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INTERNATIONAL NEWS

USA: Drought decimates key cotton crop in US state of Texas

On Sutton Page's ravaged cotton fields, there is almost nothing left to pick. The Texas farmer managed to salvage maybe a fifth of his crop, but the rest was lost to the severe drought that has taken a steep toll across the region.

In 2022, his harvest is "not well," he says, but in reality, the drought in northern Texas has proven to be a disaster, with most of Page's neighbors not even bothering to harvest their crop, leaving "bare, bare fields."

Texas produces almost half of the US' cotton, and the US is the world's third-largest supplier, behind India and China.

In 2022, national production will hit its lowest level since 2015, down 21 percent year-on-year, and Texas will suffer a 58 percent drop, the US Department of Agriculture estimates.

In the northwest of the state, where cotton is the lifeline of the local economy and water is scarce, the 2022 harvest "could be one of the worst in 30 years," worries Darren Hudson, professor of agricultural economics at Texas Tech University.

With the cascading consequences for the global textile industry, in an economy already reeling from the pandemic, Hudson put the likely economic impact for the region at $2 billion.

Landon Orman, 30, works on 2,000 acres (8.1 square kilometers) of cotton near Abilene, three hours west of Dallas. His non-irrigated cotton did not even sprout, while his partially watered crop grew but its yield will be slashed by half.

In total, he predicts an 85 percent drop in production compared with a normal year. Like so many others, he has crop insurance, so "financially we're not really doing that bad. But as a farmer, it sucks pretty bad that we can't grow stuff sometimes."

Depressing

In Lubbock, the region's cotton hub, rainfall over the past 12 months has roughly been half its normal volume, and what little fell came too late to save the crop.

"Starting in January, all the way to the month of May, no, no literally no rain," said Sutton Page, 48. And from May "we started having 100-degree [Fahrenheit] [37.8 C] days and 30-mile-an-hour winds and it just dried everything out."

He had to plow 80 percent of his dying crop back into the ground to stop the land drying out. Of the few small plants that actually grew, it may not even be economical to harvest them.

Frequency

Cotton farmers in the plains of Texas know there will always be bad years, but the drought of 2022 could be the worst yet. And some worry there could be more on the way.

The region is "seeing worse conditions than this time last year," and these are settling in over time, notes Curtis Riganti, a climatologist specializing in drought.

"In the past 10 years, we saw maybe five or six of those years where we saw drought. Maybe one or two of those years we saw a very catastrophic drought," said Kody Bessent, director of one of the region's cotton growers' associations.

These farmers in Texas, a state where climate skepticism abounds, prefer to see unpredictable weather cycles repeating themselves rather than the effects of global warming, which makes extreme weather events more common.

While waiting for answers, everyone is trying their best just to maintain humidity in their soil.

Source: globaltimes.cn- Sep 20, 2022

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European textile exports slide due to energy crisis amid Ukraine war

European textile and clothing industry recently urged the EU to protect the industry from the crisis resulting from exorbitant increase in natural gas and crude oil prices amid Russia's invasion on Ukraine. Latest export data reflects the crisis as outbound shipment of technical textile and polyester products have begun to slide in recent months.

European apparel and textiles confederations like EURATEX, CIRFS, ETSA, EDANA and EUROCOTON have demanded EU to safeguard the future of the industry as gas prices reach sky-high levels. The industry has suggested a mechanism for electricity pricing and called for a cap on gas prices. It said that measures need to be adopted to avoid bankruptcy and relocation of textile production outside of Europe. The associations added that specific segments of the textile industry are particularly vulnerable as man-made fibres (MMF), synthetic and cellulose-based fibres are energy intensive segments and dyeing and finishing production units make very intense use of gas.

Latest data on exports of these products from the EU has highlighted the downward trend. According to Fibre2Fashion's market insight tool TexPro, exports of textile products and articles for technical usage (HS code 5911) declined to $727.345 million in the second quarter of this year. The exports had amounted to $759.015 million in the first quarter of 2022 and $725.802 million in fourth quarter 2021.

The exports of man-made filaments (HS code 54) slipped to $2,101.952 million in the second quarter of 2022 from $2,910.941 million in the first quarter of 2022.

Exports of artificial filament tow or cellulose acetate (HS code 550210) declined from $67.136 million in the first quarter of 2022 to $43.960 million in April-June quarter of this year. The shipment of tyrecord high tenacity yarn of polyester (HS code 590220) decreased to $72.538 million in the second quarter of 2022 from $97.496 million in the previous quarter.

Source: fibre2fashion.com- Sep 21, 2022

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Why Better Cotton Linked With Clinton Global Initiative

Better Cotton on Tuesday announced its involvement with the Clinton Global Initiative (CGI), which convenes global and emerging leaders to create and implement solutions to urgent global challenges.

As part of this initiative, Better Cotton is working with smallholder farmers to pioneer an insetting mechanism to promote and incentivize sustainable agricultural practices. The organization commits to developing a cotton-specific carbon insetting accounting framework to be integrated into the Better Cotton traceability platform.

