TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 199 of 2022 October 18, 2022

NEWS CLIPPINGS

Currency Watch	
USD	82.21
EUR	80.96
GBP	93.27
JPY	0.55

INTERNATIONAL NEWS

No	Topics
1	USA: What Falling Cotton Prices Could Mean for Fashion
2	Wave of production shift away from China and opportunities for Vietnam
3	Governor Kathy Hochul signs New York Textile Act
4	Jordan's apparel imports rise by 27.2% YoY to JD174 mn in Jan-Sept
5	70 Critics Outline EU Forced-Labor Fixes
6	Q3 'Race to the Bottom' Ahead, Analysts Warn
7	US ban on Chinese cotton hurting Bangladesh, Vietnam
8	Cambodia nine month exports up 23 per cent
9	4 nations launch project to cut hazardous chemicals in textile units
10	Global home textiles market to grow at 3.51% to reach $151 bn by 2025

NATIONAL NEWS	
No	**Topics**
1	FinMin invites suggestions on tax proposals for Budget 2023-24
2	FTP should focus on the nitty-gritty
3	Deep fall in other currencies hurt India; textile exports down in Sept
4	An FTA with UK is a stepping stone for India's strategic economic realignment
5	Turnover of home textile exporters likely to contract further in September quarter: ICRA
6	Nothing logical about logistics cost estimates
7	'Rupee settlement to raise exports to Russia by $5 bn'
8	Africa and Latin America prop up India's exports
9	Importers still wait for clarity on expanded scope of IGCRS Rules
10	Q2 may be worst quarter for textile firms; Elara prefers these 3 stocks amid gloom
11	Govt committed to making UP a global textile hub: Rakesh Sachan
12	Cotton yarn prices steady in north India as Diwali approaches

INTERNATIONAL NEWS

USA: What Falling Cotton Prices Could Mean for Fashion

Apparel manufacturers are finally getting some relief from steep raw material costs, but in some cases the damage has already been done.

Cotton prices, which offer some transparency since the fiber is traded as a commodity, have ridden a rollercoaster for the past year or so. U.S. spot cotton prices averaged 87.06 cents per pound for the week ended Oct. 13, up from 85.59 cents a week earlier, but down from $1.04 over a 12-month period, according to the U.S. Department of Agriculture (USDA).

"Volatility was a feature of many markets and most benchmark prices moved sharply lower over the past month," Cotton Incorporated senior economist Jon Devine wrote in his monthly report for October.

Devine noted that the December New York futures contract fell from levels near $1.05 in early September to those as low as 83 cents per pound in early October. The A Index, an average of global prices, dropped to $1.02 per pound from $1.24 over the past month.

Affecting prices have been shifts in supply and demand. The latest USDA report featured a decrease to world production and a larger decline in global mill-use, down 3 million bales to 115.6 million bales.

Devin said the reduction to the 2022-23 consumption estimate was paired with a 2.1 million bale decrease to mill use in 2021-22. Upward revisions for mill-use near 1 million bales for 2018-19 and 2019-20 muted the net effect on the forecast for 2022-23 world ending stocks, but the increase was still a substantial 3.1 million bales to 87.9 million.

"If realized, this would be the largest volume for global stocks since 2019-20," Devine said.

The global trade forecast was lowered by 1 million bales to 43.6 million. The largest updates to import figures were all negative and included those for China, Pakistan, Mexico, Turkey and Vietnam. All notable adjustments to export forecasts were also all negative, including for Australia, Brazil, India, Benin, Cote d'Ivoire and Greece.

“Price decreases over the past month indicate that demand-related concerns have been winning the contest between the competing storylines involving a weaker downstream outlook and lower production expectations in a couple of key cotton-growing countries,” Devine wrote. “In addition, while the severe weather-driven production challenges in the U.S. and Pakistan have garnered many headlines, related counterpoints concerning world production have gotten less attention.”

BLS’s Producer Price Index for U.S.-made synthetic fibers was up 0.9 percent for the month and 5.8 percent from September 2021. Prices for processed yarns and threads fell 0.4 percent last month, but were still up 26.9 percent for the year, and prices for finished fabrics were flat month to month and up 12.3 percent year to year.

Cellulosic fiber producer Lenzing credited higher fiber prices for contributing positively to its first half revenue rise of 25.2 percent year-on-year to 1.29 billion euros ($1.31 billion). However, earnings decreased 13.3 percent compared to the first half of 2021 to 188.9 million euros ($192.19 million).

This mainly reflected the cost trend in global energy and raw material markets, which affected the whole manufacturing sector. Energy, raw materials and logistics costs rose sharply once again in the reporting period, Lenzing noted.

Down the supply chain, U.S. retail apparel prices fell a seasonally adjusted 0.3 percent in September compared to August, even as the overall Consumer Price Index (CPI) rose 0.4 percent.

Women’s apparel prices declined 0.4 percent last month, topped by a decrease of 1.9 percent in outerwear, while men’s wear prices were down 1.1 percent for the month, led by a 3.3 percent drop in suits, sport coats and outerwear.

However, for some the higher prices earlier in the year caused higher ticket prices. Uniqlo parent Fast Retailing Co. said Uniqlo raised prices on fleece, down jackets and other fall and winter products in Japan to offset higher raw materials and transportation costs.

"It is impossible to keep prices unchanged in the face of a weak yen and high raw material prices," Fast Retailing president and chairman Tadashi Yanai said at a press conference.

Looking ahead, with this month's revisions to the demand side of the balance sheet, the increase in production is enough to result in a surplus of production beyond consumption, Devine noted. While stocks in the U.S. are forecast to be low by historical standards, an increase in warehoused supply is predicted at the world level.

"For supplies to be truly tight, not only do inventories need to be low, but there needs to be a strong enough pull from the demand side to create urgency and motivate buyers to bid up prices," he wrote. "In the current market, U.S. stocks are low and there has been additional import demand from Pakistan. A question for the market is whether that is enough to warrant prices above current levels when the global macroeconomic outlook is deteriorating."

Source: sourcingjournal.com - Oct 17, 2022

HOME

****

Wave of production shift away from China and opportunities for Vietnam

Apple in June this year was reported to be moving some iPad production out of China and shifting it to Vietnam, together with other tech giants such as Google, and Microsoft, making the country a hotter-than-ever destination in the wave of global shift away from Chinese production.

Vietnam has received increasing attention from global producers as many of them are searching for alternative supply chains in the face of China's zero Covid policy. Samsung is one of the flagship tech giants pioneering the wave of moving production to Vietnam. Recently, Samsung has just completed the construction of a US$220 million research and development center in Hanoi, its largest in Southeast Asia. Last year Samsung reported $74.2 billion sales for its Vietnam branch, up 14 percent from 2020. They included exports of $65.5 billion, up 16%

Disbursement of foreign direct investment (FDI) in the first nine months of 2022 hit $15.4 billion, up 16.2 % year-on-year and marking a record high, according to a report from the Foreign Investment Agency.

Besides technology, textile and garment also witnessed a strong shift away from China to Vietnam as the country continues to be an important link in the global supply chain.

Two giant brands in the global footwear industry, Nike and Adidas, have chosen Vietnam as their main production base. To date, Nike has more than 100 suppliers in Vietnam, with 96 factories concentrated in the southern region, according to Vietnam Footwear Manufacturing Industry Report 2022.

