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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

IBTEX No. 239 of 2022 December 13, 2022

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INTERNATIONAL NEWS

AAFA Presses AGOA Renewal as 'Urgent Priority' at US-Africa Leaders Summit

President Joe Biden will host African leaders in Washington, D.C. this week during the U.S.-Africa Leaders Summit focused on trade priorities.

The three-day event beginning Tuesday will address economic development opportunities and the potential renewal of the African Growth and Opportunity Act (AGOA). The 22-year-old legislation currently provides 36 sub-Saharan countries including Angola, Benin, Botswana, Burkina Faso, Chad, the Democratic Republic of Congo, Ghana, Madagascar, Nigeria, Rwanda, Senegal and Sierra Leone with duty-free access to the U.S. market on more than 1,800 products including apparel, yarns and fabrics.

As of now, AGOA will expire in 2025, to the dismay of companies looking to the region as an alternative to China sourcing amid continued tariff pressure. Suppliers that invested in African sourcing aren't likely to continue without the assurance partner nations can retain their duty-free privileges, according to Steve Lamar, CEO and president of the American Apparel and Footwear Association (AAFA).

"There is this broad diversification out of China, and there are a lot of companies trying to build up their presence in Africa," Lamar said. Companies want to see a verticalized and self-sustaining region, rather than one that's "reliant on supply chains stretched throughout the globe," he added, so that brands and retailers can locally source not just finished goods, but the fabrics, yarns and trims needed to produce them.

Without assurance that AGOA will continue beyond 2025, Lamar is concerned that the momentum that has supported sourcing growth in Africa will peter out. If Congress vacillates on renewing AGOA, "it doesn't necessarily mean all the investment will bypass Africa, but we've now lost an opportunity" to build out the region's capacity through meaningful investment in the coming years, he said.

Even pushing out the renewal to the legislative end-date could have consequences. “Investment windows for textiles and garments are longer than just a couple of years—you need a long-term agreement to give people the certainty, the predictability,” Lamar said. Companies need to know that their investments in new infrastructure and worker training will bear fruit in the long-term. “That’s why Congress needs to act now,” he said.

“It’s hard to build and sustain a demand signal from Africa if the duty-free environment goes away,” he continued. “The program is intact for another three years or so, but that three years isn’t going to encourage more investment.”

Lamar believes this week’s summit could be good for AGOA, though some still want to improve the trade agreement. There are also questions about the future eligibility status of Ethiopia, Mali and Guinea, which lost their AGOA status in January over humanitarian issues. Last month, the Ethiopian government announced a cease-fire with rebel militias in Tigray after a year-long civil war. “Once the U.S. government believes that that is moving in the right direction, then the process will start up to allow Ethiopia back in,” said Lamar, who admits that could take “a number of months, even in the best of circumstances.”

In a Thursday press call about the U.S.-Africa Leaders Summit, an unnamed senior administration official said that “Ambassador Tai will be hosting a ministerial-level discussion on AGOA and looking at really providing this opportunity to address some of the issues that our partners have and that they have raised, but really also to reaffirm the partnership with the continent.”

“It will also be a platform to discuss AGOA implementation,” the official said, noting utilization rates, strengthening economic cooperation, expanding to a trade and investment, and regional economic integration as related issue.

Calling AGOA “the bedrock of our trade relations since the legislation was passed in 2000,” another senior official said that the administration can do more “to optimize the use of this legislation between the United States and many African countries.”

"I also think that it's really important at the summit to hear from Africans about where they think the future of this landmark legislation should go," they added.

According to Lamar, AAFA members and non-members alike don't want to see AGOA go the way of the Generalized System of Preferences (GSP), which lapsed two years ago and has been stuck in renewal purgatory ever since. The oldest, widest-reaching U.S. trade preference program eliminates duties on thousands of products imported from more than 100 countries and territories across the globe. The USTR has cited a desire to review and make changes to the program's eligibility criteria before its reinstatement, despite widespread bipartisan support. The U.S. Chamber of Commerce in November estimated that U.S. companies have paid $2 billion in extra tariffs since GSP lapsed.

AGOA's renewal remains "an open question," Lamar said. "As you're trying to explain your business models to your investment partners, it's hard to say with any degree of certainty that what GSP has gone through is going to be avoided by Congress. I think for sure, the anxiety is there. I think there are a lot of people [in government] interested in AGOA—but does that translate to, 'Let's get it done now'? Or does that translate to, 'It needs some tweaks and refinements and it needs to be reformed'?"

Fashion is hoping for the former scenario. According to Lamar, AGOA needs to be treated "as an urgent priority if we want to give Africa the game-change it so desperately needs."

Source: sourcingjournal.com- Dec 12, 2022

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Global cotton consumption to decline 3.3 mn bales in Dec '22: USDA

Global cotton consumption is estimated to decline by 3.3 million bales to 111.7 million in December 2022, as per the data by US Department of Agriculture (USDA). Factors like declining supplies, falling yarn orders from fabric and apparel companies, lower profit margins for spinning mills, and higher inflation levels are all pressuring consumption.

Significant challenges for the three largest consumers — China, India, and Pakistan — are expected to lower global consumption significantly below the previous 2 years. India's consumption is projected down 1 million bales this month to 23 million, falling more than 2 million from the previous year and the largest year-over-year decline for all cotton consumers.

Significantly lower beginning stocks, falling exports of textiles (yarn and fabric) and cotton products, and less competitive yarn export prices are pressuring consumption prospects. Higher spot prices for cotton relative to other major spinners have eroded India's stature as a competitive yarn exporter to China.

China's consumption is also projected down 1 million bales this month to 35.5 million, marginally above the previous year but more than 5 million below 2 years prior. As the world's largest cotton consumer and importer of cotton yarn, China's supply and use situation is normally indicative of the overall direction and vitality of the global cotton supply chain, according to the report by USDA.

Ongoing COVID-19 lockdowns, slowing domestic purchases of apparel, declining yarn prices relative to cotton lint, and significantly lower cotton product exports have drastically slowed China's consumption over the past 2 years. The US, the world's largest importer of cotton products, showed lower imports of products from China by more than 40 per cent during the first 3 months of the marketing year (August – October 2022).

Pakistan's consumption is estimated at its lowest level in over 20 years, forecast down 700,000 bales this month to 9 million, dropping nearly 2 million from the previous year mostly because of lower supplies.

Pakistan's production is projected at the lowest level in nearly 40 years at 3.7 million bales. Although imports are projected above the previous year at 5 million bales, mills in Pakistan have had issues with the stronger US dollar, opening letters of credit, and finalising older contracts which were negotiated at significantly higher prices earlier this year, as per the report.

Global cotton consumption is now projected at its second-lowest level in nearly a decade. If realised, this would reduce annual cotton use by nearly 6 million bales below the previous year and more than 11.4 million below 2 years prior.

Global production is down 700,000 bales from the previous month to 115.7 million, largely owing to lower production in Pakistan. This is the fourth consecutive month that Pakistan production has fallen and is supported by weak arrivals data. Global stocks are forecast up with consumption projected down more than 3 million bales. This is the seventh consecutive monthly decline for global consumption. Global trade is down roughly 1 million bales, led by a decline in China, and is now forecast lower compared with the previous year.

