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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

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Currency Watch	
USD	81.23
EUR	83.75
GBP	95.53
JPY	0.58

INTERNATIONAL NEWS

INTERNATIONAL NEWS

IMF sees gloomier world economic outlook than last month

The International Monetary Fund said prospects for the world economy are more pessimistic than what it forecast last month as downside risks from the effects of Russia's war and persistent inflation materialize.

A steady worsening in recent months for purchasing manager indexes that track Group of 20 economies "confirm that the outlook is gloomier" than outlined in the October World Economic Outlook, Tryggvi Gudmundsson, an economist in the IMF's research department, said in a blog post Monday. The difficulties "are immense, and weakening economic indicators point to further challenges ahead." In last month's WEO, the Washington-based fund IMF cut its forecast for global growth next year to 2.7%, from 2.9% seen in July and 3.8% in January, adding that it sees a 25% probability that growth will slow to less than 2%.

Consumers globally are grappling with a deepening cost-of-living crisis spurred by food and fuel inflation that, in many locations, shows few signs of easing. High prices have triggered a wave of interest-rates increases that has made debt repayments more expensive and raised worries about a funding blockage in low-income and emerging-market nations.

"Continued fiscal and monetary tightening is likely needed in many countries to bring down inflation and address debt vulnerabilities -- and we do expect further tightening in many G-20 economies in the months ahead," Gudmundsson said in the blog that accompanied the release of a report prepared for the gathering of G-20 leaders in Bali, Indonesia, next week. "These actions will continue to weigh on economic activity, especially in interest-sensitive sectors such as housing."

Last month, the IMF calculated that about one-third of the world economy will have at least two consecutive quarters of contraction this year and next, and that the lost output through 2026 will be $4 trillion.

Source: economictimes.com - Nov 14, 2022

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Canada, US say quality control orders in India difficult to implement by exporting countries

Canada and the US have complained that quality control orders put in place by India for a range of products, including toys, ICT items, automotives and chemicals, were difficult to implement by exporting countries and had impacted trade. They have sought reinstatement of full and permanent recognition of results from internationally accredited labs.

India should also provide greater clarity and transparency regarding the steps laboratories can take to obtain such recognition from BIS, according to a technical statement by Canada, the US and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, submitted to the WTO Committee on Technical Barriers to Trade on Friday.

The countries have said they want to engage with India to ensure that the implementation of these measures are conducted in ways that are consistent with India's WTO obligations.

"Currently, exporters whose products have already been certified by accredited international laboratories, report that results from these laboratories are not being accepted as proof of compliance with the requirements of the Compulsory Registration Order and the Mandatory Testing and Certification of Telecommunications Equipment scheme. As a result, exporters are forced to undertake duplicative testing," it said.

The countries said India needed to utilise the benefits of International Laboratory Accreditation Cooperation (ILAC) membership and accept foreign laboratory test results from ILAC-accredited labs as proof of compliance with Indian requirements.

While thanking India for recently extending recognition of test results from laboratories accredited by ILAC for certain products until June 30, 2023, the countries said the process through which institutions can obtain recognition was unclear and lacked transparency. "We remain unaware of any laboratory that has obtained such recognition," the submission noted.

At the moment, over 450 products are under the ambit of mandatory certification in India. For a number of products, compliance to Indian Standards is made compulsory taking into consideration public interest, protection of human, animal or plant health, safety of environment, prevention of unfair trade practices and national security. For these products, the government makes it mandatory for manufacturers to follow Indian standards and obtain BIS certification.

In the case of toys, a total halt in exports by US and Canadian companies occurred because of the quality control order, and trade continues to be greatly impacted, the countries complained. “India continues to require testing of every import shipment of toys in addition to on-site sampling at manufacturing facility, with those samples then shipped to India for in-country testing. Situations like these not only add to the cost of the importation process but also lead to delays,” the communication noted.

Source: thehindubusinessline.com - Nov 12, 2022

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China's yarn exports down since May due to US ban on Xinjiang cotton

China’s monthly yarn exports declined to $1,096.505 million in September from $1,472.494 million in May 2022. The US has banned Xinjiang cotton and its products, which may have impacted yarn exports. Products made of cotton originating from Xinjiang cannot be supplied to the US.

China exports cotton yarn, polyester yarn, blended yarn and other types of yarn to many countries. Due to the ban, which came into effect in June 2022, China’s exports of cotton yarn and cotton blended yarn have taken a hit.

China’s yarn exports were $1,265.512 million in April 2022, which increased to $1,472.494 million in May, according to Fibre2Fashion’s market insight tool TexPro. However, they have been declining ever since. The shipment slipped to $1,433.541 million in June, $1,323.384 million in July, $1,172.470 million in August and $1,096 million in September 2022.

The country shipped yarn worth $11.722 billion in the first nine months of this year. Its exports were worth $13.769 billion in 2021, $9.724 billion in 2020, $12.397 billion in 2019 and 12.695 billion in 2018, as per TexPro.

Source: fibre2fashion.com- Nov 14, 2022

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EU consumer inflation expectations 12 months ahead rise a bit in Sept

Consumer expectations for inflation in the European Union (EU) 12 months ahead increased slightly in September this year compared with August, while expectations for inflation three years ahead remained unchanged, according to the European Central Bank (ECB), which recently said expectations declined significantly for economic growth over the next 12 months.

Expectations for nominal income growth over the next 12 months declined markedly, while expectations for nominal spending growth remained unchanged.

Perceived inflation over the previous 12 months continued to rise, with the median rate now standing at 8.1 per cent.

Inflation expectations remained well below the perceived past inflation rate, particularly at the medium-term horizon of three years. Median expectations for inflation over the next 12 months increased from 5 per cent to 5.1 per cent, while expectations for inflation three years ahead were unchanged at 3 per cent.

Younger respondents (18-34 years) continued to report lower inflation perceptions and expectations than older respondents (55-70 years), an ECB press release said.

Consumers in September expected their nominal income to grow by 0.6 per cent over the next 12 months, down from 1 per cent in August. The decline was strongest for older respondents (55-70 years) and households with income around or just below the median.

Economic growth expectations for the next 12 months declined significantly from minus 1.7 per cent in August to minus 2.4 per cent. Consistent with the lower expectations for economic growth, expectations for the unemployment rate 12 months ahead rose to 12.2 per cent, from 11.9 per cent in August.

Source: fibre2fashion.com- Nov 12, 2022

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RCEP to help raise Asia-Pacific income by 0.6% by 2030: Report

The Regional Comprehensive Economic Partnership (RCEP) will help raise Asia-Pacific income by nearly 0.6 per cent by 2030—close to $245 billion a year—and create 2.8 million jobs annually, according to a report, which said due to previous free trade agreements (FTAs) among many member countries, some commodities like textiles and garments have already benefited from low tariffs.

The report on RCEP's impact on the shaping of supply chains in Vietnam was recently released by the National Centre for Socio-Economic Information and Forecast (NCIF) under the ministry of planning and investment and Konrad-Adenauer-Stiftung Vietnam. The RCEP will have many positive impacts on regional economies, NCIF deputy director Luong Van Khoi said citing the report.

The most important thing may be the harmonisation of rules of origin, which enables the accumulation of origin, creating many chances and benefits for intra-bloc exports, Khoi was quoted as saying by a news agency. However, tariffs have been reduced for some goods whose supply chains Vietnam has engaged deeply into. These include textiles, garments, automobiles and some electronic products. The application of consistent rules of origin under the RCEP will help the country boost its participation in regional supply chains.

The shift of supply chains to Vietnam that has already been taking place thanks to bilateral FTAs or within the ASEAN Plus 6 framework will be further promoted by the RCEP. Foreign direct investment (FDI) inflows are also expected to grow even more when major investors in the region are stepping up specialisation to develop supply chains, according to the report. It also pointed out that the RCEP will provide opportunities for Vietnam to value add more to productivity by boosting market expansion, attracting investment to upstream manufacturing sectors, and enhance specialisation in the industries where Vietnam has strengths. That will in turn attract more FDI under supply chains to the country and help domestic enterprises further engage in global chains, the report added.

Source: fibre2fashion.com- Nov 14, 2022

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China to ease tariff duties for 10 least-developed countries

Starting from December 1, 2022, China will extend zero-tariff treatment to 10 least-developed countries. The country has taken this step, as a win-win outcome, in its endeavour to promote an open global economy while also helping the least-developed nations to accelerate their growth, as per the customs tariff commission of the state council.

The zero-tariff treatment will be applicable to 98 per cent of taxable import items from the 10 least-developed countries, including Guinea-Bissau, Lesotho, Malawi, Afghanistan, Benin, Burkina Faso, Sao Tome and Principe, Tanzania, Uganda, and Zambia.

