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# IBTEX No. 161 of 2022 August 20, 2022


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SAYING NO TO
CHILD LABOUR

# INTERNATIONAL NEWS

## Prices for clothing, footwear in UK fall by 1.5% between Jun, Jul 2022

Prices for clothing and footwear items in the United Kingdom fell by 1.5 per cent between June and July this year compared with a larger fall of 2 per cent during the same months last year. Prices have risen by 6.6 per cent this year compared with an increase of 6.1 per cent in the year to June. The upward movements came from garments, in particular women's clothing and footwear and infant's clothing.

There was a partially offsetting downward contribution from menswear, where prices overall fell between June and July 2022, according to data from the Office of National Statistics (ONS).

The CPI rose by 10.1 per cent in the 12 months to July, up from 9.4 per cent in June. On a monthly basis, CPI also rose by 0.6 per cent in July compared with no change in the same month last year.

Source: fibre2fashion.com– Aug 19, 2022

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# Foreign trade in China's Hebei crosses 310 bn yuan in Jan-July 2022

China's Hebei province in the north earned around 313.46 billion yuan (approximately $46 billion) from foreign trade in the first seven months of 2022. The amount reflected a 3.3 per cent year-on-year increase, as per data from the customs authorities of Shijiazhuang, Hebei's capital.

During the period, exports from the region were valued at 190.22 billion yuan, a 12.3 per cent year-on-year rise. While the imports to Hebei topped up to 123.24 billion yuan, a decrease of 8 per cent year-on-year.

Moreover, the province's trade with nations along the Belt and Road during the January-July 2022 period reached 107.3 billion yuan, up by 21.3 per cent. Hebei's total trade volume with the EU (European Union) and ASEAN (Association of Southeast Asian Nations) added up to 34.88 billion yuan and 40.1 billion yuan, respectively — an increase of 15.2 per cent and 25.2 per cent.

Source: fibre2fashion.com – Aug 19, 2022

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# International Land-Sea Trade Corridor boosts China-ASEAN business

A freight train from southwest China's Chongqing municipality recently arrived at Qinzhou Port East Station in the Guangxi Zhuang autonomous region in the south. Loaded with goods like chemicals, food items and auto parts from regions along the land-sea freight route—part of the new International Land-Sea Trade Corridor, cargo from the train X9575 will be shipped to Association of Southeast Asian Nations (ASEAN) member states at the port.

Instead of about a month of transit for commodities from western regions to reach ASEAN member states via the Yangtze River and sea route, cargo consigned in Chongqing can now be delivered to Vietnam through the corridor in just four days, said Liang Yu, deputy head of the station.

The International Land-Sea Trade Corridor was launched in 2017, and is a trade and logistics passage jointly built by western Chinese provinces and ASEAN member states.

Chongqing is its transportation hub, and the corridor uses ports in Guangxi's Beibu Gulf to reach ports in Singapore and other ASEAN member states. It links China-Europe freight trains setting off from many western Chinese cities before heading to Central Asia, South Asia and Europe.

The corridor saw 379,000 twenty-foot equivalent unit (TEU) containers transported by the railway's intermodal freight trains in the first six months this year, up by 33.4 per cent year on year, according to the China Railway Nanning Group Co. Ltd, official Chinese media reported.

The corridor, covering 14 provincial-level regions in China, has expanded its reach to 319 ports in 107 countries and regions.

Over the past five years, the trade volume between the regions and cities along the corridor in China with ASEAN has continued to rise, up from $58.9 billion in 2017 to $107.7 billion in 2021, official data showed.

Source: fibre2fashion.com- Aug 19, 2022

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# Momentum Grows for Scaling Textile Recycling in Europe

Growing textile consumption and waste volumes in Europe are a global problem. In fact, Europe generates 7 to 7.5 million tons of textile waste per year, of which only 30 percent is collected. Today, incineration and landfills are its primary end destinations whereas less than 1 percent of textile waste is fiber-to-fiber recycled.

“Fiber-to-fiber recycling at scale can help address Europe’s waste problem by turning waste into value,” states a recent report published by McKinsey. In the analysis, it says that fiber-to-fiber recycling could reach 18 to 26 percent of gross textile waste in 2030.

To accomplish this, McKinsey asks to start expanding the required infrastructure for collection, sorting and closed-loop recycling by today. This further amplifies the ambitious goals of the ReHubs initiative that were announced during a press conference at Techtextil 2022 in Frankfurt, Germany this past June.

Investing in textile recycling

ReHubs, a textile manufacturer in Belgium, aims to unite key European and global players to solve the European textile waste problem by transforming “waste” into a resource, and to boost closed-loop business models at scale. The press release explains the initiative’s plan to pursue fiber-to-fiber recycling for 2.5 million tons of textile waste by 2030. Additionally, the ReHubs will set and monitor the European textile recycling roadmap, orchestrate collaboration and trigger projects.

As a business council member, Recover™ has supported and contributed to the work of ReHubs for approximately two years with other companies like Lenzing, Texaid, Inditex, Decathlon and Soex engaged.

At the press conference during Techtextil, ReHubs initiator, Euratex, highlighted that the value chain for textile recycling is not yet mature. In fact, waste is expected to increase up to 8.5 to 9 million tons in 2030, and with the implementation of European Union (EU) regulation on separate textile waste collection by 2025, rates for the collection of post-consumer household waste could increase to 50 percent by 2030.

For that reason, closing the loop requires building a new circular value chain in Europe that would require additional capacity of around 150 to 250 new facilities.

McKinsey's report "Scaling textile recycling in Europe—turning waste into value," estimates the capital expenditure investments needed to reach this scale would be in the range of 6 billion euros ($6 billion) to 7 billion euros ($7 billion) by 2030.

Nevertheless, the analysis also indicates that the industry could become a profitable industry with a 1.5 billion euros ($1.5 billion) to 2.2 billion euros ($2.2 billion) profit pool. Beyond the direct economic benefits, scaling textile recycling unlocks several environmental and social benefits. For example, about 15,000 new jobs could be created and CO2 emissions could be reduced by approximately 4 million tons.

Specifically, the report identifies "mechanical recycling technologies" as the most CO2 emission-friendly, with a reduction potential of 60 to 90 percent across all fiber types on spun fiber levels. Additionally, some mechanically recycled fibers avoid emission-intense, post-material processing, which saves more CO2 emissions.

Accelerating textile circularity

As next steps for textile circularity, the report highlights actions required to capture the opportunity at stake. "Real collaboration" is identified as one of the main ingredients for success. Business leaders across the value chain, investors and leaders of public institutions would need to unify in an unprecedented way to engage in a highly operational joint effort to overcome the barriers to scale. Additionally, public-sector push, investments and transition funding are also identified as major actions.

In this regard, the ReHubs is working on four initial projects stretching across the circular value chain from textile waste to final products: transforming textile waste into feedstock; increasing the adoption of mechanically recycled fibers in the value chain; technical challenges for thermo-mechanical textiles recycling; and creating capsule collection with post-consumer recycled products.

As a leading mechanical recycler, Recover™ is committed to help build the systems, standards and physical capacity required to close the loop for textiles in Europe.