Last year, Vietnam surpassed Bangladesh to take the world's second position in terms of textile and garment export market share position, behind China.

Despite the difficulties of the post-Covid 19 economy, as of mid-July 2022, garment-textile was one of the four sectors posting the highest export revenue, with a record of over $20 billion, up nearly 20% year-on-year, according to The General Department of Vietnam Customs.

Vietnam has approximately 6,000 garment and textile manufacturing companies employing 2.5 million people, and its top export destinations are leading consumer markets – the US, Europe, Japan, and South Korea, according to Vietnam Textile and Apparel Association.

As a major player in global supply chain, Vietnam's textile and garment industry is taking steps to become a more sustainable destination with a target "green textile industry". Aurora IP, developed by Vietnam's leading real estate developer Cat Tuong Group, is entering forward-looking initiatives.

Converging many outstanding advantages, many investors consider Aurora IP as the most preferable and potential destination in the Nam Dinh province. The development of a textile-specialized industrial park like Aurora IP is one of the important factors contributing to the take-off of the industrial real estate market not only for Nam Dinh province, but also for the whole picture of the country.

With a total phase 1 area of about 520 hectares, Aurora IP aims to build a textile-dyeing specialized industrial park with a strategy of green – clean - sustainable development orientation, ensuring to improve the quality of life for the local community as well as a favorable working environment for experts and workers.

In addition to land leasing, Aurora IP also provides built-to-suit factory solutions which certainly boost flexibility for the investment plan of secondary investors.

Aurora IP closed deals with total investment surpassing $200 million for land lease contracts with two Asian FDI investors to develop hi-tech textile and dyeing projects, proving its attractiveness and unique value as a well-invested industrial park.

"For the past years, Vietnam has emerged as a very important supply chain node for the textile and garment industry. With the wave of shifting operations out of China, Aurora IP is considered one of the most ideal destinations for investors in the textile industry," said Mr. Tran Quoc Viet - Chairman & CEO of Cat Tuong Group.

“At Cat Tuong Group, we have been constantly striving to become an investment destination with the best services and utilities and a model industrial park for the sustainable development of the garment and textile industry in particular and the manufacturing industry in Vietnam in general,” the Chairman added.

Source: globenewswire.com - Oct 17, 2022

HOME

****

Governor Kathy Hochul signs New York Textile Act

Governor Kathy Hochul recently signed a piece of legislation to support US state New York's textile industry through economic development programmes. These programmes include expanding annual farm recognition awards, state procurement process training for small businesses and the Excelsior Jobs programme for related New York products and processes.

"We are spooling together strong investments in textiles grown and manufactured in New York, helping ensure our businesses remain strong and innovative," Governor Hochul said.

"I am proud to sign this legislation, which will support New York farmers and lay the foundation for expanding the burgeoning textile industries that call this state home, helping spur economic growth for decades to come," she said in a statement.

The legislation, the New York Textile Act, will help connect farmers who produce plant or animal fibres with the textile industry in ways that support innovation, sustainable development, and new marketing opportunities for plant and animal fibres that are grown in New York.

By leaning into the local demand for textiles, New York-grown fibre from hemp, sheep, goats, alpaca and other sources will create new opportunities for farms and textile producers, the statement from her office said.

The Act specifically establishes discretionary purchase limits for public agencies to purchase animal or plant fibre products or textile products manufactured from animal or plant fibre grown or produced predominantly in New York State.

It establishes an annual New York animal or plant fibre and textile award given in recognition of unusual efforts by farmers, fibre processors, and textile manufacturers and retailers for textiles manufactured in state.

It amends the economic development law to enhance existing provisions with the purpose of for promoting the expansion of the animal or plant fibre production industry, as well as fibre processing and textile manufacturing.

It builds on New York's existing Grown and Certified programme to provide marketing support for the production and sale of textile products.

It povides authorisation for the department of economic development to advise regarding research and development and creates a Natural Fiber Textile Workgroup to increase the economic contributions and employment opportunities related to animal and plant fibre agriculture and textile manufacturing in the state and raise private investment in the sector.

Source: fibre2fashion.com- Oct 17, 2022

HOME

****

Jordan's apparel imports rise by 27.2% YoY to JD174 mn in Jan-Sept

Jordan's apparel imports rose during the first nine months of this year by 27.2 per cent to JD174 million compared to JD136 million during the same period last year, according to the Textile and Readymade Clothes Syndicate. Footwear imports during the period increased by 25.5 per cent to JD42 million compared to JD33 million during January-September 2021.

China was the top exporter of apparel (40 per cent) and footwear (62 per cent) to Jordan during the period this year. The country's apparel imports from China during the period amounted to JD70 million, compared to JD56 million during the same period last year.

Apparel imports from Turkey during the period were worth JD41.9 million, those from non-Arab Asian countries (excluding China and Turkey) were worth JD41.6 million, those from Arab states were worth JD13 million and those from European nations were worth JD6 million, according to a Turkish newspaper report.

Over the same period, the country's footwear imports from China amounted to JD26 million, compared to JD21 million for the same period last year.

Source: fibre2fashion.com- Oct 17, 2022

HOME

****

70 Critics Outline EU Forced-Labor Fixes

More than 70 human-rights organizations, civil society groups and trade unions, including Anti-Slavery International, the Clean Clothes Campaign, Human Rights Watch and the World Uyghur Congress, have signed a letter Thursday urging the European Commission to beef up proposed legislation to ban goods made with forced labor.

The draft law, an "essential step toward building a smart mix of tools to help eliminate forced labor across the world, as per European Union commitments," is good in theory, they said, lauding the fact that it covers products from all regions and all company sizes. Its problem, however, is that it falls "significantly short" of its potential by failing to put the 17.3 million people in forced labor in the private sector and the 3.9 million people in state-imposed forced labor "at its heart."

Of "greatest concern," the letter said, is that the proposal doesn't take into account the "fate" of workers forced into exploitation, whether in or outside the 27-member bloc. It is therefore "essential" that the draft legislation is amended to ensure that the views and interests of both affected and potentially affected workers are given their due at all stages of the investigation and decision processes.

Another missing focus? Remediation. Without redress, including from buyers, victims cannot "rebuild their lives and dignity."

Competent authorities should also take advantage of the investigation process to engage with workers and their representatives, allowing them to use a potential ban as "leverage" to improve conditions, enable remediation and access to justice, and identify and mitigate any unintended consequences that a successful ban might cause.

"It is fundamental that the appropriate remediation and preventative measures are discussed and decided upon with relevant stakeholders, communities, workers and their representatives, including trade unions, to ensure they respond to the actual needs of affected workers and are credible, appropriate and crucially include reform of purchasing practices," the letter said. "Such measures should also be tied to the lifting of any product ban."

Due diligence by companies is essential, the organizations added, but it should not be used as a shield to discourage investigations. Companies should also be required to map and publicly disclose suppliers, sub-suppliers and business partners across their entire value chains. Otherwise, both competent authorities and petitioners will face “significant obstacles” when they try to track down entities linked with forced labor.