The US balance sheet shows higher production and ending stocks relative to the previous month. Exports and consumption are forecast down this month, and shipments are projected at the lowest level in 7 years. The projected US season-average farm price is unchanged at 85 cents per pound.

Source: fibre2fashion.com- Dec 12, 2022

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Brazil hopes to become world's largest cotton exporter in 2023

Brazil could become the world's largest cotton exporter in 2023, with an increase in planted area helping it to surpass the United States, according to producers in the South American country. If that happens, it would be another milestone in Brazil's march to the forefront of global food producers. It has already overtaken the United States as the world's top soybean producer and exporter, and could soon become the top corn exporter.

Brazil currently ranks fourth among global cotton producers - below China, India and the United States - but is the No.2 exporter. "We will soon be the world's largest exporters, maybe already next year," said Julio Cezar Busato, the head of Brazilian association Abrapa. While sowing in Brazil next year is seen rising 1.3% from the previous season to 1.66 million hectares, cotton in the United States is facing competition from more profitable crops, including corn, soybean and wheat, Brazilian producers said.

A 30% reduction in US cotton sowing could be enough to push the South American nation into global exporting leadership, they said, bringing forward one of their key targets.

That would be a dramatic cut, but is not impossible as US producers make room for more grain planting. Abrapa expects Brazil to increase its cotton shipments by 22% to 2.2 million tonnes next year from nearly record output of 2.95 million tonnes. Brazilian cotton producers see the sector ready to move forward with next year's crop, despite higher costs, in order to protect progress in Asian markets, particularly China.

"Mathematically, we should reduce the cotton acreage," Busato said, noting production costs rocketed 27% after a surge in input price in 2022. "But we won't do that as we must retain the markets we have conquered".

Consultancy hEDGEpoint Global Markets said cotton planting in Brazil should occur "within the ideal window" considering current climate conditions, leading to a growth in acreage and potentially helping pressure global prices - which are already "near or even below cost of production" for US growers.

"It is too early to quantify how much cotton area the US will actually lose, but it clear that this crop is already at a disadvantage" to competitors such as corn, soybeans, peanuts, rice and wheat, analyst David Silbiger said.

Brazil producers hope for rain as soybean planting nears end

The sowing of Brazil's 2022/23 soybean crop has reached 95% of the estimated area, slightly below last year's level of 96%, agribusiness consultancy AgRural said on Monday, as producers hope for rains to secure good yields.

Growers are still alert about the poor distribution of rainfall, though no severe losses have been registered so far and forecasts point to showers covering much of the country in the coming days, AgRural said.

Source: brecorder.com- Dec 13, 2022

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UK interested in investing in recycling industry in Bangladesh

UK investment minister Lord Dominic Johnson recently met Bangladesh prime minister's private sector industry and investment adviser Salman F Rahman in London and expressed interest to invest in the recycling industry of the latter's readymade garment (RMG) sector. Salman called for more UK investment in Bangladesh's environment-friendly sectors, including the recycling industry.

The United Kingdom could also invest in agro-processing and other agro-based industries in Bangladesh, Salman said.

As Bangladesh is unable to provide land required for electricity generation in the renewable energy sector, the United Kingdom can invest in solar power through floating technology, he was quoted as saying by a news agency.

Source: fibre2fashion.com- Dec 12, 2022

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Brazil's retail sales jump 2.7% YoY, 0.4% MoM in Oct 2022

Retail sales in Brazil increased by 2.7 per cent year-on-year (YoY) in October 2022 for the third successive month—higher than the earlier projection of 2.3 per cent YoY growth. The country's retail sales volume surged by 0.4 per cent month-on-month (MoM), as per recent data.

Brazil's retail sales volume had shot 3.2 per cent YoY in September 2022, according to figures released by the Brazilian Institute of Geography and Statistics (IBGE). The forecast for October had been 0.2 per cent MoM after retail sales rose 1.2 per cent MoM in September 2022.

Moreover, five of eight segments in Brazil's retail sector showed profits during the period. Retail trade for the textiles, clothing, and footwear sector contracted by 3.4 per cent in October 2022, which was a drop of 14.8 per cent compared to October 2021.

Source: fibre2fashion.com- Dec 12, 2022

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Cambodia witnesses robust growth in apparel exports to UK

Cambodia's apparel exports of $758.532 million in the first three quarters of this year have already crossed the total exports of $613.344 million in 2021. At this rate, the exports are likely to touch the $1 billion mark by December 2022.

The two countries are planning to sign a memorandum of understanding (MoU), as per Cambodia's ministry of commerce.

Cambodia's apparel exports to the UK were $729.940 million in 2020, $906.820 million in 2019, $1,062.281 million in 2018 and $919.337 million in 2017.

On a quarterly basis, the exports were at $276.038 million in Q3, $247.153 million in Q2 and $235.340 billion in Q1 2022. Last year, the country's shipment was $186.807 million in Q4, $154.342 million in Q3 and $124.671 million in Q2, according to Fibre2Fashion's market insight tool TexPro.

However, the exports of home textiles from Cambodia to the UK were negligible. The shipment decreased from $13.480 million in 2019 to $5.041 million in 2020 and $8.035 million in 2021. Cambodia exported home textiles worth $8.615 million in the first three quarters of this year.

The MoU is expected to boost the bilateral trade and investments between the two countries. It will help promote apparel and home textile exports from Cambodia to the UK.

Source: fibre2fashion.com- Dec 13, 2022

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Bangladesh: 2022 wasn't all bad for RMG makers. Here's why

One may be forgiven for thinking that 2022 has been catastrophic, what with the non-stop talks about the global economic crisis, rising energy bills, instability in Europe, and post-pandemic blues. Even the most ardent of optimists may have struggled to find a glimmer of hope at times. However, there was plenty of good about 2022 as well. Here, I want to focus on five positives from 2022 and how we can build on these in the coming 12 months.

First of all, despite the financial challenges we have seen in the past year, businesses are still investing. While some smaller businesses are struggling at the moment, I have seen enough to believe that medium and large enterprises will be well-equipped to ride out the storm. There is anecdotal evidence that investment is taking place to upgrade operations to meet the demands of international customers.

There seems to be growing inward investment interest around Bangladesh. Ito Naoki, the outgoing Japanese ambassador to Bangladesh, recently said that Japan expected massive foreign investments flowing into Bangladesh as it looks to become a regional industrial hub in a few years. Other countries such as China are also interested in Bangladesh. We need inward investment to take our ready-made garment (RMG) sector to the next level, in terms of logistics, vertical integration, and so on.

Recent figures show that public-private partnership (PPP) projects in Bangladesh have attracted investments of USD 6.74 billion in the past year, with a majority of the investment in the energy sector, according to the Asian Development Bank (ADB). Energy accounted for 76 percent of the investment, while the port sector attracted more than 12 percent of investment. Both are crucial areas of infrastructure for Bangladesh.

Second is the alignment of sustainability issues in fashion. If 2022 taught us anything, it's that social and environmental issues are too important to kick down the road any longer. Extreme weather patterns across the world had a big impact, placing the climate issue at the centre for much of the global media.

