TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
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. 238 of 2022 **December 12, 2022**

NEWS CLIPPINGS

Currency Watch	
USD	82.55
EUR	86.91
GBP	100.97
JPY	0.60

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	UK Trade Minister in India to 'kickstart' new round of FTA talks
2	Pushing India-EU FTA to be a priority for Sweden during its EU presidency: Swedish Trade Minister
3	Commerce Ministry in talks with FinMin to resolve sticky issues early
4	India should tread carefully on FTA with EU
5	State Bank of India to begin overseas rupee trade with smaller nations
6	Govt asks trade bodies, banks to explore more countries for trade in rupee
7	Budget 2023-24: Govt mulls basic Customs duty cut to align with FTA
8	New scheme. CBIC streamline procedure for export through post offices
9	Centre extends RoDTEP to more sectors, but refund woes remain
10	Trade settlement with Russia in rupees to start next week: Report
11	High-density cotton takes shape; promises to increase yields by 30-50%
12	Textile sector: Govt sets target of Rs 36,000 cr investments, 10L jobs
13	Trident bath linen production declines 7% YoY in November

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Global textile businesses continue to be negative, but stable: ITMF

On the whole the business situation in the global textile industry deteriorated further in November 2022. So says the ITMF.

At the same time, global business expectations in six months' time remained in negative territory but did not get gloomier. The indicators for order intake, order backlog, and capacity utilisation rate dropped globally. The business situation in the three Asian regions and Europe remains especially poor. In north and central America the business situation has improved markedly.

Except for the textile machinery segment that still benefits on an average from a long order backlog, all other segments found themselves in negative business situations, especially fiber producers and spinners. Global business expectations have remained negative but have stabilized since July 2022.

Expectations have improved significantly in South Asia and Europe. Business expectations in all segments remain in negative territory with four out of seven recording improvements.

Order intake weak except north and central America

Order intake nosedived in November, in line with the weaker business situation and weaker demand, currently the biggest concern for the global textile value chain. Only companies in north and central America registered on average a good order intake, while all other regions were faced with an unsatisfactory order situation.

Except for southeast Asia and north and central America order backlog fell. The only segments where order backlog increased were the downstream segments of garments and home textiles.

Capacity utilization rate dropped in all regions in November 2022. It only increased in the textile machinery segment but fell otherwise.

Demand reduction cause of concern

Weakening demand is by far the biggest concern in the global textile industry, followed by the root causes of demand reduction, namely high energy and raw material prices which lead to high inflation rates.

The good news is that logistical costs are not much of a concern anymore. Concerns about geopolitics on the other hand have increased again in the past two months.

Source: fashionatingworld.com- Dec 10, 2022

HOME

****

Biz situation in global textile industry deteriorates in Nov: ITMF

Business situation in the global textile industry has deteriorated further in November 2022, as per the 17th International Textile Manufacturers Federation (ITMF) Global Textile Industry Survey (GTIS, formerly known as ITMF Corona-Survey). At the same time, global business expectations in 6 months' time remained in negative territory but did not get gloomier.

The indicators for order intake, order backlog, and capacity utilisation rate dropped, globally, according to the survey.

The business situation in the three Asian regions and Europe remained especially poor. In North and Central America, the business situation has improved again markedly. Except for the textile machinery segment that still benefits on average from a long order backlog, all other segments found themselves in negative business situations, especially fibre producers and spinners.

Global business expectations have remained negative but 'stabilized' around -10 percentage points (pp) since July 2022. Expectations have improved significantly in South Asia to +10pp, and Europe to -30pp. Business expectations in all segments remain negative territory with four out of seven recording improvements.

Order intake nose-dived in November, in line with weaker business situation and weaker demand, currently the biggest concern for the global textile value chain.

Only companies in North and Central America registered on average a good order intake, while all other regions were faced with an unsatisfactory order situation.

Except for South-East Asia and North and Central America order backlog fell. The only segments where order backlog increased were the downstream segments garments and home textiles.

Capacity utilisation rate dropped in all regions in November 2022. It only increased in the textile machinery segment but fell otherwise, the survey said.

'Weakening demand' is by far the biggest concern in the global textile industry, followed by the root causes of demand reduction, namely high energy and raw material prices which lead to high inflation rates.

Good news is that logistical costs are not much of a concern anymore. Concerns about geopolitics on the other hand have increased again in the past two months.

Source: fibre2fashion.com- Dec 10, 2022

HOME

****

Japanese companies shift out of China

Japanese apparel manufacturers are shifting production from China to other southeast countries to compensate for the rising cost of raw materials.

They are taking advantage of the reduction of customs duties on merchandise imports because of the Regional Comprehensive Economic Partnership (RCEP).

Matsuoka Corporation, a contract manufacturer for Uniqlo, plans on decreasing production in China from 50 per cent to 29 per cent and plans to increase production in Bangladesh to 34 per cent from 28 per cent and in Vietnam to 28 per cent from 16 per cent by 2025.

China as a source for Japanese apparel has declined from two trillion yen in 2011 to 1.5 trillion yen in 2021, whereas the sourcing of Japan's apparel in Vietnam has increased from 0.25 trillion yen in 2011 to 0.5 trillion yen in 2021.

Due to the increase in labour costs because of the rapid economic rise in the Chinese economy, the onset of the zero-Covid policy, which mandates an initial suppression phase and so on, companies are now looking to shift base to other countries.

The average monthly salary in Vietnam and in Bangladesh is $ 270 and $120 whereas the average monthly salary of a factory worker in China is about $ 670.

Source: fashionatingworld.com- Dec 10, 2022

HOME

****

US textile & apparel exports up 11.89% during Jan-Oct '2022

The exports of textile and apparel from the United States went up by 11.89 per cent year-on-year in the first ten months of this year. The value of exports stood at $21.039 billion during January-October 2022 compared to $18.802 billion in the same period of 2021, according to data from the Office of Textiles and Apparel, US department of commerce.

Category-wise, apparel exports increased by 24.10 per cent year-on-year to $6.189 billion, while the exports of yarn ($3.907 billion) and fabric ($7.454 billion) increased by 20.02 per cent and 3.62 per cent, respectively in the period under review. While made-up and miscellaneous article exports grew by 3.61 per cent to $3.487 billion.

Country-wise, Mexico (27.48 per cent) and Canada (23.97 per cent) together accounted for more than half of the total US textile and clothing exports during the period under review.

The US supplied $5.810 billion worth of textiles and apparel to Mexico during the ten-month period, followed by $5.034 billion to Canada and $1.496 billion to Honduras.

In recent years, the US textile and clothing exports have remained in the range of $22-25 billion per annum. In 2014, they stood at $24.418 billion, while the figure was $23.622 billion in 2015, $22.124 billion in 2016, $22.671 billion in 2017, $23.467 billion in 2018, and $22.905 billion in 2019. The value had dropped to $19.330 billion in 2020 due to the COVID-19 pandemic but rose again in 2021 to $22.652 billion.