The country also plans to eventually expand this policy measure to all the least-developed countries who have ties with China, according to Chinese media reports.

Source: fibre2fashion.com- Nov 12, 2022

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China & Vietnam claim 71% share in Japan's apparel imports in Jan-Sept

China and Vietnam collectively supplied 71 per cent of the total apparel imported by Japan during January-September 2022. China's exports to Japan were worth $10.310 billion or 55.76 per cent of the country's total imports of $18.490 billion in the period under review, while Vietnam was the second largest supplier with a 15.35 per cent share.

China and Vietnam supplied apparel worth $13.149 billion to Japan in first nine months of this year. Vietnam alone shipped apparel worth $2.839 billion in the period, according to Fibre2Fashion's market insight tool TexPro.

Along with geographical proximity with Japan, an understanding of buyers' choices and quality preferences play a vital role in making China and Vietnam the top suppliers. It is believed in industry circles that Japanese buyers are particular and strict in terms of quality and standards of the products they buy.

The other countries that make it to the list of top 5 exporters to Japan include Bangladesh (5.44 per cent), Cambodia (4.98 per cent) and Myanmar (4.19 per cent). Indonesia, Italy, Thailand, India, and Malaysia are the other suppliers enlisted as the top ten suppliers. But their share of supply was less than 3.2 per cent each, as per TexPro.

In the year 2021, Japan imported apparel worth $23.804 billion. China's share in it was 58.30 per cent with supply valued at $13.878 billion, while Vietnam's share was 14.49 per cent valued at $3.450 billion. The other top 10 exporting countries had a marginal share in 2021.

Source: fibre2fashion.com- Nov 13, 2022

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Turkish industrial production rises 0.4% YoY in Sept, falls 1.6% MoM

Turkiye's industrial production increased by 0.4 per cent year on year (YoY) in September this year, according to it official statistic agency Turkstat, which recently said that among the industrial sub-sectors (based on 2015=100), manufacturing index increased by 1.7 per cent YoY.

Industrial production decreased by 1.6 per cent month on month (MoM).

The manufacturing index decreased by 1.6 per cent MoM and electricity, gas, steam and air conditioning supply index decreased by 1.7 per cent MoM in September this year.

Source: fibre2fashion.com- Nov 13, 2022

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Vietnam's greening textile and garment sector to boost exports to EU

Every year, an estimated 92 million tonnes of textile waste is generated globally and the apparel industry's global emission is said to increase by 50% by 2030. These are alarming numbers about the state of environmental pollution caused by the textile and garment industry.

Greening the textile industry is becoming more crucial than ever, with the European Commission (EC) recently proposing that goods must meet the ecological design criteria. The EC suggested a new strategy to make textiles more durable, repairable, reusable and recyclable, to tackle fast fashion, textile waste and the destruction of unsold textiles, and to ensure that their manufacturing is conducted in accordance with social rights.

Meanwhile, the EU is a traditional and key market for Vietnam's textile and footwear industries, especially with the EU-Vietnam Free Trade Agreement (EVFTA). According to details given by Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association, textile and garment exports to the EU in the first half of this year soared by roughly 40% over the same period from last year.

With the EC's ecological design criteria, the greening of textiles and garments is gaining increasing attention. Improvement and adaptation are critical for Vietnam's export to EU market.

Vietnamese Trade Counselor to Sweden, Denmark, Finland, Iceland and Norway Nguyen Thi Hoang Thuy told Vietnam Chamber of Commerce and Industry (VCCI) that sustainable production is a must. Vietnamese enterprises continue to encounter several challenges in meeting the criteria of sustainable textiles due to a lack of development space plans for a large-scale textile and dyeing industry. Meanwhile, Nordic is a demanding market with high requirements for environmental standards.

She, however, emphasized that there is still large room for the leather, footwear and textile industry to enter the EU market. In addition to product origin, using recycled materials, and meeting labor and environmental standards is essential.

Realizing that "every challenge is an opportunity," Aurora IP developed by Cat Tuong Real Estate Group is leading the trend in building and developing a green textile industrial park. Aurora IP is one of the very few IPs in Vietnam qualified to accommodate fabric-dyeing facilities. Its infrastructure is synchronously designed with one of the country's largest water supply and wastewater capacities as well as the development of complex social infrastructure.

For example, Aurora's wastewater treatment system is well designed with a large capacity of 110,000 m3/day night, divided into modules with advanced and synchronous technology, and shall ensure the receipt and treatment standard of wastewater before discharging. Solutions toward green industrial parks must still meet the most basic requirements such as electricity, water, and labor resources, according to experts.

Aurora IP is strategically located in Ninh Co Economic Zone, which spans 14,000 hectares with comprehensive infrastructure such as airport, seaport and power supply facilities. In terms of manpower, the IP is supplied from two sources including local supply of 10,000 workers with high school graduates or basic training for the IP, and a supply of 130,000 people aged 21-35 in surrounding districts.

The direction of Aurora IP towards the green textile industry, according to experts, is the right path as global textile enterprises have shifted their priority to be in favor of "green businesses." Sustainable development ranks as the most important strategic objective for companies in this sector.

According to ResearchAndMarkets.com, Asia Pacific is expected to register significant growth in the overall green textiles market owing to the widespread adoption of greener technologies in order to address the environmental concerns in the region and to meet the rules of origin of garment and textile products.

"Amidst the increasing strict requirements for a green and sustainable textile industry, Aurora IP is well aware of its responsibility for building an industrial park that fully meets the strict requirements for greening the textile industry. We believe that the development of eco-industrial parks is considered a solution not only to overcome the limitations and inadequacies of environmental problems but also to promote sustainable growth," said Mr. Tran Quoc Viet - Chairman & CEO of Cat Tuong Group.

Source: globenewswire.com- Nov 13, 2022

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Bangladesh, Singapore to discuss FTA; apparel trade below 2019 levels

Bangladesh and Singapore are looking to boost their bilateral trade and investment through a free trade agreement (FTA), which they aim to sign this year. Bangladesh was the fifth largest apparel supplier for Singapore, however, the inbound shipment has not recovered yet after COVID disruption in 2020. FTA may boost the trade opportunity for both countries.

Singapore and Bangladesh will begin negotiations very soon. Singapore's officials will visit Bangladesh to sign a memorandum of cooperation (MoC) in this connection, as per media reports.

Currently, the principal import products from Bangladesh to Singapore are knitwear, woven garments, home textile, agricultural products, and engineering products.

According to Fibre2Fashion's market insight tool TexPro, Singapore imported apparel worth $127.338 million in 2021 from Bangladesh which was slightly higher than the inbound shipment of $122.098 million in 2020. Before the pandemic, the country had imported apparel worth $196.576 million in 2019, $234.921 million in 2018 and $223.005 million in 2017.

The inbound shipment of current year is not likely to touch pre-COVID level either. Its apparel imports from Bangladesh amounted to $116.272 million in the first nine months of this year. Monthly imports stood at $9.720 million in September, $23.109 million in August, $10.861 million in July and $11.5000 million in June 2022.

Overall, Singapore imported apparel worth $1727.052 million in January-September 2022, and Bangladesh claimed the fifth spot with a share of 6.73 per cent, as per TexPro.

Source: fibre2fashion.com- Nov 14, 2022

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Made in Bangladesh: The journey of a brand

"Made in Bangladesh" labels now have become a familiar label in almost all places, as the apparel sourcing formula by fashion giants accelerate dependency on manufacturing strength, capacity and efficiency.

Bangladesh has grown into an apparel powerhouse second only to China, with factories producing clothing for the likes of Tommy Hilfiger, Gap, Calvin Klein, H&M, Giorgio Armani, Ralph Lauren and Hugo Boss. Many global retailers have opened sourcing operations in Dhaka.

Why do global fashion giants opt for sourcing apparels from Bangladesh? The answer lies in competitive rates, manufacturers' accountability, concrete confidence, Bangladesh apparel's adaptation of modern technologies and the industry's relentless endeavours for meeting environment and workplace safety standards.

Apparel now fetches the country more than $42 billion in annual export to more than 150 countries for more than 1000 retailers. Garments are vital to the Bangladesh economy, accounting for 82% of manufactured exports and over 4.2 million employment.

Bangladesh is now home to the highest number of green garment factories in the world.

At present, 177 apparel factories that are certified as LEED (Leadership in Energy and Environmental Design) by the US Green Building Council are located in the country. Of them, 58 are LEED Platinum-rated, 105 are LEED Gold-rated, ten Silver-rated and four only certified.

Moreover, 550 more apparel factories are on their way to get the LEED certifications. As the South Asian nation is poised to graduate from the least developed country to a middle income one in 2026, the country's apparel strength continues to play a crucial role.