I am seeing more and more businesses in our sector now singing from the same hymn sheet on this issue – be it major fashion brands, RMG makers or other supply chain intermediaries. If the last 12 months have taught us anything, it's that fashion cannot achieve its climate goals without suppliers. It has taken a long time for that penny to drop, but it has now finally started to hit home.

A key reason for that is the investment community. Many investors are asking the right questions: what is happening at the suppliers' end? How are they working to help reduce emissions in supply chains?

The third positive from 2022 was the Made in Bangladesh Week. This was the very first time that our country brought stakeholders and dignitaries from all over the world to celebrate our wonderful RMG industry. Even Prime Minister Sheikh Hasina was present at this seminal event, along with other key government figures and advisers, international brands and retailers, suppliers, global trade envoys and much more.

Is there any other garment production hub that's so united? Is there any other textile producer where all key protagonists are working towards the same goal? This is a key advantage that Bangladesh has as a garment supplier hub. While we might not always agree on all things, none of our rivals present such a solid, united front. This will hold us in good stead as we seek to reach a target of USD 100 billion in garment exports in the coming years.

The fourth point relates to China. I discussed China recently, most notably its huge carbon footprint. An area less discussed relating to China is that the country's leaders now seem determined to pursue a "zero Covid" policy, whatever the economic costs. I am hearing of investors pulling out of China on a grand scale as they simply cannot afford to leave large amounts of business in a country which may or may not be open for business at any given moment. Businesses like stability and consistency, which China doesn't seem to be offering right now.

As harsh as this may sound, this presents a huge opportunity for Bangladesh. Every person I talk to says Bangladesh can be a natural successor to China where textile production is concerned. We have already taken some business from China in the past 12-18 months, but the coming year could be the point where this "change of guard" goes into overdrive.

The fifth point is about looking forwards rather than backwards. A global downturn is expected to materialise in 2023, as per global economic experts. The only question is: to what extent?

It is well-known, however, that recessions always bring with them huge opportunities. Many of the world's most successful businesses were formed at the height of previous recessions. Perhaps this is because recessions force businesses to be creative and use all their ingenuity to survive. They also force businesses to trim fat, meaning those that do survive come out the other side leaner, stronger and more financially competitive.

The last 12 months have been volatile. But I have seen enough rays of hope to suggest that Bangladeshi garment makers can navigate a safe path through the stormy waters ahead.

Source: thedailystar.net- Dec 12, 2022

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Bangladesh urged to consider FTA with S Korea for post-LDC benefits

The Bangladesh high commission in South Korea has urged its own government to consider signing a free trade agreement (FTA) or a preferential trade agreement (PTA) with the country to ensure trade benefits after graduation from the least developed country (LDC) status in 2026 and overcome likely export shocks from the developed South Korean market.

The Bangladesh government should fix its position and devise the next course of action by conducting a feasibility study with various stakeholders, said its mission in Seoul.

It called for requesting South Korea to continue the duty free, quota free (DFQF) facility for Bangladesh products until any FTA or PTA is signed, according to Bangladeshi media reports.

South Korea has expanded its DFQF facility for LDCs and provides duty-free market access to Bangladesh in 95 per cent of tariff lines now.

But it will not offer DFQF market access to products from Bangladesh on its own after Bangladesh graduates from LDC status as it might come under pressure from countries that have such trade deals with it, according to an embassy letter sent earlier.

In March last year, the Bangladesh mission requested the South Korean trade, industries and energy ministry to form a joint feasibility study team for any prospective FTA. The latter, however, has not informed the former anything regarding that till now.

Source: fibre2fashion.com- Dec 13, 2022

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Pakistan: Weekly Cotton Review: Prices slip amid low business volume

Domestic and international cotton prices continued to decline, amid very low business volume.

The World Agricultural Supply and Demand Estimates (WASDE) monthly cotton production and consumption report was overall very negative. There could be an overall sharp downturn in the international cotton market.

There is an increase in financial crisis in textile and ginning sector. Financial crisis has intensified due to December bank closures.

Pakistan Yarn Merchants Association has warned that if five percent duty is not reduced, 0.8 million looms will be closed.

All Pakistan Textile Mills Association has appealed the government to restore 'Zero Rating' while Energy Minister has given assurance to the ginners that their problems will be solved.

In the local cotton market, there was over all a bearish trend due to cautious buying by textile mills and spinners during the past week. The business volume remained low. Cotton stock is piling up with the ginners.

At present, ginners are producing low quality cotton and selling it at low prices. They had stored the high quality cotton, hoping an increase in prices. As their expenses are increasing, the ginners are perturbed due to the additional cost of stocking.

On the other hand, textile spinners have already bought cotton at high prices and they are worried a lot, as there is no buyer of cotton yarn and textile products in the market.

There is also no buyer of cotton in local market because of no export orders. Many mills are willing to sell their products at low prices but no buyer is willing to buy at any price.

Moreover, exporters are facing difficulties in opening of Letter of Credit for import and export of goods by banks due to non availability of US dollars.

According to the reports thousands of containers were stuck up on ports and demurrages were increasing due to which business and industrial circles are very worried about. There is a huge financial crisis in the market. Due to the bank closures in December, the crisis has become more intense. Businesses are virtually at a standstill.

On the other hand, the rate of US dollar is increasing in the open market day by day. Dollar reached at the highest level of Rs 250 to Rs 265 in the open market. The flow of dollar at this rate is very low. According to the relevant people the rate of the US dollar can be further increased.

The rate of cotton in Punjab and Sindh is in between Rs 13,500 to Rs 17,000 per maund. The rate of Phutti is in between Rs 5,000 to Rs 8,200 per 40 kg.

Cotton is available at Rs 15,000 to Rs 17,000 in Balochistan in a very limited quantity.

The Spot Rate Committee of the Karachi Cotton Association kept the rate unchanged at Rs 16,500 per maund. Chairman Karachi Cotton Brokers Forum Naseem Usman has said that overall there was bearish trend in international cotton markets after fluctuations. The rate of Future Trading of New York Cotton closed at eighty American cents per pound. The bearish trend in the rate of cotton remained continued in India.

Cotton Association of India had appealed to their government to abolish 11 percent import duty because the rate of local cotton in India is more than the imported cotton due to which the local textile sector is suffering.

According to USDA's weekly export and sales report, sales for the year 2022-23 were 32,600 bales.

China was at the top by buying 11,000 bales. Bangladesh followed by buying 7,300 bales. Turkey bought 6,500 bales and stood at the third place.

As many as 26, 400 bales were sold for the year 2023-24.

Pakistan was at the top by buying 22,000 bales. Turkey bought 4400 bales and came second.

WASDE has reported a sharp decrease of 2.83% in consumption compared to the monthly world production of cotton, while the ending stock also showed a sharp increase of 2.62%.

According to the report, world production decreased by 7 lakh bales to 115.73 million bales while world consumption decreased by 3.25 million bales to 111.70 million bales. The world ending stock was reported to be 89.56 million tonnes with a decrease of 22 lakh bales. This negative report can cause a huge bearishness in the market.