Source: fibre2fashion.com- Dec 12, 2022

HOME

****

Turkiye's home textile export to Germany may miss last year's shipment

Turkiye's home textile exports to Germany are witnessing headwinds due to economic challenges and may fall below the exports in 2021.

High inflation and economic worries across the world are hurting consumers' purchasing capacity, thus affecting the demand of discretionary products. Home textile exports have fallen from many countries including Turkiye.

Turkiye's exports to Germany reached $761.958 million in 2021. COVID years of 2020 and 2021 were considered the golden period for home textiles. Home textile's demand surged during the pandemic as consumers were forced to stay at home due to lockdowns and restrictions. Therefore, the shipment scaled to reach the highest level of the last five years.

The exports jumped to $716.574 million in 2020 from $610.564 million in 2019. They maintained the upward trend since 2018 when the shipment was recorded at $573.544 million.

The shipment was noted at $685.424 million during 2017. Turkiye exported home textiles worth $546.831 million to Germany in the first ten months of 2022, according to Fibre2Fashion's market insight tool TexPro.

Source: fibre2fashion.com- Dec 12, 2022

HOME

****

Container throughput of China's land-sea route jumps 18.9% YoY in 2022

Around 687,100 twenty-foot equivalent units (TEUs) of goods were transported via freight train service along the New International Land-Sea Trade Corridor during January–November, 2022, which is an increase of 18.9 per cent year-on-year (YoY), as per the China Railway Nanning Group Co, Ltd. The trade corridor was built by western Chinese provinces and Association of Southeast Asian Nations (ASEAN).

The land-sea trade corridor, which was inaugurated in 2017, joins 17 Chinese provincial-level regions to train routes. Goods from over 640 categories are carried through the trade passage. South China's Guangxi Zhuang Autonomous Region uses the Beibu Gulf Port to manage traffic flow and enable the transit of rail-sea intermodal trains, according to several Chinese media reports.

Not only is Guangxi's Beibu Gulf a critical transit point in the New International Land-Sea Trade Corridor, but it also is the closest gateway to the sea for China's inland provinces. About 52 shipping routes connect the Beibu Gulf Port with more than 150 ports internationally.

Source: fibre2fashion.com- Dec 11, 2022

HOME

****

China cuts cotton demand outlook on slowing global growth

China's agriculture ministry lowered its outlook for cotton consumption on Friday, as slowing global economic growth continues to hurt demand for textiles.

China's cotton consumption in the 2022/23 crop year that began in September is seen at 7.5 million tonnes, 200,000 tonnes lower than in last month's forecast, the ministry said in its monthly Chinese Agricultural Supply and Demand Estimates (CASDE) report.

Other forecasts were unchanged, however the report noted that growing enthusiasm by farmers to sell corn ahead of next month's Lunar New Year holiday as well as easing COVID-19 restrictions on movement have boosted supply of the grain, pressuring the market.

An expected increase in consumption and willingness to replenish stocks should help corn prices stabilise at a high level, it added.

Source: brecorder.com- Dec 12, 2022

HOME

****

Brandix Factory Back Online After Shutdown Over Worker Dispute

As Sri Lanka faces its worst economic crisis in 70 years, local tensions are running high.

Last week, a conflict between workers and the management of Brandix Essentials, a factory in the free trade zone of Koggala, sparked a multi-day shutdown over a disagreement about a December bonus payment.

The factory, which has 1,500 workers, was back online within a week but the scars have yet to heal. KTS Jayanthi, a 13-year cutting assistant and member of the employee council, told Sourcing Journal of the difficulties her family has faced as food prices and inflation have gone through the roof. She said that workers banded together to demand a full one-month bonus, but the company had already made it clear that only a half month bonus would be distributed for December.

"We felt that the extra money could really be counted on to help us through our expenses—my brother is also a garment worker, and I am not married," she said.

She recounted that the workers reported to the factory on Nov. 29, after the announcement was made, but sat in the cafeteria until management came to discuss the issue. Jayanthi said the workers were not pleased with the fact that the bonus would be less than the one the previous year, which was a full month.

She said that the company reacted by sending a notice to the employees the following day that the factory would be closed.

The matter was subsequently taken up with the Board of Investment (BOI) at the BOI auditorium, where authorities striking over a bonus was illegal—as this is seen as a discretionary payment and an act of goodwill by a company rather than a right.

Following a week of negotiations, the factory reopened on Dec. 6. Jayanthi said that while the factory was closed, workers' perception began to change as reality set in. Losing a job amid the bleak economic situation was perhaps the worst that could happen.

“It was an expectation from our side,” she said, “but I feel that it is better to have work, and the benefits that go with it.”

Darshan Uday Kumar, who has worked in the same factory in the packing department for 11 years and is president of the employee council, said that he and other workers wanted to give the management time to reconsider their decision before they agreed to a half-month bonus. “It is not an issue about a difference of opinion, but we just wanted that extra bonus,” he said. “We will continue discussion to understand how these matters will be handled in the coming months but we have accepted the situation.”

However, he noted that the company had been paying an additional Economic Relief allowance of 10,000 Sri Lankan rupees (about $27) monthly since April, and that the management had shared with the workers in previous months that orders were down and that the company was facing difficult times.

“We had to shut down for 17 days between August and now because orders have fallen by more than 40 percent, and the workers were paid in full during this time,” said Thushara Kodithuwakku, general manager Brandix Koggala.

“Our intention is to make sure that workers don’t lose their jobs, and we have been continuing our usual processes of care for the workers, including the investment in the education of the children of our employees, for whom we buy the school books, backpacks, etc., to ensure the requirements for the school year are not a financial burden for the parents who are our team members.”

Kodithuwakku said that a full month bonus had already been paid during the Sinhalese New Year in April in addition to the half-month bonus in December. He added that the full month December bonus in 2021 was an atypical occurrence.

However, the fact that the factory was closed so quickly when workers complained and refused to come to their stations could be seen as an act of intimidation.

Suwan Perera, group head of Risk & Control at Brandix, told Sourcing Journal that more than 80 percent of the workers in the factory are women, and while workers stubbornly fought for the bonus, the factory’s priority was to ensure the safety of both the facility and the workers before tempers flared and any untoward incidents took place. “Meanwhile, our discussions were continuing to find the way forward,” he said, “and our intentions have always been to keep the workers from losing their jobs.”

“It is like the situation in a family,” said Natasha Boralessa, director of parent company Brandix Apparel Ltd. “We may have differences in opinion, but at the end of the day they are our team members, we have a responsibility to protect them. We aren’t the first company in the world to go through discussions, and the matter was resolved, with intermediaries like the BOI and the labor commission.”

She said that while the economic crisis was being felt on a global level, Sri Lanka has been impacted to a greater degree and manufacturers there needed to ensure they are able to keep their factories functioning.

Brandix, which had an estimated $1.7 billion turnover in 2021 and has 27 factories across Sri Lanka, is one of the biggest manufacturers in the country, which boasts a $5.4 billion apparel export industry. While large manufacturers are feeling the impact, small and medium companies are being hit by the changing economic situation as well, some in the Koggala free trade zone.