“Making this essential information public, as well as the decisions on offenders, would also assist companies (and small and medium-sized enterprises in particular) to assess the risk of forced labor in their value chains and to undertake effective due diligence measures,” the letter said.

“It would also help the general public, concerned groups, organizations, communities and workers themselves to monitor the situation and submit better information on alleged violations to the competent authorities.”

Still, the signatories said that it is “regrettable” that the proposal in its present form foresees only one “ultimate” sanction: a prohibition on placing offending products on the market, along with an obligation to dispose of existing products. Such a decision, they said, relies on a very high evidentiary standard with the “burden of proof being placed entirely on the member state competent authority,” rather than the companies involved.

(This stands in contrast with the “rebuttable presumption” that the Uyghur Forced Labor Prevention Act in the United States employs.) Furthermore, pending the outcome of an investigation, products can remain “freely available” on the market, during which time they might be rerouted to other markets, thereby “depriving the regulation of its effectiveness and essence.”

The proposal also fails to “explicitly” include the scope for bans on entire product groups from a region, such as cotton from Turkmenistan and China’s Xinjiang Uyghur Autonomous Region, the letter said. This poses “severe limitations” in grappling with the pervasiveness of systemic state-imposed forced labor in European supply chains and compelling companies to take action, it added.

This ties in with the draft law's focus on the product-line level, which "disregards the fact that forced labor is often a systemic pattern across an entire producer, manufacturer or importer—regardless of the product." While identifying problematic goods is important as a starting point, the organizations said, forced labor should not be "addressed in silos." The problem tends to be the facility, not the product itself.

Indeed, absent from the proposal is a pathway that addresses the root causes of forced labor, the letter said. It recommended creating a set of accompanying measures that could include capacity strengthening and funding to support communities and workers to tackle abuses such as discrimination, power imbalances, unfair purchasing practices, a lack of livelihood opportunities, the absence of a living wage and land rights.

Equally important to include, according to the signatories, are mechanisms that protect all affected stakeholders, including but not limited to the petitioners themselves, from retaliation for engaging with companies and enforcement authorities either during the investigation or while discussing remediation measures.

Confidentiality should be "automatic," unless the petitioner decides otherwise. A worker's status as a potential victim of forced labor should also be given "full" precedence over any potential immigration enforcement action whether or not the investigation concludes that forced labor has taken place.

"These measures would empower affected workers and stakeholders to better understand and claim their rights and restore their own agency," the letter said.

Source: sourcingjournal.com- Oct 17, 2022

HOME

****

Q3 'Race to the Bottom' Ahead, Analysts Warn

Morgan Stanley equity analysts believe retail's inventory glut is likely to "remain problematic for the rest of the year."

Consumer goods retailers were among the first to see stockpile problems.

Amazon's first-quarter net loss of $3.8 billion significantly lagged year-ago net income of $8.1 billion. Walmart reported a softer-than-expected Q1 as a slowdown took hold and consumers shunned late-arriving merchandise. It followed by cutting billions of dollars in peak-season product. Target's supply chain woes halved its first quarter net profits and the retailer next reworked its inventory assortment to manage overstock before slashing $1.5 billion in upcoming "discretionary" receipts to fix its inventory mess.

Bank of America Securities equity analyst Justin Post last week said sales during Amazon's second Prime sale on Oct. 11-12 were likely lower than the main July event, which could add to growing signals of a spending slowdown.

So where does retail go from here? A "race to the bottom" in the form of deep discounts to stimulate sales, according to Morgan Stanley equity analysts Kimberly Greenberger and Alex Straton, who cover specialty apparel, footwear and department stores. This is likely to drag down margins, they added, noting they expect retail's stock situation to continue moving in the wrong direction in Q3.

Retailers couldn't react quickly enough with receipt cuts when signs of a slowdown first appeared March and April. Supply chain improvements at the "start of the back-to-school season could lead to an influx of inventory onto third quarter balance sheets," they added.

Inventory should stabilize through early 2023, depending on end-of-season clearance, what happens with orders that were cut earlier this year, and supply chain backlogs clearing. Wholesalers could fare worse, however. The analysts believe retailers will use "deep discounts" to sell through holiday and winter product.

Branded wholesalers such as apparel-heavy names including Levi Strauss and Under Armour might be stuck with too much inventory through first half of fiscal year 2023 ending around Jan. 28, 2023. Sneaker-focused wholesalers such as Nike, Skechers and On Running could be a bit more insulated since inventories are more aligned with demand trends and their footwear is "less seasonal."

And for the specialty retailers, mall-based retailers including Abercrombie & Fitch, American Eagle, Gap and Urban Outfitters are most at risk.

Source: sourcingjournal.com- Oct 16, 2022

HOME

****

US ban on Chinese cotton hurting Bangladesh, Vietnam

The US' blanket ban of cotton and cotton products from China came into effect to affirm the US' stand on alleged human rights violations and forced labour in Xinjiang region.

The numbers indicate the discomfort levels of fashion brands – cotton produced in the Xianjiang region supplies roughly 20% of the world's cotton and US garment brands and retailers more than USD 1.5 billion worth of garments, valued at around USD 20 billion in sales. The ban is beginning to hurt businesses in the US at the retail level.

Challenging times for Bangladesh

Bangladesh's readymade garment manufacturing sector is in a dilemma. Approximately 70% of its requirements for cotton yarn and textiles originate from Xinanjiang's cotton fields and the ban makes this sector in Bangladesh highly vulnerable. The country is the world's number one importer of cotton and cotton yarn; and China, India and Pakistan are its main sources.

The ban on Chinese cotton and the current destruction of cotton crops in Pakistan due to the flooding has put immense pressure on Bangladesh to look into sourcing from other countries.

It is clear that whilst India will use the ban on Chinese cotton goods to its advantage and increase its export of raw material, yarn and textiles to Bangladesh, it is not yet in a position to completely replace the quantities China is capable of. If Bangladesh cannot quickly find substitutes to fill the gap, it risks running foul in the eyes of the US and its ally, the EU.

Recently, Bangladesh has been accused of "cotton laundering" by various American and European activist groups who claim to have proof that Bangladesh continues to import Xianjian based cotton and material under fake labels. Such an accusation is not only going to create political tension between Bangladesh and the US and EU, but can potentially damage the countries manufacturing hubs and subsequently its exports. Now that Xianjiang's cotton is off the table, economists predict a sharp increase in cotton prices that in turn will affect Bangladesh's attractive cost proposition negatively.

Adding to its woes, Bangladesh is facing a US dollar reserve crisis and needs to heed the IMF warning on spending its dollars cautiously, or else face a Sri Lanka like situation. This will affect Bangladesh sourcing cotton from new suppliers with whom it will not enjoy the credit line it has built up with Chinese exporters for years. The overall outlook is one of great trepidation as the country scrambles to find a quick solution.

Vietnam faces cotton laundering charges

The Sino-American fall out hasn't gone well for Vietnam and India either. Like Bangladesh, Vietnamese manufacturers are also facing the allegation of "cotton laundering". Vietnam only purchased cotton and yarn from the Xianjiang region worth USD 582,000 in June but is being accused of intermediary-based purchase of a far greater value.

However, Vietnam's largest source of cotton and yarn is the US and therefore its manufacturing isn't as affected as Bangladesh's by the ban on Xianjiang cotton. Moreover, as a large importer of US cotton goods, Vietnam has a stronger business relationship with the US.