Meanwhile, Pakistan Yarn Merchants Association (PYMA), while rejecting the Economic Coordination Committee's (ECC) decision to impose 5% regulatory duty (RD) on Polyester Filament Yarn, the primary raw material of textile industry, has said that move would lead to destruction of 8 lakh power looms, the lifeline of Textile Industry.

The association appealed to Prime Minister Shehbaz Sharif and Finance Minister Senator Ishaq Dar to suspend the ECC decision to save the SMEs sector of Pakistan from destruction.

"The government should issue directives not to impose RD on Yarn in the best economic interests of the country. Otherwise, SMEs will be shut down and millions of workers will be unemployed."

All Pakistan Textile Association (APTMA) also urged the federal government for immediate restoration of 'Zero Rating' for the entire textile value chain in order to make available working capital for a cash-strapped textile industry.

Gohar Ejaz, Patron in Chief APTMA, in a letter sent to Federal Finance Minister Ishaq Dar has highlighted the issues being faced by the textile industry and requested the federal government for supply of gas priority for export sector, zero rating regime for textile sector, payment of pending refunds, waiver of demurrage charges and make available forex for cotton and other raw materials.

"These issues need to be addressed for the textile sector to maintain & grow exports to contribute at par in line with capacity towards a sustainable Balance of Payments," he said.

However, Federal Minister for Energy Engineer Khurram Dastgir Khan discussed fixed charges and zero rated industry in a meeting with the delegation of Pakistan Cotton Growers Association. The Federal Minister assured that all out efforts would be made to solve the problems presented by the association and instructions will be issued to the concerned quarters.

Source: brecorder.com- Dec 12, 2022

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NATIONAL NEWS

Economy was in ICU but now India growing the fastest: FM Sitharaman

India is the fastest-growing economy under Prime Minister Narendra Modi but there are people in the Opposition who keep raising questions over the country's progress just out of jealousy, Finance Minister Nirmala Sitharaman said in Lok Sabha on Monday.

The minister's remark came during the Question Hour after Congress member from Telangana A Revanth Reddy raised the issue of depreciation of the rupee against the dollar and sought to know from the government if it has any action plan to control the situation.

The Congress MP from Telangana alleged that the Modi government has ruined the country's economy since 2014 and also referred to Prime Ministre Modi's remark made during the erstwhile Congress-led UPA regime that the rupee had gone into the ICU when it was valued at Rs 66 against a dollar.

Replying to Reddy's question, Sitharaman said the Congress member, while referring to Modi's remarks on the value of the rupee against the dollar in the past, should have also spoken about the economic indicators of that time.

Economy was certainly in the ICU then. India was kept in fragile five, she said.

"India is the fastest growing economy today" despite the pandemic and the Russia-Ukraine war, she asserted.

"This is a matter of pride. But they are making fun of it," she said.

"It's sad that they talk such things out of jealousy when our economy is doing well. Today these people are standing against the Indian economy, the finance minister hit back.

She asserted that the Indian rupee has been strong against "every currency".

"And, that is proved and I can read the records," she added.

The US dollar is getting "stronger and stronger" due to "the policy adopted by the US Fed", the finance minister said.

In the last couple of weeks, the foreign reserves have gone up because of the flow of FDIs and FIIs, she said.

"The fact remains that the reserves are going up. That's why, at this time, talks about foreign exchange, rupee depreciation, reserves coming down or investors running away are actually not proven by data," she added.

While asking a supplementary question, Congress member Reddy said the government under Prime Minister Modi has borrowed over Rs 18 lakh crore in the past eight years alone while the country's borrowing from 1947 to 2014 stood at over Rs Rs 55.87 lakh crore.

You are living on borrowing Rs 10 lakh crore every year this government has completely ruined the country, he charged.

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

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Bank credit to exporters shrinks 25% as exports dip in October

The impact of slowing global trade is beginning to show on credit demand from Indian exporters, with export credit by banks shrinking nearly a quarter year-on-year at the end of October, pointing to further likely slowdown in overseas merchandise shipments.

Exports contracted in October after a gap of 19 months. Merchandise exports slipped below the level of $30 billion for the first time in the last 20 months. This marked a contraction of 16% on sequential basis and a hefty 17% on annualised basis.

“Headwinds are clearly visible in the global trade accentuated by geopolitical tensions, rising inflation, impending recession and currency volatility,” said Yogesh Gupta, eastern region chairman of the Federation of Indian Export Organisations (FIEO).

He, however, attributed the contraction largely to the long holidays in October, expecting a rise in November.

Data released by the Reserve Bank of India (RBI) showed that export credit from banks has seen a 25.1% dip to Rs 16,909 crore at the end of October 21, 2022, compared with what it was a year ago. This is in sharp contrast to a robust 18% overall bank credit growth.

“The lack of liquidity is a big challenge for exporters. Bank insistence for collateral is depriving many MSMEs of credit. The share of exports credit in the total net banking credit is constantly moving downward,” Gupta said.

Worse, the weak global economic outlook would weigh heavily on Indian exporters more than anything else, economists said.

“Indian exports tend to be affected more by the state of the global economy than advantages in currency valuation. Hence, with the slowdown in the world economy commencing, it will be hard to foster growth in exports considering that USA and EU are two major markets (for Indian exporters) besides China,” Bank of Baroda chief economist Madan Sabnavis told ET.

The US and Europe together account for about 34% share in India's export baskets.

"In addition, significant drag is also seen in case of contraction in export demand (during April-September FY23 over the year ago period) from other key export destinations such as China, Russia, Hong Kong, and Japan," said Yuvika Singhal, an economist with QuantEco Research.

Gupta said that while the space vacated by China is an opportunity, Indian exporters need to bring their acts together to seize it.

"The opportunities may go away as soon as China bounces back from its zero-covid policies. All stakeholders need to understand this," Gupta said.

He expects demand for Indian goods to rise in February-March 2023 if oil and gas prices do not throw upward surprises. Economists are not so optimistic.

"A rebound (in exports) is likely only in 2024 as 2023 will be even less satisfactory than 2022 given that the recession will reach its nadir in 2023. With global commodity prices now coming down the value of exports will tend to get depressed further," Sabnavis said.

The International Monetary Fund slashed 2023 world GDP and world trade forecasts by 20 bps and 70 bps to 2.7% and 2.5% respectively.

"In such an environment of slowing growth, a strong rebound in exports looks difficult, especially with commodity prices on a weaker footing," Singhal said.

"Having said so, tailwinds to exports could come from lagged impact of rupee depreciation along with traction in the Production Linked Incentive Schemes in some of the export-oriented sectors catering to demand from India's non-traditional trade partners, such as ASEAN, LATAM and African regions along with some tangible impact of recently inked trade pacts (with Australia, UAE) bearing fruition," she said.

Source: economictimes.com- Dec 13, 2022

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Exporters seek fewer loans on signs of slowing global trade

The impact of slowing global trade is beginning to show on credit demand from Indian exporters, with export credit by banks shrinking nearly a quarter year-on-year at the end of October, pointing to a further likely slowdown in overseas merchandise shipments.