Better Cotton's traceability system is due to be launched in 2023 and will provide the backbone for the insetting mechanism. Once implemented, it will enable retailers and brands to know who grew their more sustainable cotton, and allow them to incentivize farmers directly with credits.

Until now, it has been virtually impossible to build a carbon-insetting mechanism to reduce greenhouse gas (GHG) emissions in the cotton supply chain at scale, Better Cotton noted. Farmer centricity is a key pillar of Better Cotton's work and this solution ties into its "2030 Strategy" that lays the foundation for a strong response to climate threats within the cotton value chain and mobilizes action for change with farmers, field partners and members.

To launch Better Cotton's "Commitment to Action," Better Cotton chief operating officer, Lena Staafgard, attended the CGI meeting on Monday. The event showcased the initiatives of organizations working toward climate resiliency and featured a video of Alia Malik, senior director of data and traceability at Better Cotton, introducing Better Cotton's innovative solution.

"We are pleased to be a part of the CGI community," Better Cotton CEO Alan McClay said. "This will amplify our work with smallholder farmers and ultimately help us achieve our goals of enabling farmers to profit from implementing more sustainable practices in cotton growing. It will also allow us to further build the business case for traceability up and down the supply chain, and enable brands to have more insight [into] who grows the cotton in their products."

Better Cotton is the world's largest cotton sustainability program, helping cotton communities survive and thrive while protecting and restoring the environment. Through its network of field-level partners, it has trained more than 2.5 million farmers in 23 countries in more sustainable farming practices. A quarter of the world's cotton is now grown under the Better Cotton Standard.

Rather than directly implementing projects, CGI facilitates action by helping members connect, collaborate and develop Commitments to Action–new, specific and measurable plans that address global challenges. Through CGI, the community has made more than 3,700 Commitments to Action that have made a difference in the lives of more than 435 million people in more than 180 countries.

Source: sourcingjournal.com- Sep 20, 2022

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Cambodia: Textile industry minimum wage now $200

The official minimum wage for workers in textile-related sectors including garment, footwear, and travel goods for 2023 was pegged at $198, with Prime Minister Hun Sen stepping in to add $2 to the total, making it $200 per month.

The Ministry of Labour and Vocational Training made the announcement on the morning of September 21, following a final tripartite vote on four options: $198, $206, $210, and $213.

The $198 option garnered the majority of the vote at 46, followed by the $213 option at five.

"The mininum wage has been decided on at $200 for 2023. The meeting voted $198, and Samdech [Hun Sen] added $2, making it $200," said Pav Sina, president of Collective union of movement of workers (CUMW) who participated in the voting.

The minimum wage in 2022 was $194, also including $2 from Hun Sen.

Source: sourcingjournal.com- Sep 20, 2022

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Germany's stock of orders in manufacturing in Jul 2022 rose 0.7% MoM

Germany’s price adjusted stock of orders in manufacturing in July 2022 increased by a seasonally and calendar adjusted 0.7 per cent month-over-month (MoM) compared to June 2022. The stock of orders in July 2022 was 12.6 per cent higher than in July 2021. Thereby, unfilled orders in manufacturing reached a new peak since the beginning of the series in the year 2015.

In July 2022 compared to June 2022 the domestic stock of orders increased by 0.3 per cent while foreign ones rose by 0.8 per cent, according to a release by the Federal Statistical Office (Destatis). The stock of orders rose by 0.6 per cent for manufacturers of intermediate goods. In the consumer goods sector, the stock of orders was 0.8 per cent lower than in the previous month.

New orders decreased by 1.1 per cent and turnover fell by 1.8 per cent. As in the preceding months, the volume of new orders was slightly higher than the volume of turnover in manufacturing in July 2022. The excess demand is likely to be due to the continuing acute shortage of intermediate products. Many enterprises still have difficulties completing their orders as supply chains are interrupted because of the war in Ukraine and distortions, that have been caused by the COVID-19 crisis, persist.

According to the ifo Institute for Economic Research, as much as 73.3 per cent of the industrial enterprises surveyed complained about bottlenecks and problems in procuring intermediate products and raw materials in July 2022. Even though this value slightly decreased compared to June (74.1 per cent), it is still exceptionally high in long-term comparison.

The Federal Statistical Office shows the relationship between material shortages and industrial activity in an analysis with continuously updated figures. The (non-calendar and non-seasonally adjusted) range of the stock of orders stood at 8.0 months (June 2022 also: 8.0 months) in the manufacturing sector in July 2022. For manufacturers of intermediate goods, the range was 4.0 months (June 2022: 4.1 months), and for consumer goods it was 3.5 months (June 2022 also: 3.5 months), added the release.

The range indicates for how many months establishments, theoretically, would have to produce goods until all orders on hand are filled — with turnover remaining constant and without any new orders being received. It is calculated as the ratio between the current stock of orders and average turnover of the last 12 months in the respective branch.

Source: fibre2fashion.com- Sep 20, 2022

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Vietnam to finalise National Power Development Plan VIII for 2021-30

Vietnam's ministry of industry and trade (MoIT) has been asked to finalise the National Power Development Plan (PDP) VIII from 2021 till 2030 with a vision till 2045, focusing on reducing coal-based power. It will review the feasibility of thermal power projects using domestic gas while reducing the capacity of power plants using imported LNG by 2030.