In today's global economy, politics is intertwined with trade. The US's decision to ban cotton related products will have negative repercussions in economies in South and South East Asia that are US-friendly nations and US based retail businesses as well.

Source: fashionatingworld.com- Oct 17, 2022

HOME

****

Cambodia nine month exports up 23 per cent

Cambodia exports of garments, footwear and other textile-related items in the first nine months of 2022 increased by 23 per cent over the same period last year.

The overall increase in these exports seen over the year underscores the robust growth of the Cambodian economy. There has been a sharp overall rise in exports to the US in recent years.

But, at the same time, there's been a slowdown in exports to Europe due to the Ukraine conflict's impact on demand there. Many buyers now have a lot of inventory on hand and thus they are placing fewer orders.

The expiry of the US' Generalised System of Preferences also means Cambodia's travel goods sector does not enjoy duty free privileges for now and some orders are moving back to China temporarily.

GSP provides non-reciprocal, duty-free tariff treatment for certain products imported to the US from designated beneficiary developing countries and territories, which includes Cambodia. However, the scheme lapsed on December 31, 2020, and has yet to be renewed.

Export of travel goods and related products have also slowed in the second half, after mushrooming by 55 per cent in the first half. A number of factories have partially suspended operations since mid-August.

Source: fashionatingworld.com- Oct 17, 2022

HOME

****

4 nations launch project to cut hazardous chemicals in textile units

Bangladesh, Indonesia, Pakistan and Vietnam recently launched a joint $43-million programme to manage and reduce hazardous chemicals in textile industries.

The initiative is being led by the UN Environment Programme (UNEP), with funds from the Global Environment Facility (GEF) and the support of the Basel & Stockholm Convention Regional Centre South-East Asia and the Natural Resources Defence Council.

Employing over 10 million people, the four nations' textile sectors account for near 15 per cent of global clothing exports.

The programme will provide technical support and tools for small and medium enterprises and manufacturers to improve their knowledge and management of hazardous chemicals, guiding them to manage risks to workers, and eventually eliminate the worst chemicals from their production processes, an UNEP release said.

The textile sector is a major user of toxic 'forever chemicals'.

The five-year programme will bring the four countries together to align public policy on the textile sector with international best practice, including on supply chain transparency, investment for chemical management and eco-innovation, and occupational health and safety, creating the enabling environment needed to phase out PFAS and other chemicals of concern.

Source: fibre2fashion.com- Oct 17, 2022

HOME

****

Global home textiles market to grow at 3.51% to reach $151 bn by 2025

The global home textiles market is expected to grow at an annual rate of 3.51 per cent between 2020-2025. The market size will reach $151.825 billion by 2025.

China will maintain its dominance position in the segment, and will also remain the largest home textiles market in the world with a share of over 28 per cent. India may achieve highest growth.

According to Fibre2Fashion's market insight tool TexPro, global market size of home textiles was recorded at $110 billion in 2016. It grew to $127.758 billion in 2020 and $132.358 billion in 2021.

The market is expected to grow to $136.990 billion in 2022, $141.648 billion in 2023, $146.606 billion in 2024 and $151.825 billion in 2025. The market is likely to have average annual growth rate of 3.51 per cent between 2020-2025.

China will maintain its dominant position in the global home textiles market. Chinese textile market was $27.907 billion in 2016, which grew to $36.056 billion in 2020, and $38.292 billion in 2021.

The market will grow to $40.581 billion in 2022, $42.928 billion in 2023, $45.411 billion in 2024 and $48.036 billion in 2025. The market is likely to have an average annual growth rate of 5.90 per cent between 2020-2025, as per TexPro.

US market of home textiles will grow at 2.06 per cent annually between 2020-2025. Home textiles market was $24.064 billion in 2016, which grew to $26.698 billion in 2020 and $27.287 billion in 2021. The market will grow to $27.841 billion in 2022, $28.386 billion in 2023, $28.958 billion in 2024 and $29.566 billion in 2025.

Rest of Europe (other than Germany, France, UK and Italy) can witness annual growth of 1.12 per cent to reach $11.706 billion in 2025. The market was $10.459 billion in 2016 and $11.198 billion in 2021.

India will surpass Rest of Asia-Pacific (other than Russia, China and Japan) in 2024 when India's textile market will grow to $9.835 billion while Rest of Asia Pacific will reach $9. 667 billion.

Indian market will reach $10.626 billion in 2025 with annual growth of 8.18 per cent in during the five years. India's growth rate will be highest in the world. In 2016, the market size was $5.203 billion in India and $6.622 billion in Rest of Asia Pacific region.

Source: fibre2fashion.com - Oct 18, 2022

HOME

****

NATIONAL NEWS

FinMin invites suggestions on tax proposals for Budget 2023-24

Finance Ministry has sought suggestions from trade and industry on tax proposals for the Budget of Fiscal Year 2023-24. The budget for next fiscal is likely to be presented on February 1.

Suggestions can be given for Direct Taxes (Personal Income Tax and Corporate Income Tax), Central Excise and Customs Duty. GST (Goods & Services Tax)-related proposals are not examined as part of the budget exercise, a letter sent to Trade and Industry Association said.

"Your suggestions and views may be supplemented and justified by relevant statistical information about production, prices, revenue implication of the changes suggested and any other information to support your proposal," the letter said.

For example, a request for correction of the Inverted Duty Structure (higher duty on inputs and lower duty on output) should necessarily be supported by value addition at each stage of commodity manufacturing.

"It would not be feasible to examine suggestions that either not clearly explained or which are not supported by adequate justifications/statistics," it said.

Talking about direct taxes, the letter reiterated that the medium-term effort is to phase out tax incentives, deductions and exemptions while simultaneously rationalising tax rates.

"You may also like to give your suggestions for reducing compliances, for providing tax certainty and reducing litigations," the letter said.

The suggestions can be send by November 5.

Source: thehindubusinessline.com- Oct 17, 2022

HOME

****

FTP should focus on the nitty-gritty

The Commerce Ministry has once again deferred the launch of its new foreign trade policy (FTP) as it felt the need to have wider consultation with industry.

The current FTP (from 2015-20 but extended thereafter till March 2023) is a policy document that spells out the objectives and strategies to boost exports.

It is also an important document that interprets rules, regulations, and procedures in international trade transactions, which are critical in facilitating in export-import operations and making the export sector more competitive.

Often broader trade policy challenges get more attention than operational challenges faced by the trade community. The government also feels that operational issues are recurring in nature and can be handled throughout the year. There are four major operational challenges that deserve utmost attention.

Four issues

First, the Remission of Duties and Taxes on Export Products (RoDTEP) scheme aims at neutralising the taxes at the State and local levels not otherwise refunded under any other mechanism. But this does not include "cess and levies," which has emerged as a potent instrument in recent years, to collect funds for designated purposes.

Not only this, the RoDTEP benefits are confined to limited sectors and a number of important sectors such as pharmaceuticals (chapter 30 of the FTP), chemicals (chapter 28 and 29) and steel (chapter 72 and 73) are out of its purview.