Consumer inflation, which was at 70.2 percent in August, according to the statistics department, fell to 61 percent in November. Tough policy measures by the government to restructure following a $2.9 billion loan from the International Monetary Fund (IMF) have brought a heavy burden. The impact on manufacturers as well as workers has been compounded by the cut back in orders from global companies over the last quarter.

Source: sourcingjournal.com- Dec 09, 2022

HOME

****

69% of EU firms in EuroCham study want to expand operations in Vietnam

With half of the enterprises polled in a recent the European Chamber of Commerce (EuroCham) in Vietnam survey remaining optimistic about Vietnam's economic recovery, European businesses are hopeful of expanding operations in Vietnam in a range of sectors. Sixty-nine per cent of those surveyed want to expand operations in the southeast Asian country.

Business confidence is expected to rise in the wake of the post-pandemic growth momentum, according to chairman of the chamber Alain Cany.

In particular, the environmental conservation sector is regarded as a high-potential investment, particularly in urban areas like Ho Chi Minh City, a Vietnamese newspaper reported.

The HCM City Urban Environment Company Limited (CITENCO) recently sought approval for a waste-to-energy project in Cu Chi district. With a daily capacity of 1,000 tonnes, the project is aimed at helping the city reach its target of recycling and reusing 80 per cent of its garbage by 2025 and cent per cent by 2030.

Source: fibre2fashion.com- Dec 11, 2022

HOME

****

Bangladesh, Japan agree to sign FTA

Bangladesh and Japan have primarily agreed on signing a free trade agreement (FTA) to increase trade and investment, said Commerce Minister Tipu Munshi yesterday.

"Bangladesh and Japan are positive on signing an FTA," he told The Daily Star over the phone. The minister is scheduled to declare a joint statement on the signing at a meeting at the ministry today.

This is the first formal meeting for signing the FTA as both sides think it is possible to sign a win-win deal, said the minister, adding that no specific date has been set for the signing.

"We are still in a primary stage until now for signing the FTA...Our team has been working with the Japanese team for advancing the negotiation," Munshi said.

Bangladesh has been negotiating with several trade partners to sign FTAs, preferential trade agreements (PTAs), comprehensive economic partnership agreements (CEPAs) and Comprehensive economic trade partnership agreements (CETAs).

These are mainly aimed at retaining Bangladesh's preferential trade benefits once it makes the United Nations status graduation from a least developed to a developing nation in 2026.

Retaining the preferential trade benefits is important because of the country's total export of more than $52 billion last year, more than 73 per cent was induced by the Generalised System of Preferences (GSP).

In other words, more than 73 per cent of the country's exports were under duty preferences as a least developed country (LDC).

However, the LDC trade benefit will come to an end with the LDC graduation of the country in 2026 and in 2029 in the European Union (EU) as the EU has offered a grace period of three years to prepare for the graduation.

Trade experts and analysts said more than $7 billion worth of exports from Bangladesh may be affected due to erosion of the preferential trade.

This is due to the fact that local exporters will face more than 9 per cent in duty on shipment of goods to different countries, except to the US, after the LDC graduation.

However, another school of thought said Bangladesh's exports would not be affected after the graduation as the local garment exporters have been performing strong in the US markets.

This was in the face of one of the highest tariff rates of 15.62 per cent to the US where garment shipments grew by 50 per cent last year. This rate is still persisting.

Moreover, Bangladeshi goods are still competitive in terms of prices compared to goods of other countries.

For instance, if the sales value of a garment item of Bangladesh to the EU is at $2, the EU retailers and brands are buying the same item at more than $5 per piece.

This indicates that there is still room for negotiations over prices for Bangladeshi exporters, said experts.

So, the export of Bangladesh may not be affected even after the LDC graduation, the they added.

Japan is the first country among Asian nations where the value Bangladesh's annual shipments has already crossed the $1 billion mark nearly a decade ago, buoyed by garments.

So more than 85 per cent of the nearly 338 Japanese companies operating in Bangladesh want an FTA to be signed for a boost to bilateral trade and investment, according to a survey by Japan External Trade Organization (JETRO) in June this year.

According to the survey outcomes, both governments have started negotiations for signing the FTA.

A memorandum of cooperation for signing the deal was supposed to be signed during the visit of Prime Minister Sheikh Hasina in November this year but unfortunately the tour was postponed.

Last fiscal year Bangladesh exported goods worth $1.35 billion, a year-on-year rise of 14.40 per cent, according to data from the Export Promotion Bureau (EPB). Of it, $1.10 billion was from garments.

A Japanese Special Economic Zone at Araihazar at Nayaranganj was inaugurated on December 6 to facilitate Japanese investments in Bangladesh.

Shipment of garment items to Japan from Bangladesh started leapfrogging since April 2011, when Japan relaxed its Rules of Origin for the LDCs and for knitwear sector.

Earlier, Japan did not allow zero-duty on shipment for knitwear to protect its indigenous knitwear sector.

Recently, Japanese Ambassador to Bangladesh ITO Naoki said the apparel shipments were expected to rise tenfold to reach $10 billion by 2030.

Bangladesh mainly imported $2.34 billion worth of capital machinery, textile and garment accessories, food and beverage, logistic materials and electronic home appliances from Japan last year.

Md Anwar Shahid, secretary general of the Japan Bangladesh Chamber of Commerce and Industry, said they want an FTA to be signed between the two countries as soon as possible.

"Because we have a very big potential of increasing trade with Japan if the FTA is signed," he told The Daily Star over the phone.

Source: thedailystar.net- Dec 12, 2022

HOME

****

Bangladesh's cotton import to drop: USDA

Bangladesh's cotton import may drop to 8 million bales in marketing year 2022-23 which began in August, said the US Department of Agriculture (USDA) at the end of last week.

This will be resulting from high international raw cotton prices, reduced garment production due to a domestic power shortage and a slowdown in the world economy, it said.

The latest projection is about 10 per cent below its previous one of April this year.

Bangladesh is the world's second largest garment exporter and is highly dependent on the imports to make yarn.

In its report on cotton and products with regard to Bangladesh, the US agency said Bangladesh's domestic raw cotton use was likely to drop 11 per cent to 8.3 million bales in marketing year 2022-23.

Bangladesh began receiving more garment purchase orders as many brands shifted from competitor countries such as Vietnam and Indonesia in the beginning of 2021, following the Covid-19 lockdowns, it said.

"The higher volumes of RMG exports continued until the middle of CY (calendar year) 2022, with the Russia-Ukraine war and ongoing economic turmoil negatively affecting the RMG sector," it said.

Garment purchase orders slumped approximately 20 per cent to 30 per cent in June and July this year, it added.

"Many US and European brands also deferred their shipments," said the USDA report.

Bangladesh imported 8.52 million bales in the previous marketing year, said the agency.

It said Bangladesh's yarn and fabric consumption would be 1.8 million tonnes and 6 billion metres, around 10 per cent and 3.5 per cent higher respectively from that in the previous year.

In marketing year 2021-22 Bangladesh's domestic raw cotton consumption was estimated at 8.8 million bales, according to the USDA.