Currently, Recover's main raw material is post-industrial waste, but the aim of the company is to significantly increase the amount of post-consumer feedstock, especially in Europe, where a lot of this waste will become available.

Source: sourcingjournal.com- Aug 18, 2022

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## Cambodia Starts New Minimum-Wage Talks

Cambodia's garment, footwear and travel goods industry has kicked off negotiations over a new monthly minimum pay for 2023, though talks remain in the early stages, the Southeast Asian nation's wage board revealed Monday.

While the first meeting heard the concerns of various stakeholders, from the rising cost of living to the need to maintain national competitiveness, "employers' representatives and the workers' representatives were, however, unable to confirm some figures, and will do so at another meeting," it said in a statement. Follow-up meetings will be held later this month and in September, the council added.

Cambodian garment workers currently receive a monthly floor of $194, or $2 more than they received in 2021. The final number, even with an additional $7 housing and transportation allowance, was a disappointment to the labor groups representing the sector's 800,000 mostly female employees, who together help generate more than one-third of the country's gross domestic product.

Unions had asked for a $12 bump: Covid-induced lockdowns in manufacturing hubs such as Phnom Penh had ravaged the incomes of tens of thousands of already savings-starved workers, leaving them struggling to survive. Many found themselves caught in a cycle of debt and increasing desperation.

As it stands, the Cambodian industry's minimum wage is roughly 47 percent of what constitutes a living wage, estimates The Industry We Want, a multistakeholder initiative founded by the Ethical Trading Initiative and the Fair Wear Foundation.

"We reported to the Ministry of Labor and the National Minimum Wage Council on the daily expenses of the factory workers, the expenses for the workers' daily food purchases, and the savings to be sent home," Ath Thorn, president of the Cambodian Labour Confederation, told the Khmer Times. "In it, we told them about the living problems of workers in rented rooms, having to pay for water and electricity. However, the unions did not talk about the increase we are seeking for 2023."

Because of runaway inflation, garment workers will need an extra $20 to $50 to get by, Thorn said.

Free Trade Union president Toch Ser said she was cognizant of factory owners' own narrowing margins. During last year's wage talks, suppliers complained that any increase would strain their bottom lines because their operating costs were also on the rise.

"We want workers' salary to be increased because it will help solve the problems of workers' daily lives appropriately," Ser said told the Khmer Times. "We are, of course, considerate of employers' problems and issues especially those that have come about following the Covid-19 pandemic and lockdowns, and that is why we are only asking for a small increase."

In a statement on its website this week, the Garment Manufacturers Association in Cambodia alluded to potential roadblocks. "With the Royal Government of Cambodia's high ability to manage Covid-19, Cambodia can maintain production stability, sustain economic growth and export," the trade group said. "However, there is a decline in profitability in the sector and the future situation remains uncertain and unfavorable for Cambodia's export for at least more than one year."

The garment, footwear and travel goods industry exported $6.6 million of goods during the first half of the year, a 40-percent year-over-over increase, according to a report from Cambodia's department of customs and excise.

Prime Minister Hun Sen has insisted that garment workers need to be paid, and that he's willing to borrow from the national budget to do so. He told a graduation ceremony in Phnom Penh on Thursday that he has instructed the minister of labor to resolve a wage theft issue affecting some 400 workers at Canteran Apparel factory. The supplier, he said, hadn't paid its employees since May, sparking protracted demonstrations in the Por Senchey district.

"I am very happy to see the prime minister's order and hope the factory owner will now speed up the procedures to distribute the pending wages," San Sopha, a workers' representative, told the Khmer Times. "The workers have waited for more than three months to resolve their salary issues with the Canteran Apparel factory."

Hun Sen also said that Cambodia will not abandon workers or unions, and that their demands need to be met in accordance with the nation's laws.

His proclamation came on the heels of a new pension scheme for private sector workers, including garment employees, that will go into effect in October. The fund will ladder up: For the first five years, workers and employers will be required to each contribute 2 percent of the workers' wages. This will then increase to 4 percent apiece, with an extra 2.75 percent for every subsequent decade. Workers will be able to tap into the fund when they turn 60.

"The pension scheme is an additional benefit and opportunity for workers in a private company," said Athit Kong, president of the Coalition of Cambodian Apparel Workers Democratic Union. "And the majority of workers welcome it but they need more awareness raising."

Christina Hajagos-Clausen, director of the textile and garment industry at IndustriALL Global Union also praised the program.

"Social protection is a human right and designed to reduce and prevent poverty and vulnerability throughout the life cycle," she said. "Cambodia's new pension scheme is a positive step forward in strengthening social protection for garment workers."

Source: sourcingjournal.com- Aug 18, 2022

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# Denmark, Vietnam look to boost bilateral textile trade

Denmark will scout to Vietnam to explore business and investment opportunities. A delegation of Danish companies will accompany Crown Prince Frederik during his visit to Vietnam later this year. Currently, both countries have limited textile and apparel trade and the proposed visit of Danish delegation is expected to help boost bilateral trade.

Recently, deputy director general of the Confederation of Danish Industry (DI) Thomas Bustrup met Vietnamese Ambassador to Denmark Luong Thanh Nghi in Copenhagen. Bustrup said in the meeting that the two countries share many common interests and hold increasingly substantive and comprehensive relations, and many Danish businesses intend to expand their operations abroad, and Vietnam has emerged as a potential destination. He sought assistance from the Vietnamese embassy for Vietnam visits by Danish enterprises in the coming time.

Nghi spoke highly of the active role and efforts of the confederation in intensifying the two countries' economic and investment ties. The ambassador informed his host on the embassy's plan to organise a forum on September 5 in Copenhagen, on Vietnam-Denmark cooperation in digital and green transformation – the two priority fields that Vietnam is focusing on implementing, with the cooperation and support of many international partners, including Denmark.

He sought the DI's help in holding the forum, affirming that his embassy and domestic agencies will coordinate closely with Danish agencies and organisations, including DI, to successfully organise the trip to Vietnam by Danish businesses in company with Crown Prince Frederik in early November. Denmark and Vietnam have very little trade of textile products. According to Fibre2Fashion's market insight tool TexPro, Vietnam had exported apparel worth $61.156 million to Denmark in 2021, i.e., mere 0.20 per cent share of its total apparel exports of $31.213 billion during the year.

Denmark had imported apparel worth $5.273 billion from the entire world in last year, of which import from Vietnam was 1.36 per cent. The data shows that both the countries have capacity to increase trade and business in textile sector.

Source: fibre2fashion.com- Aug 20, 2022

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# Vietnam's exports see 17% YoY rise in H1, growth may slow in H2: HSBC

Exports in Vietnam witnessed a year-on-year (YoY) rise of 17 per cent in the first half (H1) this year, but it will be tough for overseas shipments to meet expectations in the second half (H2), according to HSBC, which recently said a slower-than-expected pace has been observed since the beginning of H2. Textile, garment and footwear exports rose sharply, by 30 per cent YoY.

The Vietnam Textile and Apparel Association (VITAS) forecast the amount ordered will decline in the months ahead.

The main cause is a growth slowdown in the electronics industry, especially mobile phones, according to a news agency report.