It will also work to raise wind power projects on a reasonable and feasible scale.

The ministry had earlier submitted a report to the cabinet on issues relating to PDP VIII.

A government notification said the ministry should continue its work with investors on implementing coal-fired power projects that are facing obstacles in terms of capital to decide whether to continue such projects under current conditions or adopt other options, a news agency reported.

It is also essential to calculate electricity imports from neighboring countries, especially Laos, to expand the scale of biomass and hydrogen power sources, the notification said.

Solar power planning for 2030 should be reviewed to ensure efficiency, and avoid economic damage, it added.

The ministry has urged the government to allow the deployment of planned and approved solar power projects that have not yet been operationalised with a total capacity of about 2,428 MW as a delay could lead to legal risks and compensation for investors.

Source: fibre2fashion.com- Sep 20, 2022

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Demand for logistics policy, better arrangement at ports in Bangladesh

The Bangladesh government was recently urged by speakers at a seminar hosted by the Dhaka Chamber of Commerce and Industry (DCCI) to make the port logistics system more efficient to reduce the cost of doing business and attract more investment into the industrial sector. They called for framing a 'National Logistics Policy' for a more resourceful and organised port logistics management.

The seminar's theme was 'efficient port logistic management and trade competitiveness of Bangladesh'.

As the Abu Dhabi Port has showed interest to work in Bangladesh's port sector, it would be helpful for enhancing capacity of the ports, shipping secretary Mohammad Mostafa Kamal told the seminar.

Along with Chattogram port, Mongla port has also started handling more containers while Payra port will be fully operational soon, he added.

DCCI president Rizwan Rahman said port logistics management is an important element of international trade competitiveness. With the country's growing export, Chattogram port has become the world's 64th busiest, but has been ranked as Asia's least efficient seaport, he said.

"If the infrastructural capacity of Chattogram port is increased, our cost of doing business will reasonably fall, resulting in better lead time, which lures more investors in the country," Rahman was quoted as saying by Bangla media reports.

Slow container handling, lower drafting capacity, inefficient port management, limited port yards, poor turnaround time and scarcity of modern equipment are a barrier to Chattogram port from turning efficient, according to the World Bank.

Bangladesh is ranked 100th in the logistic performance index and 102nd in the logistics quality and competence index.

Source: fibre2fashion.com- Sep 20, 2022

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Pakistan: Cotton production falls 19%

Pakistan's cotton production has shrunk 19% to 2.19 million bales till September 15, 2022 in the current season mainly due to the devastation caused by heavy rainfall and flash floods nationwide.

Sindh, the worst-hit province, has, however, managed to make notable supplies in the past 15 days, negating earlier reports of complete destruction to the cotton crop in the province.

Data breakdown suggests that Sindh produced a total of 274,215 bales in the past 15 days (Sept 1-15), taking the total to 1.10 million bales so far in the current season.

The production of 1.10 million bales, however, is 36% lower compared to 1.73 million bales produced in the same period last year, according to the Pakistan Cotton Ginners Association (PCGA).

Cotton production in Punjab increased 12% to 1.08 million bales in the current season compared to 0.96 million bales in the corresponding period of last year.

Usually, Punjab produces 70% of the total crop, while the remaining 30% is produced by Sindh.

This year, however, the floods have impacted the harvest. As a result, Punjab is expected to produce around 3.5 million bales while Sindh's output may reach around 2 million bales, former PCGA chairman Dr Jassu Mal Leemani said while talking to The Express Tribune.

Before the floods, Punjab was expected to produce 5.5 million bales and Sindh 3.5 million bales in the current season. However, now Pakistan will produce around 5.5 million bales. "The country is expected to import a similar quantity (5.5-6 million bales) to overcome the shortfall," he said.

"Imports will not be very high compared to expectations (worth around $4 billion) due to the likely fall in exports amid high inflation in major export destinations (the US and Europe) for our textile products," he said.

He dismissed the talk that Sindh had completely lost the cotton crop due to the recent floods. “The province has lost on an average 50% of the crop,” he said, adding that the receding floodwater had encouraged farmers to pick phutti (cotton flower) from the fields.

“This is evident from the fact that around 230 ginning factories are currently running in the province. Reports suggest that 217 factories were operating at this time last year.”

He said the heavy rainfall and floods had also impacted the cotton output in Punjab. Its production may drop in the coming months. “Increase in production in the past 15 days (Sept 1-15) came due to the harvest of early crop in the province.”

Source: tribune.com.pk - Sep 20, 2022

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Pakistan: Crop damages to hit rice, cotton exports

Pakistan's rice and cotton exports are likely to suffer due to massive production losses caused by recent floods, said Hyderabad Chamber of Commerce and Industry president Adeel Siddiqui on Tuesday.

He said the floods had destroyed the rice crop by 50pc whereas cotton had been washed away which was a direct loss to textile exports.

Talking to a delegation of importers and exporters on Monday, Mr Siddiqui said Pakistan was the fourth largest rice exporter and fetched over $2bn last year. "Climate change-driven weather patterns had caused massive rainfall leading to damages to rice and cotton crops," he added.