The report said the textiles industry was composed of yarn, fabric, and dyeing-printing-finishing mills and they have about 15 million bales of cotton consumption capacity.

Some 80 per cent of the produced yarn is purely cotton while the remaining 20 per cent is mixed yarn from cotton and artificial fibres.

The report said Bangladesh has been showing a steady increase in cotton imports since marketing year 2014-15, with a dip in marketing year 2019-20 due to the Covid-19 pandemic.

And India is the major supplier of the raw material and the neighbouring country accounted for 24 per cent of the cotton import market share, it said.

They were followed by Benin (16 per cent), Brazil (14 per cent), Burkina Faso (10 per cent), and the US (8 per cent) as of October in calendar year 2022, it added.

As of October in this calendar year, raw cotton imports amounted to 7.1 million bales, down 5 per cent year-on-year from that a year ago, according to the USDA's data.

Source: thedailystar.net- Dec 11, 2022

HOME

****

Better container handling at Bangla ICDs to cut cost up to 50%: Study

Better container handling at inland container depots (ICDs) will reduce the handling cost by up to 50 per cent, said a study by the US Agency for International Development's (USAID) Feed the Future Bangladesh Trade Activity. Improved efficiency of ICDs can increase their yard capacity in the empty container stacking yard by up to 20 per cent, implying more trade and income, it said.

The study, titled 'Improving the Capacity and Efficiency of ICDs', recommended fixing grounds, marking yards, setting up a planning department, upgrading terminal operating systems to include planning and equipment control modules, and connecting container handling equipment to the system.

The study also suggested ICDs to work with the port authority, shipping lines and freight forwarders to streamline requirements and improve health and safety-related practices, Bangla media outlets reported.

The Feed the Future Bangladesh Trade Activity provides technical assistance, training, institutional strengthening, and other direct support to the government of Bangladesh and non-governmental partners. It also encourages greater collaboration among the government, private sector, and civil society organisations.

Source: fibre2fashion.com- Dec 11, 2022

HOME

****

Pakistan: Textile exporters seek 5pc higher margin on dollars

Value-Added Textile Forum on Saturday demanded the government to fix the dollar rates for exporters and allow a 5 percent increased margin for both export-proceeds and home remittances to enhance business confidence.

Value-Added Textile Forum said the exchange rate for exports, imports and remittances was not uniform in various countries. “Exporters are given priority and preference while the forex rates for importers are usually one dollar higher than export,” the forum said in a statement.

The rates to import industrial raw material and essential commodities should be normal whereas the import rate for luxury and all non-essential items should be comparatively on the higher side, it added.

Expressing disappointment over the high cost of manufacturing amid a fragile economic outlook, Pakistan Apparel Forum Chairman Jawed Bilwani urged Prime Minister Shehbaz Sharif and Finance Minister Ishaq Dar to take notice of the situation. He said the country could face a law and order situation if the problems of exporters, including sales tax refunds, export financing rate and energy issues, were not resolved as massive layoffs would become inevitable because of the liquidity crunch.

Export-oriented industries have been purchasing costly inputs, which has exorbitantly increased the cost of manufacturing, making the industry “unviable”, he said. Trade of cotton yarn and cotton has become stagnant.

Duty drawback on local taxes and levies (DLTL), an active ingredient of Textile Policy to facilitate exporters and an essential component of cost of production to enhance exports has also been suspended, he said, adding that all issues combined, Pakistan’s value-added textiles were becoming uncompetitive.

Bilwani, who is also the chief coordinator of the Value-Added Textile Forum, said that the ever-increasing liquidity pressure and problems faced by exporters have multiplied their grievances and have also ruined their viability to operate export industries.

Pakistan's exports were losing to regional competitors as the prevailing cost of manufacturing was the highest in the region. "How can the export-industries operate without earning even nominal profit? Can any business survive without profitability?" he asked.

"Just in order to secure and maintain their business relations with foreign buyers, the textile exporters have been compelled to do their businesses on a cost-to-cost basis. Nonetheless, every coming day, exporters are facing challenges to meet the cost to operate and survive," the statement said.

According to WTO's Ease of Doing Business Ranking 2020, Pakistan is ranked at the 108th position, which perhaps has sunk downward further. As per global survey respondents for textile manufacturing countries in Asia, for cheap manufacturing costs, currently, India, China and Vietnam are ranking in the top three positions respectively.

Bangladesh is 6th and Sri Lanka is 10th in ranking, while Pakistan is missing in such a recent survey owing to daily increasing cost of manufacturing amid instability in the local currency and economic indicators.

Source: thenews.com.pk- Dec 11, 2022

HOME

****

NATIONAL NEWS

UK Trade Minister in India to 'kickstart' new round of FTA talks

UK Trade Secretary Kemi Badenoch arrives in New Delhi on Monday to "kickstart" the sixth round of free trade agreement (FTA) negotiations and hold bilateral talks with her Indian counterpart Piyush Goyal.

The new round marks the first formal meeting between the India-UK negotiating teams since July and the first since Rishi Sunak took charge as British Prime Minister.

His Trade Secretary will address both teams of senior negotiators ahead of the sixth round of formal negotiations scheduled to take place throughout the week.

"I'm here in New Delhi to kickstart round six of UK-India trade negotiations and meet my counterpart (Commerce and Industry) Minister Goyal in person to drive progress on this agreement," said Badenoch.

"Both nations have come to the table with the very highest of ambitions and a willingness to work together towards a mutually beneficial deal. I'm excited about the opportunities we can create for British business," she said.

"India and the UK are the 5th and 6th biggest economies in the world. We have a long shared history and are in pole position to do a deal that will create jobs, encourage growth, and boost our 29 billion pounds trading relationship," she added.

The UK Government said the target for the FTA is to achieve a deal to cut tariffs and open opportunities for UK services, such as financial and legal, making it easier for British businesses to sell to the Indian economy.

While in India, the UK trade secretary will also meet with business leaders to better understand their needs for a "modern UK-India trade relationship". This will include a meeting with envoPAP, a UK company investing over £10 million in India to construct a plant producing Fairtrade paper and packaging products.

Opening opportunities

The UK's Department for International Trade (DIT) said strong growth in the Indian economy is expected to boost UK exports to India by over £9 billion by the middle of the next decade.

Pointing to many UK businesses already taking advantage of the flourishing trading relationship, it highlighted food chain, Pret A Manger, and fintech pioneers, Tide and Revolut, among those with expansion plans for India.

Pret, a popular British coffee and sandwich retailer, is set to open its first branch in India early in 2023 following a franchise partnership with Reliance Brands. Mumbai will be the chain's first branch as part of a plan to open 100 in total across the country.

"Bringing Pret's freshly made food and organic coffee to more people around the world is a key part of our transformation strategy, and I'm delighted to be launching Pret in India," said Pano Christou, CEO of Pret A Manger.

"With strong demand for fresh food and new dining experiences, we see an exciting opportunity to grow the Pret brand across India while also adding something truly unique to its food-to-go market," he said.