However, the country's apparel endeavour began just roughly around 44 years ago in 1978 with the export of only 10,000 pieces of shirts to a French buyer worth 13 million French Francs by Dhaka-based Reaz Garments. The owner of the factory Reazuddin used to make the clothes for both local and foreign consumers.

But in terms of exports by a fully export oriented apparel-maker, Desh Garments Limited led the way by shipping 1.2 lakh pieces of boy's shirts to a German company called MNR in January 1980.

In 1979, Desh sent 133 workers and mid-level managers to the world-renowned Daewoo's garment manufacturing plant in Busan, South Korea to receive training in modern machinery.

The team returned home after six months of training. Desh Garments set up a new plant with those 133 people. And it marked the beginning of a new journey to turn Bangladesh into an economically self-sufficient nation through apparel exports.

Driving factors

There are a number of factors that helped Bangladesh become the global apparel giant defying all odds. Those include labour availability, price competitiveness, quick returns for entrepreneurs, duty-free market advantage, technology adaptation, policy support by the government and a shift in apparel-making from China to the South Asian region.

There are more than 30 private and public universities producing textile graduates in the country every year, further adding to the skilled manpower for the segment. Moreover, favourable government policies, bank facilities and strong backward linkage industries have hugely contributed to the spectacular growth of the sector over the last four decades.

Besides, Bangladesh's Least Developed Country (LDC) status helps perform better in competition abroad as the clothes are entitled with duty-free market access or reduced tariff facilities to many developed and developing nations.

The country now enjoys market privileges to around 52 countries, including countries in the European Union bloc, Australia, Switzerland, Japan, Turkey, Russia, Norway, New Zealand, China, South Korea, Thailand, Malaysia, and India.

From the very beginning of the local ready-made garment industry in the 80s, there has been a fashion industry shift from China to South Asian countries.

Another key factor responsible for the apparel boom in Bangladesh is the good return the sector offers to investors who start getting dividends on their investment in three to five years' time. Besides, being the second biggest apparel exporter globally, there are huge growth opportunities that the sector offers.

Bangladeshi manufacturers and exporters have built excellent vertical capacities, which only China could offer before, which help global brands to ensure more transparency and coordination in their supply chains.

To cater to its worldwide clientele, the apparel industry has now implemented the most advanced garment production and management methods. As a result, Bangladesh's RMG industry has a very high rate of quality achievement and technical compliance.

Absorbing shocks to grow stronger

The country's apparel journey was not a smooth ride, rather local and global shocks challenged the rise although the way. Issues like rules of origin, most favoured nation status and global financial crisis recession in the external front and deadly factory accidents--- all put roadblocks on the way since '90s.

And the industry, with its resilience and coping strategies, braved all the odds and kept growing on the back of trust and support of global brands, retailers and fashion-lovers across the globe.

Apparel-makers in 2020 faced an unprecedented supply and demand shocks stemming from the Covid-19 pandemic. As the pandemic started waning in late-2021, a war and pinching inflation surfaced next year, hitting a fresh blow at a time when the sector has achieved a record $52 billion export and set an ambitious target of reaching annual exports worth $100 billion in 2030.

But industry people still hold their morale and stamina high, and have not lost the hope for good days ahead.

"Whenever a situation emerges, it tends to seem so huge that we wouldn't survive anymore. But we survived those and emerged more resilient every time," said Miran Ali, vice-president of the apex body of woven apparel makers- Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

A path to becoming resilient and sustainable

A recent survey report by Hong Kong-based supply chain compliance solutions provider QIMA ranked Bangladesh's apparel industry second in "Ethical Manufacturing" with a score of 7.7 – only behind Taiwan.

The ethical auditing report covered a wide range of compliance and ethical manufacturing issues such as hygiene, health and safety, waste management, child and young labour and standard labour practices.

"In recent years, we have undergone a massive transformation in workplace safety, environmental, sustainability and compliance issues," says Faruque Hassan, president of the BGMEA.

"Our vision for the next decade is to pursue new areas of opportunity, growth, and excellence. Modernisation, innovation, diversification and technological upgrade are vital, as we also prioritise the health, education and well-being of our workers," he added.

According to the BGMEA, environmental social governance has emerged as one of the major areas of concern in the global business landscape. Given the context, the association has outlined a strategic sustainability vision to map out the priorities and subsequent actions.

The BGMEA's first point of the strategic vision notes reducing the greenhouse gas emissions by 30% by 2030.

The plans – in line with the Sustainable Development Goals – also call for elevating circularity by enhancing the "Sustainable Material Mix" by 50%, reducing 50% usage of groundwater consumption, ensuring 100% safe and non-hazardous chemicals and 30% reduction in energy consumption by 2030.

The sustainability vision also includes at least 20% of the industry's energy consumption from renewable sources by 2030 and reduction of deforestation.

Apparel makers have already seen significant success in reducing water consumption.

The traditional method requires a minimum of 55 litres of water to wash a pair of jeans. Now a number of garment factories can halve the water use and reduce the wash cycle.

In some cases, Bangladesh jeans exporters are using zero water washing facilities to produce more environmentally friendly products.

"Ananta Apparels has reduced water consumption in its washing process ", said its Managing Director Sharif Zahir.

Ananta's wash cycle used to be 15-20 minutes, which meant more water consumption. Now it has come down to a minute.

"This helped in cutting the use of hazardous chemicals in the washing and the finishing process," Sharif said.

Envoy Textiles Limited has reduced water usage by over 80% in the dyeing and finishing process.

"We can save about 59.28% of water during the dyeing process, and about 20% in the finishing process," Envoy textile founder Kutubuddin Ahmed said.

"In the normal process we need 35 litres of water per yard of denim fabric for dyeing. However, in the sustainable process, the water requirement has come down to 15 litres," said Kutubuddin, a former president of BGMEA.

Click here for more details

Source: tbsnews.net- Nov 13, 2022

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NATIONAL NEWS

Government gives top priority to India's Interest, enters into FTAs only after extensive consultations and brainstorming: Shri Goyal

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal said the World today recognizes that India has arrived. He was speaking at a function organized by a media house in New Delhi today.

Shri Goyal said that both in the political world and the business world, everyone now acknowledges the India story. Elaborating on it, he said India's story shows a lot of positive mindset, shows aspirations of a billion plus people desiring a better life for themselves. The story is not limited to economic growth only, it also shows political stability, which has a huge thrust on the corruption free society, he added.

India is the one bright spot in the world, which will not only improve the lives of a billion plus people, but would also lend a helping hand to the world economy, he said.

The world is dependent on India for not only its own economic growth and India's market, but also for India's demographic dividend and huge talent pool. Shri Goyal said he believes India is going to be a global superpower in the next 25 years.

Shri Goyal said the Government gives top priority to the interests of India while entering into FTAs with countries. India doesn't enter into agreements just for the sake of doing it but only after extensive consultations with all the stakeholders and in-depth brainstorming covering all the issues, he added. Shri Goyal informed the gathering that India negotiates from a position of strength but wants a fair and balanced deal.

Shri Goyal highlighted that opting out of RCEP (Regional Comprehensive Economic Partnership) was a courageous decision made in the interest of our industry and our nation.

Shri Goyal said that the new India had a bright tomorrow, a very powerful tomorrow and a very prosperous tomorrow. He termed India as the energetic youthful nation, which wants better things in life, which is willing to experiment, innovate, and take risks.

Sharing his experience of interaction with the startup youths in Varanasi yesterday, he said there is a lot of positive energy in the country and high levels of nationalistic spirit. The mindset of the people is changing, India's confidence is getting stronger and India's future is secure, he added.

Source: pib.gov.in- Nov 12, 2022

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India's exports would register annual growth rate of 10-12% despite external headwinds: Piyush Goyal

Stating the external headwinds such as high inflation in western countries and declining growth momentum are bound to have some impact on Indian exports, commerce minister Piyush Goyal speaking at the Hindustan Times leadership summit, reaffirmed that India's merchandise exports would still record an annual growth rate of 10-12%.

Goyal's comments come after slowing export growth in the country sparked fears of job loss in labour-intensive sectors such as textile and manufacturing. India's merchandise exports grew at the slowest pace in 19 months while imports moderated despite sharp currency depreciation in September.

"Businesses never panic over a monthly up-down. There have been a number of external headwinds, covid, a war that sent the commodity prices shooting up, and a decline in demand in western countries ..but India's merchandise trade will grow by about 10 to 12% annually. And there is statistical evidence that India will become a $30 trillion economy when we complete 100 years of independence," Goyal said.