In its 'Vietnam at a Glance' report, it said import growth in July slowed down to only 3.4 per cent compared to the double-figure growth in previous months, partly due to lower energy prices, thereby reducing import orders of such commodities as steel, coal and crude oil.

Despite an unpredictable global economic situation, the domestic economy has continued to reap certain successes, the HSBC report showed.

Retail sales posted a record growth rate of over 55 per cent in July compared to the same period last year.

Source: fibre2fashion.com- Aug 20, 2022

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# ITC brings Tunisian & Egyptian textile firms together to boost trade

In the first business-to-business mission since the pandemic, the International Trade Centre (ITC) recently brought together 10 Tunisian and 26 Egyptian companies in Cairo, to talk about businesses and explore opportunities for regional trade.

Textiles and clothing are among the leading exports in the Middle East and North Africa. The Agadir Agreement created a free trade area among Egypt, Jordan, Morocco, and Tunisia, making these countries important drivers of activity in the sector.

In 2019, their combined exports of $8.6 billion accounted for 55 per cent of textile and clothing exports from the Middle East and North Africa, ITC said in a media release.

The International Trade Centre supports small and medium-sized enterprises in the Agadir countries to increase regional trade, through the Global Textiles and Clothing programme and its related work in the region. Known as GTEX/MENATEX, this programme fosters the development of regional supply chains, facilitates collaboration, and shares experiences and best practices.

"This was the first regional activity after the pandemic. It gave companies the motivation needed as markets reopened, business travels and in-person trade fairs are back to everyday reality," said Rasha Fahim, executive director of the Egyptian Textiles & Home Textiles Export Council (THTEC). "Overall, the feedback received from participants was very positive, and we are delighted to see the successful exchanges."

The Tunisian businesses worked in lingerie, sportswear, denim, zippers and accessories. The Egyptian businesses worked in casuals, knitwear, acrylic, bamboo, blends yarns, as well as cottons.

The 85 meetings and 18 factory visits have already yielded tangible results. Éclair, a Tunisian company that produces accessories, has started selling its products to two Egyptian garment manufacturers.

"Taking part in the mission organised by the GTEX/MENATEX programme has helped us to understand the offer of Egyptian suppliers of fabrics and yarns and how we could start doing business with them," said Tarek Ben Haj Ali, general manager of Workman Group, a Tunisian company that has made workwear for over 25 years. He met with six Egyptian companies and is optimistic that those relationships will grow.

Remon Adly, director of Egypt's Riad Group, also established new potential business connections. "We had meetings with six Tunisian enterprises, and they visited our company premises," he said. "They were able to verify the quality of our products and the high standard of our production facilities. Some of them already expressed interest in starting a business together in the near future."

Riad Group is a family business founded in 1930, producing knitted fabric and ready-made garments.

"It is certainly essential to create linkages between the MENA countries," Adly said. "Nevertheless, it is necessary to improve logistics connections between them to ease the process of economic and trade exchange."

The EU and the United States are the biggest buyers of textiles in the Agadir region.

By contrast, exports to neighbouring countries remain relatively low, partly due to weaker purchasing power. But to comply with EU trade rules encourage countries within Agadir to work with each other's products before exporting them. This could encourage more trade within region along the supply chain, even if finished goods are destined for the EU.

That's why Egyptian yarn and fabric suppliers as well as Tunisian accessory suppliers were reported early successes from the trade mission.

This mission also connected business support organisations in Tunisia (ministry of trade and industry, CETTEX and FTTH) and Egypt (ministry of trade and industry, THTEC, AECE). All agreed to work closer together to facilitate trade, improve logistics and reduce non-tariff barriers among the two countries.

Source: fibre2fashion.com- Aug 18, 2022

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# GSP+ extension for 2023-33 needs Pakistan to implement corrective measures

A recently published policy paper recommends, to benefit from the extension of GSP plus status from 2023-33, Pakistan needs to fill the gaps on issues like honor killing, forced marriages, child labor laws, cancellation of the registration of INGOs and crimes against journalists. The paper was jointly published by Friedrich Naumann Foundation for Freedom Pakistan and Policy Research Institute of Market Economy (PRIME).

Titled, 'Pakistan and the European Union under GSP+ Policy Paper,' the paper highlights Pakistan's trade performance under the scheme. It warns, absence of this scheme would lead to 12 per cent MFN tariffs and to retain the scheme for 10 more years, the country needs to introduce five new laws in addition to the earlier 27.

GSP+ loss threatens $3 billion textile exports

The policy paper also recommends that for the next agreement, Pakistan should negotiate with the EU on tariffs lines not falling under GSP+. Pakistan needs GSP+ status to deal with the current energy crisis, fiscal deficit, balance of payment deficit and depleting foreign exchange reserves. A loss of the facility would cause the textile industry to lose $3 billion worth of exports annually, warns Pakistan

Ready-made Garments Manufacturers and Exporters Association.

The paper says, while Pakistan has introduced certain legal and institutional reforms, to comply with GSP+ obligations, it has not made any significant progress on labor rights.

One of Lahore's largest garment manufacturers is currently negotiating with the EU on labor and environmental standards. Meanwhile, presence of women in high-level occupations remains limited and their participation in the labor market less.

The UN Human Rights Convention has made certain positive changes regarding this. It finalized the Federal Domestic Violence Bill in 2019, appointed the first female chief justice of the High Court and incorporated a Transgender Person under the (Protection of Rights) Act 2018.

Little progress on child and forced labor

However, the EU Election Observer Mission in Pakistan claims, election process is military influenced. There is also an increase in child labor and forced labor in the country. As per the Global Slavery Index, Pakistan is one of the top 10 countries with a high presence of modern slavery in the form of threats, violence, coercion, abuse of power or deception to laborers. UN Conventions on Good Governance opines, European Union can aid the approval of next GSP+ status by making an on-site visit to verify the implementation of the EC recommended reforms. The paper also recommends that the Union amalgamate its demands with Pakistan's capacity to introduce an effective trade policy. Pakistan's inability to compete effectively in the EU has already caused the country to lose out on market-enhancing opportunities.

Initiatives to benefit from the GSP+ scheme

In order for benefit from the GSP+ scheme, the policy paper recommends Pakistan implement the following initiatives.

• Urges Pakistan's Board of Investment to attract Chinese investors to set up textile processing plants in special economic zones.

• Urges Pakistan's commercial counselors in the EU to increase demand for Pakistani products in Europe.

• Recommends, they should target more SMEs looking to procure from Pakistan. Mandatory power supply to export-led manufacturers is also one of the paper's recommendations.

• Introduce zero duties on raw materials required to make man-made fibre clothing in the EU market.

• Recommends a reduction in customs duties on imported machinery used in the textile sector.

With the current political turmoil and rising inflation, getting ready for GSP+ 2023-33 status seems more challenging for Pakistan.

Source: fashionatingworld.com- Aug 18, 2022

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# Vietnam's garment exports jump by 20% to $22.1 bn in Jan-Jul 2022

Vietnamese textile firms have urged the government for favourable policies to help the sector. The Vietnam Textile and Apparel Association (VITAS) said textile firms came out of the first seven months of the year relatively well, with textile exports hitting $26.55 billion, up by 16.5 per cent year on year (YoY). The outlook for the second half is, however, pessimistic.