Exports contracted in October after a gap of 19 months. Merchandise exports slipped below the level of $30 billion for the first time in the last 20 months. This marked a contraction of 16% on a sequential basis and a hefty 17% on an annualised basis.

"Headwinds are clearly visible in the global trade accentuated by geopolitical tensions, rising inflation, impending recession and currency volatility," said Yogesh Gupta, eastern region chairman of the Federation of Indian Export Organisations (FIEO).

He, however, attributed the contraction largely to the long holidays in October, expecting a rise in November.
Data released by the Reserve Bank of India (RBI) showed that export credit from banks has seen a 25.1% dip to ₹16,909 crore at the end of October 21, 2022, compared with what it was a year ago. This is in sharp contrast to a robust 18% overall bank credit growth.

"The lack of liquidity is a big challenge for exporters. Bank insistence on collateral is depriving many MSMEs of credit. The share of exports credit in the total net banking credit is constantly moving downward," Gupta said.

Worse, the weak global economic outlook would weigh heavily on Indian exporters more than anything else, economists said.

"Indian exports tend to be affected more by the state of the global economy than advantages in currency valuation. Hence, with the slowdown in the world economy commencing, it will be hard to foster growth in exports considering that USA and EU are two major markets (for Indian exporters) besides China," Bank of Baroda chief economist Madan Sabnavis told ET.

The US and Europe together account for about 34% share of India's export baskets.

"In addition, significant drag is also seen in case of contraction in export demand (during April-September FY23 over the year-ago period) from other key export destinations such as China, Russia, Hong Kong, and Japan," said Yuvika Singhal, an economist with QuantEco Research.

Gupta said that while the space vacated by China is an opportunity, Indian exporters need to bring their acts together to seize it. "The opportunities may go away as soon as China bounces back from its zero-covid policies. All stakeholders need to understand this," Gupta said.

He expects demand for Indian goods to rise in February-March 2023 if oil and gas prices do not throw upward surprises. Economists are not so optimistic.

"A rebound (in exports) is likely only in 2024 as 2023 will be even less satisfactory than 2022 given that the recession will reach its nadir in 2023. With global commodity prices now coming down the value of exports will tend to get depressed further," Sabnavis said.

The International Monetary Fund slashed 2023 world GDP and world trade forecasts by 20 bps and 70 bps to 2.7% and 2.5% respectively.

"In such an environment of slowing growth, a strong rebound in exports looks difficult, especially with commodity prices on a weaker footing," Singhal said. "Having said so, tailwinds to exports could come from the lagged impact of rupee depreciation along with traction in the Production Linked Incentive Schemes in some of the export-oriented sectors catering to demand from India's non-traditional trade partners, such as Asean, LatAm and African regions along with some tangible impact of recently inked trade pacts (with Australia, UAE) bearing fruition," she said.

Source: economictimes.com- Dec 13, 2022

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Rupee trade with Lanka and Mauritius soon

The countries that are keen on rupee trade also include neighbours such as Sri Lanka, Bangladesh, Nepal and Myanmar, and Mauritius. (IE)

As many as 17 vostro accounts have been opened so far to facilitate rupee trade with not just Russia but also Sri Lanka and Mauritius, sources told FE. A dozen of these accounts are meant for trade with Moscow.

Russian banks like Sberbank, VTB, Gazprom, MTS and Tinkoff have opened such accounts with either Indian banks or their own branches here, said the sources.

Banks from Mauritius and Sri Lanka have opened vostro accounts with State Bank of India, said the sources.

Sri Lankan banks have also opened such accounts with Indian Bank, and with a branch of Bank of Ceylon here, they added.

To be sure, no specific Indian bank has been authorised by the government for facilitating rupee trade with any particular country and that all interested banks are allowed to open such accounts with any country of their choice, said one of the sources.

Given that about 30-35 countries, including those from Asia, Scandinavia and Africa, have expressed interest in better understanding the proposed rupee trade mechanism for possible adoption, the number of vostro accounts is expected to rise in the near future.

As FE has reported, the finance ministry has asked the Indian Banks' Association (IBA) and the Federation of Indian Export Organisations (FIEO) to spearhead an awareness campaign to sensitise stakeholders about the rupee trade. The IBA will be guided by the Reserve Bank of India (RBI) in this exercise.

The countries that are keen on rupee trade also include neighbours such as Sri Lanka, Bangladesh, Nepal and Myanmar, and Mauritius. These countries have been grappling with a shortage of dollar reserves.

The RBI had in July notified the new mechanism for settling international trade in the rupee. This was aimed at not just reducing the rupee against the dollar but also internationalising the domestic currency.

Subsequently, the commerce ministry notified guidelines that will enable exporters to get stipulated benefits under the foreign trade policy even if the export realisation is in the domestic currency, and not dollar.

According to the notification of the directorate general of foreign trade, domestic firms undertaking imports through this mechanism will make payment in the rupee, which will 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.

Similarly, Indian firms undertaking exports of goods and services through this mechanism will be paid the export proceeds in the rupee from the balances in the designated vostro account of the correspondent bank of the trade partner.

Source: financialexpress.com- Dec 13, 2022

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Ukraine and India's foreign trade

The Russian invasion of Ukraine and the subsequent war sparked rapid and dramatic increases in some global trade prices, particularly for fuel products, wheat and fertiliser for which Russia and Ukraine are major exporters. It is now clear that these price changes were not due to actual changes in total supply, which remained largely unchanged (although source locations and trade routes shifted).

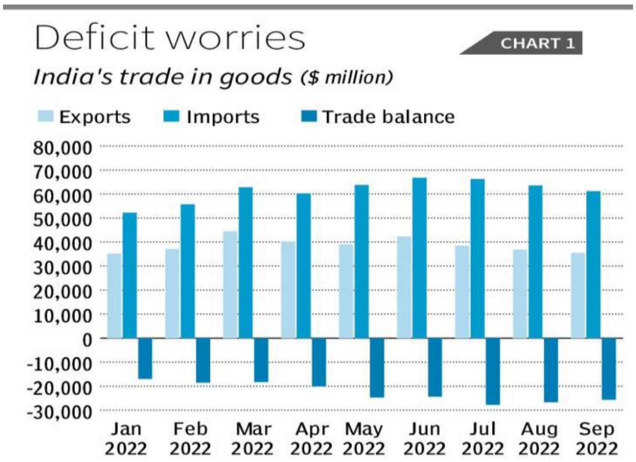
Instead, market expectations amplified by media hype, financial speculation in commodity futures and simple profiteering by major fuel companies and agribusinesses, were probably the major factors. This is why these prices rose sharply from January until around June 2022, and then subsided, such that by late September, they were down to pre-Ukraine war levels.

Price pain

Nevertheless, developing countries have suffered from those price rises, and not only because of the increase in the prices of these essential commodities that are universal intermediates entering into all other production and distribution costs directly or indirectly. There tends to be a ratchet effect of these prices within the developing world, as they stay high within their economies in the absence of countervailing measures by governments.