Key sectors including engineering, ready-made garments, cotton yarn, plastics and linoleum reported a decline in exports in September compared to the corresponding month last year owing to slowing demand across India's major markets including the US and the European Union amid high inflation and recessionary outlook.

Speaking about the free trade agreement (FTA) being signed under the Modi government, Goyal said that the FTAs are no longer signed for the sake of it and it is being made sure that India's long-term benefits are taken care of.

"Unfair trade deal was negotiated earlier. The BJP government believes in continuity and so we were continuing our negotiations on Regional Comprehensive Economic Partnership (RCEP) but our MSMEs and dairy sector were afraid of the deal and the impact of the deal. The reason we walked out of RCEP is that it is essentially a China- India FTA. I don't know why and how this is being done," the minister said.

Responding to a question on an FTA with the US, Goyal said that the US is in a different position at the moment and it is not signing an FTA with anyone at the moment let alone India.

“And India- US trade is only getting better. We did opt out of the Indo-Pacific Economic Framework (IPEF), but we have not closed the doors on it. We are not doing it at the moment. Discussions are taking place and if we think we will be able to benefit substantially, we will consider joining it.

But India will sign deals on its own terms. You heard US treasury secretary Janet Yellen talking about friend shoring. They want to improve trade relationships with India and there is massive interest in India for an FTA. Gulf Cooperation Council (GCC), Eurasia countries, Israel and several others want an FTA with us. We don't have enough room to do all the FTA at the moment," he added.

Source: livemint.com- Nov 13, 2022

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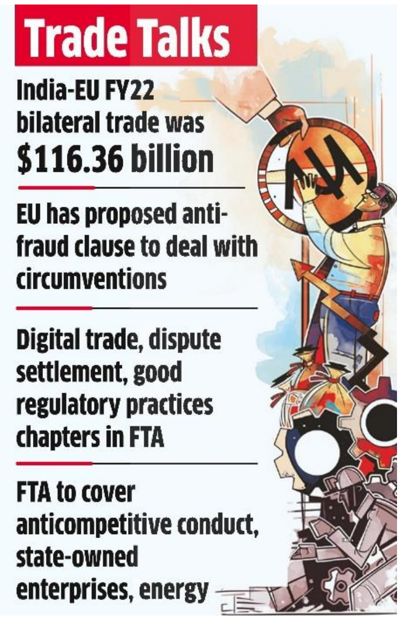
FTA talks with EU to focus on goods and investments

India and the European Union are likely to discuss issues related to investment and trade in goods during the third round of free trade agreement (FTA) talks, which will begin in Delhi on November 28.



"The negotiators from the EU are coming here for the talks. Negotiations on goods and investment are high on the agenda," said an official, who did not wish to be identified.

The two sides relaunched FTA negotiations after a nine-year hiatus and initiated separate negotiations for an Investment Protection Agreement and an Agreement on Geographical Indications in June.

The EU has proposed an anti-fraud clause in the goods chapter which deals with preventing, detecting and combating breaches or circumventions of customs legislation related to the preferential treatment, said people with knowledge of the matter.

The first round of talks, held in June, focused on the EU's proposals for 18 chapters. The second round took place in October in Brussels.

Discussions have happened on chapters on issues including digital trade, government procurement, anticompetitive conduct, merger control and subsidies, state-owned enterprises, dispute settlement, good regulatory practices, and energy and raw materials.

The EU's share in foreign investment inflows to India rose to 18% from 8% in the last decade, making the bloc India's largest source of foreign direct investment (FDI). Between April 2000 and September 2020, FDI inflows from the EU to India totalled $86.82 billion.

Source: economictimes.indiatimes.com- Nov 13, 2022

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India-EU trade pact: Next round of talks from November-end

The next round of talks between India and the European Union (EU) on a proposed free trade agreement, which aims at boosting trade and investments between the two regions, is scheduled to start from the end of this month, an official said. India and the EU on June 17 this year formally resumed negotiations on the proposed agreement, after a gap of over eight years.

"The EU delegation will be here on November 28 for the third round of talks for India-EU Trade and Investment Agreement, including the Geographical Indications (GI)," the official said.

The second round of negotiations were held in Brussels.

India's bilateral trade with the EU rose by 43.5 per cent to USD 116.36 billion in 2021-22.

At present, the EU is India's second largest trading partner after the US, and the second largest destination for Indian exports.

According to the commerce ministry, the trade agreement with the EU would help India in further expanding and diversifying its exports of goods and services, including securing the value chains.

Both sides are aiming for the trade negotiations to be broad-based, balanced, and comprehensive, based on the principles of fairness and reciprocity.

A GI is primarily an agricultural, natural or a manufactured product (handicrafts and industrial goods) originating from a definite geographical territory. Typically, such a name conveys an assurance of quality and distinctiveness, which is essentially attributable to the place of its origin.

Source: economictimes.indiatimes.com- Nov 13, 2022

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PM Gati Shakti to create seamless connectivity across India, help common man and industry – Shri Goyal

The Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal said that the objective of the PM Gati Shakti Mission is to transform connectivity infrastructure in India. He was speaking at the Prime Minister's Gati Shakti Multimodal Waterways Summit organised by the Inland Waterways Authority of India (IWAI) under the Ministry of Ports, Shipping and Waterways, Government of India from November 11-12, 2022 at Varanasi.

The conference was jointly inaugurated today by Chief Minister of Uttar Pradesh Shri Yogi Adityanath, Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal and Union Minister of Ports, Shipping and Waterways, Shri Sarbananda Sonowal.

Speaking on PM Gati Shakti Mission, Shri Goyal said the project would bring synergy among the ongoing infrastructure projects undertaken by different ministries.

Several Ministries of the government have been brought on one platform under this Mission. These include Railways, Roads and Highways, Petroleum and Natural Gas, Telecommunication, Power, Shipping and Civil Aviation.

The minister appreciated the work done related to the Inland Waterways under PM Gati Shakti Mission. He said that this government had faced many challenges in the last eight and a half years, and added that the credit for turning these challenges into opportunities goes to Prime Minister Shri Narendra Modi. It is only due to his forward thinking and right guidance, many ministries are now working cohesively today. PM Gati Shakti Yojana has been made possible under the PM's able leadership and guidance.

Shri Goyal said that the Prime Minister believes that if any country has to develop, then it is essential to improve the infrastructure. There have been major transformations in providing basic amenities such as toilets, pucca houses, electricity, digital technology among many other things. Number of airports and ports has also doubled, he highlighted.

He highlighted that hardly any country in the world has a plan as holistic as Gati Shakti. This program will result in seamless connectivity across the country, benefitting the industry, trade as well as the common man.

It will cut down Logistic cost and reduce the time of transportation of goods. Land records have also been added under this scheme, which will accelerate the speedy completion of any project.

Source: pib.gov.in- Nov 11, 2022

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Joint Statement on the 9th India-U.S. Economic and Financial Partnership

Following the conclusion of the dialogue, Finance Minister Smt. Sitharaman and Treasury Secretary Dr. Yellen signed the following joint statement:

We were pleased to lead for a second consecutive year the India-U.S. Economic and Financial Partnership meeting and to welcome Federal Reserve Chair Mr Jerome Powell, Governor Reserve Bank of India Shri Shaktikanta Das, and other participants.

The U.S. Treasury and Ministry of Finance launched our Economic and Financial Partnership in 2010 as a framework to cement the economic bonds between our two nations and build a foundation for greater cooperation and economic growth. At this ninth meeting of the Economic and Financial Partnership we reaffirmed that our regular dialogue is crucial to the U.S.-India economic relationship and to advancing global efforts to tackle pressing economic challenges.

During the ministerial meeting, we took stock of the extensive efforts that have recently been undertaken by both sides to deepen cooperation in a number of areas and we enhanced our mutual understanding on topics of global consequence. We had productive discussions on a range of subjects, including the macroeconomic outlook, supply chain resilience, climate finance, multilateral engagement, global debt vulnerabilities, anti-money laundering and combating the financing of terrorism.

Today's meeting featured a dedicated session on climate finance for the second time under the Economic and Financial Partnership, reflecting our respective commitments to drive urgent progress in combating climate change by collaborating closely on the shared goal of scaling up and mobilizing climate finance to meet our ambitious climate goals.

We shared views on the re-energized global efforts to increase climate ambition as well as our respective domestic efforts to meet our publicly expressed climate goals. We agreed that public finance, when paired with enabling policies, can promote private finance.

We also noted the importance of the evolving role of the multilateral development banks (MDBs) to better address global challenges, including climate change. We acknowledge the developed country goal to jointly mobilize $100 billion every year till 2025 from public and private sources for developing countries, in the context of meaningful mitigation actions and transparency on implementation.