Textile trade surplus reached $11.07 billion in the first seven months, 31 per cent higher than the same period last year. The sector generated 1.9 million jobs.

The situation would worsen in the next five months due to three unfavourable factors, according to VITAS: the weakening demand of the country's trade partners; labour shortages caused by shrinking urban labour forces; and the faltering financial situation of many textile firms amid mounting costs.

China, Japan and many other countries are tightening preventive measures against COVID-19, causing trade disruptions. High inflation in large importers like the United States and the European Union (EU) are eroding consumer buying power, dragging down textile demand further.

Due to the Russia-Ukraine conflict showing signs of continuing, textile flows to both the countries would remain low for months. The recent depreciation of neighbouring currencies against the US dollar is also not helping Vietnamese exporters.

To add to all these, the US Uyghur Forced Labour Prevention Act and the EU plan on carbon fees are likely to set the bar high on cotton.

The second factor is a burning issue as textiles is a labour-intensive industry. As many workers left cities during the pandemic and never returned, and others took early retirement, the industry is expected to remain slack for the rest of 2022.

Regarding the last factor, input costs have increased by around 25 per cent and transport costs have tripled since early this year. As firms were drained inside-out during the pandemic, mounting costs are expected to drive them further into economic woes, eroding profits and hampering expansion, a Vietnamese media outlet reported.

VITAS, therefore, urged the government to approve 'The Development Strategy for Textile and Footwear Industries to 2030, with a Vision to 2035' to benefit better from free trade agreements (FTAs) as the strategy would pave the way for large industrial parks that meet FTA standards.

The trade body called for abolishing several tariffs on imported raw materials used to manufacture goods for export, as the tariffs are discouraging for the trade.

VITAS also requested tax authorities to process tax refunds faster to save textile firms from unnecessary costs and called for amendments to the law on social insurance to promote labour stability.

The existing social insurance premium is so high that it encourages early retirement, the association added.

Source: fibre2fashion.com- Aug 19, 2022

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# Bangladesh to allow yarn import through 4 more land ports

Currently, Bangladesh imports yarn through the Benapole land port only from neighbouring India.

The National Board of Revenue has taken the decision at a recent meeting headed by its Chairman Abu Hena Md Rahmatul Muneem.

Of the four ports, Banglabandha will be allowed especially to import yarn from Nepal following repeated requests from the landlocked country, according to the meeting minutes, a copy of which The Business Standard has obtained.

"Apart from Benapole, yarn imports through Bhomra, Sonamasjid, and Darshana land ports will be allowed for yarn import," it reads.

"However, the three ports will not be useful to import yarn from Nepal. Considering that, traders will be allowed to import Nepalese yarn using the Kakarvitta-Panitanki-Phulbari-Banglabandha route," it adds.

Earlier, the Ministry of Foreign Affairs wrote to the revenue board for allowing non-acrylic Nepalese yarn import, arguing that it would help further strengthen bilateral relations between the two neighbouring countries.

It said Nepal has the capacity of exporting a small amount of non-acrylic yarns, but keeping a ban on the trade hurts the relationship with the neighbour.

Earlier in late 2018, the NBR allowed the import of only acrylic yarn from Nepal through the Banglabandha land port by withdrawing a ban imposed in 2002.

Meanwhile, talking to The Business Standard, local spinners criticised the government move, saying that it might affect the local yarn-manufacturing industry.

"As per we know Nepal has no spinning mills. Then, how do they export yarn?" Bangladesh Textile Mills Association Director Md Saleudh Zaman Khan asked.

"Already local spinners have a stockpile of yarns worth over $2 billion. Moreover, yarn imports through the port would not be cost-effective," he, also managing director of NZ Group, added.

Mentioning that there is no testing facility to measure yarn quality at the Banglabandha port, he feared that the facility of importing yarn through the port might be abused by third-country exporters.

However, the foreign ministry in its letter argued that Nepal is not capable of exporting so much yarn that can have a negative impact on Bangladesh's yarn-makers. Moreover, the move will diversify yarn sources.

When contacted, Bangladesh Knitwear Manufacturers and Exporters Executive President Mohammad Hatem appreciated the government move of allowing yarn import through Banglabandha land port.

Besides, the opportunity of importing Indian yarn through other land ports will reduce dependency on the Benapole land port, he added.

Source: tbsnews.net- Aug 19, 2022

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# Adopting China's cotton growing techniques can benefit Pakistan: Report

Xinjiang cotton offers comparative advantage for Pakistan, says a report by Gwador pro. The industry enables Pakistani farmers to adopt Chinese techniques of intercropping and double cropping.

Close cooperation in mechanical harvesting

Mehmood Ul Hassan Khan, Director, Center for South Asia & International Studies (CSAIS) notes, mechanical harvesting helped Xinjiang save 50 per cent water consumption and 30 per cent fertilizer use. It also helped the region reduce labor costs up to 30 per cent besides enhancing yield by the same percentage. Therefore, Khan recommends, Pakistan and China should explore close cooperation in mechanical harvesting to further strengthen cotton yields.

Develop new seed varieties

The report also advises Pakistan farmers to develop new types of cotton seeds, and employ Chinese molecular biology to introduce these seeds. The Punjab government has allotted two agro-based industrial zones in Vehari and Bhalwal to offer several incentives including tax waivers to Chinese firms to form a knowledge platform between these two countries.

Despite it being one of the largest crops in the country, Pakistan lags behind Xinjiang in cotton production. Xinjiang companies are able to breed high-yield and high-quality cotton seeds suitable for planting in Pakistan. The country can benefit from the adoption of natural gold fiber cotton.

Facilitating JVs in garment projects

As per a Daily Times report, Pakistan can also benefit from joint efforts and close cooperation with Xinjiang in cotton production that may facilitate joint ventures in garments projects in future. The largest cotton growing region in China, Xinjiang produced cotton over 2.51 million hectare in 2020 nearly the same as 2019. This year too, Xinjiang is expected to see another bumper harvest, posing a bright outlook for the national economy and exports.

Over 50 per cent of farmers in Xinjiang usually grow cotton, shows statistical data from the China Cotton Association (CCA). Majority of this comes from ethnic minorities who mainly engage in cotton farming for their daily livelihoods. . Boosts employment in China

China's cotton industry also provides substantial employment opportunities to many migrant workers. In the last two months, nearly 4,000 people in the Aral township in Aksu Prefecture joined the migrant cotton-picking community, earning an average RMB 6,000 (about $895) per capita.

Nowadays, cotton fields in north Xinjiang are mainly harvest using machines and the practice becoming popular in south Xinjiang as well. Around a fifth of the world's cotton is produced in Xinjiang. To boost growth, Xinjiang has shared its cotton growing expertise with a few Central Asian countries.

China's comparative advantage in cotton research and industrialization and its advanced breeding and seed production techniques can benefit Pakistan cotton growers under the CPEC agreement.

