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EUR	79.86
GBP	90.80
JPY	0.57

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INTERNATIONAL NEWS

EU wants to limit 'fast-fashion' imports

The European Commission is developing a sustainable textile strategy to divert as many items as possible from both store shelves and people's closets into recycling and reuse programs by 2030. The EU is also planning to set a limit to "fast fashion" import.

Currently, each person in the European Union discards annually about 11 kilograms of textiles, mostly clothing.

Several studies indicate that clothing that has been worn only seven to 10 times is frequently discarded. This is completely untenable. The European Commission is therefore developing a textile strategy.

According to the proposed plan, all textiles sold on the EU market by 2030 must be durable and recyclable.

"Clothing should be made from eco-friendly fibers: these are recycled fibers, free of harmful compounds and produced with environmental and social rights in mind," Vivian Loonela, the head of the European Commission's Estonian representation, told ERR.

This includes a reduction in the flow of fast textile production chains into the EU. While "quick fashion" is less expensive, the products are often of lower quality and have a higher environmental impact, Loonela explained.

"The spring strategy presented by the Commission elaborates on the following goals: to reduce the number of collections per year, take responsibility, act to minimize one's carbon and environmental footprint. It is also important to think about where these products are manufactured and the employment conditions of the workers."

There are no intentions to expand the quota system already applied to textile industry.

Another major issue is the disposal of textile waste. Textile consumption is the third most negatively affected factor within the Union, after water and land use, and the fourth most detrimental factor on the environment and climate change at large.

"It has been agreed that beginning from 2025, separate pickup of textile waste will be mandated everywhere in the European Union. Member states are now incorporating these guidelines into their legal frameworks."

Textile waste is a quickly growing export item, in particular to non-European countries. Loonela said the Commission has proposed restrictions on that as well.

"If they are to be exported from the OECD, the world's richest economies, this should only be done if the destination country notifies the Commission that it is willing to accept the waste and can handle it responsibly. It shouldn't be the case that clothing is piled up in the European Union and then dumped somewhere in third countries."

All of these anticipated improvements could bring about the creation of platforms for clothing exchange and renting, for example.

"We've done a lot of good work in Estonia with the European Commission Representation, the Reuse Centre and Reet Aus to show people how textile sorting works and how old textiles could be recycled into new: what could be thrown away and what should be reused, and people have responded positively."

Member states are now discussing the proposed plan. Loonela added that the EU Council will likely adopt the policy by the end of the year.

Source: news.err.ee- Oct 10, 2022

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'Well-Stocked Retailers' Behind Falling Cargo Imports

Container shipments entering U.S. marine gateways are expected to fall to their lowest level in almost two years during the fourth quarter, according to the National Retail Federation (NRF) and Hackett Associates' Global Port Tracker.

Friday's report projected that 1.96 million TEUs will enter the U.S. in December, a 6.1 percent drop from the same period in 2021. It could see the lowest import volume since February 2021, the last time the monthly total fell below 2 million TEUs.

The data showed that the year-on-year decline in imports began during the summer. U.S. ports handled 2.26 TEUs in August—up 3.5 percent from July, but down 0.4 percent from the same period in 2021. The first six months of 2022 drew 13.5 million TEUs, a 5.5-percent increase from the first half of 2021.

With September data not yet reported, Global Port Tracker projected a 3-percent year-over-year decrease to 2.07 million TEUs for the month. October is expected to reflect a 9.4-percent downturn to 2 million TEUs, with 2.01 million TEUs projected for November, down 4.9 percent from a year ago. That brings the forecast for the rest of the year to 12.5 million TEUs, 4 percent lower than the same period in 2021. The full year is still expected to outpace 2021's record 25.8 million TEUs with 26 million total.

NRF vice president for supply chain and customs policy Jonathan Gold said the numbers reflect retail's overstocked inventory position. "The holiday season has already started for some shoppers and, thanks to pre-planning, retailers have plenty of merchandise on hand to meet demand," he said.

Many brought in inventory earlier in the year to combat rising inflation and lingering supply chain disruptions—challenges that persist today. "Despite the lower volumes, retailers are still experiencing challenges along the supply chain, including U.S. ports and intermodal rail yards," Gold added.

Hackett Associates founder Ben Hackett agreed that falling demand for imports are in line with where the industry's stock level stands. "The growth in U.S. import volume has run out of steam, especially for cargo from Asia," he said, echoing Chinese government officials who said the country's factories have reported "falling orders." "Recent cuts in carriers' shipping capacity reflect falling demand for merchandise from well-stocked retailers even as consumers continue to spend."

The factory closures during China's October Golden Week holiday, along with "Zero Covid" lockdown policies, "have impacted production, reducing demand for shipping capacity from that side of the Pacific as well," Hackett added.

The Global Port Tracker projects an import bounce-back in January 2023, forecasted at 2.06 TEUs—up from December, but down 4.9 percent from January 2022. February is projected at 1.8 million TEUs, down 15 percent year over year amid Lunar New Year celebrations. Volume remained high during February 2022 as ports worked through cargo backlogs from 2021's order surge.

While imports are projected to decline month-over-month through the coming months, NRF forecasts that total retail sales will increase 6 percent to 8 percent over 2021. Sales grew 7.5 percent during the first eight months of the year.

Others expect lower holiday spending, however. Deloitte sees November-to-January sales reaching $1.45 trillion to $1.47 trillion, for a 4-percent to 6-percent increase from last year. AlixPartners estimates a "tepid" U.S. holiday sales increase of 4 percent to 7 percent from last year's $886.7 billion sales, up more than 14 percent from holiday 2020.

Inflation is the likely culprit. Plus, three-quarters of U.S. shoppers believe the country is in, or is headed for, a recession, market analytics firm Jungle Scout reported. More than half are downsizing their gifting lists and budgets over the coming months, it said.

Source: sourcingjournal.com - Oct 10, 2022

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USA: Economy's Adding Jobs, But Where's Retail?

U.S. job growth slowed for the second month in a row.

The Department of Labor on Friday said total nonfarm payroll employment rose by 263,000 in September, slightly better than the 255,000 economists expected but lower than Citigroup's 265,000 forecast and Nomura's 285,000. The increase was also below the 315,000 jobs created in August, and trailed the average of 420,000 added each month this year. Moreover, the labor force participation rate slipped to 62.3 percent from 62.4 percent in August. And while many expected the unemployment rate to hold steady at 3.7 percent, it fell to 3.5 percent last month.

While job gains were visible in most industries, particularly in leisure and hospitality and health care, the labor department said "employment showed little change over the month" in sectors such as retail trade, other services and government.

The industry has been moving in this direction. Walmart has been rolling out high-tech automation systems. On Thursday, it announced plans to acquire e-grocery fulfillment provider Alert Innovation. In September last year, it said it was adding 20,000 workers to its supply chain. Walmart recently filed a Georgia Worker Adjustment and Retraining Notification stating it plans to cut 1,458 jobs, effective Dec. 2, at its Atlanta e-commerce fulfillment center as it transitions to a Walmart Fulfillment Services business support site. The retailer in August also announced 200 corporate layoffs.

Tech investments speed up order processing and delivery times while reducing labor needs. Last month, Walmart reported plans to hire just 40,000 holiday workers, 73.3 percent less than last year. Many job seekers choose seasonal retail work with the hope of going full-time.

Target, by contrast, is recruiting 100,000, on par with last year, while Macy's, Kohl's and Amazon are also staffing up. Dick's Sporting Goods, which hired 9,000 temporary employees for the holidays, plans to hire 1,000 fewer than in 2021.

The sector is poised to see continued changes. Retailers from Walmart to Kohl's have been investing in self-checkout to give shoppers convenient options. Some Five Below locations only have self-checkout, with just one retail associate stationed to assist customers with technical difficulties. H&M is also rolling out self checkout to more markets.