We also agree to work together in arriving at a new collective quantified goal from a floor of $100 billion annually for the post 2025 period, taking into account the needs and priorities of developing countries. We agreed that India and the U.S. should work together with partners to pursue a broad mix of public and private financing to facilitate India's energy transition in line with its nationally determined climate goals and capabilities. We also look forward to continuing the discussion of climate-aligned finance under the G20 Sustainable Finance Working Group with US as the co-chair and India holding the G20 Presidency next year.

In the context of the conflict in Ukraine, we discussed the current headwinds to the global macroeconomic outlook including increased commodity and energy prices as well as supply side disruptions, and we reemphasized our commitment to the central role of multilateral cooperation in addressing these global macroeconomic challenges. Both sides affirmed their commitment to debt sustainability, transparency in bilateral lending, and coordinating closely on extending fair and equal debt treatment to countries facing debt distress.

We reiterated our commitment to step up our efforts to implement the G20 Common Framework for Debt Treatment in a predictable, timely, orderly and coordinated manner. We acknowledged the importance of working through MDBs to help India access and mobilize available financing to support development objectives, including climate action. We plan to continue engaging on these and other global economic issues both multilaterally and bilaterally.

India and the United States look forward to continued collaboration to meet the most pressing global challenges under India's G20 Presidency commencing December this year. The United States warmly welcomes India's upcoming leadership role and stands ready to support India in hosting a successful and productive year.

We welcome the OECD/G20 Inclusive Framework political agreement as representing a significant accomplishment for updating the international tax architecture to reflect the modern economy and establish an international tax system that is more stable, fairer, and fit for purpose for the 21st century. We welcome the progress on Pillar One and reaffirm our commitment to work together and with all partners to expeditiously complete the remaining technical work on Pillar One with respect to Amount A and Amount B.

We call on the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) to conclude work on the Multilateral Convention during the first half of 2023. We look forward to the completion of the GloBE Implementation Framework under Pillar Two and call on member countries and the OECD/G20 Inclusive Framework on BEPS to conclude the negotiations on the Subject to Tax Rule (STTR).

Both countries will continue to work to enhance mutual collaboration in sharing of information to tackle offshore tax evasion. India and the United States make note of the progress made under the Inter-Governmental Agreement pursuant to the Foreign Account Tax Compliance Act (FATCA) with respect to sharing of financial account information. The two sides will continue to engage in discussions on full reciprocal arrangement on FATCA.

The United States and India look forward to sustained engagement through the longstanding U.S.-India Financial Regulatory Dialogue, a platform for discussing emerging financial sector issues and priority areas, including banking and insurance sector reforms, capital market development, digital assets and payment system modernization, sustainable finance, and data security and protection frameworks. Both countries underscore their commitment towards exploring promising avenues of mutual collaboration, including India's maiden IFSC in GIFT City, Gujarat, during the 11th U.S.-India Financial Regulatory Dialogue to be held in the first half of 2023.

We are continuing our successful collaboration on attracting more private sector capital to finance India's infrastructure needs, which will support growth in both countries. The Treasury Department continues to provide technical support to India's National Infrastructure and Investment Fund (NIIF), including the scaling of debt and equity platforms devoted to renewable energy and implementing new environmental, social, and corporate governance policies to meet international standards, while catalyzing private institutional investment in Indian infrastructure. We are also collaborating through continued technical support for the issuance of municipal bonds for critical urban infrastructure improvements. India and the United States look forward to working together to prepare more cities to issue municipal bonds.

We continue to strengthen our cooperation in anti-money laundering and combating the financing of terrorism (AML/CFT) efforts, through increased information sharing and coordination, including expeditious sharing of digital evidence and information for ML/TF investigations, as well as through the U.S.-India AML/CFT bilateral dialogue. Both sides agree on the importance of fighting financial crimes and on the effective implementation of the Financial Action Task Force standards to protect our financial systems from abuse. Moving forward, the United States and India will continue to exchange views on best practices and solutions for combating AML/CFT challenges.

This ninth meeting of the Economic and Financial Partnership reflected the growing importance of the U.S.-India relationship and the increasing economic and financial ties between our two economies. Both sides eagerly anticipate continued dialogue under the Economic and Financial Partnership and the further strengthening of our bilateral relationship.

Source: pib.gov.in- Nov 11, 2022

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Startups provide solutions to problems of common man and make their lives easier – Shri Goyal

The Union Minister of Commerce & Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal, today interacted with youth engaged in startups in Varanasi and urged them to continuously upgrade technology to achieve success.

He interacted with the youth under the Startup India Plan at Atal Incubation Centre, Banaras Hindu University, Varanasi. During his interaction, he exchanged ideas on startups and shared many success stories of startups with them.

During the program, the Union Minister recalled his earlier visit to Varanasi a few years ago, when he had the opportunity to interact with youth on Startups.

He expressed pleasure seeing the Startup ideas taking shape at Varanasi today. He highlighted the fact that over 236 startups had been registered from Varanasi and over 7,000 startups had been registered from across the state of Uttar Pradesh.

Expressing his appreciation at the number of registered startups, he said Startups were engaged in finding solutions to common people's problems and are making people's lives easier. He urged startups to find cost effective solutions to benefit society.

The Union Minister also discussed with the youth the promotion of LED bulbs within the country and spoke about the success of Ujala App. He also added that constant monitoring and accountability of work is crucial for achieving success.

Source: pib.gov.in- Nov 11, 2022

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Shri Piyush Goyal interacts with Stakeholders of Textiles Industry in Varanasi

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal, has urged the textiles industry to focus on quality products to meet the demands of the global market, and called for proactive steps to ensure that weavers and craftsmen get better prices for their products.

He called for proactive action including better designs, higher quality, packaging and marketing to ensure weavers fetch better prices for their products in the international market. He said this while interacting with the stakeholders of handloom, handicrafts and textiles industry at Deendayal Hastkala in Varanasi.

The Minister inspected the Trade Facilitation Center set up for weavers and craftsmen of Varanasi. He expressed satisfaction over the facilities available at the centre and said tourists coming to the city should be told about this facility so that they visit and shop from here, benefitting the weavers of Varanasi.

Shri Goyal highlighted that Prime Minister Shri Narendra Modi is very dedicated to the cause of improving the condition of the weavers and craftsmen of the country. He added, Prime Minister Modi believes that India's diversity is reflected in the handloom. In line with the vision of the PM, textile parks are being set up across the country.

The minister stressed on the need to further improve the textile industry, adding that it requires developing a culture of 'Quality'. India will realise its dream of becoming a developed country only when there is a change in our thought process. He emphasised on optimising the marketing chain to ensure greater benefits to craftsmen and weavers. He also appealed to people to spend 5 % of the travel budget on buying domestically produced goods to support our weavers and craftsmen.

Source: pib.gov.in- Nov 11, 2022

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FM should clear the air on 'pre-import' matter

The Customs have started sending show-cause notices (SCN) to several exporters alleging violation of ‘pre-import’ condition in case of imports without payment of Integrated Goods and Services Tax (IGST) under advance authorisations. The exporters are surprised because the matter regarding the validity of the ‘pre-import’ condition under advance authorisation scheme is pending before the Supreme Court.

When the government introduced the Goods and Services Tax regime on July 1, 2017, IGST on imports under advance authorisations was not exempted. The exporters protested against the decision and so, the government decided to grant IGST exemption on imports under advance authorisations for physical exports, with effect from October 13, 2017. But this exemption was subject to ‘pre-import’ condition’, meaning thereby that the IGST exemption would be available only where the imports are made before making exports towards discharge of export obligation against the advance authorisation.

The ‘pre-import’ condition was misconceived because it meant that if imports are made after exports, IGST would be levied. So, the exporters complained and the government withdrew the ‘pre-import’ condition on January 9, 2019. However, the said withdrawal was with prospective effect leaving the door open for the Customs to demand duty in respect of all imports made after exports availing the IGST exemption during the intervening period i.e. October 13, 2017 and January 1, 2019.

A number of writ petitions were filed in various High Courts challenging the ‘pre-import’ condition. The Madras High Court, in the case of Vedanta Ltd. [2018 (19) GSTL 637(Mad.)] upheld the ‘pre-import’ condition, whereas the Gujarat High Court struck down the ‘pre-import’ condition’ in the case of Maxim Tubes Company Pvt. Ltd. [2019 (368) ELT 337 (Guj.)]. The matter is now before the Supreme Court.

Most exporters start discharging export obligations from the time they file their applications for advance authorisations and replenish their inputs later through duty-free imports because it is not feasible to wait for imports and then start executing the export orders. Such exporters do not ask what is wrong in taking the IGST exemption upfront rather than pay IGST on their imports and take input tax credit (ITC) of the same.