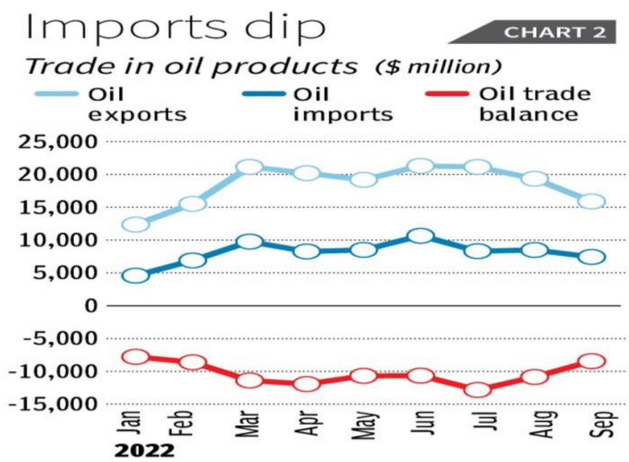
The higher prices of what are essential imports for net oil-importing and food-importing countries also puts pressure on their trade balances. Meanwhile, the impact of the war and related sanctions on supply chains and disruption of trade routes can adversely affect exports.

Several Indian analysts currently put forward these explanations of the Indian economy's poor trade performance and rising trade deficits in recent months. Certainly, India's trade has also suffered, as Figure 1 indicates, with merchandise exports mostly stagnant barring a few months, and clearly declining since June 2022. Imports by contrast have been rising and stayed relatively high over this period, and continued to increase even after global fuel prices have come down.



But these factors have reflected more complex trends in India's case. To begin with, India is a net importer of oil products, but even so a significant exporter — and additionally one that has benefited from the sanctions against Russian oil exports by becoming an intermediary able to import Russian crude to provide refined petroleum to countries (including in Europe).

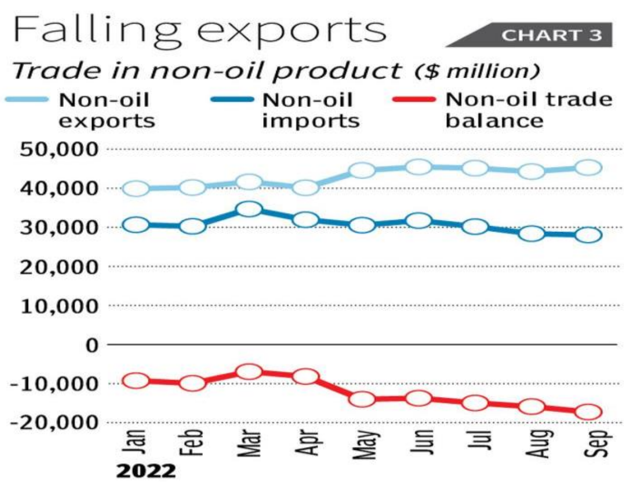
Figure 2, which shows trade only in oil products, indicates how both imports and exports increased sharply in March 2022, dipped slightly in May and rose again in June and July. Since then, imports have fallen more than exports, such that the oil trade deficit actually declined by $2.2 billion between June and September 2022.



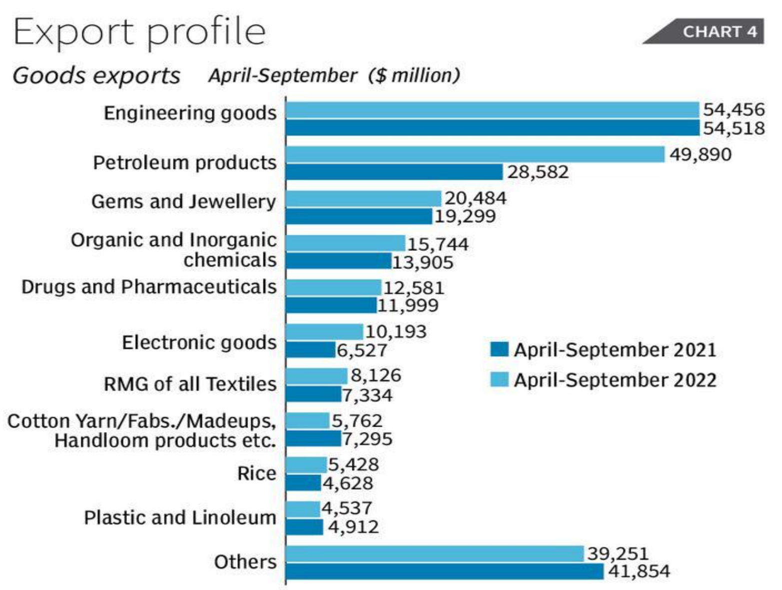
Worsening deficit

However, the non-oil trade balance (Figure 3) tells a different story. The non-oil trade deficit worsened from March 2022 onwards, so that in September it was $10 billion more than in March. This was not really because of rising imports, which remained broadly stable, but because exports fell continuously, going down by $6.6 billion between March and September 2022.

It's worth looking more closely at the composition of trade to see what exactly has been happening to cause this decline in merchandise exports. Figure 4 indicates that the only category of exports that showed significant increase was petroleum products, for reasons outlined earlier.



But several other export categories also showed mild increase or at least stability, such as electronic goods, drugs and chemicals, gems and jewellery and readymade garments. The increase in these exports was not particularly large, and did not keep pace with the global export recovery, but even so at least these exports did not decline and even increased to some extent.

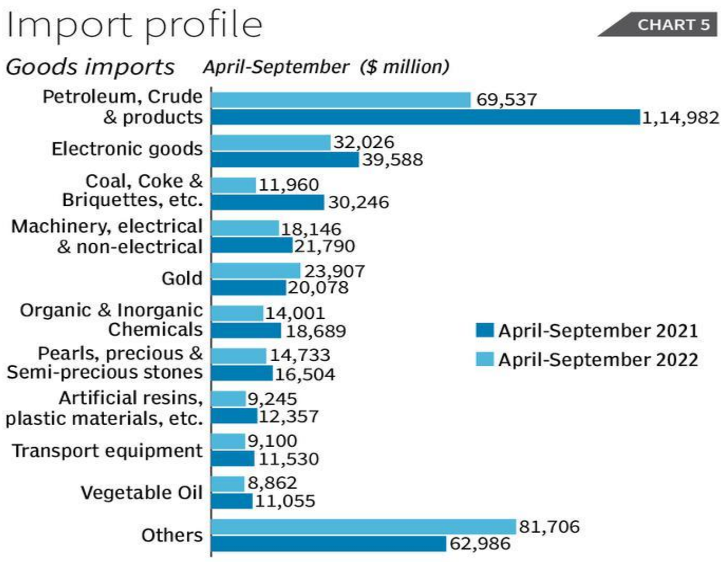


The decline in other export categories such as rice and textiles probably reflected domestic policies, with export bans and other measures designed to keep domestic prices down. For example, as domestic food price inflation increased, the government imposed bans on rice and wheat exports. The ban on non-basmati rice exports has only recently been lifted.

There were demands by garment manufacturers for similar bans on textiles exports as prices of this material required for their production rose, and this appeared to be under consideration in April-May 2022.

While the ban was not ultimately imposed, fears of such a ban may have affected exports. There were also taxes imposed on the export of iron and steel.