Source: dawn.com- Sep 21, 2022

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NATIONAL NEWS

Commerce Ministry likely to announce new Foreign Trade Policy on September 29

With focus on digitisation, e-commerce, R&D, the policy will set road map for $1 trillion exports by 2030

The Commerce Ministry is likely to announce the long-pending new Foreign Trade Policy on September 29 with a focus on promoting ease of trade, e-commerce, IT-enablement, R&D and export hubs and lowering transaction costs, a source tracking the matter said.

"The long-term FTP, which has been delayed by over two years due to the Covid-19 disruptions, will be implemented from October 1 and is likely to be for a full five year period, till 2027, to give much-needed policy stability to exporters," the source said. But a shorter duration policy cannot be ruled out yet keeping in mind the general elections of 2024, the source added.

Roadmap for $1 trillion exports

The existing FTP (2015-20) has been extended several times for short durations. The last six-month extension from April 1, 2022 will end on September 30, 2022, after which the new policy will kick in.

The new FTP will come with a vision statement and provide a roadmap for reaching $1 trillion exports in goods as well as services by 2030.

India's exports touched an all time high of $422 billion in 2021-22 posting a growth of 44 per cent over the previous year. But there has been a deceleration in growth in the last two months this fiscal due to slowdown in global demand. In 2022-23, the Ministry may set a target of about $450-$470 billion in goods exports,

"While there is not much expectation in terms of fiscal benefits with existing schemes such as RoDTEP and RoSCTL taking care of input duty remissions for exporters, there could be some incentives for promoting research & development and innovation," the source said.

Digital focus

IT-enablement is likely to be in focus in the FTP as the government is seeking to promote digitisation in a big way and make available most benefits and facilities available to exporters through the online mode. ”The current system restricts the exports with the DGFT offices having jurisdiction over their entities.

In electronic processing, such jurisdiction is not relevant. The application for authorisations and amendments may be marked by the system to any officer based on the workload in a faceless manner for optimum utilisation of manpower and give the advantage if faceless processing to exporters,” exporters body FIEO pointed out.

Promoting e-commerce, by dedicating an entire chapter to how e-commerce can help MSMEs, promote GI (Geographical Indication) products and push the one-district-one product scheme of the government, the source added.

POINTERS

- New FTP to be implemented from October 1 2022
- To have a `vision statement’ for export promotion in all sectors
- Work towards $1 trillion export target each for goods, services
- Focus on e-commerce; to help MSMEs , district hubs
- Promote digitisation, make available facilities online
- Incentivise R&D and innovation

Source: thehindubusinessline.com- Sep 20, 2022

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Goyal calls for need to globalise trade

Commerce and industry minister Piyush Goyal on Tuesday said India needs to "globalise trade" and get the best from the world while simultaneously giving it the best.

The call for greater engagement with the world comes at a time when key western markets are witnessing recession. India is aiming at goods and services exports of about $750 billion for FY22, up 11% from a record $676 billion in the last fiscal, despite concerns around demand slowdown in its top markets–the US and the EU.

Exhorting domestic industry to focus on five key areas in the manufacturing sector (standards or quality, durability, design, price and sustainability), the minister called for the adoption of best global standards. To build competitive edge, companies must adopt new technologies like IoT, AI and machine learning, while looking at "upskilling and retraining our workforce to be able to meet the needs of Industry 4.0", he said.

Addressing a Ficci event, Goyal asked industry to capitalise on the production-linked incentive schemes that have been announced for over a dozen sectors. The country needs to focus on green energy, reducing emissions and adopting various sustainability and other targets under the SDG goals, he added.

Goyal to visit Indonesia for G-20 talks

Goyal will be on a visit to Indonesia between September 21 and 23 for the G-20 trade, investment and industry ministerial meeting. He is also expected to attend a meeting of the G20 trade ministers, convened by US Trade Representative Katherine Tai in Bali on Wednesday, to deliberate on reform measures relating to the World Trade Organisation's (WTO's) dispute settlement mechanism.

India has already called for expeditious restoration of the almost-dysfunctional Appellate Body of the WTO for dispute resolution, without diluting its core features. The US has blocked the appointment of judges, thus crippling the WTO's appellate mechanism.

Source: financialexpress.com- Sep 21, 2022

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Proposed India-UK FTA to push exports of labour-intensive sectors

Both sides keen on concluding negotiations by Diwali

The proposed India-UK Free Trade Agreement (FTA), which may be concluded as early as Diwali (October-end) this year, is expected to push Indian exports of labour-intensive sectors like leather, textile and jewellery, a Commerce Ministry official has said.

Services like IT/ITeS, nursing, education and healthcare are also likely to get a huge thrust in the FTA, said Rajendra Ratnoo, Joint Secretary, Department of Commerce at the India-UK Business Outreach organised by Assocham, on Tuesday.

The FTA with UK is expected to provide certainty, predictability, transparency, and create a more bilateral facilitative and competitive services regime, Ratnoo said, according a statement issued by Assocham. "FTA expands sector and corporation, enhances our exports by addressing market issues on both the sides and removing the restrictions which are impeding the trade on both sides".