It is important to understand that the RoDTEP is a refund of duties and taxes (electricity duties, petroleum taxes, stamp duty etc.) which are embedded in manufactured products for exports. These taxes and duties are also applicable on excluded sectors and therefore need to be refunded to all sectors.

Under the current policy, RoDTEP benefits are not available to advance authorisation holders and EOU's. Exemption granted under the advance authorization/EPCG scheme/EOU is primarily from customs duties and IGST and not from embedded taxes like electricity duty, diesel/petrol taxes etc. The RoDTEP benefits needs to be extended to Advance Authorization holders and EOU's on priority basis.

Secondly, there is long list of pending cases of redemption with respect to Advance Authorization scheme due to pre-import conditions. This needs to be sorted out immediately by withdrawing the pre-import condition retrospectively.

If this is not possible, examination of pre-import condition should be limited to the actual violation based on actual import with respect to export and should not be based on the licensing period. For example, an Advance Authorization issued in December 2018 may not have any import or export till January 15, 2019. If this is the case, why should it be subjected to pre-import condition just because it is issued in the period when pre-import condition was applicable?

If the government wants a solution, it should take into account the details of imports and against each authorisation on individual merits and help redeem such cases. To achieve the $1,000 billion exports target by 2030, it is important to resolve pending cases in a justified and time-bound manner. This will help exporters to focus on boosting exports rather than grappling with their existing cases.

Thirdly, the government had introduced Manufacture and Other Operations in Customs Warehouse (MOOWR) in 2019 to facilitate duty free imports for exports under the Customs bonded warehouse. This scheme is akin to Export Oriented Units (EOU) of the FTP. Since, the EOU scheme has dual monitoring, one by Development Commissioner and another by customs, it is better to bring about a simple methodology for conversion of existing units under EOU scheme into MOOWR scheme.

Further, there are significant ambiguities on the scope of operations, depreciation provisions relating to capital goods etc., which need to be addressed for greater transparency.

Fourth, imports are subject to compliance with domestic laws as outlined in the Para 2.03 of the FTP. It provides a generic guideline and actual regulations are multiple and not available at a single point.

There is need to provide greater clarity and explanation of laws, rules, orders, regulations and technical specifications stipulated in Para 2.03 of the existing FTP. Also a separate appendix in the Handbook of Procedures covering all compliances under various domestic laws is required.

Last but not least, the DGFT must ensure that the new FTP focusses more on addressing operational issues of EXIM operations as they reduce not only the cost of doing operations but also improves firm level export competitiveness.

Source: thehindubusinessline.com- Oct 17, 2022

HOME

****

Deep fall in other currencies hurt India; textile exports down in Sept

India's textile exports declined in September this year, even as the other textile-exporting countries continue to perform better than India. An analysis has revealed that Indian exporters are losing in the international textile market as the currencies of competing countries registered a deeper fall against the US dollar compared to the India rupee.

According to an analysis by the Confederation of Indian Textile Industry (CITI), India's textile exports have registered a fall of 31.88 per cent to $1,464.59 million in September 2022. While apparel exports declined by 18.06 per cent to $1,066.18 million in the same period. Cumulative exports of textiles and apparel decreased by 26.67 per cent to $2,530.77 million in September 2022.

During April-September 2022, Indian textile exports went down by 16.98 per cent to $10,050.93 million, while apparel shipment rose by 11.42 per cent in the same period. Cumulative exports of textiles and apparel during this period decreased by 6.26 per cent to reach $18,222.70 million.

The share of textiles and apparel in India's total merchandise exports declined to 7.14 per cent in September 2022 compared to 10.21 per cent in September 2021. The share fell from 9.81 per cent to 7.86 per cent in April-September 2022.

The strengthening of the US dollar against the local currencies is making exports more viable. Fall in the Indian rupee against the USD should benefit Indian exporters but the trend is hitting exporters hard as the currencies of other competing countries have fallen deeper.

An analysis shows that Indian rupee fell by 10.7 per cent to 84.43 per USD since January 2022 when the exchange rate was noted at 74.43. But Sri Lankan rupee declined by 80 per cent in the same period. The currencies of Turkiye, Pakistan and Bangladesh declined by 40, 24 and 18 per cent respectively.

Only Vietnam's currency depreciated lesser than INR. Vietnamese dong fell by 7.26 per cent since January 2022.

The higher depreciation of local currencies against the USD has provided more cushioning to the exporters from the competing countries. Data shows that Indian exports are underperforming compared to the other countries.

Indian exporters feel that this situation in the international market is a major cause for concern as they are unable to compete against the other countries. They are losing export orders as they are not able to offer competitive prices to their importers.

Source: fibre2fashion.com- Oct 17, 2022

HOME

****

An FTA with UK is a stepping stone for India's strategic economic realignment

India and Britain have come close to firming up a historic free trade deal. And, yet, the last mile is throwing up doubts — some of which may qualify as legitimate, while others are just the bunch of usual 'what ifs' that only aim to pull things back to the starting line. Which is why the question on the table is ultimately a political one: is the deal under negotiation the best convergence of strategic and economic interests?

By all accounts, the answer is yes. The fact is that the trade negotiations — which seem to have carried on institutionally despite all the political turmoil in London — have been quite successful in zeroing in on an acceptable framework.

It's now for India to formalise its second offer, which should set the stage for closure. The problem, as always with trade deals, is the last-minute detractors and disruptors.

It's here that the big picture matters. India has decided to recalibrate its economic relationship with China for obvious geopolitical and strategic reasons. It has pulled out of the Regional Comprehensive Economic Partnership (RCEP), brought in a host of rules based on security considerations, and is reassessing its free trade agreements (FTAs) with the countries of Association of Southeast Asian Nations (Asean) to progressively decouple itself from an extended Chinese manufacturing and digital ecosystem. India, thus, has to look to integrate with the economic West. And, here, Europe, Britain, Canada and Australia provide clear opportunities.

Britain, having pulled away from the EU, now has more political flexibility in its trade template to establish diverse economic partnerships. It essentially translates into being more accommodating of India on dispute resolution mechanisms for rules covering digital technology, and labour and environment issues within the FTA.

Essentially, disputes can be resolved between governments rather than via an expanded tribunal system with independent legal settlement processes, as is done with new FTAs.

This does not mean there are any lowering of standards as such, just a better understanding that India, through such FTAs, will gradually transition from a tariff-centric regime to a quality- and standards-based trade regime. For its part, India can convey assurances and cite its existing international commitments on labour and environment standards.

On a Cheers! Note

On specific commercial issues, it's expected that Britain will, in due course, have zero duty for India on about 99% of its tariff lines. India, on its part, will work on lowering duty on automobiles in a graded fashion over 10 years to zero in certain categories. Also, it will likely lower tariff for whisky by about six times in what will largely impact the so-called 'super-premium' category, which currently accounts for just 5 million cases of India's annual whisky sale of 220 million cases. These are long-standing roadblocks on the economic side on which breakthroughs seem to have been achieved.

Technical details aside, the deal is probably a good fit where both economies are likely to complement each other, given India's renewed push on manufacturing. India also has the skilledhuman resources that Britain needs urgently, like meeting the projected demands of ancillary medical and nursing staff for Britain's National Health Services (NHS).

