jeera. All sourced elsewhere, but processed in Virudhunagar. It has emerged as a hub for sesame and groundnut oils and is home to leading brands such as VVS and Idhayam. It's once-flourishing cotton trade helped spawn spinning and textile mills in Rajapalayam by the Ramco Group and Aruppukotai by Sri Jayavilas Group.

Virudhunagar's success as a commodities trading hub prompted lyricist Marudhakasi to pen a line – 'Virudhunagar Vyaabarikki Chinnakannu, Neeyum Vitthu Potu Panattha Ennu Chellakannu' – in the 1957 Tamil film 'Makkalai Petra Maharasi'.

Sivakasi, known for fireworks, matches and printing, is in the district. With very little agriculture, these labour-intensive industries thrived in the district. The fireworks and matches industries alone employ more than one million people directly and indirectly. And Sattur was the largest manufacturing hub for fountain pen nibs.

But all these industries are now facing challenges from the march of time, tastes and technology.

"Virudhunagar was always a hub for trading in farm produce. But the matches and fireworks industries are going through a major crisis, largely due to people's unwillingness to work in such units, besides regulatory and compliance issues amidst environmental concerns," says Jaisinh Vaerkar, chairman, CII (Madurai Zone).

"The fireworks industry in China has a turnover of more than `10,000 crore and of this 50% are exports. No one speaks about environmental issues in China. In India, this industry is more than 100 years old, but all issues are raised here. Despite complying with regulations and court orders, we are always under constant fire," says S Maheswaran, managing director, Standard Fireworks Ltd.

The spinning industry has stuttered over the past decade. Cotton is no more grown widely in Virudhunagar and neighbouring districts. Sourcing cotton from the North adds to costs, says Vaerkar.

Virudhanagar entrepreneurs' focus had largely remained on commodities trading, with very little industrial orientation. "We expand our business only when we have kith and kin to support. My father expanded the business only after I came in to share his responsibilities and the business has grown from `2 crore to `800 crore now," says V R Muthu, chairman, VVV and Sons Edible Oil Ltd, which owns Idhayam sesame oil and Mantra groundnut oil. "If Covid helped Mantra brand to nearly double its customer base to five lakh households and become the largest in Tamil Nadu, the disruption of edible oil supplies from Ukraine has helped the company's customer base to cross one million and growing, with prices too on the upswing," says Muthu, who is also secretary of the Virudhunagar Chamber of Commerce and Industry.

Not all segments are happy, though. The younger generation is moving away from trading. "A major change is happening in Virudhunagar district among the youngsters. Earlier, most of them would take up their own family business after graduation. Instead, now they are opting for government jobs and the IT sector. Reasons vary from longer duration between investment and returns, besides increased competition. From 2-3 traders per commodity, the traders base has expanded to 20-30 now. Increased competition naturally brings in lower returns," points out Prof B V Manikandan, MEPCO College, Sivakasi.

The state government is aware of the challenges that the industries are facing and is pushing for newer industries to come up in the district. While a mega textile park plan awaits Centre's nod, the state is also trying to get at least one non-leather footwear giant to establish a base there, which can bring thousands of jobs. "Intervention not just by the government, but also educational institutions is needed to promote sustainable agriculture to recover lost ground, and better technologies for Sivakasi's fireworks and matches industries. The focus should be multi-fold," says CII's Vaerkar.

Source: timesofindia.indiatimes.com- Aug 08, 2022

HOME

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