UK High Commissioner to India Alex Ellis stressed on the need for increased trade and investment between India and the UK and said that FTAs are an effective way to increase employment and growth in both countries, the release said.

Keen on market access

In the area of goods, UK is keen on more market access for items such as transport equipment, electrical equipment, medical devices, chemicals, motor vehicles and parts as well as wines & sprits and some fruits and vegetables.

The Indian industry is focussed on areas such as textiles, food & beverages, tobacco, leather & footwear, and agriculture items including rice.

Source: thehindubusinessline.com– Sep 20, 2022

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Changing contours of India's FTAs

Export thrust. Along with greater trade cooperation and lower duties, new free trade agreements include digital trade

The free trade agreements (FTAs) that India is now negotiating with the UK and the EU show how this trade policy tool is evolving to keep pace with new-age requirements.

Where the old agreements were merely exchanges of Customs duty concessions between partners, the new ones are considering the strategic requirements of the country. In fact, over the decades, India's FTAs have changed quite dramatically. The recent agreements go beyond the exchange of trade concessions; now they are designed to enable a stronger position for India in the Global Value Chains (GVCs) and include several new components.

The FTA journey

India's FTA journey started in 1975 with the Bangkok Agreement but it was in 1998, with the signing of the India-Sri Lanka FTA that duties were eliminated on substantial tariff lines for the first time. After the 'Look East Policy' was announced, several agreements were signed with East Asian countries.

However, by 2019, questions were being raised about these FTAs' economic benefits for India. That these agreements did not in any meaningful way tackle non-tariff barriers, the benefit to India's FTA trading partners was seen to be more.

India in 2019 exited the 16-country RCEP as it was felt that the agreement included inadequate safeguards for Indian industries and its scope itself had been widened beyond the original mandate.

Post the withdrawal from RCEP, and subsequent Covid-19 hiatus, India has started looking at countries from where it can seek investment, technology, IP, and, more importantly, a ready as well as a potential market for its goods and services, in exchange for access to its markets.

Therefore, FTAs were signed in quick succession with Mauritius, the UAE, and Australia; partners that offer Indian products and services scope for enhanced market access. India is currently in negotiations with the UK, the EU, and Canada.

The UK agreement is expected to conclude by Diwali and that with Canada by the end of this year. These countries offer many of the factors that India needs to establish a dependable production capability serving both global and domestic markets. With these FTAs, sectors such as gems and jewellery, engineering goods, agro-processed foods, textiles, technology, and financial services are likely to gain.

To achieve the $2-trillion export target by 2030, India's active participation in GVCs is essential. Today, 70 per cent of the global goods and services exports come from GVCs. GVCs require close trade cooperation, lower duties, and efficient customs administration. An FTA ensures increased trade cooperation and lower duties. Additionally, the inclusion of new-age areas like digital trade in FTAs is a welcome step since digital technology continues to disrupt and transform GVCs by lowering entry barriers, increasing transparency, and facilitating collaborative networks.

Trade facilitation

There is also a need to improve the efficiency of ports, shipping, Customs, etc., via automation, which can also be a big boost for participation by MSMEs.

The existing value chains are being disrupted as many organisations and countries feel the need to develop alternative sources of supply in which all the components are available in the vicinity or within the country's own economy. Therefore, India must look at a hybrid model to source from the most efficient suppliers, including domestic players.

The new-age FTAs being signed look at trade more holistically which reflects the changing paradigm of international economic relations. Trade in services, e-commerce, labour, climate/environment, digital trade, public procurement, supply chains, gender, etc., all find a place.

While India's FTAs with Australia and the UAE are a mix of traditional and modern elements, the new agreements with the UK and the EU have more modern elements.

India is expressing its understanding of these changes and adopting the elements that drive the modern economic trade order. The implications are that these FTA obligations will also impact domestic rules and regulations in several of these areas.

Source: thehindubusinessline.com– Sep 20, 2022

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Apparel, accessories, home textiles likely in Textile PLI 2.0

The second edition of the production-linked incentive (PLI) scheme for textiles is likely to offer incentives for manufacturing of garments and home textiles such as blankets and bed spreads, and textile accessories like lace, button, and zippers.

The textiles ministry is considering three investment thresholds of ₹15 crore, ₹30 crore and ₹45 crore, with double turnover as the criteria for incentives that would range between 8% and 10% under the ₹4,200 crore scheme. It is also likely to add a minimum number of stitching and sewing machines as another benchmark to avail the sops.

"The scheme will attract investment and reduce the import dependence in textile accessories," said an official, adding that such value addition sectors are labour-intensive that require low investment but have a high potential to create jobs.

The selected companies would have to achieve the minimum turnover, which is two times the investment, in the first year and then 20% increase in turnover over the previous year.

PLI 2.0 for the textile sector is being considered as the ministry has an unutilised budget of about ₹4,000 crore after it approved 64 applications with an investment potential of ₹19,798 crore and projected turnover of ₹1.93 lakh crore in the next five years under the first phase of the scheme.