Meanwhile, Tide, the UK's leading small and medium enterprise (SME)-focused business financial platform, announced the launch of its app as a market entry product in India last week. The launch is part of Tide's expansion strategy, with India representing the company's first international market.

Revolut, a British banking services app, is said to have created more than 300 Indian jobs and plans to create hundreds more in the coming years. After investing $46 million in the country, it recently opened its Indian head office in Bengaluru and aims to launch "bespoke" financial products, many of which would be reportedly new to the country.

DIT noted that an India-UK FTA would mean that businesses like Pret would benefit from a "reduction in red tape, more affordable cross-border trade, and increased opportunities to work with Indian companies and suppliers".

Top priority

"The UK-India FTA remains a top priority for the industry. We applaud the Secretary of State and Prime Minister for listening and prioritising substance over pace. Trade is a fundamental driver of growth and India will be an important partner and market as the UK looks to escape stagflation, attract skilled labour, and deliver on the green transition," said Andy Burwell, International Director at the Confederation of British Industry (CBI).

According to official UK Government data, India-UK bilateral trade currently stands at around £29.6 billion a year. Both sides formally launched FTA negotiations at the start of this year with former Prime Minister Boris Johnson announcing a Diwali deadline for its conclusion.

However, Prime Minister Sunak committed to working "at pace" towards an FTA that does not "sacrifice quality for speed" after that October deadline was missed amid political turmoil in the UK.

"I discussed the free trade agreement with India, and both the Prime Minister of India and I committed our teams to working as quickly as possible to see if we can bring a successful conclusion to the negotiations," Sunak told the House of Commons last month.

"Without negotiating all these things in public, I am pleased that the majority of the substantive negotiation conversations were concluded by the end of October. We will now work at pace with the Indian teams to try to resolve the issues and come to a mutually satisfactory conclusion," he said.

Source: thehindubusinessline.com- Dec 12, 2022

HOME

****

Pushing India-EU FTA to be a priority for Sweden during its EU presidency: Swedish Trade Minister

Pushing forward the proposed India-EU free trade agreement (FTA) will be a priority for Sweden in its six-month presidency of the EU beginning January 1, 2023, and the country is hopeful that the pact can be concluded by the next presidency (between July 1-December 31 2023), Johan Forssell, Sweden's Minister for International Development Cooperation and Foreign Trade, has said.

"The India-EU FTA is a priority for us during our presidency. We will do our best to be honest brokers. This is based on mutual trust. You cannot have it as `my way or the highway'. You have to see what the obstacles are and have an open discussion on that," Forssell said talking to media representatives at an interaction on Friday.

On India continuing to source oil from Russia, Forssell said that it was India's decision to make based on its domestic politics. "Of course, the Russia-Ukraine war has affected Europe (countries) in many ways, especially regarding their energy situations. But every country must make their own decisions. I agree with PM Modi that this is not a time for war. Hopefully we will be out of it soon. There are no winners here," he said.

The Swedish Minister is in India on an official two-day visit and met Commerce & Industry Minister Piyush Goyal and India's G20 Sherpa Amitabh Kant. He is accompanied by a business delegation comprising CEOs and Chairs of top Swedish companies such as SAAB, Ericsson, AstraZeneca, Perstorp, SEB Bank and Getinge. "They (CEOs and Chairs) represent the best of Sweden. It says something about the importance of India," he said.

Priority areas

The priority areas for cooperation between India and Sweden discussed in the meetings include green transition, infrastructure, tech industry, health, security and defence.

On Swedish Defence production company Saab's decision to set up a manufacturing facility for the shoulder launched weapon system Carl-

Gustaf in India, Forssell said there were more complex systems that could also be of interest to India.

"Sweden has a long tradition of strong defence industry. We are very good at producing high quality assets at reasonable price. We hope that combination is also useful for India. For example, we have a fantastic fighter jet programme. We can happily assist India there the best that we can," he added.

Pointing out that India and the EU represented a huge population, and it was a herculean task to balance all interests, Forssell indicated that attempts could be made to conclude the FTA at least in the second half of 2023. "I talked to Minister Goyal. We have agreed to continue the discussion. To be honest it may be difficult to conclude the negotiations during Swedish presidency (January 1-June 30 2023…. But we will at least try to give it a push forward perhaps for the next presidency," he said.

Source: thehindubusinessline.com- Dec 10, 2022

HOME

****

Commerce Ministry in talks with FinMin to resolve sticky issues early

The Finance Ministry may not agree to the Commerce Ministry's proposal for extension of concessional corporate tax of 15 per cent to new SEZ units as part of the Development of Enterprises and Services Hub (DESH) Bill, 2022.

But it is considering other major demands such as allowing SEZ units to sell their goods in the domestic market without the imposition of Customs duties and getting payment for services rendered there in rupees instead of foreign exchange, sources have said

Efforts are on by the Commerce Ministry to get the DESH Bill, that will replace the SEZ ACT, finalised soon, so that it can be presented in Parliament. Meetings are on with the Finance Ministry to resolve outstanding issues, a source tracking the matter told businessline.
Not attractive anymore

The government is seeking to replace the SEZ Act as it is not very attractive to investors anymore after the sunset clause set in on income tax exemption for developers and units.

Moreover, the criteria of units being net foreign exchange positive, to be eligible for benefits, has been ruled as being against multilateral trade rules at the WTO that does not allow incentives to be linked directly to exports.

The DESH Bill proposes that SEZs may be recast as development hubs which are to be Custom-bonded areas outside Customs territory of India fully integrated with the domestic market with access to expedited clearances and streamlined processes.

By proposing to de-link benefits under DESH with export earnings, the Commerce Ministry has sought to make the scheme WTO-compliant.

Features of the DESH scheme would include a strengthened single window mechanism, trade and risk-based compliance mechanisms, streamlined procedures, dynamic regulatory structure and alternative dispute resolution mechanisms.

However, the Commerce Department's suggestion that DESH should also offer a concessional corporate tax rate of 15 per cent to new SEZ units for an extended period, till 2032, to pull in more investments, is not going down well with the Revenue Department, the official said. "The Revenue Department is hesitant in giving its consent to the proposal on corporate tax concession as it believes that its implementation could be problematic," the official added.

But the Finance Ministry is actively discussing other major proposals.

One such suggestion is allowing SEZ units to sell in the domestic market or domestic tariff area (DTA) without being subjected to Customs duties under the condition that all duties foregone on raw materials will be paid back. Another major demand is allowing SEZ units to get payment in rupees for supply of services to the DTA. "If payment to SEZ units for services supplied is allowed in rupees, it will help them get more contracts," the source said.

Source: thehindubusinessline.com- Dec 11, 2022

HOME

****

India should tread carefully on FTA with EU

The practical import of a trade treaty is better understood post-facto. The on-going India-EU Free Trade negotiations have ambitious timelines for their conclusion. It is therefore instructive to understand the outcomes of EU's other FTAs, especially from the disputes that have arisen from those FTAs.