Source: fashionatingworld.com– Aug 19, 2022

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# NATIONAL NEWS

## FTA provisions to prevail in case of conflict over Rules of Origin on imported goods: CBIC

Exemptions specified in Free Trade Agreement (FTA) with regard to country of origin will prevail in case of conflict between revenue department and importer, the finance ministry has said. In an instruction to chief commissioners, the Central Board of Indirect Taxes and Customs (CBIC) said the customs field officers should be sensitive to applying CAROTAR and maintain consistency with the provisions of relevant trade agreement or its Rules of Origin. Customs(Administration of Rules of Origin under Trade Agreements) or CAROTAR Rules, came into effect from September 21, 2020.

It empowers the customs officers to ask the importer to furnish further information, consistent with the trade agreement, in case the officer has reasons to believe that the country-of-origin criteria have not been met. Where the importer fails to provide the requisite information, the officer can make further verification consistent with the trade agreement.

"In the event of a conflict between a provision of these rules and a provision of the Rules of Origin, the provision of the Rules of Origin shall prevail to the extent of the conflict," the CAROTAR rules said. In the instruction issued on August 17, the CBIC wrote to the chief commissioners saying: "The officers under your charge should be sensitive to applying CAROTAR maintaining consistency with the provisions of relevant trade agreement or its Rules of Origin." India has inked FTAs with several countries, including UAE, Mauritius, Japan, South Korea, Singapore, and ASEAN members.

Under FTA, the trading partners agree to significantly reduce or eliminate import/customs duties on the maximum number of goods traded between them, besides relaxing norms to promote trade in services and investments.

The 'rules of origin' provision prescribes for minimal processing that should happen in the FTA country so that the final manufactured product may be called originating goods in that country.

Under this provision, a country that has inked an FTA with India cannot dump goods from some third country in the Indian market by just putting a label on it. It has to undertake a prescribed value addition in that product to export to India. Rules of origin norms help contain dumping of goods.

KPMG in India, Partner Indirect Tax, Abhishek Jain said the CAROTAR regulations require the companies availing benefit under FTAs to maintain and furnish information in Form I which essentially puts some onus on the importer to ensure that the benefit is taken in line with the rules stipulated under the relevant FTAs.

"In order to avoid any unnecessary harassment, the circular reiterates that the information to be asked by customs officer should be consistent with the provisions of trade agreements/FTAs and should not go beyond it under the garb of CAROTAR provisions," Jain said.

EY India Tax Partner Saurabh Agarwal said this instruction allays importers' concerns to a larger extent, wherever FTA-based exemptions are being availed.

"Currently, the CAROTAR rules require extensive submission of data and facts, where in certain cases the requirement even goes beyond the stipulated conditions under the bilateral/multilateral FTAs signed between the countries. This clarification affirms our long-standing position that provisions of FTAs shall prevail over the CAROTAR rules wherever any conflict arises," Agarwal added.

Source: financialexpress.com – Aug 19, 2022

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# Slowdown in exports to top markets stokes concerns

India's exports to the US and the EU, its top two markets, climbed at a slower pace in June than in earlier months, while despatches to China, the fourth-largest destination, plunged 31% in June from a year before, according to the latest official data.

The decline in growth only accentuated in July, trade sources told FE. With fears of recession mounting in the US and the EU, and order flow from China faltering amid a Covid outbreak there, the slowdown in supplies to these economies may continue for a few months, the sources said.

Moreover, concerns about a slowdown in Chinese demand flared up after Beijing announced a surprise rate cut this week. Indian exporters now pin hopes on an expected large order flow in the build-up to the Christmas season to turn the corner, said the sources.

According to the latest DGCIS data, growth in India's exports to the EU eased from 61% in April to 40% in May and 39% in June (See chart). In the first quarter, exports to the 27-member bloc totalled $19.3 billion. The shipment to the US grew 29% in June, compared with 32% in May and 31% in April. The despatches to the largest economy stood at $21.7 billion in the first quarter.

Exports to China, however, crashed 31% in the June quarter, almost at the same pace as in June, to $4.7 billion. India's overall goods exports rose 27% in the June quarter to $121 billion.

The EU's proposed rollback of duty relief for Indian exports totalling about $8 billion from January 2023 under the so-called Generalised Tariff Preference Scheme can potentially add to the woes, they said.

The US and the EU alone accounted for 33% of India's record goods exports of $422 billion in FY22, as an industrial resurgence there in the aftermath of the Covid spurred demand for Indian merchandise. Any slowdown in these two economies, therefore, would hurt India's exports prospects. Lower purchases by Covid-hit China, which made up 5% of Indian exports in FY22, will add to the woes.

Importantly, the slowdown precedes the government's imposition of a windfall tax on petroleum product exports on July 1, a move that is expected to have contributed to a sharp drop in the export growth in July.

Of course, the June data still reflected the move to curb despatches of certain steel products and iron ore through elevated export taxes in late May.

Source: financialexpress.com– Aug 19, 2022

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# New foreign trade policy likely next month; focus on e-commerce exports, hubs

The government is likely to release next month the new foreign trade policy with a focus on boosting ecommerce exports and developing districts as export hubs.

The commerce department is working on the policy that may detail ways to reduce the compliance burden on small exporters and fund MSMEs to increase exports. It may also seek to make proper categorisation of products which are at present clubbed as "others", as this system leads to misclassification and tax evasion, thereby adding to the growing trade deficit.

"We are working on ways to facilitate ecommerce exports through the policy," said an official, adding that the policy could be put in place by the end of next month.

Attention is likely to be given on MSME exports as well as developing districts as export hubs. The policy comes amid India's export growth slowing. Goods exports rose 2.14% from a year earlier to $36.27 billion in July, even as the trade deficit almost tripled to $30 billion.

In fiscal 2022, India's outbound shipments were a record $421.8 billion. The government aims to take the value to $1 trillion by 2030.

The commerce department is in consultations with stakeholders to integrate global markets through bilateral trading arrangements, government-to-government engagements and making use of the multilateral agreements of the World Trade Organization. Product and country strategies are also being discussed to diversify India's export products.

Exporters have sought a separate chapter on ecommerce in the policy that would enlist all the export benefits available to the sector that should be at par with conventional exports.

"We have suggested setting up an integrated park for cross-border ecommerce," said Ajay Sahai, director-general of the Federation of Indian Export Organisations.

Such parks should provide comprehensive facilities such as banks, fintech companies, foreign post offices, courier terminals, logistics companies, warehouses, customs, tax refund - all under a single umbrella. Also, some space can be earmarked for packaging and small operations.

Source: economictimes.com– Aug 19, 2022

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# Australia may ratify interim trade deal with India by Nov 18

Australia will likely ratify before November 18 an interim trade deal with India, which was signed on April 2 but is yet to come into force due to a delay in endorsement by its Parliament following the election of a new labour govenrment there, sources told FE.

The unusual delay in the ratification of the Economic Co-operation and Trade Agreement (ECTA) by Australia has rattled the IT industry, apart from adding to uncertainties about bilateral trade prospects. The deal is aimed at raising bilateral trade to $50 billion in five years from $27.5 billion in 2021.