In the first edition of textile PLI scheme, the minimum investment required was ₹100 crore and ₹300 crore while the minimum turnover required to be achieved for incentive was ₹200 crore and ₹600 crore, respectively.

Industry had sought a lower investment threshold of ₹25 crore instead of ₹100 crore in the second PLI and also a waiver from the condition to set up a new company for the purpose of investment.

Source: economictimes.com– Sep 21, 2022

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DPIIT planning multi-media campaign to promote over 400 GI products

The commerce and industry ministry is planning a multi-media campaign to promote over 400 GI (Geographical Indication) products such as Darjeeling Tea, Chanderi Fabric, Mysore Silk, and Kashmir Walnut Wood Carving.

The Department for Promotion of Industry and Internal Trade (DPIIT) intends to empanel one or more audio-visual agencies to carry out various multi-media campaigns, production of advertising and promotional materials on a regular ongoing basis," said the department's notice inviting request for proposal.

The agency will also support the department in scaling up the GI campaign through manifold interventions, considered important for building a strong GI ecosystem, it said.

DPIIT, under the ministry, is looking to empanel reputed audio-visual agencies for GI promotion campaign.

Work for the empanelled agency or agencies would include production of films, documentaries, sponsored AV (audio-visual) programmes, AV spots, and production of short videos.

The notice said lack of promotion and publicity of Indian GI products have led to minimum awareness and interest within the young generation thus translating into very limited usage of these goods.

It stated that there are more than 400 GI products registered in India.

Considering the enormous commercial potential of GI, it is important to focus on marketing, branding, publicity campaign and cataloguing of GI products and this can be achieved by use of e-business tools, communication technology and development of web portals, it said.

This would further increase employment avenues for the producers and boost the economy, the notice added.

Explaining the purpose of the campaign, it said effective communication is the key to successful design and delivery of government projects and services as it plays an important role in helping all stakeholders understand their roles and responsibilities in project life cycle.

Historically, it is found that many of the good programmes of the government did not produce the desired impact on account of very low acceptance by citizens, lack of consistency in communicating the right message and unplanned use of media channels, it added.

Awareness and communication programmes help to ensure that relevant information reaches the right person at the right time, attracts attention of the users, creates awareness about issues and finally influences the behaviour of all concerned in the desired direction," it said.

The notice said that for benefits of right holders who are majorly local artisans and craftsmen, creation of a well-planned and detailed multi-media communication strategy is required along with a thorough execution on all-India basis.

The primary objective of these campaigns is to develop a premium brand around Indian GI products, promoting them as niche products.

The last date for receipt of proposals is October 7.

A GI is primarily an agricultural, natural or a manufactured product (handicraft and industrial goods) originating from a definite geographical territory.

Typically, such a name conveys an assurance of quality and distinctiveness, which is essentially attributable to the place of its origin.

There is a proper process of registration of GI products which includes filing of application, preliminary scrutiny and examination, show cause notice, publication in the geographical indications journal, opposition to registration, and registration.

Any association of persons, producers, organisation or authority established by or under the law can apply. The applicant must represent the interest of the producers.

The famous goods which carry GI tag include Basmati rice, Darjeeling Tea, Chanderi Fabric, Mysore Silk, Kullu Shawl, Kangra Tea, Thanjavur Paintings, Allahabad Surkha, Farrukhabad Prints, Lucknow Zardozi and Kashmir Walnut Wood Carving.

Under the Paris Convention for the Protection of Industrial Property, GI is covered as an element of intellectual property rights (IPRs).

They are also covered under the WTO's Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement.

India's Geographical Indications of Goods (Registration & Protection) Act 1999, is effective from September 15, 2003.

Once a product gets this tag, any person or company cannot sell a similar item under that name. This tag is valid for a period of 10 years following which it can be renewed.

The other benefits of GI registration include legal protection to that item, prevention against unauthorised use by others, and promoting exports.

Source: business-standard.com– Sep 19, 2022

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CEA says India poised to grow at 7% this year and for rest of decade

India's economy is well poised to grow at a sustained rate of seven per cent "as we go into 2023" and for the rest of the decade, chief economic advisor V Anantha Nageswaran said on Tuesday. His projections are lower than the estimate of 8-8.5 per cent GDP growth in the current financial year provided in the government's Economic Survey in January 2022.

"India recently surpassed the United Kingdom to become the world's fifth largest economy in absolute terms. While that is a creditable achievement, it is not exactly a surprise," Nageswaran said in a virtual address at the Global Fintech Fest in Mumbai.

"I think this decade--whether we call it a decade or something more than that--India looks at the moment well poised to repeat a sustained growth rate of around seven per cent for the remainder of the decade as we go into 2023 and beyond," he said.

The Reserve Bank of India's forecast for GDP growth in the current financial year is 7.2 per cent. Many analysts, however, expect the central bank to lower its GDP forecasts as the growth in the first quarter of the year far undershot projections.

India's GDP grew 13.5 per cent in April-June, lower than the RBI's projection of 16.2 per cent.

For the previous financial year as a whole, GDP growth was at 8.7 per cent, according to the government's estimate.