The 2010 EU Korea FTA was pronounced as a new generation FTA, containing a wider regulatory ambit. The European automobile manufacturers' association (ACEA) and the German auto industry initially opposed liberalisation of the auto trade under the FTA because Korean imports were perceived as a threat. The Italians perceived a threat to Fiat and the Polish, Slovak and Czech manufacturers perceived a threat to existing foreign investments. Consequently, in the auto sector, the EU tariff lowering was defensive and slower than Korea's.

Within three years of ratification of the FTA, in 2018, EU asked for consultations under the chapter on Trade and Sustainable Development (TSD) and subsequently launched a dispute against Korea. It was based on Korea's inability to ratify certain ILO conventions, but as it turns out, Korean auto giants Hyundai and Kia bore the brunt. Although, as Korea submitted, the issue had nothing to do with EU-Korea trade, a panel was constituted to rule on the dispute.

Legal tangle

Korea argued that the Parties did not intend, by agreeing to the TSD chapter, to subject their labour laws and policies, to obligations that bear no connection to trade (or investment). However, the panel interpreted the provisions to mean that they would still be covered by the FTA.

Korea submitted that the words 'Parties commit to respecting, promoting and realising, in their laws and practices, the principles concerning the fundamental rights', was of an 'aspirational' or 'make efforts in good faith' sense. The panel however interpreted the text as a legally binding commitment.

The panel finally ruled that even self-employed, sub-contracted, dismissed or retired workers, were to be covered under the definition of worker and had the right to be part of labour unions and by implication take part in collective bargaining. Korea was forced to change its labour laws.

EU's trade unions made an amicus curae submission to the panel, ostensibly to protect rights of Korean worker! Interestingly, no such submission by Korean Unions to protect their interest is mentioned in the panel ruling.

After the panel report, in November 2021, the Korea office of the German labour think tank, Friedrich-Ebert-Stiftung (FES), published a study. It said Korean Unions must 'come up with ways to immediately counter the industrial reorganisation being pushed by auto industry capitalists — namely, by standing against the outsourcing of core parts and the placement of orders exclusively with parts makers that have no unions'. This is an excellent example of the potential of persuasion from various powerful agents against EU's commercial competitors.

EU's normative ambitions combined with its historical legal capacities make an exceptionally potent combination, especially for countries like India. The current draft texts in the India-EU FTA released by the EU, have far more stringent provisions and cover an extremely wide range of governance areas – gender, transparency, fraud, competition, digital trade, and sustainable food systems.

Indian FTA enthusiasts must carefully watch texts with the EU. They may seem aspirational, but in fact would be legally binding commitments. These could be subject to dispute settlement, panel reports, and potentially trade and other sanctions from EU.

Source: thehindubusinessline.com- Dec 09, 2022

HOME

****

State Bank of India to begin overseas rupee trade with smaller nations

State Bank India (SBI) will start overseas trade in rupee with smaller countries like Mauritius and Sri Lanka to steer clear of any transactions with Russia which carries the risk of sanctions by the West.

Two special vostro rupee accounts have been opened with SBI — the country's largest lender — to facilitate overseas trade in rupee. SBI Mauritius and People's Bank of Sri Lanka had opened vostro accounts with SBI, people aware of the matter said.

As far as rupee trade with smaller nations is concerned, the Reserve Bank of India (RBI) has allowed opening of six special vostro accounts with three Indian lenders — SBI, Bank of Ceylon and Indian Bank.

All these transactions were related to trade with Mauritius and Sri Lanka, they said. SBI did not respond to an email by Business Standard seeking a comment on the development.

In July, the RBI had spelt out a mechanism to settle international trade transactions in rupee to promote the growth of global trade. This was also seen as a step towards internationalisation of India's local currency and a strategy to continue India's trade with sanctions-hit Russia.

According to the mechanism, banks of partner countries can approach authorised dealer (AD) banks in India for opening special rupee vostro accounts. The AD bank will then have to seek approval from the central bank with details of such an arrangement.

Five months on, the central bank has allowed the opening of 18 special vostro accounts, of which 12 have been opened to facilitate trade with Russia. These accounts are with five Indian lenders — UCO Bank, IndusInd Bank, Union Bank of India, HDFC Bank, Canara Bank — and two Russian banks: VTB and Sberbank.

However, the progress has been slow. Not a single rupee trade transaction has taken place as exporters and banks are still trying to comprehend the implications of such a move.

Besides, the response has been tepid in case of large banks with banking assets overseas. In case of transactions with sanctions-hit nations such as Russia, banks fear retribution from the West.

“Mostly smaller banks or banks that don’t have enough international exposure have gone ahead with getting necessary approvals towards cross-border payments in rupee,” Business Standard had reported on December 7, citing sources.

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

HOME

****

Govt asks trade bodies, banks to explore more countries for trade in rupee

Having facilitated rupee trade with Russia, Mauritius and Sri Lanka, the government has asked trade bodies and banks to explore such opportunities with more nations, sources said.

Indian banks have already opened special rupee vostro accounts (SRVA) with banks of these three nations, operationalising the rupee trade arrangement.

Recently, SBI Mauritius Ltd and People's Bank of Sri Lanka opened an SRVA with State Bank of India (SBI). In addition, Bank of Ceylon opened an account in its Indian subsidiary in Chennai.

Union Bank of India has opened special rupee account of Ros Bank Russia while Chennai-based Indian Bank has opened such accounts of three Sri Lankan banks, including Colombo-based NDB Bank and Seylan Bank.

In all 18 such special rupee accounts have been opened by 11 banks, including 2 of Russia and one of Sri Lanka, following approval from the Reserve Bank of India (RBI). The RBI issued detailed guidelines on cross-border trade transactions in the domestic currency in July.

In a recent review meeting with stakeholders, sources said, the finance ministry asked stakeholders to explore more countries and establish this mechanism as part of its plans to expand bilateral trades through SRVAs and internationalise indigenous payment modes.

Following the Russia-Ukraine war and the sanctions imposed by the West, India has been trying to promote rupee trade.

Since July, Sberbank and VTB Bank -- the largest and second-largest banks of Russia, respectively -- are the first foreign lenders to receive approval after the RBI announced the guidelines.

The RBI, as per the guidelines, decided to put in place an additional arrangement for invoicing, payment, and settlement of exports/imports in the rupee.

Another Russian bank Gazprombank, which does not have its branch in India, has also opened this account with Kolkata-based UCO Bank.

The move to open the special vostro account clears the decks for settlement of payments in rupee for trade between India and Russia, enabling cross-border trade in the Indian currency, which the RBI is keen to promote.

The RBI has allowed the special vostro accounts to invest the surplus balance in Indian government securities to help popularise the new arrangement.

"Indian importers undertaking imports through this mechanism shall make payment in INR (Indian Rupee), which shall be credited into the special vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller/supplier," the RBI had said.

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

HOME

****

Budget 2023-24: Govt mulls basic Customs duty cut to align with FTA

India plans to cut some of its import duties in Budget 2023-24. The cuts will sit well with a raft of free trade agreements (FTAs) the government is negotiating with several countries.