Depressed demand



With imports, once again petroleum products dominated — but here the trend was different, as imports came down substantially in April-September 2022 compared to the same period the previous year. Interestingly, many other categories of imports also declined. Some of these declines reflect the overall depressed state of domestic demand, which has not really recovered despite all the talking up by official and interested parties.

But there was a significant increase in the “other” or miscellaneous category of imports, as well as in gold imports. India has been a “sink for precious metals” for a very long time, as gold continues to be seen as a safe investment or form of saving in times of uncertainty.

Ultimately, these trade patterns suggest that the increasing merchandise trade deficits in India cannot be blamed on external or global factors. They are likely much more the result of domestic economic tendencies, and therefore should be of greater concern for policymakers.

Source: thehindubusinessline.com- Dec 12, 2022

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How to support Indian exports in a bleak global environment

Monetary tightening and slowing growth in major economies especially China, the European Union and the United States have deflated the commodity market bubble. If that was not enough, temporary export curbs on iron ores and steel, rice, wheat and wheat derivatives hurt India's exports.

Thus, after growing at 20-25 percent in the January-June period, India's merchandise exports moderated in the July-September quarter and then contracted by a whopping 16.8 percent, year on year, in October. This doesn't mean India's exports can't be increased.

India's share in the global export market of $22 trillion is less than 2 percent at $421 billion. Even if global export remains at the same level for the next couple of years, India can still raise its export share if the following five corrective measures are implemented:

1. Remove raw material bias: India's export basket has a stronger bias towards low-value raw materials such as cereals, mineral ores and cotton as also intermediates including steel and cotton yarn rather than high-value finished products. If raw materials and intermediates are expensive, finished products processed from them can't be cost-competitive. If cane prices are high, Indian sugar processed from cane is bound to be expensive. Similarly, expensive steel will make steel-intensive products such as automotive expensive, and dampen their export prospects. Worse, it makes imported steel-intensive goods instead of locally manufactured ones more attractive.

The same story plays out in textiles. Higher import duties on synthetic fibres such as polyester and viscose staple fibres vis-a-vis cotton increase the relative price gap between these two categories of fibres. The lack of neutrality in taxation among different types of fibres over-promotes cotton textiles when the global demand is higher for synthetic fibre-based garments. This problem can be addressed by raising import duties progressively with the level of processing.

Thus, raw materials should attract lower duties than intermediates, and intermediates should attract lower import duties than finished goods. A more sensible way to help domestic industries is to help them become more cost-competitive so that they can easily withstand competition both in domestic as well as export markets.

2. Embrace FTAs: India had rushed into signing FTAs with ASEAN, Japan and South Korea that haven’t done much for its exports while delaying those that could have helped its exports such as those with the EU, Gulf Cooperation Council (GCC), Eurasian Economic Union and LATAM. The difficult-to-comply sourcing norms imposed by Japan under India-Japan free trade pact have resulted in a virtual denial of preferential market access for India’s apparel exports and need urgent review. Similarly, it doesn’t make sense to join the supply chain pillar of the Indo-Pacific Economic Framework (IPEF) but leave its trade pillar. Trade and supply chains are interlinked and joining one while leaving the other is not smart.

Expediting free trade deals with the likes of the EU, GCC and the largely untapped Eurasian and Latin American markets will help broaden India’s product portfolio, expand market access and help indigenous businesses reap the benefit of economies of scale. Besides, an FTA with the EU will restore the tariff advantage for Indian merchandise, as the EU plans to exclude Indian products from its unilateral tariff preference scheme (Generalised System of Preferences or GSP) from January 1, 2023. The trade agreement will also place India on par with Vietnam which already has an operational FTA with the European Union for products such as textiles.

However, the benefits of post-FTA lower import duties can be neutralised by stringent sourcing norms as in the case of the India-Japan CEPA or an overvalued rupee that penalises exports.

3. Exchange rate must support exports: A weaker rupee incentivises foreign buyers to buy more from India. It also helps bring in export-promoting foreign direct investments (FDI) when countries and corporations want to diversify their supplier base. Moreover, unlike the PLI subsidies, which incentivise manufacturing, a weaker rupee incentivises the export of both goods and services.

Again, between a weaker rupee and high tariff walls, the former should be preferred as it will provide much-needed protection to Indian manufacturers from dumped and subsidised imports from countries like China. It will also help net exporting sectors such as apparel, leather goods and pharmaceuticals. Critics argue that a weaker rupee may not help India's exports much at a time China, the EU and US are staring at recession. Regardless, a stronger rupee will certainly hurt exports in an intensely competitive global marketplace. Besides, when most currencies have weakened against the US dollar, defending the rupee will put Indian exports at a disadvantage.

4. Reimbursement of duties and taxes on export products (RoDTEP) without discrimination: RoDTEP is not an export incentive, it is a refund of taxes and duties on exports, not covered elsewhere. Thus, it should apply to all industries without any exception if we really believe in the maxim that duties and taxes should not be exported. Thus, its extension to chemicals, iron & steel and pharmaceuticals is a sensible move on part of the government, but putting an expiry date (September 30, 2023) is not. The minimum that exporters need is a stable and predictable regulatory regime.

5. No export ban please: The frequent imposition of export curbs to deal with temporary domestic shortages creates complications for importers and damages India's reputation as a reliable supplier. Besides, they act as a disincentive and adversely affect future supplies (needed to keep inflation low on a longer-term basis) and hurts exports. Moreover, it's a fallacy that export curbs help contain inflation especially when the major factor driving up inflation is increased input costs.

Source: moneycontrol.com- Dec 12, 2022

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India's transshipment facilities may not benefit Bangladesh's traders

Bangladesh will hardly benefit from transshipment facilities by exporting its products via Indian territories, an assessment by the National Board of Revenue (NBR) found. Though India has expanded facilities by adding riverine routes to the land ones, Bangladeshi officials feel it is unlikely to augur well for their exporters due to loading-unloading hassles and time-consuming processes.

The Chattogram and Mongla seaports do already have similar facilities for exporting products from Bangladesh. NBR also pointed out that the Indian circular did not mention the fees and charges for transshipment facilities.

The NBR's comments came in response to a request by Bangladesh's commerce ministry while scrutinising the pros and cons of the extended facilities India announced recently.

Earlier in 2018, India had given the transshipment facilities to carry containerised cargoes by roads and railways, and utilise their specified Land Customs Stations (LCSs), seaports and airports, to export goods to third countries.

The bond submission provision is not logical in the context of international practice as the bond may be equal to applicable duty in accordance with the invoice of goods concerned, a Bangladeshi newspaper reported.

Source: fibre2fashion.com- Dec 12, 2022

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Rs 3.58 lakh crore issued under ECLGS, benefiting 1.19 crore borrowers upto 30.11.2022

The Emergency Credit Line Guarantee Scheme (ECLGS) was launched in May, 2020 as part of Aatmanirbhar Bharat Abhiyaan to support eligible Micro, Small and Medium Enterprises (MSMEs) and business enterprises in meeting their operational liabilities and restarting their businesses.