But even with those changes at retail, which represents about 25.8 percent of U.S. employment, the current job market is still considered to be in a good place.

According to The Conference Board senior economist Frank Steemers, the labor market remains "very tight," even if there are signs of cooling. He noted that there are no clear signs yet of increasing layoffs, although that could change in next year as growing signs point to a U.S. recession. "Still, the unemployment rate is currently project to only rise to about 4.5 percent in 2023, still quite low," Steemers said. "With the recession projected to be short, job losses may be relatively small."

What isn't so clear is if the latest jobs report will force Fed action on interest rates. Another interest rate hike is expected next month, although there's debate over what that increase could be.

To Federal Reserve chairman Jerome Powell, high job openings plus low unemployment signals a tight labor market. And the latest Job Openings and Labor Turnover Survey data show that availability dropped by 1.1 million vacancies in August. That ordinarily would be good news because it suggests that tighter monetary policy has slowed hiring.

But this time, the decline in job openings comes against both a decline in the unemployment rate to 3.5 percent and wage growth remaining at rates above the Fed's 2 percent inflation target. Those factors suggest that the Fed will further tighten monetary policy, possibly at a 75 basis point increase, to dampen inflation. That translates to higher borrowing costs for businesses and consumers, as well as fewer dollars left for discretionary spending at retail.

Source: sourcingjournal.com- Oct 09, 2022

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EU's apparel import from Vietnam rises, but still below pre-FTA level

Apparel import of European Union (EU) from Vietnam shows upward trend in recent quarters as the bilateral trade boosted after the Free Trade Agreement (FTA). However, an analysis shows that EU's apparel import from Vietnam could not breach the pre-FTA level. European Union and Vietnam signed FTA in mid-2019, and it came into effect from August 2020.

According to Fibre2Fashion's market insight tool TexPro, EU imported garments worth $1.202 billion from Vietnam in Q2 this year, compared to the import of $1.215 billion in Q1. In Q4 2021 European countries imported garments valued at $0.974 billion, which was lower than import of $1.090 billion in Q3 2021.

The trend of import figures suggest that the trade remained quite volatile. Last two quarters noted impressive growth from the preceding quarters. The import breached a mark of $1 billion in Q3 2020, immediately after the first wave of COVID-19. However, the import value dipped to $0.574 billion in Q2 from $0.948 billion in Q1 2020, which increased to $1.128 billion in Q3, only to decline to $1.234 billion Q4 2020. EU's garment import from Vietnam was valued at $1.132 billion in Q2 2021, and $1.170 billion in Q1 2021.

Annual figures of EU import from Vietnam gives clearer picture. As per TexPro, imports were valued at $3.836 billion in 2021, $3.650 billion in 2020, $4.190 billion in 2019 and $4.081 billion in 2018. The annual figures suggest the bilateral trade could not breach even pre-FTA level. The FTA was signed on June 30, 2019 and was implemented from August 1, 2020. Therefore, the agreement came into effect immediately after the first global wave of COVID-19. The import had recorded steep fall in Q2, 2020 as economic activities halted due to the devastating pandemic.

Source: fibre2fashion.com- Oct 11, 2022

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Used apparel to be 27% of average resale buyer's closet by 2023: Study

The estimated value of the apparel, footwear, and accessories resale market is between $100 and $120 billion worldwide—more than thrice the size it was in 2020, according to new research by Boston Consulting Group (BCG) and Vestiaire Collective, a global platform for preowned fashion. The second-hand market is already worth 3 per cent to 5 per cent of this overall sector and could grow to as much as 40 per cent.

The research report, titled 'What an Accelerating Secondhand Market Means for Fashion Brands and Retailers', was released recently. It is based on two global surveys of 6,000 consumers conducted in 2020, and 2,000 consumers in 2022, to better understand their engagement with the resale market.

While resale products make up nearly a quarter of second-hand products buyers' closets, they are expected to comprise 27 per cent of closets in 2023. Gen-Z consumers are the most apt to both buy (31 per cent) and sell (44 per cent) second-hand items, with millennials close behind, a press release from BCG said.

While affordability was cited as the primary driver for buying second-hand items among more than half of respondents, this trend is declining.

Product variety was reported as the second biggest driver behind consumption of second-hand goods. Forty per cent of buyers view second-hand as their way to consume fashion sustainably, and the same number are choosing this market for the large choice and unique pieces it offers.

Sixty per cent of those selling second-hand items are looking to clean out their wardrobes and make room in their closets. That same number also reported motivation to recover the residual value of their item and either spend it on secondhand (39 per cent) or firsthand (20 per cent) products, or in general (39 per cent).

"It is now certain that consumers have embraced secondhand and it's changing the way they buy and sell their clothes. There is a tremendous opportunity for brands that enter this market to capture new customers while also appealing to existing shoppers motivated by sustainability, affordability, and exclusivity," said Sarah Willersdorf, BCG's global head of luxury and co-author of the report.

While selling is an increasingly adopted behavior among buyers, not all buyers have sold items on the second-hand market themselves. Thirty per cent of non-sellers have something to sell but have not been able to find the time to list their items.

In lieu of selling, 30 per cent of respondents prefer to give their items away to friends or charities. A quarter of buyers reported that they would not know what items they would sell from their wardrobes.

Nearly 60 per cent of consumers have either discovered a brand or bought it for the first time second-hand, underscoring the strong opportunity for brands to increase their reach to new customers by participating in the resale market, the study found.

Source: fibre2fashion.com - Oct 11, 2022

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China's garment industry's revenue up 3.7% YoY during Jan-Aug 2022

China's garment industry, comprising close to 13,117 major apparel companies, earned operating revenue of 950.4 billion yuan (approximately $133.86 billion) in the first eight months of this year, registering a 3.7 per cent growth compared to the same period last year, according to data from the ministry of industry and information technology.

The collective profits of the companies increased by 3.4 per cent year-over-year (YoY), amounting to 43.6 billion yuan during January to August 2022.

The country's garment exports also registered a steady growth during the period. They went up by 17 per cent to reach $104.4 billion in January to August 2022, compared to January to August 2021, said Chinese media reports quoting the ministry.

Source: fibre2fashion.com - Oct 10, 2022

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Intertextile Shanghai Apparel Fabrics to return in March 2023

The spring edition of Intertextile Shanghai Apparel Fabrics will take place from March 8-10 at the National Exhibition and Convention Centre in Shanghai. Despite the headwinds facing the global economy, China remains both the world's biggest market and exporter of apparel fabrics, presenting innumerable opportunities to textile industry players.

The previous edition attracted nearly 2,600 exhibitors from 17 countries and regions, and over 80,000 buyers from 57 countries and regions, the organiser Messe Frankfurt said in a press release.

"With this year's autumn edition merging with next year's spring edition, participants are even more eager to join and seize the business opportunities in S/S 2023. As a globally recognised sourcing platform, the fair will enable face-to-face business interactions between exhibitors and visitors, while up-to-date trend information will allow buyers to make informed sourcing decisions," Wilmet Shea, deputy general manager of Messe Frankfurt (HK) Ltd, said.

The fair is structured for visitors' convenience, and specialised product zones will be apparent throughout the fair's halls. Featured zones include Accessories Vision, All About Sustainability, Beyond Denim, Digital Printing Zone, Functional Lab, Premium Wool Zone, SalonEurope, and Verve for Design. The fair will also see the return of country and region pavilions from Japan, Korea, and Taiwan, and domestic exhibitors will be grouped by product end-use.