For India, an FTA with Britain signifies a big shift towards aligning its strategic partners to its economic priorities. This is in line with trying to find answers to current geopolitical shifts constantly disrupting the global economy and vital supply chains. A successful conclusion of this FTA will provide India a template to negotiate with the EU, seek flexibility in approach of the sort the EU has extended to China since the 2000s based on unfulfilled political assurances. India has a better, more reliable political track record, an unstated but obvious message that an India-Britain FTA will convey.

Similarly, this FTA would provide a template for India's negotiations with Canada, the doorway into the North America free trade system. While domestic politics in the US has constrained Washington from directly initiating free trade talks with New Delhi, possibilities may emerge if India begins to economically integrate itself with these key democratic Western economic engines of growth.

In other words, the India-Britain agreement is a stepping stone for India in its strategic economic realignment to the West. Similarly, for a flailing G7 economic power like Britain, the deal with India is nothing short of fresh oxygen that, if politically well-steered, could lend significant economic value to relationships that need to be deepened to address concerns emerging from new geopolitical realities.

Cement When in Ferment

For all the talk of now being the ‘India moment’, it would eventually boil down to sealing such agreements that would pave the way of converting what is truly a conducive political climate into larger gains. And that’s what GoI weighed in when it took a call last year to negotiate on new-generation FTAs with the West, essentially encompassing areas such as digital technologies, labour, intellectual property rights (IPR), and gender and environment standards, besides usual duties and tariffs.

The India-Britain FTA is an important milestone in that roadmap. Which is why assessments must be made bearing in mind the larger strategic backdrop, knowing well that timing is important. It would be incorrect to assume that other countries will not walk into the vacuum being created by the rift between the US and China. And, so, in the absence of any major economic roadblock, it would make eminent political sense to stage a strong bid to close this deal. Else, it might take a while to rebuild such momentum.

Source: economictimes.com- Oct 17, 2022

HOME

****

Turnover of home textile exporters likely to contract further in September quarter: ICRA

After peaking in Q3 FY2022, the turnover of home textile exporters moderated in the quarters ended March 2022 and June 2022 amid a slowdown in demand, said ICRA on Monday. Further, high and increasing raw material and logistic costs resulted in a consistent decline in operating margins since Q2 FY2022.

Rising inflationary concerns, the resultant slowdown in consumer discretionary spending, uncertainty on economic growth outlook and cautious buying by retailers to manage inventories are affecting sales in key export markets.

ICRA expects the turnover of home textile exporters to contract further in the quarter ended September 2022, with muted sales in the December quarter as well. Overall, ICRA expects a double-digit contraction in turnover as well as moderation in margins for home textile exporters in FY2023, following all-time high sales and profits in FY2022.

Jayanta Roy, Senior Vice-President & Group Head, Corporate Sector Ratings, ICRA, said: "As the demand scenario has normalised and inflation is exerting pressure on consumer discretionary spending, ICRA expects home textile companies to report a contraction in turnover in FY2023.

In 7M CY2022, US retail sales for furniture and home furnishing stores have grown at a rate of 2% YoY, with a YoY de-growth of ~2% reported for the most recent month, viz. July 2022. Slower-than-expected sales have resulted in higher-than-average inventory levels in recent months (June and July 2022).

As a result, ICRA expects retailers to go slow/cautious on buying in the subsequent months to rationalise their inventory levels. This is corroborated by the slow offtake being experienced by domestic exporters, despite healthy order book trends witnessed till a few months back."

Source: economictimes.com- Oct 17, 2022

HOME

****

Nothing logical about logistics cost estimates

India's logistics cost is estimated to be around 14 per cent of GDP — a figure that has all of a sudden become cast in stone. High logistics cost, without doubt, impinges on competitiveness.

To address this issue, the Centre recently unveiled the National Logistics Policy (NLP).

The emphasis on water for cargo movement and introduction of Uber-like aggregation model to address the logistic needs of small entrepreneurs will help in the long run.

However, the 14 per cent logistics cost needs to be delved into. It is from a report by consulting firm Armstrong & Associates, which routinely estimates logistics costs as a percentage of GDP for many countries. It uses an underlying model for this exercise.

The model is based on observed data of input variables (economy and infrastructure related, which are readily available from the World Bank database) and output (logistics cost as percentage of GDP) variables of select developed countries.

Typically, estimates of output variables of developed countries are available through alternative methods. So, a model is developed for the control countries, which are basically developed economies.

Once the model is built, the input variables for any country are fed into the model to estimate the logistics cost as a percentage of GDP for the corresponding country.

Modelling structure

In keeping with the tradition of the consulting fraternity, Armstrong & Associates does not put out its modelling structure for others to judge how relevant it is for a developing country like India.

Besides, the elements of the logistics costs are not explicitly stated in the report. This is important, as there is no uniform definition of what should be included in measuring logistics cost.

The cross-country empirical literature talks about 46 elements in logistics costs, some of which are probably not relevant for a developing country like India.

Most of the studies in developing countries have incorporated the following as core elements of logistics cost: transportation, material handling, warehousing, administration, equipment, documentation, insurance, IT-hardware and software, logistics system management, marketing, packaging, and maintenance.

Of these, transportation is the single largest cost element comprising 30-50 per cent of the total logistics cost, depending on transport infrastructure and bottlenecks in last-mile connectivity.

India's official statistics do not report logistics cost, but they do report transportation cost in the computation of Supply Use Table (SUT) of India. According to SUT, which is for 2018-19, the transportation cost amounted to 4.7 per cent of that year's GDP.

Thus, a back-of-the-envelope calculation leads to single-digit logistics cost for that year if one goes by the official statistics.

The NCAER study of India's logistics cost comes up with a similar figure, post introduction of GST.

Double-digit logistics cost in India is an unverified figure. Logistics bodies can use it for their lobbying exercises. From the business planning point, the variability in consignment movement time is more important, which one hopes will reduce with the adoption of the National Logistics Policy.

Source: thehindubusinessline.com- Oct 16, 2022

HOME

****

‘Rupee settlement to raise exports to Russia by $5 bn’

India’s shipments to sanctions-hit Russia could grow by an additional $5 billion once the rupee settlement mechanism becomes functional, partially offsetting the demand slowdown in key western economies, according to a study by the Federation of Indian Export Organisations (FIEO).

The study shows that farm products, food, drugs and engineering equipment are the key areas where India could see a boost in exports to Russia, with supplies from the European Union nearly coming to a halt, especially for industrial and engineering goods, thereby creating opportunities for India.

“India’s exports to Russia can grow by $5 billion once the rupee settlement mechanism comes into effect in the next one year. While our exporters want to ship to Russia, the exchange rate risk is holding them back. Once the rupee mechanism is in place, a slew of sectors can gain, especially industrial equipment and food and agro-processing. There is immense potential there," said Ajay Sahai, director-general and chief executive of FIEO.

Currently, exports to Russia are being settled in euros.

“Now, export orders to Russia are picking up with supply partnerships in place for at least the food items," Sahai said.

A slew of Russian companies has tied up with Indian buyers for supplies. India’s exports to Russia have seen the contraction ease to 4.72% in August on a year-on-year basis from a decline of 13.1% in July. New Delhi’s exports to Moscow saw a 24% decline in the April to August period to $992 million.