The IT industry wants Australia to stop taxing the offshore income of Indian firms providing technical support there at the earliest. Canberra is to tweak its domestic law to stop such a taxation, a pledge that is part of the India Australia ECTA. Moreover, benefits of the trade deal would accrue only after it's ratified.

Some of the senior Indian industry executives now want the negotiation for a broader free trade agreement (FTA) with Australia, which was agreed upon earlier, to start only when the interim deal comes into force.

The ECTA promises preferential access to all Indian goods in five years (from 96.4% immediately after the pact comes into effect) and 85% of Australian products (from 70% to start with) to each other's market. Indian yoga instructors, chefs, students and STEM (Science, Technology, Engineering and Mathematics) graduates will have easier access to Australia while premium wine from that country will make greater inroads into Indian supermarkets once the deal comes into force.

Indian labour-intensive sectors — including gems & jewellery, textiles & garments, leather, footwear, furniture and food & farm products — and engineering products, medical devices and automobiles will benefit from the pact. Similarly, Australia will have preferential access to the Indian market in raw materials such as coal, aluminium and premium wines.

Indian IT industry executives said once the deal comes into effect, it will correct a costly anomaly in the 1991 double taxation avoidance treaty (DTAA) between the two countries and enable Indian IT and ITeS players to substantially scale up their operations in Australia. The anomaly is expected to have cost Indian IT companies about $1.3 billion since 2012, according to an industry estimate.

Using the provisions of the India-Australia DTAA, Canberra has been taxing income generated from offshore IT services rendered from India as royalty, even when the same income is being taxed in India as well.

Source: financialexpress.com- Aug 20, 2022

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## Hard truths about India's labour reforms

Independent India was born at the midnight hour on August 15, 1947, 75 years ago, when India's first Prime Minister Jawaharlal Nehru unfurled the country's tricolour flag and announced to Parliament that India had made a "tryst with destiny". India had won its independence after a long, remarkably peaceful struggle for freedom, led by Mahatma Gandhi.

Gandhi had a vision of a country not divided into fragments by religious and communal walls. He envisioned a country in which all Indians, whether rich or poor, would hold their heads high in dignity. India's "tryst with destiny" was to provide " poorna swaraj" (i.e., full freedom) to all its citizens: political freedom, social freedom, and economic freedom.

The country's faultlines

The country's democratic Constitution created the world's largest democracy. Sadly, 75 years later, political liberties and freedoms of speech are being curbed in India. Social equality amongst castes has not been achieved. Lower caste citizens continue to live in great indignity. Lower caste poor women live in abject poverty in India's villages. They are among the most oppressed humans on the planet.

While the numbers of Indian billionaires increased during the COVID-19 pandemic, hundreds of millions of Indians lost their incomes when the country locked down during the pandemic. They struggled to find shelter, food, and even drinking water for their families.

India's gravest socio-economic problem is the difficulty a vast majority of citizens have in earning good livelihoods. Their problem is not just employment. It is the poor quality of employment: insufficient and uncertain incomes, and poor working conditions, wherever they are employed — in factories, farms, service establishments, or homes.

The dominant 'theory-in-use' to increase employment is to improve the ease of doing business, with the expectation that investments in businesses will improve citizens' ease of earning good livelihoods. In this theory, large and formal enterprises create good jobs, and labour laws must be 'flexible" to attract investments. Investors say the laws protect labour too much.

Reforms were begun by the United Progressive Alliance government. Their principal thrust was to improve administration by simplifying procedures and digitisation. Those improvements were appreciated by employers as well as workers. However, they did not make the labour laws more employer friendly. Therefore, the National Democratic Alliance government became bolder in 2014 and moved to reform the content of the laws.

Impact of reforms

The Government designed a framework for reforms and, since labour is a concurrent subject, it encouraged States to implement changes. First off the blocks was Rajasthan. Other States followed. Economic reforms are a process of learning. The V.V. Giri National Labour Institute's interim report, "Impact Assessment Study of the Labour Reforms undertaken by the States", provides insights into the impacts of the reforms so far.

Labour laws cover many subjects — payment of wages, safety conditions, social security, terms of employment, and dispute resolution. The proposed national reforms the Government is gearing up to make shortly are the conversion of all these laws into four codes. The report has focused on the reform of the Industrial Disputes Act, which is to raise the limits of applicability of laws

The report spans the period 2004-05 to 2018-19. It focuses on six States which have implemented reforms: Rajasthan, Maharashtra, Andhra Pradesh, Tamil Nadu, Jharkhand, and Uttar Pradesh. The report reminds readers that labour laws are only one factor affecting business investment decisions. Investors do not go out to hire people just because it has become easy to fire them. An enterprise must have a growing market for its products, and many things must be put together to produce for the market — capital, machinery, materials, land, etc. not just labour. Therefore, it must be worthwhile to employ more people before firing them.

What is clear

Reading through the report, one conclusion is unmistakable. Reforms of labour laws have had little effect on increasing employment in large enterprises. The report says that the effects of labour reforms cannot be revealed immediately: they will take time. Therefore, it is telling that

Rajasthan, the first State to implement the reforms, seems to have benefited the least from them.

The overall story is hardly better. The share of employment in plants employing more than 300 people increased from 51.1% to 55.3% between 2010-11 to 2014-15 (the period when the emphasis was on administrative reforms), and then increased less, from 55.3% to 56.3%, in 2017-18, when some States made the bolder reforms favourable for employers. Though overall employment is affected by many factors, the bolder reforms post 2014 were designed to promote larger factories.

This hardly happened because labour reforms that increase the threshold of application of the Industrial Disputes Act are conceptually flawed. They cannot induce creation of large enterprises to whom the laws will continue to apply. In fact, the report says, employment in formal enterprises is becoming more informal. Large investors can afford to use more capital and are also employing increasing numbers of people on short-term contracts, while perversely demanding more flexibility in laws.

The report defines “formal” employment as the grant of paid leave, a written contract, and some “social security”. An enterprise should not have to employ more than 300 people before it provides these benefits. Along with the right to be heard and dignity at work, these are the minimal “essentials” all employers must provide to all those who work for them, whether in small enterprises or domestic help. Increasing the threshold of the laws dilutes the rights of association and representation of workers in small enterprises.

The question the report leaves unanswered is whether the reforms have benefited workers. After all, the primary purpose of labour laws is to protect the rights of workers, not promote the interests of investors. Surely, the benefits of reforms should be assessed from workers’ perspectives too.

It is sad that the report includes a long chapter on the views of employer associations about the benefits of the reforms, and nothing about the views of employees and unions. The employers’ associations say the reforms have been beneficial. The question is, beneficial for whom?

A widening gap

Rising above the analysis of numbers and trends of employment in the report to see the big picture again, the conclusion is clear. The gap between where our economy is and where it needs to be is increasing. As seen in the article by Praveen Chakravarty, “Whose GDP is it anyway?” ( The Hindu, July 27, 2022), between 1980 and 1990, every 1% of GDP growth generated roughly two lakh new jobs; between 1990 to 2000, it decreased to one lakh jobs per per cent growth; and from 2000 to 2010, it fell to half a lakh only. Fundamental reforms are required in the theory of economic growth: more GDP does not automatically produce more incomes at the bottom. And the paradigm driving employment and labour policies must also change to enable the generation of better-quality livelihoods for Indian citizens, now and in the future.