Due to the wide range of buyers that visit the fairground, exhibitors hold the show in high regard. At the previous edition, Elisa Ravera, Asia sales manager at Ratti S.p.A, explained, "At Intertextile Apparel we can meet our domestic clients and present our new European products to the domestic market. Our experience at this edition has been successful and we have met many customers. The fair is also a good opportunity for us to maintain existing relationships."

For their part, visitors are also looking forward to the return of the fair and its exhibitors. "Intertextile Apparel offers a rich variety of fabrics and gathers many outstanding exhibitors in the textile industry, which helps us achieve our sourcing goals easily and efficiently. It has been our favoured sourcing platform for many years," said Lin Chen, fabric developer at Ever-Glory International Group Corporation.

Participants will also be able to catch up with the latest industry developments via Intertextile Apparel's Trend Forum, seminars, panel discussions and product presentations – which cover topics on design and trends, market information and business strategies, sustainability issues, and technology and solutions.

"I come to both editions of Intertextile Apparel to find inspiration every year, not just at the Trend Forum but also from exhibitors who showcase their latest materials and fabrics onsite," said Bella Lin, designer at CGC (Shanghai) Corporation. "With the development of technology, more designs and concepts can be launched and promoted. The trends explored at Intertextile Apparel are not unsubstantial, instead the fair combines current cutting-edge products to explore future trending colours and fabric textures – this is market- and consumer-orientated, so it is a strong reference for designers."

For added value, fairgoers can make use of online business matching services, including Connect PLUS and one-to-one Zoom meetings. As the apparel fair is held concurrently with Intertextile Shanghai Home Textiles – Spring Edition, Yarn Expo Spring, CHIC and PH Value, the entire textile value chain can be found under one roof, providing an extended platform for business networking opportunities.

Intertextile Shanghai Apparel Fabrics – spring edition 2023 is co-organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Centre.

Source: fibre2fashion.com - Oct 10, 2022

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NATIONAL NEWS

Sunil Patwari takes over as new Chairman of TEXPROCIL

At the Annual General Meeting of The Cotton Textiles Export Promotion Council (TEXPROCIL) held on 30th September 2022, Sunil Patwari, took charge as its new Chairman.

The earlier Chairman, Manoj Kumar Patodia handed over the charge to him at the AGM event held in Mumbai.

Patwari is a Chartered Accountant, and an alumnus of The Indian Institute of Management (IIM) - Ahmedabad. With over 3 decades of professional experience, Sunil Patwari spearheads business activities as the Managing Director of Nagreeka Exports Ltd. He was the Vice Chairman of the leading body of Indian cotton textile exporters before taking charge as Chairman, TEXPROCIL.

Assuming charge of the Council Patwari said, the last year was full of challenges as well as opportunities for the Indian textile and clothing industry. Exports of Cotton textiles (including Cotton) under the Council's purview grew by 54 per cent while overall Textile & Clothing exports from India grew by 40% in the financial year 2021-2022.

The major achievements in textile exports have been possible on account of the progressive reforms undertaken by the Government led by the Prime Minister Narendra Modi and the entrepreneurial zeal of the Indian textile exporters.

Despite several disruptions in the global supply chain and the lack of demand, our exporters demonstrated resilience by maintaining a positive growth trajectory.

However, the all-round performance in the exports of Cotton textiles seen last year, has become difficult to sustain during the current year. The sector is still recovering from the pandemic-induced slump of the last year, and has got stuck with supply-side disruptions.

"To achieve incremental growth during the current financial year, the country should focus on improving value realization rather than volume growth", said Patwari.

"Also, for our textile products to become more accepted internationally, we need to strongly focus on efforts to promote Indian textiles by taking suitable measures to ensure sustainability and other social compliances," he added.

TEXPROCIL, an apex export promotion body under the aegis of Ministry of Textiles, provides invaluable assistance to Indian exporters of cotton textiles as well as supports the importers/international buyers sourcing these products from India.

Source: business-standard.com- Oct 10, 2022

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Textile firms in China and Pakistan are in deep distress. Can India be the beneficiary?

The Indian army is well aware of a two-front challenge at its borders. India Inc is now staring at a two-front opportunity.

The chance to grow is in India's textile and apparel market (T&A), estimated at $99 billion in 2021-22. T&A exports were $33.5 billion in 2019-20 and $44.4 billion in 2021-22, according to the Ministry of Commerce. The segment is expected to reach $65 billion by 2025-26, growing at a CAGR of 11%, according to an analysis by Wazir Advisors based on the Directorate General of Commercial Intelligence and Statistics' data. The promising segment now has a chance to grow further because of several disruptions in China and Pakistan — major T&A suppliers to the world.

China grows about 20% of the world's cotton. But most of its major customers have restricted purchases because of allegations of human rights violations and labour issues. Major economies have banned cotton from Xinjiang — accounting for 84% of China's cotton exports — for a year now. Pakistan, also a key competitor in the textile and apparel segment, has been affected because of floods. Nearly 40% of the cotton crops have been damaged, say government sources. The country, with a large informal manufacturing base, has also been facing a nationwide power crisis, leading to huge spikes in raw material prices and the cost of production. These factors have stalled global supplies from these destinations and major importers are now looking at other options. This is where India has a chance.

To put things in perspective, industry experts say the impact of the flood in Pakistan on India's export orders will be limited to the current export season. Indian apparel exporters are sitting on a strong order pipeline for the current export season — the spring-summer season extending from September 2022 to May 2023 — according to MVIRDC World Trade Center Mumbai. "One reason for the strong order pipeline is the adoption of the China +1 strategy by global apparel buyers, which led to the shifting of export orders to India. But the industry is wary of predicting the growth outlook for world textile exports due to recessionary concerns in USA and Europe and also because of the natural gas crisis in Europe," says Vijay Kalantri, Chairman of the trade facilitating organisation. He estimates the annual global textile and apparel export size at $901 billion.

However, India can replace China and Pakistan as global suppliers in 248 commodities across the textile value chain — right from fibres to readymade garments — according to experts at the MVIRDC World Trade Center. "The USA, Japan, the UK, Australia, Malaysia, Vietnam, Togo, Nigeria, Benin and The Gambia are the potential export markets for these goods as China and Pakistan largely cater to these markets. Some of these products are women's dresses of synthetic fibres, terry towels, women's tracksuits of man-made fibres, polyester yarn, cotton babies' garments, cotton fabrics, carpets and floor coverings and cotton bed linen," says Kalantri.

India has a competitive edge in these products because it already has over 5% share in the global export of these goods. So, there is a lot of growth potential in these goods.

A research report by the MVIRDC states China and Pakistan export over $60 billion worth of these 248 products annually. "China itself exports $52 billion. India's number is hardly $27 billion, not even 50% of the total export of China and Pakistan. Therefore, there is untapped export potential for India in these 248 products," it adds.

The annual global export value of these 248 textile and apparel products is $209 billion or 23% of total textile and apparel exports as of 2021, according to the Geneva-based International Trade Centre (ITC). China remains the largest exporter with a 25% share. India comes next with 13% for these 248 products. Other major exporters such as Turkey, Vietnam and Bangladesh have 4% share.

Narendra Goenka, Chairman of the apparel Export Promotion Council (AEPC), says there is a potential business opportunity for India. However, India might not make an immediate gain due to recessionary pressures in major textile importing destinations. "After March-April 2023, we expect some visible changes favouring the country," he adds.

Demand dampener

The question is, what would it take for the industry to capitalise on this opportunity? Several things have to fall into place. For one, the industry needs some support from the government and favourable weather to ensure there is adequate output of cotton, the primary source of raw material for textile production.