Speaking about the future scope of financial technology in India, Nageswaran said a shift was now being observed from the creation of the infrastructure to the creation of the "superstructure".

"The next phase that happened even as the pandemic was raging was about increasing access to financial services. Credit, insurance, investment (have been) driven by digital platforms and also propelled by fintechs in banking innovation," he said.

The chief economic advisor stressed upon the crucial need for interoperability in the financial technology space and said India and Singapore would be working to smoothen processes related to remittances and bring down costs.

"…we are going to enable interoperability with Singapore's e-nets platform so that our workers living in Singapore can remit money back to India instantaneously. This has been facilitated with the UAE as well because remittances from Indian workers overseas is an important component for their families back home," he said.

While acknowledging the vast scope of financial technology in furthering financial inclusion, Nageswaran however, flagged risks, particularly for those with a low level of financial literacy.

"We're talking about credit guarantee funds for MSMEs (which) are also cash-flow based lending without any collateral and that is what is both a plus and minus because non-collateral based lending can be done through digital apps. It has also created abuse of the system," he said.

"There is a need to make sure that cash-flow based lending apps do not exploit borrowers especially if they are financially illiterate. That is why making these things available in the local language is critical in bridging the financial divide and the digital divide," he said.

Source: business-standard.com– Sep 19, 2022

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PLIs alone can't spur investment

When demand is stagnant, there is less inducement to invest. Consumption spending needs to rise

There could be some impatience on the part of the government over the rather indifferent response of the corporate sector when it comes to investment. Schemes such as PLI have been floated by the government to encourage industry to invest more in capital that will result in higher output which, in turn, will be rewarded with a cash-back of 4-6 per cent. Yet, the capital formation rate has moved rather sluggishly to 29.2 per cent, which is well below levels of 36.1 per cent seen in FY12.

There are two issues here. The first is the structure of capital formation in the economy in terms of which sector or institution provides the impetus. The second is consumption, which needs to increase to induce industry to invest more as capacity utilisation rates improve.

CSO data on gross capital formation presents an interesting picture on the entities involved in build-up of investment for the country. In FY21, which is the latest year for which this information is available, the biggest contributor was the household sector with a share of 39 per cent.

Of this, 25.4 per cent was in houses, and 13.4 per cent was accounted for by plant and machinery. Therefore, it is necessary for individuals to buy more homes to drive investments.

The second part is the contribution of SMEs and this is the Achilles Heel. The plant and machinery emanating from the household sector is the investment made by SMEs. This segment has been buffeted quite sharply by the lockdowns and is in the process of recovering. Several micro and small units have also closed down, thus making the pushback stronger.

While the emergency credit line which guarantees loans taken by them help, the funds have been used for working capital, and hence survival, rather than growth. The government can consider a plan to provide a similar guarantee for pure investment purposes, which can be done through SIDBI.

The second largest player in capital formation is private non-financial corporate sector which has a share of around a third. Here, the main challenge is that companies will invest provided there is demand. The third important entity is the government with a share of around 16 per cent. These three segments account for almost 88 per cent of the country's total capital formation.

Most of the government investment is in construction that gets reflected in roads and urban development. The challenge here is that while the Centre manages to meet its budgetary commitments, the States do not because they are grappling with fiscal constraints that often lead to cut back on capex spending to ensure fiscal deficit targets are not breached. The other significant entity is the PSU (non-financial) with a share of around 10 per cent. With several of them either in the throes of regulation (oil) or under financial strain (Discoms) or just being unviable and waiting to be disinvested, the drive for further investment is limited.

The other interesting aspect to capital formation in the economy is looking at it from the point of view of economic sectors that contribute to investment. The dominant sector here is real estate, with a share of 26.5 per cent, followed by manufacturing with 14.3 per cent. Hence, if one looks at the focus of the government on, say, the PLI, it impacts just one segment of the economy.

The 'Transport, communications, storage' segment has a share of 9.5 per cent of which, communications has 5.5 per cent. Investments here will be driven by the regulatory environment as telecom is one sector that has been embroiled in several controversies since the start of the last decade. The government sector has a share of 12.3 per cent (public administration, etc.) and agriculture 9.2 per cent. Electricity, gas, water, etc., has a share of 7.5 per cent.

Twofold problem

Some questions need to be posed. Are we doing enough on agriculture to push up investment here? Are we clear about how the telecom sector should grow, as with MNCs being involved, lack of clarity can be a deterrent (the Vodafone case)? Have we ironed out the problem on the power side (Discom issue)? What kind of push is being given to the real estate sector?

Therefore investment needs to go beyond the PLI which pertains to manufacturing to address challenges in terms of demand. When demand is stagnant there is less inducement to invest as there is a cost of capital as well as cost of holding inventory involved.

The problem today is twofold. The first is that jobs have not been created commensurate with economic growth, which was an issue even before the pandemic. This is why growth in income has been slower and has come in the way of incremental demand. The second issue is inflation. High inflation in some of the key consumption segments has militated against demand.

The overall consumption basket is skewed in the following manner. Food products account for a third of the basket followed by housing and transport which have a share of around 14.5 per cent each. Then come health, clothing and education with shares close to 5 per cent each.