Many exporters have received SCN even in respect of advance authorisations that have been redeemed and the Customs have released the bond furnished to them. They wonder what is the sanctity of the redemption letters and discharge of bonds by the government authorities, if the same Customs department can reopen the cases at will. The Customs have not only asked for IGST on imports that violate the 'pre-import' condition but have also asked for interest and penalties. Complying with the demands of the Customs would involve severe financial losses by way of interest and penalties and cash flow problems by way of upfront payment IGST that can be taken as ITC.

The government should now take a pragmatic view and try to close the matter. The government has already admitted that the 'pre-import' condition was wrong and has withdrawn it. Any violation of that condition can only be seen as a technical breach. There is no fraud or loss of revenue. The government should now give the withdrawal of 'pre-import' condition retrospective effect from October 13, 2017. The finance minister should intervene to stop the bureaucracy from harassing the exporters and help exporters look ahead.

Source: business-standard.com- Nov 13, 2022

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Why India cannot afford to ignore the GM crop revolution

As soon as the government took the decision to release India's first genetically-modified (GM) food crop — Dhara Mustard Hybrid-11 (DMH-11) — for "environment release", some activists approached the Supreme Court to ban it for various reasons. The Supreme Court has ordered the status quo to be maintained till the next hearing on the matter on November 17. The opposition to GM food crops is not new. There has been a global campaign in this regard by many activists.

Yet, in reality, GM crops have spread around the world since 1996. By 2019, roughly 190 million hectares were under GM crops, led by corn and soyabean in the US, Brazil, Argentina, and canola (rapeseed/mustard) in Canada, with no harmful impact on human or animal health or the environment per se (see infographics). There is ample evidence in support of that. Even Bangladesh has marched ahead with Bt brinjal. More than 70 countries have accepted the use of GM crops.

Even within India, we had our first GM crop, Bt cotton, released in 2002 by the Vajpayee government. Atal Bihar Vajpayee envisioned that science could transform agriculture. He extended the original slogan of "jai jawan, jai kisan" (salutation to the soldier and the farmer), given by Lal Bahadur Shastri, to include "jai vigyan" (salutation to science). Are there any lessons from the Bt cotton decision for the case of mustard today?

Let's look at the results of the historic decision taken by Vajpayee in 2002 to introduce Bt cotton. Cotton production increased remarkably from a mere 13.6 million bales (1 bale = 170 kg) in 2002-03 to 39.8 million bales in 2013-14, registering an increase of 192 per cent in just 12 years, ushering the famous "gene revolution" Cotton productivity increased from 302 kg per hectare in 2002-03 to 566 kg per hectare in 2013-14, an increase of 76 per cent, while the area under cotton cultivation expanded by 56 per cent, of which about 95 per cent is under Bt cotton.

But more important are the gains to cotton farmers whose incomes increased significantly. In fact, it won't be an exaggeration to say that Bt cotton led Gujarat's "agrarian miracle" of very high (above 8 per cent) annual growth rate in agri-GDP during 2002-03 to 2013-14. And it made India the second-largest producer after China, and the second-largest exporter after the US, of cotton in the world today.

The success of Bt cotton holds many lessons for policymakers but it is not free from controversy and debate. Several concerns have been expressed by NGOs, civil society groups and farmers' groups from time to time to emphasise the risks associated with GM crops. Some of these include — enhanced sucking pest damage in Bt cotton; increase in secondary pests such as mired bugs and Spodoptera; emergence of pest resistance; environmental and health implications in terms of toxicity and allergenicity that can cause hematotoxin reactions in the human body and, of course, farmers' exposure to a greater risk of monopoly in the seed business.

Based on largely unproven fears that unite the ideologues of the Left and the Right, commercial release of herbicide-tolerant (Ht Bt) cotton, Bt brinjal and now GM mustard have been held under moratorium. This is despite the official clearance from the country's biotech regulator, the Genetic Engineering Appraisal Committee (GEAC).

This is so ironic because GMOs have been in our food systems for years. India heavily depends on imported edible oils (55-60 per cent of India's domestic requirement is imported). A large portion of this — about three-four million tonnes every year — comes from Argentina, Brazil, Canada, the US, etc, which is all from GM technology (in soybean and canola).

We eat plenty of our own cotton seed (binola) oil, and about 95 per cent of our cotton is now GM. Cotton seed is also fed to cattle which gives the milk its fat content. Even poultry feed, such as soya and corn, is being imported. So, one thing is clear: GM food is already in our food chain, and has been there for quite some time.

By not allowing GM mustard or for that matter even Bt brinjal for so long, one is denying the basic rights of farmers who want to increase their incomes.

The best way to do so is by raising productivity in a sustainable manner. And that's where science comes in. The field trials of GM mustard at different locations showed 25-28 per cent higher yield and better disease resistance compared to indigenous varieties. This can go a long way in augmenting domestic mustard oil supplies and farmers' incomes.

It was expected that India would be at the forefront of the gene revolution and emerge as a major export hub to other Asian and African countries. What the IT revolution has done in computer science, the Bt revolution could have done in agriculture. Unfortunately, our policy paralysis on GM technologies from 2003 to 2021, under pressure from activists and ideologues, has cost the farmers a lot. India is no longer at the forefront.

But it is still better to be late than never to catch up vis a vis the gene revolution. Dissent is a good sign in any democratic society and forms an essential part of checks and balances. But once the safety tests are done and the scientific body (GEAC) has given the green signal, what is needed is political leadership to keep the decision-making science-based.

The agriculture of tomorrow is going to be science-based, and the winners will be those who adopt it and develop it further today. Innovation is the name of the game, and “Jai Anusandhan” is a good slogan given by PM Modi. But it will have meaning only when the government goes ahead with not just GM mustard but also fast-tracks Ht Bt cotton, Bt brinjal, and even GM soya and corn.

Source: indianexpress.com - Nov 14, 2022

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Europe, US recession clouds Gujarat's exports

Since the Russia-Ukraine war began in February, energy price inflation has plagued most of Europe and many other parts of the world. Eight months on, as Europe battles a massive energy crisis, its industrial and economic activities have been hit.

Demand from the US and the UK markets has been affected by high interest rates and depreciating currency, res pectively. The fallout of this is visible in Gujarat's industrial clusters. Manufacturers here are losing order volumes and revenues to falling demand. As orders dwindle, ope rating margins are shrinking.

Profitability erodes for cotton yarn spinners

A trifecta of headwinds — high domestic cotton prices, dwindling exports and grossly underutilized capacities — has eroded the profitability of cotton yarn makers. According to a report by ratings agency CRI SIL, yarn makers' operating margins declined to 12% to 14% in the last fiscal compared to their decadal high of 20% to 23%. Industry players attribute eroded margins and falling revenue to lower export volumes.

Spinning units in Gujarat have 50 lakh spindles of installed capacity. Saurin Parikh, president of the Spinners Association of Gujarat, said, "Cotton prices from their peak of Rs 1. 10 lakh a candy (356kg) have cooled off to the Rs 62,000 level. Consequently, yarn prices have fallen from Rs 320 a kg to Rs 260 a kg. Spinners are unable to command better prices as industrial demand from Europe and Bangladesh has been hit due to the war situation and energy crisis. "

"Moreover, with the price of foreign cotton lower than that of Indian cotton, yarn makers are operating at a net loss of Rs 20 a kg. Capacity utilization has dropped to about 50% at most spinning units," Parikh added.

Order volumes dip for ceramics makers

The increase in natural gas prices has hurt ceramic manufacturers in Gujarat. With reduced export orders, their margins are under added pressure. The state is home to Asia's largest ceramics manufacturing cluster, at Morbi, with about 1,000 units operational.

Upen Nagar, a ceramics exporter based in Morbi, said, “The European economy has been badly affected by the Russia Ukraine war. As their industrial activity has fallen, order volumes have been reduced by at least 30% in the last three or four months. We have also faced order cancellations while new orders are on hold indefinitely. The North American market has also been affected by the interest rate increase. This has lowered order volumes fr om the US as well. ”

According to the Morbi Ceramics Association, 40% of ceramics exports from Morbi go to Europe and North America. “To retain customers, we lose our negotiating power and our margins are reduced. Units are already plagued by high gas prices and inflation. The decline in order volumes has a cascading effect on our revenue,” said a Morbi-based wall tile manufacturer.

Textile, apparel sectors in the state get domestic cushion

Textile giants in Gujarat have been losing export revenue since the second quarter, as demand from Europe has shrunk and inventories remain piled up. For instance, several textile processors are yet to resume factory operations after the Diwali break in the Ahmedabad and Jetpur clusters of Gujarat, due to few orders and inflation. “

The export business isn’t doing as well, especially the Europe and North American markets. This has hurt capacity utilization in the textile industry. In the run-up to the wedding season, the sentiment in the domestic market seems buoyant. Textile makers are thus revising their strategy and focusing on the domestic market,” said Chintan Thaker, chairman of the Assocham Gujarat state council.