There are too many "unpredictable factors," here, experts point out. These can include crop output, change in raw material prices and government policies, says Ronak Chiripal, Chief Executive Officer of textile firm Nandan Terry. "If everything goes well, Indian players will surely benefit from this shift. However, right now, global demand has reduced drastically in the textile market. If the market sentiment doesn't improve in the next couple of months, the situation will become very tough for us," Chiripal says.

The reference to cotton output is for the current year, 2022-23 and the cotton crop has already hit the market, and the volatility of unpredictable rain has subsided to some extent.

The Russia-Ukraine war is giving the industry sleepless nights. "People are rather saving for the winter (because of rising energy prices in Europe and economic uncertainties) than spending on textiles and apparel. The demand situation must improve. Otherwise, forget benefitting from the new opportunity, we will also face huge losses," adds the CEO of the Ahmedabad-based textile firm.

But if everything works out well, Chiripal estimates the company can gain 15-20% more in the next financial year.

As of now, there is 10-15% fluctuation in demand for cotton. It is gradually stabilising, says Mayank Tiwari, founder of digital ecosystem for natural fibre ReshaMandi.

Structural issues

The country's MSME firms in this segment expect a significant change in demand patterns. They are hoping it will turn the tide as the textile industry has been in a terrible phase ever since yarn prices went on a rising spiral a few months ago.

But the fortunes of Indian firms won't change overnight because of these disruptions in China and Pakistan, says Vikas Singh Chauhan, Director at MSME-dominated Home Textile Exporters Welfare Association (HEWA).

The structural issues on the domestic front are too many and cannot be solved in a hurry. Chauhan points out that even if MSME firms get orders, they will have to deal with the high cost of packaging material in India.

Basic equipment such as a bar coding machine is still not available with many players. “It takes 1-2 months to dispatch just samples.”

In India, modernisation has to happen on a large scale and at a fast pace for companies to be able to match China’s scale of operations. “Our pricing and quality are good, but their timeline is far better. While they dispatch goods within 25 days, we take 60-90 days. Our labelling and packaging are still not up to the mark,” says Chauhan.

Besides, he says, it is not feasible for any party to snap trade ties overnight because of some disruptions that can be temporary. So, buyers are unlikely to go for an alternative vendor from India just because the market in China and Pakistan isn’t good. “We need to give them something extra to persuade them to make the switch,” he says.

A pricing challenge

The HEWA Director says he had come across some buyers from the UAE who were looking to switch from Pakistan and China to India. But Indian firms’ “non-adherence to timelines” put the deal off.

Even Karur-based textile firm Aarthia Impex is getting similar inquiries from US buyers who source from China. But pricing issues stand in the way, says Prakash P, manager of the firm. “Despite cotton prices falling now, there is a 10% price difference in our and Chinese supplier’s quotes. if we get the packing and other costs streamlined, then we can grab these orders in 2023,” he says, adding he keeps very narrow margins but it all boils down to a 10% price gap that hurts suppliers like him. “One buyer mentioned that container costs are also high from Indian ports when compared with our counterparts. Buyers are astute. They compare all these aspects before moving their sourcing to another country,” adds Prakash.

Industry officials say any strategy for out competing China and others must also include a policy direction of not helping them. Because, repeatedly, these markets are seen to have grown at the cost of India’s raw material supplies.

Consider this: India grows its own cotton, but the irony is that despite a big ban on Chinese cotton-based products, our players have not aggressively stepped in to fill that gap. “Because, throughout this year, we allowed rampant export of cotton and cotton yarn. We were busy exporting cotton and cotton yarn to fill in the gap created by the Xinjiang ban. Now, countries like Bangladesh always knew they could reduce their Chinese dependence and import cotton yarn from India. China is smart too. It's a net exporter of cotton yarn and garments. So we need to revisit our policies to push value-added exports," says Gautam Nair, MD of Gurugram-based Matrix Clothing.

The challenges are conspicuous, so are the opportunities. Will someone take proactive steps to gain trade ground before the window closes?

Source: economictimes.com- Oct 11, 2022

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UAE expects trade with India to cross USD 100 bn in 2-3 years

The UAE expects trade with India to cross USD 100 billion-mark over the next 2-3 years, boosted by the comprehensive economic partnership agreement. The Indo-UAE trade stood at USD 73 billion in FY22, which got a major fillip since the two nations signed the comprehensive economic partnership agreement (CEPA) on May 1, 2022.

Between FY21 and FY22, the overall trade rose 68 per cent to USD 73 billion, after declining for two years. But the trend has reversed since the signing of CEPA.

The bilateral trade has increased markedly with total value of non-oil trade at USD 29.5 billion in first six months of 2022, growing 22 per cent over the same period in 2021.

Non-oil exports too rose 31 per cent with total value reaching USD 2.7 billion between May and June, junior foreign trade minister of the UAE, Thani Bin Ahmed Al Zeyoudi, told the Indo-UAE economic forum organized by industry lobby CII here.

"Though we've set a five-year deadline to take the UAE-India bilateral trade to USD 100 billion from what it is now, going by the way trade has been growing since the signing of the CEPA, I am confident that we'll achieve the target much earlier, say over the next two-three years," Zeyoudi told PTI later during an interaction.

The minister said trade is still dominated by oil, which constitutes 62 per cent of the overall trade value and only 38 per cent are non-oil trade now. But he expressed hope that CEPA will change this over the years.

The minister also said while non-oil trade balance is still in favour of India by a whisker, overall India has a trade deficit of USD 17 billion in FY22, led vastly by large oil imports.

During the first half of 2022, bilateral non-oil trade grew 22 per cent to USD 29.5 billion, the minister said.

The UAE minister also said, his country's cumulative investments in India is over USD 20 billion, of which USD 14.4 billion are FDI, making the UAE the eighth largest FDI source for India.

In April-June this year, FDI flows into the country from the UAE stood at USD 2.14 billion. Zeyoudi also said his country is open to invest in the now-stalled West Coast Refinery if India revives the 60-million tonne refinery involving over Rs 3 lakh crore investment.

Addressing another session at the same forum, joint secretary in the commerce ministry Srikar Reddy said, since the CEPA, overall exports from the country to the UAE rose 16 per cent to USD 10.46 billion from USD 9 billion between May and August, which is commendable given the decline in overall global trade during the period.

Reddy also said exports under the CEPA have been outpacing the country's overall exports by 5:1. On the other hand, non-oil exports to the UAE grew 14 per cent.

Reddy said non-oil trade is still dominated by gems & jewellery which constitutes around a third of the total trade, which has grown by 33 per cent to USD 1.4 billion.

Companies from the UAE that have invested in India are Mubadala, DP World, Sharaf Group, Lulu Group, Emaar Properties, RAK Ceramics.