What to do when inflation eats into your investment returns

“With Russia, our imports are ten times the imports. But there is a very good chance of increasing our exports to Russia. That’s because when they are holding much of the Indian rupee, either they will want to invest in capital in India or they would increase our exports," a government official said.

Queries sent to the ministry of commerce and industry remained unanswered till press time.

Exim Bank managing director Harsha Bangari said in an earlier interview that INR invoicing will be very process-driven and that there would be RBI oversight over the entire process. RBI has approved the mechanism, but banks which will open Vostro accounts will have to take due permission. So we are talking about RBI oversight over the entire process, she highlighted.

Exporters are also urging the department of commerce to ask the Reserve Bank of India to expedite the rupee settlement mechanism through the special Vostro account.

Besides, it has asked the government to also extend the export benefits from incentive schemes like Remission of Duties and Taxes of Export Products (RODTEP) and Export Promotion Capital Goods (EPCG) to be available in case trade is settled in rupee. Currently, it is allowed only in case settlement is in freely convertible currencies like the dollar, euro, and British pound.

Nevertheless, imports from Russia grew by more than fivefold in the first five months of the current fiscal to $17.23 billion. Although crude oil imports accounted for 85% of total imports from Moscow, shipments of sunflower oil, fertilizers, silver, printed books, coriander seeds, and furniture items reported a sharp spike, suggesting that New Delhi was steadily expanding trade ties with Russia.

The prices of Russia and Ukraine’s major exports, particularly food, fuels, and industrial metals, soared as the war has disrupted supplies of these essential commodities," the DHL Trade Growth Atlas report said..

Source: livemint.com- Oct 17, 2022

HOME

****

Africa and Latin America prop up India's exports

In contrast, India's overall merchandise exports grew just 10.6% in August to $36.9 billion, and 19.5% in the first five months of this fiscal to $196.4 billion, according to the latest DGCIS data.

Even as order flow from key markets like the US and the EU slowed in recent months, Indian exporters have found big support from markets in Africa and Latin America, especially Brazil. Official data showed exports to Africa jumped 45.9% in August from a year ago to $4.48 billion.

Between April and August, exports to Africa grew 41.6% to $22.17 billion. Similarly, exports to Latin America surged 53.8% in August to $1.78 billion and 38% to $8.24 billion in the first five months of FY23, thanks primarily to Brazil that made up over a half of the despatches.

Exports to Brazil climbed a massive 127% in August to $1.12 billion; until August, the exports stood at $4.66 billion, up 71% from a year before.

In contrast, India's overall merchandise exports grew just 10.6% in August to $36.9 billion, and 19.5% in the first five months of this fiscal to $196.4 billion, according to the latest DGCIS data. The surge in exports to African and Latin American markets has partly made up for the shortfall in demand from larger markets and prevented outbound shipments from slipping into contraction in recent months.

India seems to have taken advantage of Covid-hit China's stunted ability to supply goods to these markets. It also suggests efforts towards geographical diversification of exports are starting to bear some results, exporters told FE.

Some exporters said despite the latest slowdown in advanced markets, demand for low-value products — which typically have limited value addition — has surged this fiscal, and this is where India is consolidating its position.

The data showed growth in exports to most African regions was fairly broad-based. Until August this fiscal, the growth in shipments to the Southern African Customs Union was to the tune of 56.9% and 49.9% to other south African countries.

Exports to countries in West Africa, East Africa and North Africa jumped 42.3%, 56.4% and 15.7%, respectively. Only Central Africa was an exception (5% contraction until August) but it is the tiniest market in that continent.

Meanwhile, exports to India's large markets, having grown at a decent pace in the first quarter, have shown signs of a slowdown, more so as base effect turned unfavourable. Exports to the top market US grew just 4.7% in August, against 18.3% in the first five months of FY23. Similarly, despatches to the EU rose 8% in August, slower than 30% until August.

Supplies to China and Bangladesh shrank 46.7% and 22.7%, respectively, in August; the despatches to China contracted 35.6% until August but to Bangladesh, they rose by a meagre 8.7%. While exports to the UAE jumped 38% in August and 27.3% in the first five months of this fiscal, they were aided by base effect.

Supplies had contracted sharply during FY21, thanks to the pandemic. Of course, with the signing of a free trade agreement, which came into effect from May, India's exports to the UAE are expected to climb at a steady pace.

Source: financialexpress.com- Oct 18, 2022

HOME

****

Importers still wait for clarity on expanded scope of IGCRS Rules

The finance ministry notified the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022, (IGCRS Rules) on September 9.

Six weeks later, many importers are still not clear on the expanded scope of the new rules.

The IGCRS Rules replace the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017, that were applicable only for import of goods under a notification that required the importer to follow the procedures mentioned in the Rules.

The new rules now say they come into play even in situations where the notifications prescribe end use of imported goods but do not specifically prescribe application of the new rules. Also, that they will apply where the end use is not only for manufacturing but also for providing services or for onward supply to recipients who will use imported goods for specified purposes.

The Central Board of Indirect Taxes and Customs (CBIC) issued Circular no.18/2022-Customs on September 10 clarifying various provisions of the new rules. The clarifications suggest that the main intent of the IGCRS Rules is to monitor the end use of imported goods cleared under various exemption notifications issued under Sections 11 and 25(1) of the Customs Act, 1962, that prescribe end use of the goods. The idea behind extending the scope to onward supply of such goods seems to be to cover import of gold by nominated agencies who supply imported gold to actual users.

Rule 2(m) of IGCRS Rules defines (relevant extracts) 'specified end use' as dealing with the goods imported in a manner specified in the notification. A number of exemption notifications specify the conditions to be fulfilled either at the time of clearance of imported goods or afterwards. For example, pharmaceutical exporters can import drugs, penicillin, and its salts from unregistered dealers under advance authorisations only for export production. For project imports, the importers have to fulfil the conditions and follow the procedures prescribed under Project Import Regulations, 1986.

The notifications relating to such imports prescribe many conditions, including end use. It is unclear whether such importers are required to follow the procedures prescribed under IGCRS Rules, in addition to the conditions prescribed in the notifications.

At present, such importers are not using the IGCRS Rules. Exporters wonder whether the government intends the new Rules to be a trial run for administering the duty exemption scheme in future through the Customs notifications/software/IGCRS Rules alone without the need for issue of advance authorisation.

The right to clear imported goods at concessional or nil rate of duty flows from the exemption notification. This right cannot be taken away where the importer fulfils the conditions mentioned in the notification.

So, when the exemption notification does not prescribe a condition regarding the use of IGCRS Rules, can the exemption be denied when the importer does not follow the IGCRS Rules? Can the IGCRS Rules mandate the procedures prescribed therein for availing the exemptions?

The said CBEC Circular no.18/2022-Customs says that the Directorate General of Systems and Data Management, CBIC, shall make necessary changes in the system. So, the importers are worried that if they do not follow the IGCRS Rules procedures, the consignments may be held up when the government amends the software for imports.

The government should issue necessary clarifications.

Source: business-standard.com- Oct 17, 2022

HOME

****

Q2 may be worst quarter for textile firms; Elara prefers these 3 stocks amid gloom

Elara Securities is of the view that textile companies in India are likely to log the worst second quarter with sales seen to rise by just 4.5% YoY. This is because cotton prices have logged a 23.7% YoY increase in prices. Also, volume growth shall remain under pressure as global retailers have resorted to order cuts and there is inventory constraint.