Since these cuts will be on basic Customs duty (BCD), they will have a very minuscule impact on collections under integrated goods and services (IGST). The cuts will also not impact the viability of the production-linked incentives (PLIs) the government has rolled out to encourage domestic manufacturing in 13-odd sectors, including electronics, automotive, and textile.

"Let me say the Customs duty receipts shall not be a significant part of our tax estimates," said Finance Secretary T V Somanathan recently. He made the comments to Arvind Panagariya at the India@75 Conference organised by Columbia University in November.

Panagariya, former vice-chairman of NITI Aayog, had asked him about the scope for slashing import duties in the forthcoming Budget. Without committing, Somanathan said continuing with both PLI and high import duties may not be a good policy.

Finance Minister Nirmala Sitharaman will be presenting the Union Budget on February 1, 2023, in Parliament, outlining her tax and expenditure plans for 2023-24. A World Trade Organization estimate reckons that India's Most Favoured Nation import tariffs at 13.8 per cent are "the highest of any major economy".

India's import tariff structure includes BCD, an additional duty, a special additional duty, and a cess like the one on education.

While a combination of these duties is imposed on imports, the cuts in the Budget are expected to be limited to only BCD.

To calculate the applicable IGST on any commodity which is levied on interstate movement of goods and services, as well as imports, the BCD element is also grossed up, but as a percentage of the applicable tax, it comes to a single digit. A cut there will not, therefore, impact IGST significantly, said experts.

In November, for instance, of the total Rs 1.46 trillion of GST, Rs 38,635 crore was realised in IGST from imports.

“Since the objective of enhancing productivity, quality, scale, and overall efficiency in strategic manufacturing sectors through PLI schemes is happening quite well, the fiscal policy may now do well to revisit and draw up a plan of gradually scaling back basic Customs duty in the course of the next three to five years,” said Atul Gupta, partner, Deloitte India, who is a specialist on indirect tax.

Echoing his thoughts, a government official said, “No one expects the government to slash import duties on all tariff lines, but you can be reasonably sure some cuts will be made this year.”

The BCD cuts will also be in line with what India will offer as tax concessions in the FTA. Budget 2022-23 had pencilled in receipts of Rs 1.68 trillion as BCD - a modest growth rate of 6.1 per cent over 2021-22. As part of the gross tax revenue, it is just 6 per cent in 2022-23.

Former finance minister Arun Jaitley in his Budget 2018-19 announced an increase in Customs duty on 40 categories of goods. These ranged between 33 per cent and 100 per cent and marked a clear reversal of India’s policy of steadily clipping duties in vogue for more than two decades. The increased Customs duties were meant to encourage domestic value addition by manufacturers by stepping up production capacity in India.

The government has subsequently built an elaborate PLI structure with a subsidy element of close to Rs 2 trillion. While these are built on the premise that the import of competing items shall not get preferential duties, government officers said the cut in BCD in some areas will not affect them at all.

“This graduated reduction in Customs duty can be in sync with the avowed Ministry of Commerce policy of enlargement of FTAs and shall in tandem drive and infuse quality and competitiveness in key areas of domestic manufactures,” added Gupta.

Source: business-standard.com- Dec 12, 2022

HOME

****

New scheme. CBIC streamline procedure for export through post offices

As a part of measures to the improve ease of doing business , the Central Board of Indirect Taxes and Customs (CBIC) has streamlined export through post offices. Now, the bill can be entered electronically.

According to a notification by CBIC, the postal authorities will set up, operate and maintain the PBE (Postal Bill of Export) Automated System for filing of electronic declaration for the export of goods through post. An exporter who wishes to export goods through post or his/her authorised agent will be required to register on the PBE Automated System. It will validate and recognise the registered person and enable him/her to file an electronic declaration and upload supporting documents. Two forms – PBE III and PBR IV – have been prescribed out of which the first one can be used for export through e-commerce while the second one will be for others.

The postal authorities will, after consultation with CBIC, authorise certain post offices to accept and book export goods. These post offices will be linked to foreign post offices. Upon filing of electronic declaration for export, the exporter shall present the export goods to the postal authorities at a booking post office at a foreign post office.
Secure transfer

The export goods will bear a declaration from the exporter regarding the contents of each of the packages, the value and other particulars. The postal authorities will provide for secure transfer or movement of the export goods from the booking post office to the corresponding foreign post office, where customs clearance will take place.

On arrival in the foreign post office, no person will, except with the permission of proper officer of Customs, open any package of export goods arrived in the foreign post office for customs clearance. The Customs officer may call for clarification of documents, electronically on the PBE Automated System, from the exporter or his/her authorised agent in relation to the export goods. Once satisfied and duty is paid, the good will be cleared.

The exporter or his/her authorised agent will retain, for a period of five years from the date of filing an electronic declaration on the PBE Automated System.

Source: thehindubusinessline.com- Dec 11, 2022

HOME

****

Centre extends RoDTEP to more sectors, but refund woes remain

In an overdue and welcome move, the commerce ministry has expanded the scope of RoDTEP (Remission of Duties and Taxes on Exported Products) scheme by including the exports made from the chemical sector (Chapters 28 and 29) Pharmaceuticals sector (Chapter 30) and articles made of iron and steel (Chapter 73).

The RoDTEP scheme refunds the duties/taxes/levies at the central, state and local level, borne for the production and export of the notified items, other than the duties/taxes that are not exempted or refunded through the duty exemption or duty drawback or any other schemes.

Such duties/taxes/levies include taxes on fuel/coal used in captive power generation, mandi tax, electricity duty, stamp duty on export/import documents, embedded taxes on purchases from unregistered dealers, inputs for agriculture and fuel for transport and so on. The scheme is compatible with the disciplines under the agreements at the World Trade Organization.

The RoDTEP scheme is in operation for exports made with effect from January 1, 2021, but the items under the chemicals, pharmaceuticals, and iron and steel sectors were not included in the list.

Now, they have been included but the new list does not include iron and steel items (Chapter 72). The expanded list of eligible export items under the scheme now goes up from 8,731 to 10,342 at eight-digit tariff lines. The additional export items now added are eligible for RODTEP benefits for exports made from December 15, 2022, to September 30.

Exports under advance authorisation scheme and by export-oriented units, units in special economic zones and manufacturing goods in bonded warehouses are excluded from the scheme. There is no justification for such exclusions because even these units/items suffer the same types of duties/taxes/levies that other items/units bear.

The remission under RoDTEP is granted as a percentage of the free on board (FOB) value of the eligible export products along with value caps for certain items or at specific value as notified under Appendix 4R of the

Foreign Trade Policy. Soon after the export of notified item, the exporter gets duty credit in an electronic credit ledger maintained by the Customs. This credit can be transferred to any importer electronically. The duty credit can be utilised for payment of basic customs duty on imported goods.

The manner of grant of duty credits, transfer and utilisation is much more efficient than the earlier system of issue of duty credits through tradable scrips issued by regional offices of the Directorate General of Foreign Trade. However, the very idea of allowing RoDTEP credits to be utilised for payment of basic customs duties is irrational, to say the least.