Source: economictimes.com- Oct 10, 2022

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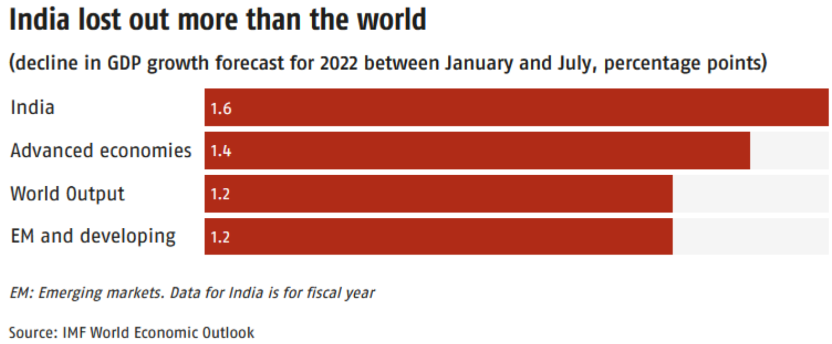
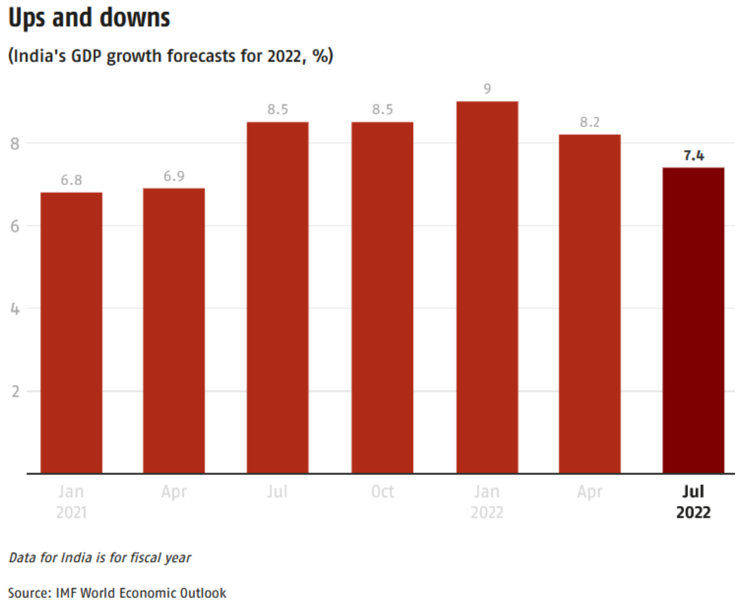
India lost out more than its peers in forecast revisions for 2022

A number of rating agencies, domestic banks, and groups have pared the forecast for India's economic growth. The International Monetary Fund (IMF), which will release its World Economic Outlook on Tuesday, is expected to do the same. India was the worst performer among its peers if forecast revisions for 2022 are considered.



The IMF had revised India's forecast from 1.6 percentage points from 9 per cent in January 2022 to 7.4 per cent in July 2022. The world output had been cut by 1.2 percentage points and advanced economies by 1.4 percentage points.



Emerging markets and developing economies, the group India belongs to, had seen a 1.2-percentage point revision. If the trend continues, despite being one of the fastest growing major economies, India will be the biggest loser. India's growth forecast for the next fiscal year had been cut from 6.9 per cent to 6.1 per cent in the July outlook.

Source: business-standard.com- Oct 10, 2022

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India's e-retail market to increase to $150 bn-$170 bn by 2027: Report

India’s e-retail market is estimated to increase to $150 billion–$170 billion by 2027. This implies that 25 per cent–30 per cent annual growth and a doubling of market penetration to 9 per cent–10 per cent over the next five years, according to a report by consulting firm Bain & Company made in collaboration with Flipkart.

The report titled ‘How India Shops Online 2022’, said that India is well poised to surpass the US to have the second-largest shopper base (only behind China) in the next one to two years. Shopper addition will continue to be at the heart of future e-retail growth. India’s online shopper base is estimated to increase to 400–450 million by 2027, according to the report. Most of these shoppers are already in the digital funnel—450–500 million used social media while only 180–190 million shopped online in 2021.

“The Covid-19 pandemic has been a crucible moment for online retail in India. The pandemic has induced hypergrowth and a 12-month acceleration in market penetration,” said the report. “India currently has the third-largest shopper base globally, with 180–190 million online shoppers in 2021.”

India’s e-retail market rose to approximately $40 billion in 2021 and is slated to reach $50 billion in 2022. India has robust fundamentals supporting a continued boom in e-retail.

India’s substantial online consumer base and retail market (third largest globally) already make it an incredibly attractive e-retail market. Massive headroom in terms of smartphone penetration (36 per cent in India vs. 63 per cent in China and 76 per cent in the US) and affluence ($2,000 per capita in India vs. $12,000 in China and $69,000 in the US), in addition to already low data prices, provide the perfect ingredients for sustained growth.

“Rising affluence will fuel consumption and increase spending per shopper,” said the report. “Although the current inflationary environment might prove to be a short-term headwind for the market, these structural drivers will ensure healthy growth in the medium to long term.”

The category mix of online purchases will also evolve. Historically, categories such as mobile phones, electronics, and appliances have accounted for the lion's share of the e-retail market. This will change over the next five years. Fashion, general merchandise categories (including personal care), and grocery have the highest penetration headroom (vs. mature markets) and will therefore fuel growth. These categories will cumulatively account for as much as two-thirds of the e-retail market by 2027. In 2021 alone, between 40 and 50 million new shoppers were added to the India e-retail market, which is approximately 30 per cent–35 per cent growth over the online shopper base in 2020. These new shoppers largely belong to tier-3 or smaller cities and include Gen Z—which will become a critical cohort in the future. They primarily purchase fashion as the first category online, and they typically start buying at entry price points.

The existing shopper base is simultaneously maturing. Overall engagement on retail platforms is increasing. The percentage of daily active users to monthly active users has risen to more than 25 per cent in 2021, from 18 per cent to 20 per cent in 2019. Consumers now spend 20 per cent more time per month on a retail platform, vs. last year.

Sustained e-retail growth has been accompanied by tremendous growth in the supplier and logistics ecosystem. India's online seller base has grown 35 per cent annually over the past year, with approximately 40 per cent of new sellers coming from tier-2 or smaller cities. In addition, growth in e-retail shipments has enabled the development of a deep and efficient logistics network. Accompanied by technological advances, e-retail has seen a steady year-over-year decline in cost per shipment by 7 per cent–9 per cent per annum from 2018 to 2021. Reach has widened significantly—e-retail is accessible in 99 per cent of India's pin codes.

The report said that the government is also playing a critical role in democratising e-retail for India through the creation of the Open Network for Digital Commerce (ONDC). ONDC aims to create an interoperable network for digital commerce akin to Unified Payment Interface (UPI) network for payments. Although a nascent initiative, its successful and full-scale execution could provide a fillip to the Indian e-retail ecosystem.

Source: business-standard.com- Oct 11, 2022

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Encouraging move Progress of India-Australia free trade pact towards ratification encouraging: Jaishankar

The progress of the India-Australia free trade agreement towards ratification and the proposed amendment of the Double Taxation Avoidance Agreement are encouraging developments that would further boost relationship between the two nations, External Affairs Minister S Jaishankar has said.

The Indian Minister also defended India's decision to purchase arms from Russia, at a joint press conference with the Australian Foreign Minister Penny Wong in Canberra on Monday. Jaishankar is on an official visit to Australia for the Foreign Ministers' Framework Dialogue.

"We have substantial inventory of Soviet and Russian-origin weapons, and that inventory actually grew for a variety of reasons -- the merits of the weapon systems themselves but also because for multiple decades Western countries did not supply weapons to India," Jaishankar said, answering questions on whether India was re-thinking its ties with Russia given its ongoing war with Ukraine and whether it would reduce its reliance on Russian weapons. The Minister, however, added that India has been very clearly against the conflict in Ukraine.

On bilateral economic ties, Jaishankar said things were progressing well. "We are very encouraged to see that the Economic Cooperation and Trade Agreement (ECTA) that was finalised earlier this year is moving towards its ratification and entry into force. That's a very good development," he said.

"We also note that steps are being taken to amend the Double Taxation Avoidance Agreement because that was also a bit of a challenge to growing our business," he added.

Partnership in education

Pointing out areas which hold potential for improving quality of bilateral partnership, the Indian Minister highlighted the proposal under discussion for an understanding on mobility, on mobility of talent and skills and propelling education partnership particularly bearing in mind, India's New National Education Policy.

“ We certainly would like to see Australia, which is one of our major partners in education, also having a stronger presence in India, and that’s something which our Prime Ministers had discussed as well when they had met in Tokyo,” he said.