To achieve this, fundamental reform is required in the ways policies are made. If the benefit of reforms is supposed to be the improvement of ease of earning, better livelihoods for all citizens and with more dignity, whether they are farmers, factory workers, or service employees, should they not be listened to most of all, within their enterprises, and in the process of shaping policies?

Source: thehindu.com- Aug 19, 2022

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# Foreign exchange reserves fall $2.24 bn to $570 bn; FCA dips to $506.9 bn

The country's foreign exchange reserves fell USD 2.238 billion to USD 570.74 billion in the week ended August 12, according to the Reserve Bank of India (RBI) data.

In the previous week ended August 5, the foreign exchange reserves declined USD 897 million to USD 572.978 billion.

The fall in the reserves in the reporting week ended August 12 was on account a decline in the Foreign Currency Assets (FCA), a major component of the overall reserves, according to the Weekly Statistical Supplement released by RBI on Friday.

FCA declined USD 2.652 billion to USD 506.994 billion, the data showed.

Expressed in dollar terms, FCA includes the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

Gold reserves surged USD 305 million to USD 40.618 billion.

The Special Drawing Rights (SDRs) increased USD 102 million to USD 18.133 billion.

The country's reserve position with IMF also rose by USD 7 million to USD 4.994 billion in the reporting week, as per the data.

Source: business-standard.com- Aug 20, 2022

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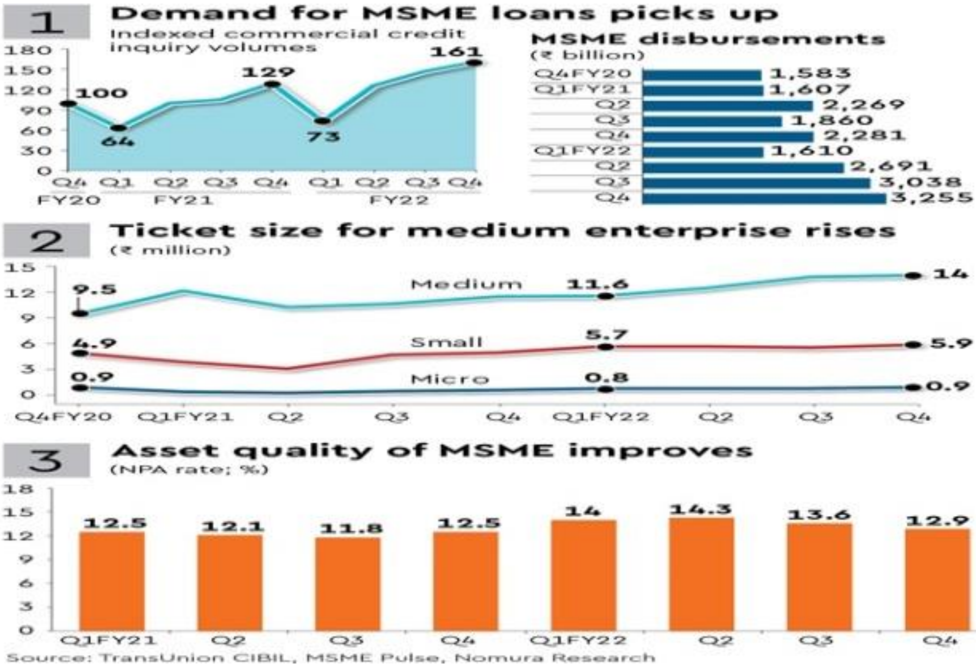
# Uptick in MSME credit

As economic activity recovers, disbursements of MSME loans have risen by 43%, to Rs 3.25 trillion, in Q4FY22 as compared with the same period last year.




The average loan size has also risen across all segments, because of higher need for credit, easing of the interest rate cycle, and increased risk appetite of private banks, especially in the small and medium segments.

Source: financialexpress.com– Aug 19, 2022

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# Cotton procurement may remain slow, hitting textiles

Government procurement of cotton could remain slow even after the new crop season begins in October, as prices of the commodity are expected to remain high, a government official said, outlining a development that could benefit farmers but hit textile manufacturers.

The spot price of cotton has nearly surged back to record levels of ₹1 lakh a candy amid a drop in production in major cotton producing countries, including India.

Production estimates of cotton in India have already been cut to 31.5 million bales for FY23 as production in major cotton producing states such as Maharashtra and Karnataka is set to drop due to pests and heavy rains. Cotton prices globally have been on the surge after the US, one of the largest cotton producing countries, cut its production forecast by 3 million bales to 12.6 million bales for FY23.

“The prices will certainly drop from the new season that starts from October. But in the entire next season, I don’t expect any MSP operation (because prices will be elevated). Cotton prices are expected to be well above the MSP," the government official said.

“During covid-19 demand was low and that is why 20 million bales were procured at MSP in those two years. Earlier also cotton procurement has been small," the official added.

However, the government has said that India has sufficient cotton stocks as the total availability of cotton without considering imports is 38 million bales while consumption stands at 32 million bales this year.

“The carry-over stock to the next cotton season could be the lowest in many years. But currently the problem is cotton productivity. It has stagnated due to lack of new seeds and frequent pest attacks and diseases," the official said.

Cotton productivity has remained little changed over the years and averages in the range of 450 kg per hectare to 500 kg per hectare compared with 400 kg per hectare in 2006-07. Meanwhile, the global average of cotton productivity stands at 877 kg per hectare.

Experts said that the demand for cotton had jumped sharply this year but the production fell over 20%, which led to a surge in cotton prices.

Textiles form a significant part of the free trade agreements (FTA) that India is negotiating with countries such as the UK and EU. A duty cut for Indian textile products could make Indian exports more competitive and at par with countries such as Bangladesh and Vietnam.

Industry representatives also expect textile demand from India to rise on account of the FTA signed with the UAE and the one being negotiated with Australia.

A query sent to the textile ministry remained unanswered at press time. Textile secretary UP Singh had earlier said India used to have 5 to 6 million bales in surplus but that this surplus has been falling every year.

Besides, the Indian industry had a 10% price advantage as far as cotton was concerned. “But this is no longer there because our consumption would outstrip production in the very near future," he added.

Textile minister Piyush Goyal in a meeting held earlier this month said that all stakeholders must share best practices to boost cotton productivity in India to increase farmer incomes.

The private sector must also contribute to boost research in productivity, farmers‘ education as well as branding to which the government would provide matching support, Goyal had said, according to a statement issued by the textile ministry.

Source: livemint.com– Aug 19, 2022

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# Manufacturing sector to be impacted in FY23 as exports take a hit: Report

The Indian manufacturing sector, which received a fillip in FY22 due to export growth, is likely to be hit by a slump in foreign trade activity in FY23, a report said on Thursday.

An analysis of industrial output and merchandise exports by India Ratings and Research suggested that the "exuberance" witnessed in merchandise exports in FY22 helped the manufacturing segments.

"Surge in merchandise exports helped the manufacturing sector in FY22, but was not broad-based and may not sustain in FY23," the rating agency said.