Exporters have been badly affected overall because of high cotton prices. Global cotton prices fell by 17% between April and August this year in anticipation of higher output, while domestic prices rose by 2% because of limited supply. Expensive domestic cotton has eroded India’s competitiveness, leading to a loss of export market share to China and Bangladesh. While textile and apparel makers, weavers and processing units are fairly flush with domestic orders, their margins are under pressure due to the high raw material prices. “With fewer order s, we are unable to get the right prices and competitiveness has been badly affected,” said a city-based textile manufacturer.

Demand for dyes declines, capacity unused

When dyes and intermediates manufacturers in Gujarat had barely begun inching out of the effect of Covid-19, the Russia Ukraine war hurt their growth. With exports of dyes and intermediates down by 50%, manufacturers have seen a major fall in revenue.

Ramesh Patel, former president of the Gujarat Dyestuffs Manufacturers' Association (GDMA), said, "Historically, high inflation, rising energy costs and high interest rates have derailed industrial production in many parts of Europe. With consumer spending and textile demand down, the demand for dyes has declined.

Industrial units in chemical clusters such as Vatva, Naroda, Ankleshwar and Vapi are operating at a maximum of 40% capacity. "

Manish Kiri, MD of Kiri Industries, said, "Intermediates production has completely stopped or reduced to the bare minimum as the demand for dyes has reduced. We hope that with stability in cotton prices, the demand will recover. "

Source: timesofindia.com - Nov 14, 2022

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IOC to recycle 20 mn PET bottles annually for eco-friendly uniforms

Indian Oil Corporation (IOC), the nation's largest oil firm, will recycle 20 million discarded mineral water, cold drink and other PET bottles annually to make eco-friendly uniforms for staff that man its petrol pumps and LPG distributor agencies, its chairman said. In a glittering ceremony titled 'Unbottled - Towards a Greener Future', IOC Chairman SM Vaidya launched a special 'sustainable and green' uniform exclusively designed for nearly 3 lakh fuel station attendants and LPG gas delivery personnel of the company.

"There are 3.1 crore footfalls at our petrol stations every day. We deliver 27 lakh LPG cylinders per day and refuel 3,500 aircraft daily. Our tank trucks traverse 15 lakh kilometres a day. We are there everywhere," he said at the launch event. IOC, which meets as much as half of the nation's fuel needs, has already committed to a net zero emission target by 2046 and is now venturing into recycling PET bottles, he added.

Empty PET packaging discarded by the consumer after use becomes PET waste. IOC will deploy an agency to collect such bottles - 20 million annually - and convert them into yarn to weave or knit fabric. This will then be supplied to a textile company for manufacturing uniforms for IOC's petrol pump attendants and LPG gas agency staff.

IOC is the first Indian firm to directly venture into the recycling of PET bottles. The dress materials for these uniforms have been extracted from recycled polyester derived from the processing of used and discarded PET bottles. This initiative would support recycling about 405 tonnes of PET bottles, equivalent to offsetting over 20 million bottles yearly.

Bollywood actor and environmental activist Bhumi Pednekar lent her name to the initiative. Vaidya said, "These eco-friendly uniforms will shine as our green commitment, and I am delighted that our frontline energy soldiers will don them".

"About 8 million metric tonnes of plastic enter the ocean annually, and about 150 million metric tonnes circulate in our marine ecosystems. At this pace, by 2050, there will be more plastics in the sea than fish.

The conversion of plastic bottles into fabric is a beautiful example of how diligent handling of problems opens doors to new opportunities," he noted.

Vaidya also spoke of IOC's other eco-conservation outreaches like concerted drives to protect the Indian Single Horned Rhino and the reintroduction of Cheetahs in Indian forests after they went extinct over seven decades ago.

Bhumi Pednekar, while lauding IOC's green outreach, said, "Each of us can play a significant role by embracing sustainability as the way of life. As a citizen of the country, I feel proud that the country's leading energy company is undertaking unique environmental efforts like these. My thanks and compliments to Indian Oil".

A passionate advocate for the issue of climate change, Pednekar has also started a pan-India campaign Climate Warriors to raise awareness of environmental conservation and inspire citizens to embrace greener lifestyle choices.

Under this green initiative of IOC, used plastic bottles are shredded into flakes and then melted into micro-pellets. These micro-pellets are converted into yarns for weaving these green clothing.

The green impact of this fabric goes even beyond the recycling benefits. The clothes match virgin polyester in quality, but its manufacturing takes significantly fewer resources.

Its production requires almost 60 per cent less energy, and CO_2 emissions are reduced by nearly one-third compared to virgin polyester. Even when these clothes wear out, the used Polycotton uniforms can be mechanically recycled and converted into low-end quilts, blankets or even high-end denim fabric. The fabric conforms to Global Recycling Standard Certification.

Source: economictimes.com - Nov 13, 2022

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US slowdown hits Noida apparel companies

The economic slowdown in the US has hard hit apparel exporters from Noida, whose payments of Rs 3,000 crore have got stuck as buyers from the US have asked them to delay shipments. The exporters said the US buyers have asked them to ship the consignments that were supposed to leave in September during December-January period.

Noida-based apparel exporters generally make fashionable apparels priced at $8-10 per piece, unlike Tirupur exporters who make basic items in the range of $4-5 per piece for overseas markets.

"Orders have slowed down from the US and also from Europe. The US is the biggest market for us. The buyers were not keen to pick up the orders that were supposed to leave in the month of September. This has created a lot of financial problems for the apparel exporters based in Noida," said Lalit Thukral, president, Noida Apparel Export Cluster (NAEC).

Source: economictimes.com - Nov 14, 2022

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The role of digitisation and analytics in manufacturing

In the age of automation, there is an extensive use of digital technologies as this enables faster data integration as well as smooth, accurate and efficient processes across machines, which helps businesses manufacture high-quality products at lesser costs. Industry 4.0 is a digital transformation that connects us through “smart” technologies like Blockchain, Internet of Things and Artificial Intelligence. It aids in revolutionising modern-day manufacturing by giving an in-depth understanding of product design and process, and by accommodating R&D experimentation. The ESG initiative of Energy Monitoring system has been implemented in the plants to reduce energy specific consumption in turn reducing the carbon footprint.

As we peer into the future, we are looking for ways to find value through connected, virtual and human experiences – and even as Industry 4.0 continues to help businesses, it is paving the way for Industry 5.0. Still in its nascent stages, Industry 5.0 is advancing the collaboration between humans and machines as a response to increased customisation in products. Industry 4.0 puts smart technology at the forefront of manufacturing, whereas Industry 5.0 will focus on the collaboration between humans and machines. The union of the two will synthesise the accuracy of industrial automation with the perceptive and critical thinking skills of humans.

However, in order for organisations to adapt to the next digital revolution, there are a number of things that organisations would need to look at:

Upskilling of the workforce

Upskilling of employees is crucial. This has several distinct advantages over hiring new workers, since veteran employees know the company culture, have a deep understanding of the company’s products and services, and have higher chances of being more committed to the company. Upskilling also helps to bridge the gap in digital skills and fosters a stronger connection between employees and technology. This is paramount as industry 4.0 moves ahead and gazes upon the next revolution.

As business operations need to be more adaptable to the future, so does the workforce. The frontline workers are among the core strengths of businesses; more so for textile manufacturing companies. A business' responsibility does not end with hiring the right manpower. Companies need to invest in educating and upskilling the workers regularly. At Welspun, we launched the DigiSmart programme to help all our workers. Built on an inclusive approach to learning, the programme provides training towards building critical capabilities of the workers aimed at a smart factory of tomorrow. Intensive training on data analytics, e-commerce, and Industry 4.0 skills and applications deployed on shop floor are some of the programs covered.

Boosting digital capabilities

Building digital capabilities and setting up cross-functional governance is now almost imperative for all organisations and manufacturing units in particular, along with hiring talent well equipped in technology; only then will digitisation prove to be efficient. It is important to have a long-term vision to understand the need for a digital transformation for an end-to-end process starting from raw material procurement to sales of the finished products to end customers.

Welspun has actively incorporated Traceability into its production processes using advanced techniques of Blok chain. As we see the program evolve from Weltrak 1.0 to Weltrak2.0, the core vision is the complete track down of commodities like Cotton from Farm to shelf. Advanced analytics can help unearth opportunities to increase production yields and provide insights into what the customers want. The automatic towel counting system using Artificial Intelligence is an ideal example. The data thus gathered can be used to manufacture products that best fulfil the needs of their customers by enabling integration between data, man and intelligence as we move forward.