Jaishankar said that he and his Australian counterpart also took stock of other areas of mutual cooperation such as critical minerals, cyber, new and renewable energy to integrate the work already being undertaken in these areas by their respective colleagues.

Since June this year, six Indian Ministers have visited Australia including the Minister for coal and mines, for renewable energy, for education, water resources and home.

The Australian Deputy PM and Defence Minister as well as the Deputy Premier of Western Australia and the Premier of New South Wales have been to India with business delegations.

Once the Australian Parliament ratifies the India Australia ECTA, the two countries would start eliminating tariffs on majority of goods being traded between the two sides.

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Source: thehindubusinessline.com- Oct 10, 2022

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Commerce Minister reviews the functioning of the GIFT Special Economic Zone

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal reviewed the functioning of the GIFT Special Economic Zone and issues with respect to regulatory aspects of operation of SEZ and the office of the DC GIFT in Gujarat.

The Minister interacted with industry representatives at GIFT City.

"Held a fruitful interaction with industry representatives at GIFT City. Discussed benefits of setting up units here. Received excellent suggestions including those on exports promotion and 'Make in India' in manufacturing", Shri Goyal tweeted on the meeting.

The Minister had interactions at the International Bullion Exchange (IIBX) in GIFT City to understand issues with respect to trading of Gold; operationalising the Gold Spot exchange and reducing the cost of gold metal loans for jewellery exporters through Gift IFSC.

"India International Bullion Exchange (IIBX), GIFT City is one of its kind globally. Urged representatives of Jewellery sector to discover competitive prices for gold through IIBX. Also explained how India-UAE CEPA is a huge window of opportunity for them", he tweeted.

He also issued directions to improve the trading of Gold on the IIBX, including enabling the utilisation of the TRQ on gold obtained in UAE FTA be operated from IIBX.

Shri Goyal met representatives of International Financial Services Centres Authority (IFSCA) at GIFT City and resolved various administrative issues with the office of the DC GIFT SEZ and IFSCA.

IFSCA is to participate in periodic review of exports with EPC and exporters done by the Minister to check as to how the IFSC financial infrastructure can be leveraged to increase exports.

"IFSC will be a key driver of economic growth with enhanced Ease Of Doing Business for global investors who will gain from the India growth story", the Minister tweeted on the meeting.

Shri Goyal interacted with various heads of units in GIFT city comprising Bankers, fund managers, derivative exchange management, aviation industry representatives among others and heard their issues with allied offices of C&I, DGFT and SEZ among others.

The Minister also gave directions to Department for Promotion of Industry and Internal Trade (DPIIT) to explore whether the Start up ecosystem can benefit from the facilities available at GIFT city.

Earlier in the day, the Minister had interacted with young innovators and startups at i-Hub.

“Spirit of innovation integral to Gujarat and its people. Delighted to interact with young innovators and startups at i-Hub. Shared with them how PM Narendra Modi ji's out-of-box thinking is paving the road for India's future growth”, he tweeted.

Source: pib.gov.in- Oct 10, 2022

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Department for Promotion of Industry and Internal Trade (DPIIT) hosts Conference on B20 Indonesia Global Dialogue

Department for Promotion of Industry and Internal Trade (DPIIT) hosted Conference on B20 Indonesia Global Dialogue in partnership with Confederation of Indian Industry (CII) in New Delhi today, with the aim of aligning the perspectives of Indian industry with the policy recommendations of B20 Indonesia. This conference would set tone for the deliberations to ensure that the Indian perspectives are well represented in the policy recommendation of B20 Indonesia.

Business 20 (B20), formed in 2010, is the official G20 dialogue forum with the global business community. B20 aims to deliver concrete actionable policy recommendations on the priorities by each rotating presidency to spur economic growth and development.

More than 20 business delegates from Indonesia attended the conference including Mr. M ArsjadRasjid P.M, Chairman, Indonesian Chamber of Commerce and Industry (KADIN), Ms. ShintaWidjajaKamdani, Chair, B20 Indonesia, apart from H.E. Ina H. Krishnamurthi, Indonesian Ambassador to India attended the Conference.

The Indian Government side was represented by Shri Amitabh Kant, India's Sherpa to G20, Shri Anurag Jain, Secretary, Department of Promotion of Industry and Internal Trade and other senior officers from DPIIT and other concerned Ministries.

Indian industry was represented by many leaders including; Shri Chandrajit Banerjee, DG, CII; Dr.Naushad Forbes, Past President, Confederation of Indian Industry (CII) and Shri Deepak Bagla, MD& CEO, Invest India

After Opening Plenary and introductory remarks, Dialogues were held on (i)Trade & Investment (ii) Energy, Sustainability & Climate (iii) Digitisation and (iv) Finance and Infrastructure wherein perspectives from B20 Indonesia was followed by perspectives from Indian Industry and Government of India.

G 20 is a group of 19 Countries + EU, together representing around 85% of global GDP, 75% of global trade, and 60% of the world's population. The members of the G20 are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States, and the European Union. Indonesia is currently holding the Presidency of G20.

The dialogue will pave the way to the B20 final summit that will take place on 13-14 November 2022 at Indonesia.

Source: pib.gov.in- Oct 10, 2022

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Centre starts online portal for handicraft artisans to participate in marketing events

The Office of the Development Commissioner (handicrafts) has initiated the process of inviting applications to participate in the marketing events through online portal. This provides fully digitized marketing platform to handicraft artisans.

Around 200 domestic marketing events are organised annually in different parts of the country with an aim to support the artisans in selling their produce. The online process starting from application to selection and finally stall allotment is completely computerised, without any human interface.

The online process will provide equal, fair and transparent opportunity to all artisans. Broad guidelines on submission of application has been circulated to all concerned with a purpose to educate the artisans (the same is also available on official website).

The office of the Development Commissioner (Handicrafts) has launched Indian handicraft portal (http://indian.handicrafts.gov.in) through which all the eligible artisans can apply online for marketing events. The artisan may login with pehchan card number, followed by authentication with OTP sent on the registered mobile number.

The process of receipt of application, Selection and Allotment for all the marketing events including Dilli Haat shall be made through this portal only. The practice of inviting physical application for participation in domestic marketing event has now been dispensed with.

Source: pib.gov.in- Oct 10, 2022

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UP govt to promote private industrial parks under the 'make-in-UP' theme

The Uttar Pradesh government will promote private industrial parks in the state to catalyse the manufacturing sector under the ambitious ‘Make in UP’ theme.

These parks would be facilitated in the vicinity of state expressways and freight corridors for extracting maximum benefit due to brisk connectivity.

According to the draft New UP Industrial Policy 2022, the state would provide an array of incentives to the private industrial parks, especially in the backward Purvanchal (Eastern UP) and Bundelkhand regions.

The proposed policy aims to establish UP as an internationally competitive investment destination, generating employment and stoking sustainable economic growth.

The state government has taken a 360-degree approach to foster a competitive industrial ecosystem so that UP becomes a trillion-dollar economy in the next few years. The draft policy, which is likely to be approved by the state Cabinet soon, proposes to develop industrial land bank and integrated manufacturing clusters. The Land Pooling Policy 2020 will be fortified to enable creation of land bank.

UP Infrastructure & Industrial Development Commissioner Arvind Kumar said UP had emerged as one of India’s fastest-growing economies and a preferred destination for industrial investments owing to the pro-active governance and ‘doing business’ environment.

Depending upon project size and region, the various sops include capital subsidy of 25 per cent on fixed capital investment/land cost apart from 100 per cent exemption on stamp duty on the purchase of land by the private developer.

“The draft policy provides option-based incentive models to enable the state as a competitive and attractive investment destination to industry players of all sectors,” ‘Invest UP’ CEO Abhishek Prakash said.