The scheme does not rebate any Customs duties. The scheme refunds mainly the local taxes like value-added tax, goods and services tax, stamp duty, etc. that do not enter the input tax credit chain under the goods and services tax regime and are not rebated or exempted through any other scheme. So, the refunds should be granted in cash and disbursed along with duty drawbacks. There is no reason to allow the refunds through duty credits that can be used to pay basic customs duty.

Disbursement in cash will also obviate the need for maintenance of electronic ledger through which credits, transfers, and debits of duty credits are put through.

Source: business-standard.com- Dec 12, 2022

HOME

****

Trade settlement with Russia in rupees to start next week: Report

For the first time since the trade settlement in rupee was introduced by the Reserve Bank of India (RBI), the payments for shipments to Russia will be settled in rupees next week. This is in the backdrop of an increasing number of inquiries for drugs and auto parts from Russia, a report by Mint said.

"A number of issues have been sorted out. Exporters and importers have begun approaching banks for opening of accounts...So, trade settlement with Russia under the new payment system is expected from next week for some shipments. The difference with Iran is that India is not importing oil and fertilizers (from Iran) like we are doing with Russia; so, the Vostro account is dry. Similar kinds of sanctions are on Iran too," Federation of Indian Export Organisations (FIEO) director general Ajay Sahai told Mint.

The experts said that it would address the issue of India's widening trade deficit with Russia. Indian exports are finding it difficult to reach Russia amid western sanctions. On the other hand, oil imports have risen substantially since March.

The exporters are also bearing the additional cost of shipping goods to Russia as Sberbank has been charging a 4 per cent premium on settling these trades. Rupee settlement will reduce this burden on Indian exporters.

The report added that five to six banks had been allowed to open Vostro accounts for rupee trade settlement, and 10-11 such accounts have been opened so far.

"With Russia, our imports are 10 times the exports. But there is a very good chance of increasing our exports to Russia. That's because when they are holding much of the Indian rupees, either they will want to invest in capital in India or they will increase our exports," an official told Mint.

Source: business-standard.com- Dec 12, 2022

HOME

****

High-density cotton takes shape; promises to increase yields by 30-50%

In a bid to beat stagnancy and improve yields in cotton, farmers in Telangana have successfully completed an experiment with the high-density planting system (HDPS), which promises to increase yields by 30 to 50 per cent.

Scientists from Prof. Jayashankar Telangana State Agricultural University (PJTSAU) and the State Agricultural Ministry have taken up HDPS demonstrations in farmers' fields in about 3,642 hectares across 26 districts in Telangana.

A scientist says it is like growing three acres of cotton on just one acre. Unlike in traditional cotton, where farmers continue the crop for 3 to 4 picks, the HDPS crop gives all the output in just one picking, allowing the farmers to go for a short-term crop before the regular Rabi crop.

As against 7,000–8,000 plants in an acre, the farmers planted about 21,000–22,000 plants. The height of the plant is regulated using sprays to ensure a uniform height of the crop, making it easier for machines to harvest.

Good start

"We have targeted growing cotton on about 8,093 hectares in various demonstration plots in 26 districts. We could grow it on nearly 9,000 acres this kharif," R Jagadeeshwar, Director of Research at Prof. Jayashankar Telangana State Agricultural University (PJTSAU), told businessline.

He claimed that farmers have recorded 8 to 12 quintals an acre in the HDPS system as against 6 to 8 quintals, promising a good start for the new cropping method.

The experiment, however, suffered a blow early in the kharif season, when heavy rains for nearly two-and-a-half months adversely impacted the growth of the crop.

"The crop, however, recovered in August onwards after the rains stopped. They have sprayed plant growth regulator (mepiquat chloride) twice," he said.

Farmers were given pneumatic planters, which reduce labour work and improve precision in sowing, as part of the experiment.

The scientists have selected a few varieties from Nuziveedu Seeds Limited and Rasi Seeds for the demo.

Challenges

The HDPS, however, would mean additional expenditure. As against two packets for an acre, the farmers would have to use 5–6 packets for growing more plants.

The cost of the planter is put at ₹11 lakh and that of the harvester at ₹70 lakh. This might also take some time before more number of farmers take to the HDPS cotton.

"Going by the inquiries from farmers for the planters and the enhanced yields, we expect more farmers will go for HDPS cotton next year," Jagadeeshwar said.

Source: thehindubusinessline.com- Dec 11, 2022

HOME

****

Textile sector: Govt sets target of Rs 36,000 cr investments, 10L jobs

The state, which accounts for 28 per cent of the country's cotton production, has planned to develop textile hubs in the backward regions of Vidarbha and Marathwada. The area under cotton cultivation in the state is 42 lakh hectares with almost 40-45 lakh farmers undertaking cultivation of the cash crop.

The state government has offered a slew of incentives in power tariffs and steady rates for cotton to provide a boost to the industry.

Textile minister Chandrakant Patil said, "The state government has given concession in power tariff to give impetus to textile sector." He also promised steady cotton rates.

The government has taken note of the fluctuating rates of cotton that hurt the textile sector. To address the price fluctuations, the state government has agreed to intervene and resolve the problem. The government will procure the cotton at fixed rates and then hand it over the cotton at the procured rates to the textile industry, said sources.

Apart from this, the availability of skilled human resources has also become a major issue. Under the PM Mega Integrated Textile Region and Apparel (PM MITRA) scheme, state the government has proposed developing a brownfield park in Amravati (Vidarbha region) and Aurangabad (Marathwada region).

Earlier, the state government had identified 115 tehsils across 18 districts, which grow cotton in Vidarbha, Marathwada and parts of the North Maharashtra region for setting up textile hubs. While reckoning the textile sector remains second highest in terms of employment generation, the mismatch of setting up textile hubs in non-cotton growing districts harmed the sector over the years, said sources.

Source: indianexpress.com- Dec 12, 2022

HOME

****

Trident bath linen production declines 7% YoY in November

Trident announced its production update for November 2022 on Saturday, 10 December 2022.

In the home textile division, production of bath linen declined 7.53% to 4,533 metric tonnes (MT) in November 2022 as compared to 4,902 MT posted in November 2021.

Production of bed linen dropped 35% to 2.21 million metres (MM) in November 2022 from 3.4 MM recorded in November 2021. Production of yarn tumbled 24.34% to 8,242 MT in November 2022 as compared to 10,894 MT reported in the same period last year.

In paper & chemicals division, production of paper fell 6.95% to 12,061 MT in November 2022 compared with 12,962 MT posted in November 2021. Production of chemicals shed 3.23% to 9,164 MT in November 2022 as against 8,877 MT recorded in the same period a year ago.

Headquartered in Punjab, Trident is vertically integrated textile (yarn, bath & bed linen) and paper (wheat straw-based) manufacturer and is one of the largest players in home textile space in India. The company operates in two major business segments: textiles and paper with its manufacturing facilities located in Punjab and Madhya Pradesh.

The company's standalone net profit slumped 82.7% to Rs 39.66 crore on 14.6% decrease in revenue from operations to Rs 1,419.17 crore in Q2 FY23 over Q2 FY22.

Source: business-standard.com- Dec 12, 2022

HOME

****