The exports trend of FY22 may not sustain in FY23 due to the adverse impact of the Russian invasion of Ukraine, leading to recessionary concerns in the advanced economies, stringent COVID-19 control measures in China impacting production in various sub-sectors in India, and continued disruptions in global supply chain/trading sanctions imposed on Russia, it added.

The note said India's average annual merchandise exports during FY16-FY20 were USD 297.02 billion, having peaked at USD 330.08 billion in FY19. The same jumped to the highest-ever USD 421.89 billion in FY22.

"Since the pickup in merchandise exports has primarily been driven by the higher exports of manufactured goods, its spillover effect was expected to be visible in the higher capacity utilisation and an improvement in the industrial growth numbers in FY22," it said.

The agency said it mapped the merchandise trade data to the two-digit Index of Industrial Production, and disaggregated goods export data with the IIP.

"Even on the FY20 base with the exception of a few, most manufacturing segments recorded double-digit export volume growth. In fact, the export volume growth pattern across the different manufacturing segments was broadly similar both on the FY21 and FY20 base," Paras Jasrai, an analyst at the agency, said.

The agency said basic metals, textiles, pharmaceuticals and food products witnessed a robust rebound in export volumes in FY22 when compared to FY20 volume levels, suggesting that the production in these segments benefited from the buoyant export demand.

Textiles witnessed a sharp recovery both in exports and import volumes along with production, it said, adding that all these sectors have a share of 26.4 per cent in the overall industrial sector and formed 24.1 per cent of the merchandise exports in FY22.

On the other hand, the sectors which not only witnessed low growth in production levels but also low-to-moderate export volume growth in FY22 were railways locomotives, ships and aircraft, wearing apparel and leather products, among others.

Labour-intensive sectors such as wearing apparel and leather products have benefited from neither domestic nor external demand, it said, adding this does not augur well from the perspective of employment generation in the country.

Source: livemint.com– Aug 18, 2022

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# Solar power helps U.P. women make light work of cotton spinning

As a traditional cotton spinner working from home in her village in northern India, Anita Devi was long resigned to having sore hands, meagre income and a constant struggle to make ends meet.

But her life changed in 2019 when the mother of two received a solar-powered spinning wheel, or charkha, as part of a drive by Uttar Pradesh to boost rural women's work opportunities and incomes in an environmentally-friendly manner.

The solar charkhas - which feature 12 spindles, double the number on Anita's old wheel - are equipped with a motor and battery pack, and provided along with a 400 watt solar panel.

Anita, 34, produces up to 1.5 kg of cotton yarn daily using her solar charkha, up from 400 grams she spun with a traditional wheel, which has led to a more than fourfold increase in her monthly earnings - now at least ₹10,000 ($126) on average.

"With the additional income we can afford better nutrition, health care and even tuition for my children," Anita told the Thomson Reuters Foundation at her home in Phoolpur village in Moradabad district.

Anita is one of about 4,000 women across villages in Uttar Pradesh - India's most populous state and one of the poorest - who have been trained to use and provided with the solar charkhas in recent years under the state government initiative.

As India seeks to use less planet-heating coal to generate electricity and raise its renewables capacity to 500 gigawatts (GW) by 2030, up from about 115 GW now, Uttar Pradesh is looking to solar energy to power businesses, homes and communities, with a growing focus on those that are not connected to the grid.
Since 2018, solar charkhas worth ₹50,000 have been distributed to about 1,000 women annually in Uttar Pradesh for free by the state's Khadi and Village Industries Board (UPKVIB).

Many women work at home, while others do so at production hubs in their villages which are run by local non-profits.

Millions of people across India - mainly women from marginalised communities - do home-based textile work , but tend to go under the radar and miss out on minimum wage and benefits.

Navneet Sehgal, additional chief secretary at UPKVIB, said persuading rural and "patriarchal" households to allow women to attend solar charkha training had proved a challenge initially - but emphasised that the project was thriving after a slow start.

"It is so satisfying to see their numbers grow – on how they are working with confidence, enjoying more self-esteem and a bigger say in running their households," he added.

Solar chains

The project in Uttar Pradesh followed a separate nationwide 2018 scheme nationwide project, 'Mission Solar Charkha', aiming to provide the wheels to create jobs for up to 100,000 people - from spinners to stitchers - in 50 areas or 'clusters' across India.

In Uttar Pradesh's independent programme, the solar charkhas are distributed via several grassroots non-profits.

One of them, Avad Yuva Kalyan Gramodyog Sansthan, also pays the women for the yarn they provide and has it woven into khadi - a traditional handspun fabric - by other female workers in its network before the items are finished off and then sold on.

"There is more awareness among these women today – be it either on ... collective saving, helping each other during crisis, or sharing a line or two on the importance of solar energy in their lives," said its founder Anil Kumar Singh.
UPKVIB said it gives financial aid to such organisations to ensure production is sustainable, and also helps them to showcase and sell their products at events across the country.

Local clothing companies such as Greenwear Fashion are also playing a role by training and employing hundreds of women to use not only solar-powered charkas but also looms and sewing machines, as well as by buying 'solar yarn' in bulk. "It is not about making money alone, but our business should also come with a sustainable price tag of keeping the environment clean," said Abhishek Pathak, founder of the social enterprise, which hails its entirely solar-focused value chain.

Rabia Khatoun, a weaver hired by the company during a Covid-19 lockdown in 2020 and provided with a solar-powered loom at a production centre it runs in Sarthara village, said she had doubled her productivity - and income - due to the equipment.

"Greenwear employed me during that crisis period, trained me on the use of solar loom and enabled me to sustain myself and my family," added Khatoun, who said she was now earning between ₹10,000 and ₹12,000 a month.

Off-grid impetus

It is not just cotton spinners and weavers who are benefitting from solar energy in Uttar Pradesh.

Owners of small businesses, including oil and rice mills and an eatery, told the Thomson Reuters Foundation they had got a boost from solar power after using government-backed start-up bank loans, facilitated by UPKVIB, to fund their enterprises.

In Purey Udai village in Gonda district, Sangita Devi's restaurant runs off 5-kilowatt capacity solar panels, which power the lighting, five fans, a refrigerator and a submersible pump that draws underground water.

"My electricity bills are reduced to less than half, and with no more diesel costs, I could not have asked for more," she said, explaining how her profits had since more than doubled.
The Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA) said it had installed about 700 megawatts (MW) of solar off-grid capacity. Its total solar capacity state-wide is 2,200 MW.

Such off-grid installations include light for 60,000 homes in a dozen villages where grid power is hard to access, 300,000 street lights, and 20,000 irrigation pump sets for farmers.

"Off-grid solar applications can fit well into area-specific needs and penetrate any nook and corner of remote terrains," said Shyam Dhar Dubey, senior project officer at UPNEDA.

However, Dubey said the high cost of maintaining solar panel systems could be a barrier to their long-term sustainability.

Nonetheless, in the case of the solar charkhas initiative, he hailed their impact on local women in a short space of time.

"Little did I realise that these could thus transform the lives of our rural women, making them self-reliant and environment-friendly," he added.

Source: economictimes.com– Aug 18, 2022

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