To expedite industrial land acquisition, the policy offers hassle-free licensing for acquiring land by private developers and fast-tracking land allotment for premium investment projects.

These measures are expected to promote 'Make in UP' and create world-class industrial infrastructure for sustainable and balanced regional industrialisation in the state.

Meanwhile, the government will develop sector specific parks & clusters viz. medical device park, textile parks, toy park, food processing parks, IT parks, etc. through various models, including public private partnership.

To expand the industrial land basket, the government will not only acquire fresh land but also repurpose the swathes of defunct industrial units.

Earlier, UP Industrial Development Minister Nand Gopal Nandi had said the government would utilise the land of defunct textile mills, estimated to be almost 1,500 acres, for fresh allotment to suitable investors.

Source: business-standard.com- Oct 10, 2022

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Domestic cotton prices fall below 70,000 per candy

Prices of domestic cotton have declined below 70,000 per candy (356 kg/candy) in the current calendar year for the first time in anticipation of a bumper cotton crop and sluggish export demand.

Just a month ago, the prices were hovering around `90,000 per candy. At present, cotton prices are around `65,000 to `68,000 per candy in the domestic market but are still higher compared to international prices, said Atul Ganatra, president of the Cotton Association of India (CAI).

"Cotton rates of December future was around 83% (approximately `56,000 per candy) at the US-based International Exchange (ICE). We are expecting prices of cotton to further go down by the arrival of 2023 and it may also break the`60,000 per candy barrier," said Ganatra.

He believes that the declining trend in cotton would be a good sign for spinning and composite textile mills. A large number of closed spinning units are likely to open post-Diwali as there would be adequate availability of cotton at an affordable rate, he added.

"Though cotton prices are going down, export orders are not being generated in good numbers. Some of the big global players based in the US and UK markets are still experiencing higher inventories. Hopefully, they would be able to empty their inventories in Christmas festivities," said Chintan Thaker, head of Corporate Affairs and Strategic Planning at Welspun Group as well as chairman of Assocham Gujarat.

Gautam Dhamsania, secretary of Spinners Association – Gujarat (SAG) says that since August this year, the majority of 120 spinning units are either closed or running at below 50% capacity due to higher rates of cotton and a shortage of quality raw materials.

"We are expecting the arrival of quality cotton in large quantities by the last week of October in Gujarat and Maharashtra-based markets. Already there has been good income from raw cotton in the mandis of Rajasthan and Haryana. Above all, prices too have decreased and inquiries from textile mills have started coming," said Dhamsania.

Spinners are getting inquiries from overseas buyers, but these inquiries are not being translated into order due to overall sluggishness in the international market, he added.

Cotton prices are expected to settle around `65,000 per candy by mid-November as the arrival of cotton in the mandis would be at its peak and at the same time there would be bulk buying from ginning, spinning and fabric manufacturing units, said Avdhesh Sejpal, All India Cotton, Cotton Seeds and Cotton Cake Brokers Association.

Cotton Corporation of India (CCI), which carries out cotton procurement operations at minimum support price (MSP) when prices fall below MSP, has pegged India's 2022-23 season cotton production at nearly 36 million bales (170 kg per bale).

In 2021-22, the cotton crop was nearly 31.5 million bales. Domestic cotton prices inflated from nearly `60,000 per candy in January 2022 to as high as `1.10 lakh in May 2022 due to unprecedented global demand for the commodity. As a result of this, many farmers in cotton-growing states shifted to cotton from other crops in major cotton-producing states, especially Gujarat and Maharashtra. Consequently, the area under cotton has increased to 12.8 million hectares (MH) against 11.7 MH in the previous year.

Maharashtra, Punjab, Haryana, Rajasthan, Madhya Pradesh, Karnataka, Andhra Pradesh, Telangana and Tamil Nadu are the major cotton-producing states in India apart from Gujarat. Acreage under cotton sowing in Gujarat has increased by almost 0.3 MH to 2.55 MH compared to last year's 2.25 MH. Gujarat has a lion's share of around 30% of the country's total cotton production.

Source: financialexpress.com- Oct 11, 2022

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Do we really need the e-rupee?

Last week, the Reserve Bank of India (RBI) released a concept note on an Indian central bank digital currency, or CBDC, that attempts to address current concerns about this new form of money. The note makes a number of arguments justifying the adoption of the e-rupee, the name that has been chosen for the Indian CBDC by an internal Working Group of the RBI. How strong are these arguments?

For any reasonable assessment of this issue, it is important to keep in mind the context within which this new form of money is going to be released in India. In particular, we need to understand the current state of the monetary, financial and payments infrastructure in India, that will be affected by and, in turn, affect the working of the e-rupee. The Indian monetary and financial systems are mainly bank-based, with money taking the form of cash and bank deposits. In this system, digital payments were based on the virtual money created by commercial banks. This payments infrastructure has however changed significantly in the last few years, with India becoming a pioneer in developing digital payments systems. The game-changer in this space has been the Universal Payment Interface (UPI), which acts as a real-time payments system that can enable the instantaneous transfer of funds between two banks, using a mobile device. Using this platform, apps like Google Pay, Paytm and PhonePe have popularised digital payments tremendously.

Despite this rapid digitalisation, the use of cash has not diminished in India. Recent data indicates that demand for cash may have even gone up once the pandemic started retreating. This seems to indicate that even if a CBDC is introduced, for quite some time to come, the e-rupee, as a form of legal tender, may play a secondary role to cash. It is in this context that any assessment of the merits of introducing CBDCs has to be made.

The arguments made by the RBI concept note justifying the adoption of the e-rupee can be classified under three heads — effects on the monetary and financial systems, effects on the payments infrastructure, and effects on welfare policies. The e-rupee can make the monetary system more efficient and the financial markets more stable in a number of ways. First, by reducing the cost of physical cash management. Here, the note points out that the cost of cash management in India has continued to be high. Introducing a CBDC will help bring this down, as marginal costs will become very low. The second way in which the e-rupee will be helpful for the monetary system is by pushing it towards more digitisation. The note points out that in India, cash is used significantly in small value transactions. These transactions may be redirected towards the e-rupee, if reasonable anonymity is assured. The financial stability in the economy will also be enhanced as the e-rupee will provide an alternative to crypto assets. It will do so by providing the public with a risk-free virtual currency, an alternative that may save them from the volatility of private virtual currencies.

The note claims that the e-rupee will provide a better payments infrastructure in two ways. First, it helps the domestic payments system by providing an additional channel. It increases resilience by providing payment services even outside of the commercial banking system. It can diversify the range of payment options, particularly for e-commerce. Second, it helps the international payments infrastructure by making cross-border transactions faster and far less costly. Since India is the world's largest recipient of remittances, the cost of international transactions impacts us significantly. It could also ease frictions in cross-border payments that is critical for international trade. All of these will, of course, require that the international dimension is built into the CBDC design.

The note also makes the argument that the e-rupee will increase welfare for the poorer sections through financial inclusion. It will make financial services more accessible even to the unbanked and underbanked population. The offline functionality as an option will allow the e-rupee to be transacted without the internet. This will enable access in regions with poor or no internet connectivity. Further, by creating digital footprints of the unbanked population in the financial system, the e-rupee can facilitate credit availability to these people.

How strong are these arguments given the Indian context described earlier? If the e-rupee plays a limited role as a legal tender for the foreseeable future, then the arguments in terms of monetary policy and financial stability are not that strong. Unless there is substantial use of the e-rupee, especially in a retail form, reducing cost of cash management, promoting digitalisation or substituting private money will not be very significant. The other arguments, however, are on stronger ground. Even with limited use, the e-rupee can make the payments infrastructure more effective. In the domestic space, it does this by complimenting the UPI infrastructure. Internationally, this will be enabled by a limited use wholesale CBDC that will only be used by banks. Even financial inclusion is a reasonable goal with limited CBDC use, as long as most of the retail CBDCs are targeted towards those who are outside the financial system. These arguments do support the adoption of the e-rupee. Nevertheless, it must be added that they do not make a very compelling case. As many have pointed out, there are alternatives to a CBDC that can fulfil all of the objectives discussed above.