Unfavourable cost structure

The domestic brokerage said during the September quarter of FY23, cotton as well as yarn prices climbed over 60% and 23%, respectively, YoY. Also, the brokerage emphasised that players in the industry weren't able to transmit the high cost to customers across the value chain as Indian cotton was expensive compared to global variants. The brokerage sees pressure across the yarn, fabric, garment, and home textile segments, led by lower utilisation and an unfavourable cost structure.

Maintaining a cautious stance, the brokerage said owing to high-price cotton inventory, muted exports demand as well as input cost inflation not being absorbed, it sees textile companies to report the weakest quarter. Nonetheless, the brokerage forecasted the second half of FY23 to be the recovery period for textile majors as cotton prices begin to soften from October with new arrivals. "The premium of India cotton to international prices has reduced meaningfully and is likely to revert to a discount as arrivals gain pace. We expect H2FY23 to be a recovery period for India's textile firms as cost starts to revert to adequate levels and companies become competitive in the global markets," added the brokerage.

Also, the brokerage sees US retailers' inventory to come down with increased efforts through deep discounting as well as festival sales that shall offer a boost to India demand. Amid such an environment, the brokerage prefers integrated players witin the space that can protect their profitability despite currency headwinds and adverse cotton prices, including KPR Mill NSE 0.74 %, Vardhman Textiles and Arvind. However, the factors to keep a track on include cotton prices, domestic and foreign demands, capex plans and debt structure.

Source: economictimes.com- Oct 17, 2022

HOME

****

Govt committed to making UP a global textile hub: Rakesh Sachan

The Uttar Pradesh government is committed to making the state a global textile hub, said Rakesh Sachan, the state minister for micro, small, and medium enterprises (MSMEs), handicrafts, and the textile industry. He added that the government intends to attract ₹10,000 crore in private investment in the textile sector while creating 5 lakh job opportunities.

Speaking at a press conference on Monday, Sachan said, “Our government has promulgated the UP Textile and Garmenting Policy of 2022. The textile industry in UP has immense potential as we have a market of 24 crore consumers. Besides, we also have a skilled and trained labour force.” The minister added, “We will organise fashion shows in two cities to promote the export and sale of textile products made in the state. We will also hold handloom, silk, and khadi expo once a year at prominent trade centres of the country. Besides, buyer-seller meets will be held in eastern and western UP twice a year.”

Under the new policy, the investment process has been made online. “To address the issues of investors, we will set up a help desk. The policy will also encourage self-employment opportunities for children of weavers.

Also, five private-sector textile and garment parks will be established to increase the income of handloom and power loom weavers. In addition, power looms are to be modernised and entrepreneurs will be motivated to use solar energy,” said Sachan.

Other major benefits to be rolled out under the policy include -- 100% exemption of stamp duty against bank guarantee to entrepreneurs who buy plots to set up the production units; state residents will be given preference in purchasing land from UPCIDA, GIDA, Noida, Greater Noida, and other UP authorities; and encouragement to state residents who wish to set up businesses in the field of handloom and textiles.

“Students who wish to start their venture after passing the three-year diploma from the Indian Institute of Handloom Technology will be given a 75% grant as per their project cost,” added Sachan.

Other major benefits to be rolled out under the policy include -- 100% exemption of stamp duty against bank guarantee to entrepreneurs who buy plots to set up the production units; state residents will be given preference in purchasing land from UPCIDA, GIDA, Noida, Greater Noida, and other UP authorities; and encouragement to state residents who wish to set up businesses in the field of handloom and textiles. "Students who wish to start their venture after passing the three-year diploma from the Indian Institute of Handloom Technology will be given a 75% grant as per their project cost," added Sachan.

The timely arrival and action by firefighters saved the lives of half a dozen employees of a mall who got trapped inside as a major fire broke out, late on Sunday evening. The cause of the fire was said to be a blast in the air conditioner installed in the building at Balson Crossing of the city. It took over three hours of intensive work to douse the fire completely, fire officials said.

Fashion Factory, a mall, was readying to open before Diwali at Balson Crossing. Central air-conditioning was installed in the basement of the building. Reportedly, there was a blast in the compressor of the air conditioning during its testing on Sunday evening. The blast resulted in a fire in the building following which the majority of the staff fled. However, six employees of the mall Vikas, Govid, Tasleem, Vivek, Nayak and Jai Babu were trapped on the first floor while they were trying to douse the flames.

Chief fire officer RK Pandey and his team reached the spot and began rescue operations. Firefighters had a tough time due to the thick smoke which engulfed the building.

Pandey said the six persons trapped inside the building were rescued and there was no casualty in the fire incident. The fire spread to the first floor where many garments were stored. The fire was completely doused in three hours with the help of six fire tenders and a hydraulic platform, he added.

Source: hindustantimes.com- Oct 17, 2022

HOME

****

Cotton yarn prices steady in north India as Diwali approaches

Cotton yarn prices remained steady in north India today as trade activities slowed down. With Diwali just a week away, traders and buyers seem to have already gone in the festive mode. Traders said that there was little chance of fluctuations in cotton yarn till Diwali. Panipat (recycled yarn market) and Ludhiana witnessed weak market sentiments.

Ludhiana's yarn market witnessed a steady trend. Cotton yarn was traded at the same prices as last week. A trader from Ludhiana market told Fibre2Fashion, "Buyers are only purchasing for their immediate needs as the market is lacking the confidence for a higher demand. The post-Diwali scenario will be very important for cotton trade."

In Ludhiana, 30 count cotton combed yarn was sold at ₹300-310 per kg (GST inclusive), according to Fibre2Fashion's market insight tool TexPro. 20 and 25 count combed yarn were traded at ₹290-300 per kg and ₹295-305 per kg respectively. Carded yarn of 30 count steadied at ₹275-285 per kg.

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.

Prices of recycled yarn in the Panipat market remained steady. According to the traders, recycled yarn market is feeling the pressure due to a muted demand. The market sentiments are very weak in the home furnishings segment in the run up to the festival. Due to a weak demand from end consumers and slow exporters, manufacturers are focusing in disposing their stocks in the current season.

In the Panipat market, 10s recycled yarn (white) was traded at ₹100-105 per kg (GST extra). 10s recycled yarn (coloured - high quality) was traded at ₹110-115 per kg, 10s recycled yarn (coloured - low quality) at ₹80-85 per kg and 20s recycled PC coloured (high quality) at ₹115-120 per kg. 30 count recycled yarn was sold at ₹155-160 per kg. 10s optical yarn was priced at ₹120-125 per kg in the market. Comber prices were ruling at ₹120-125 per kg. Recycled polyester fibre (PET bottle fibre) was at ₹88-90 per kg.

Cotton prices in north India increased by ₹200-220 per maund of 37.2 kg. However, trade was very thin amid weak demand. According to the traders, spot cotton prices gained as it found support from the upward trend in futures.

Daily arrival in north India was noted at 18,000-19,000 bales of 170 kg each. Cotton was traded at ₹6,970-7,000 per maund.

Source: fibre2fashion.com- Oct 17, 2022

HOME

****