The CPI inflation has been persistently high in all these segments barring housing. As consumers maintain their consumption of these products or services, which are considered essential, there is less left for discretionary consumption thus leading to the demand-supply gap with the latter being higher. Such a scenario plays out also in non-consumption goods because at the end of the day all goods produced are linked to consumption. For steel demand to increase there needs to be either more cars being produced or houses constructed or factories coming up.

Therefore, the situation is quite complex and for investment to increase on a large scale, consumption too should be rising at a smart pace. This can be accomplished with more spending, through higher incomes being spent after being generated, which in turn leads to the issue of job creation. Also, we have to look at all sectors when providing incentives, and not just manufacturing. This can be a pointer for future policy decisions on investment.

Source: thehindubusinessline.com– Sep 20, 2022

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India's T&A exports down 1.86% in Apr-Aug 2022

Indian yarn market and the entire value chain are witnessing a slower demand, which is visible in the latest export figures. India's August 2022 exports of textiles and apparel (T&A) declined due to volatility in the global market. Outbound shipment of T&A slipped by 1.86 per cent to $15.691 billion during the first 5 months of current fiscal 2022-23.

According to the latest figures released by the ministry of commerce and industry, textile and apparel exports reduced to $15.691 billion in April-August 2022 from $15.989 billion during the same period of last year.

However, apparel exports grew by 17.78 per cent to $7.105 billion because of better performance in the previous months of this fiscal.

India's exports of cotton yarn, fabrics, made-ups, handloom products etc fell by 16.57 per cent to $4.992 billion in April-August 2022 from $5.984 billion during the corresponding period of last year.

Man-made yarn, fabrics and made-ups exports slipped from $2.231 billion to $2.185 billion during the period under review.

The exports of carpets fell by 15.40 per cent to $604.03 million. Handicrafts (excluding handmade carpets) exports also eased by 29.36 per cent to $592.33 million in the first five months of current fiscal compared to $838.53 million in April-August 2021. Total textile exports fell 13.76 per cent to $8.586 billion from $9.586 billion.

The exports of all the products in the textile segment registered a decline in the month of August.

Export figures indicate that international trade, especially of discretionary products like garments and home textiles, is facing a slower demand.

In the post-pandemic era, the global economy is facing challenges such as the Russia-Ukraine war, which has disrupted global trade and supplies of not only textiles and apparel but also food grains and many other important commodities.

Experts feel that high inflation all over the world has left the consumers without money for discretionary expenditure, which in turn has dried up demand for many consumer items including textiles.

Not only India, but many other textile exporting countries are witnessing a decline in outbound shipments of apparel and textiles, which could be a sign of global recession.

Source: fibre2fashion.com– Sep 20, 2022

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EPFO payroll data: 10.58 lakh new workers added in July

Around 10.58 lakh new members came under the social security cover of the Employees' Provident Fund Organisation (EPFO) for the first time in July. This is approximately at the same level as June, when 10.54 lakh new workers joined EPFO for the first time.

"The data of new members joining EPFO has shown a growing trend since April," said a statement by the Ministry of Labour and Employment on Tuesday.

In May this year, 9.6 lakh first-time members had joined EPFO, while, in April, 9.23 lakh new members had joined.

Provisional payroll data of EPFO released on Tuesday revealed that of the 10.58 lakh new members added, approximately 57.69 per cent are in the age group of 18 to 25 years.

"This shows that first-time job seekers are joining organised sector workforce in large numbers following their education, and new jobs in the organised sector are largely going to the youth of the country," the Ministry added.

According to the data, the EPFO added 18.23 lakh net members in July, which is 24.48 per cent higher than July 2021.

Around 4.07 lakh members exited from the ambit of EPFO and 11.72 lakh members exited and rejoined EPFO in July, the data showed.

"These members have chosen to retain their membership through transfer of funds rather than opting for final settlement," said the Ministry, adding that this may be attributed to various e-initiatives taken by EPFO for seamless and uninterrupted service delivery.

Female workforce leads

Gender-wise analysis of payroll data indicates that 4.06 lakh net female members were enrolled in July, registering a 34.84 per cent growth year on year.

Significantly, among the total new members that joined EPFO during the month, enrollment of female workforce was recorded as 27.54 per cent — a 12-month high.

"This indicates that female participation is rising in the organised workforce with respect to new members joining EPFO," said the Ministry. Industry-wise payroll data indicates that mainly two categories — 'expert services', consisting of manpower agencies, private security agencies and small contractors — and 'trading-commercial establishments' constitute 46.20 per cent of the total members added in July.

In contrast to industry wise data for June, higher enrollments were recorded in industries, including schools, building and construction industry and financing establishment.

State-wise payroll figures revealed that month-on-month growth in net member addition was observed in Tamil Nadu, Delhi, Telangana, Andhra Pradesh and Madhya Pradesh. In July, Maharashtra, Karnataka, Tamil Nadu, Haryana, Gujarat and Delhi continued to lead and added about 12.46 lakh net members, which was 68.36 per cent of the total net payroll addition across all age groups.

Source: thehindubusinessline.com– Sep 20, 2022

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