Interestingly, there is another strong argument for the adoption of an Indian CBDC, one that is absent from the RBI concept note. Consider the massive push that is being given by China to establish the digital yuan, not only as a domestic currency, but also to be used for cross-border payments with their trade and investment partner countries. Once the digital yuan gains acceptability as a global currency, it will only be a matter of time before it starts flowing into the Indian economy. This leads not only to the possibility of a dollarisation-type problem in the conventional sense, but also grave data security risks. Given India's contentious relationship with China, it is in India's interest to limit this possibility.

The best way to deal with these issues is to establish global protocols on the development of cross-border use of CBDCs. In order to have a say in the development of these international protocols, India has to be seen as an important stakeholder in this context. Without having a credible and working CBDC, this will prove to be an uphill task. Clearly, the adoption of the e-rupee is no longer a question of if. It is a question of when.

Source: business-standard.com- Oct 11, 2022

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Andhra Pradesh: Textile mills facing a dire crisis, rue mill owners

Textile mills across the State have declared a lockdown citing global recession. In Andhra Pradesh, there are 125 textile mills with a combined capacity of 35 lakh spindles.

Speaking to reporters on Tuesday, Andhra Pradesh Textile Mills Association chairman Lanka Raghurami Reddy said that the Indian textile industry was facing the worst crisis in its history. "The recession which has set into the industry has now turned into an all-time low due to soaring cotton prices, increase in bank interest rate, high transportation cost and shortage of power and labour. In Andhra Pradesh, only 100 textile mills are running to a capacity of 40%.

"Earlier, we were able to run textile mills with 50% capacity, but now we decided to close down due to soaring operational costs and losses. We want to continue but we have no way out. Thousands of workers are losing their livelihood," said Mr. Raghurami Reddy. One of the main reasons is the sluggish demand and fall in prices of cotton. Thousands of bales are lying in cold storages due to lack of demand. "We also urge the Centre to regulate MCX trading and control the middlemen who are buying cotton at lower prices," said Mr. Reddy.

The entry of multinational giants into the market has hit the domestic textile industry, the largest organised labour sector in the country, and has given scope for speculation resulting in the steep hike of cotton prices. For instance, in spite of the record bumper crop of 3.15 crore bales during the current season as against the requirement of 2.4 crore bales, cotton prices have shot up by 40% to 50%, he said.

The association also demanded that Central and State governments release the pending arrears. "We thank Chief Minister Y.S. Jagan Mohan Reddy for releasing ₹237 crore in September 2021 and now our arrears are close to ₹1,400 crore. We urge the Central and State governments to release the remaining arrears," said Mr. Reddy.

Source: thehindu.com- Oct 10, 2022

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Trident bath linen production slides 33% YoY in September

Trident announced its production update for September 2022 on Monday, 10 October 2022.

In the home textile division, production of bath linen slipped 33.47% to 3,461 metric tonnes (MT) in September 2022 as compared to 5,202 MT posted in September 2021. Production of bed linen slumped 50.29% to 1.69 million metres (MM) in September 2022 from 3.4 MM recorded in September 2021. Production of yarn tumbled 45.18% to 5,979 MT in September 2022 as compared to 10,907 MT reported in the same period last year.

In paper & chemicals division, production of paper declined 10.88% to 12,209 MT in September 2022 compared with 13,700 MT posted in September 2021. Production of chemicals was marginally lower to 8,575 MT in September 2022 as against 8,584 MT recorded in the same period last year.

Trident is a vertically integrated textile (yarn, bath & bed linen) and paper (wheat straw-based) manufacturer and is one of the largest players in home textile space in India.

The company's consolidated net profit declined 37.5% to Rs 129.35 crore despite of 13.3% rise in net sales to Rs 1,679.90 crore in Q1 FY23 over Q1 FY22.

Shares of Trident were down 0.13% to Rs 37.30 on the BSE.

Source: business-standard.com– Oct 11, 2022

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Garment import from China worries north Indian yarn market; rates down

North India's cotton yarn market witnessed a mixed trend today. Prices remained stable in Delhi, while Ludhiana noted a fall of ₹5 per kg due to imports of cheaper cotton garments in India. Trade sources said that cotton yarn market is not getting support despite an improvement in cotton prices. However, mills are making efforts to increase yarn prices.

Cotton yarn prices fell in Ludhiana as the market is concerned about the import of cheaper cotton garments from China that may impact the entire textile value chain of India. It is important to note that cotton and cotton yarn prices recorded a steep fall in China after the US imposed a ban on cotton originating in the Xinjiang region. "Volume of imports is yet to be ascertained. But the initial report regarding Chinese imports is worrisome for the domestic market and the industry at large. Indian government must act quickly to protect the domestic industry, trade, and farmers," a trader from Ludhiana market told Fibre2Fashion.

In the Ludhiana market, cotton yarn eased by ₹5 per kg. 30 count cotton combed yarn was sold at ₹310-320 per kg (GST inclusive), according to Fibre2Fashion's market insight tool TexPro. 20 and 25 count combed yarn were traded at ₹295-305 per kg and ₹300-310 per kg respectively. Carded yarn of 30 count was quoted at ₹265-275 per kg.

In Delhi, cotton yarn prices remained stable amid low demand, while cotton prices improved due to a lower production estimate. According to a trader from Delhi, mills are trying to increase the prices of cotton yarn, but the buyers are not willing to pay more. In the Delhi market, 30 count combed yarn was traded at ₹310-315 per kg (GST extra), 40 count combed at ₹345-350 per kg, 30 count carded at ₹280-285 per kg and 40 count carded at ₹315-320 per kg, as per TexPro.

The recycled yarn prices remained stable in the Panipat market. It is mainly used in home furnishing and to make coarse fabrics. Demand for recycled yarn is yet to pick up as there were no activities on the exports front. Exporters are struggling to get new orders due to the economic slowdown in foreign markets. The ban on coal-based dyeing units in Panipat has been relaxed till the end of December this year, thus recycled yarn supply remained stable in the market.

In Panipat, 10s recycled yarn (white) was traded at ₹86-92 per kg (excluding GST) after a decline of ₹1-2 per kg. But 10s recycled yarn (coloured - high quality) steadied at ₹100-105 per kg, 10s recycled yarn (coloured - low quality) was sold at ₹80-85 per kg and 20s recycled high quality PC yarn (coloured) at ₹105-110 per kg. 30 count recycled yarn was sold at ₹155-160 per kg and 10s optical yarn was traded at ₹100-110 per kg. Comber prices were ruling at ₹120-125 per kg and the same decreased to ₹115-120 per kg in south India. Recycled polyester fibre (PET bottle fibre) was at ₹88-90 per kg.

North India's cotton prices increased due to low crop estimate and cloudy weather. North India's cotton production estimate for the new marketing season 2022-23 (October-September) has been lowered by around 10 lakh bales of 170 kg to 51 lakh bales by Bathinda based Indian Cotton Association Ltd (ICAL). The region comprises Punjab, Haryana, upper Rajasthan and lower Rajasthan. Daily arrival in north India decreased to 10,000-11,000 bales. Cotton was traded at ₹7,200-7,250 per maund of 37.2 kg for ready trade. The prices gained ₹75 per maund since last Friday.

Source: fibre2fashion.com– Oct 10, 2022

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