Securing data and investing in smart factories

The role of digitisation in decoding manufacturing units would be first to turn them into Smart Factories. A smart factory possesses the capability to be fed with real-time data and analyse it to make decisions on new findings. The overall flexibility of the manufacturing process is greatly enhanced in smart factories and can help manufacturing units look beyond physical limitations.

Welspun has successfully and continuously integrated smart technologies and analytics and apply the insights onto the production processes over its course. We have focused on reducing the gap between machines and data being treated in silos in multiple fronts of production including Cut & Sew, spinning weaving and packaging. Companies need to manage cybersecurity end to end to protect digitally-managed shop-floor operations and proprietary data as there are multiple cybersecurity risks associated with the huge capital investments required to set up a Smart Factory. Managing data as a valuable business asset is also important in securing critical control points for manufacturing companies as it can be used to make an analysis that would give insights into various aspects of the industry.

Optimising production, flexibility and customer orientation, and providing opportunities for new skill sets and jobs are just a few benefits that are being ushered in by this revolution, while setting the precedent for the next one. Industry 5.0 is set to bring in a new collaboration between man and machine, allowing for quality creativity. Contrary to popular belief, this collaboration is not going to harm the human-machine balance in any way; it would rather increase the cooperation between people and intelligent production systems.

Source: timesofindia.com - Nov 13, 2022

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Importance of agri exports — and what Govt can do to boost India's farm trade surplus

India's agriculture exports have grown 16.5% year-on-year in April-September, and look set to surpass the record $50.2 billion achieved in 2021-22 (April-March).

Interestingly, even commodities whose exports have been subjected to curbs — wheat, rice and sugar — have shown impressive jumps in shipments.

Despite curbs, exports are growing

The government had, on May 13, banned the export of wheat. Yet, according to Commerce Ministry data, wheat exports, at 45.90 lakh tonnes (lt) during the April-September period, were nearly twice the 23.76 lt for the same period last year.

On May 24, sugar exports were moved from the "free" to "restricted" list. Also, total exports for the 2021-22 sugar year (October-September) were capped at 100 lt. On September 8, exports of broken rice were prohibited, and a 20% duty slapped on all other non-parboiled non-basmati shipments.

Despite these measures, non-basmati exports have risen from 82.26 lt in April-September 2021 to 89.57 lt in April-September 2022, alongside that of basmati rice (from 19.46 lt to 21.57 lt). Sugar exports, likewise, grew 45.5% in value terms to $2.65 billion during April-September, and are on course to exceed the all-time-high of $4.6 billion reached in the 2021-22 fiscal year.

However, imports surging even more

The impressive growth in exports is, however, offset somewhat by imports that have surged even more.

Table 1 captures trends in India's farm products exports over the past decade. 2021-22, one can see, registered both record exports ($50.2 billion) as well as imports ($32.4 billion). The resultant surplus of $17.8 billion was much below the $27.7 billion surplus in the previous all-time-high export year of 2013-14.

TABLE 1

INDIA'S AGRICULTURAL TRADE (IN $ MN)

	Exports	Imports	Surplus
2012-13	41.73	18.98	22.75
2013-14	43.25	15.53	27.72
2014-15	39.08	21.15	17.93
2015-16	32.81	22.58	10.23
2016-17	33.70	25.64	8.05
2017-18	38.90	24.89	14.01
2018-19	39.20	20.92	18.28
2019-20	35.60	21.86	13.74
2020-21	41.90	21.65	20.24
2021-22	50.24	32.42	17.82
Apr-Sep 21	22.98	15.12	7.86
Apr-Sep 22	26.77	19.31	7.46

TABLE 2

INDIA'S TOP AGRI-IMPORT ITEMS (IN $ MN)

	2021-22	Apr-Sep 2021	Apr-Sep 2022
Vegetable oils	18991.62	8862.38	11097.72
Fresh fruits	2460.33	1101.08	1237.86
Pulses	2228.95	835.35	595.78
Spices	1299.38	658.37	755.27
Cashew	1255.46	755.62	1412.52
Natural rubber	1032.71	442.99	542.18
Alcoholic beverages	693.23	319.28	435.80
Raw cotton	559.55	297.25	1081.16
TOTAL*	32422.30	15119.78	19309.05

The first six months of the current fiscal have seen the surplus narrow further, albeit marginally — the reason being imports grew at a faster rate (27.7%) than exports (16.5%).

The surplus in agricultural trade matters because this is one sector, apart from software services, where India has some comparative advantage.

To put things in perspective, India's deficit in its overall merchandise trade account (exports minus imports of goods) widened from $76.25 billion in April-September 2021 to $146.55 billion in April-September this year. During the same period, the surplus in agriculture trade reduced only a tad, from $7.86 billion to $7.46 billion.

Trends in composition of trade

Table 3 shows India's top agriculture export items. As many as 15 of them individually grossed more than $1 billion in revenue during 2021-22. All barring two (cotton and spices) have posted positive growth in the first half of the current fiscal too.

In cotton, not only have exports collapsed from over $1.1 billion in April-September 2021 to $436 million in April-September 2022, imports have soared from below $300 million to $1.1 billion. This has primarily been due to lower domestic production — the 2021-22 crop was estimated at just 307.05 lakh bales (of 170 kg each), as against 353 lakh bales and 365 lakh bales in the preceding two years — forcing mills to import. In the process, India has turned a net cotton importer.

TABLE 3

INDIA'S TOP AGRI-EXPORT ITEMS (IN $ MN)

	2021-22	Apr-Sep 2021	Apr-Sep 2022
Marine products	7772.36	3836.75	4120.08
Non-basmati rice	6133.63	2968.77	3207.29
Basmati rice	3537.49	1659.60	2279.66
Sugar	4602.65	1820.68	2649.00
Spices	3896.03	1992.11	1928.67
Buffalo meat	3303.78	1593.60	1636.54
Raw cotton	2816.24	1137.83	435.87
Wheat	2122.13	630.15	1487.47
Fruits & Vegetables	1692.48	736.71	752.98
Processed F&V	1190.59	583.89	694.63
Castor oil	1175.50	615.62	662.93
Oilseeds	1113.65	453.28	531.02
Other cereals	1087.39	467.42	524.85
Oil meals	1031.94	471.65	556.61
Coffee	1020.74	460.40	610.23
TOTAL*	50240.21	22984.54	26771.64

Includes all other items.

Equally interesting is spices, where India's exports in recent times have been powered mainly by chilli, mint products, oils & oleoresins, cumin, turmeric, and ginger. On the other hand, in traditional plantation spices such as pepper and cardamom, the country has become as much an importer as an exporter. India has been out-priced by Vietnam, Sri Lanka, Indonesia, and Brazil in pepper, while it has lost market share to Guatemala in cardamom.

Another traditional export item where India has largely turned an importer is cashew. In 2021-22, the country's cashew exports were valued at $453.08 million, compared to imports of $1.26 billion. Imports have further shot up to $1.4 billion-plus during the first six months of this fiscal alone.

The big import: vegetable oils

Table 2 shows that almost 60% of India's total agri imports is accounted for by a single commodity: vegetable oils. Their imports were valued at a massive $19 billion in 2021-22, and imports have increased by more than 25% in the first half of this fiscal. Vegetable oils are today the country's fifth biggest import item after petroleum, electronics, gold, and coal.

This explains two major decisions taken by the government last month. The first is the raising of the minimum support price of mustard from Rs 5,050 to Rs 5,450 per quintal for the 2022-23 crop season. This increase, over and above a similar hike last year (from Rs 4,650 to Rs 5,050), is more than that declared for wheat (from Rs 2,015 to Rs 2,125 per quintal). The second decision has been to grant clearance ("environmental release") for commercial cultivation of genetically modified (GM) hybrid mustard. Seed yields from the transgenic mustard DMH-11, bred by Delhi University scientists, are claimed to be 25-30% more than from currently-grown popular varieties. Besides, the "barnase-barstar" GM technology is seen as a robust platform, which can be used to develop new mustard hybrids giving higher yields than DMH-11 and with better disease-resistance or oil quality traits.

A similar approach, aimed at boosting domestic output and yields, may be required in cotton. Insect pest-resistant GM Bt technology helped nearly treble India's cotton production from 140 lakh bales in 2000-01 to 398 lakh bales in 2013-14, and exports to peak at $4.33 billion in 2011-12.

Production has since been falling, touching a 12-year low in 2021-22, even as India has turned a net importer. It attests to the importance of focusing on domestic production and productivity, while not blocking technologies that enable these.

Source: indianexpress.com - Nov 14, 2022

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