This was stated by Union Minister of State for Finance Dr Bhagwat Kisanrao Karad in a written reply to a question in Lok Sabha today.

Under the scheme, the Minister stated, 100% credit guarantee is extended to the lending institutions for loans extended by them under the scheme to eligible borrowers.

The admissible guarantee limit under the scheme has been increased from Rs. 4.5 lakh crore to Rs. 5 lakh crore, with the additional guarantee cover of Rs. 50,000 crore earmarked exclusively for the Hospitality and related enterprises including Civil Aviation sector, the Minister stated.

Thus, the Minister stated, the recent credit support to domestic airlines has not resulted in a reduction of MSME's share in the scheme. As on 30.11.2022, guarantees amounting to Rs 3.58 lakh crore have been issued under ECLGS, benefiting 1.19 crore borrowers.

The Minister further gave the share of MSMEs under ECLGS:

Click here for more details

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

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Central Bank Digital Currency (CBDC) pilot launched by RBI in retail segment has components based on blockchain technology

The Reserve Bank of India (RBI) has issued a concept note on Central Bank Digital Currency (CBDC) on October 7, 2022. The Note is accessible at RBI's website (https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=1218). This was stated by Union Minister of State for Finance Shri Pankaj Chaudhary in a written reply to a question in Lok Sabha today.
The Minister state that the CBDC pilot launched by the RBI in retail segment has components based on blockchain technology.

Giving more information on the CBDC, the Minister stated that the RBI has launched pilots of CBDC in both Wholesale and Retail segments. The pilot in wholesale segment, known as the Digital Rupee -Wholesale (e₹-W), was launched on November 1, 2022, with use case being limited to the settlement of secondary market transactions in government securities.

Use of (e₹-W), is expected to make the inter-bank market more efficient. Settlement in central bank money would reduce transaction costs by pre-empting the need for settlement guarantee infrastructure or for collateral to mitigate settlement risk. The pilot in retail segment, known as digital Rupee-Retail (e₹-R), was launched on December 01, 2022, within a closed user group (CUG) comprising participating customers and merchants.

The Minister further stated that the RBI has identified eight banks for phase-wise participation in the retail pilot project. The first phase includes four banks, namely the State Bank of India, the ICICI Bank, the Yes Bank and the IDFC First Bank. Subsequently, another four banks, viz., the Bank of Baroda, the Union Bank of India, the HDFC Bank and the Kotak Mahindra Bank will participate in the retail pilot.

The Minister stated in response to another question that RBI has already rolled out a pilot in the retail version of the CBDC (e₹-R), on December 01, 2022. The e₹-R is in the form of a digital token that represents legal tender. It is being issued in the same denominations as the paper currency and coins. It is being distributed through financial intermediaries, i.e., the banks.

Users will be able to transact with e₹- R through a digital wallet offered by the participating banks. Transactions can be both Person to Person (P2P) and Person to Merchant (P2M). The e₹-R offers features of physical cash like trust, safety and settlement finality. Like cash, the CBDC will not earn any interest and can be converted to other forms of money, like deposits with banks.

On the other steps being taken by RBI for full operationalisation of CBDC include expanding the scope of the pilots gradually to include more banks, users and locations based on feedback received during the pilots, the Minister stated.

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

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Bringing efficiency in cross-border payments among motivations behind wholesale digital Rupee: Govt

Bringing efficiency in cross-border payments is another important motivation for introducing Central Bank Digital Currency in the wholesale segment, Union minister of state for finance Pankaj Chaudhary informed Lok Sabha on Monday.

The minister's written response was in reply to a question about how the digital currency will be beneficial and facilitate the common public in their daily transactions.

For the record, the Reserve Bank of India (RBI) has launched pilots in the Digital rupee in both wholesale and retail segments. The first pilot in the Digital Rupee -Wholesale segment (eRs- W) was launched on November 1, 2022. Further, the first retail digital Rupee (eRs-R) pilot was launched on December 01, 2022. The pilot is covering select locations in a closed user group (CUG) comprising participating customers and merchants.

The digital Rupee is in the form of a digital token that represents legal tender. It is being issued in the same denominations that paper currency and coins are currently issued. It is being distributed through financial intermediaries -- banks. Transactions can be both Person to Person (P2P) and Person to Merchant (P2M). Like cash, it will not earn any interest and can be converted to other forms of money, like deposits with banks.

Further, on being asked how the Central Bank Digital Currency is going to reduce the operational costs, including printing, storage, transportation, and replacement of banknotes, the minister replied that through the introduction of CBDC, the Digital Rupee can be created by RBI, distributed to the banks and eventually transferred to customers in much less time and with reduced operational costs as compared to physical currency.

Source: economictimes.com- Dec 12, 2022

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Rajasthan is making efforts to achieve Rs 1 trn exports target: REPC chief

The Rajasthan government is finalising initiatives, such as providing technology support and holding trade fairs for industries, to realise its exports target of Rs 1 trillion in the next two years.

"The exports from the state in 2021-22 increased to Rs 72,000 crore from over Rs 52,700 crore a year earlier, and the state is making efforts to take this figure to Rs 1 trillion in the next two years," said Rajiv Arora, chairman of Rajasthan Small Industries Corporation and Rajasthan Export Promotion Council (REPC).

The REPC, an autonomous body, provides export facilitation across sectors. It offers inputs to the central and state governments on matters, such as infrastructure and policy formulation.

"Despite not having a port, the state is seeing robust growth in exports thanks to the government's industry- and exports-friendly policies," he said.

In the past year and a half, more than 9,000 exporters have registered themselves with REPC.

Rajasthan has traditionally exhibited strength in the export of handicrafts, gems and jewellery, dimensional stones, agro & food, and textile products.

To impart impetus on exports, measures targeted at the promotion of export-oriented units have been included in earlier notified industrial and sectoral policies of Rajasthan.

Rajasthan's current share in India's total merchandise exports is estimated at 2 per cent.

The state exports to more than 200 countries with top destinations like the US, UK, Hong Kong, Germany, the UAE, China, Korea, Japan, and Bangladesh accounting for around 50 per cent of the importing nations.

A senior industry department official said workshops were being organised under Mission Niryatak Bano (Become Exporter Mission) programme and efforts were being made to provide platforms to new exporters.

The REPC, under Mission Niryatak Bano, will organise mega trade fairs if all majorly exported commodities of the state, provide quality/technology support to industries and skill training. In this line, the International Export Expo to be organised in Jodhpur on March 20-22 next year will likely be a milestone.

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

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South Korea's Youngone Corporation to invest Rs 3,000 crore in Telangana

In a big push to the Telangana government's commitment to fasten work on setting up of textile units at the Kakatiya Mega Textile Park (KMTP) in Warangal, South Korean textile major Youngone Corporation is set to invest crores in the state.

The South Korean company will lay the foundation for the establishment of its factories in January next year. Five of Youngone Corporation's factories will start in the first phase while another three will come up in the second phase, according to Telangana State Industrial Infrastructure Corporation (TSIIC) zonal manager R Santosh Kumar.

Youngone Corporation is the maker of synthetic jackets, boots, track suits and other trekking apparel. Two years ago in December 2019, the state government had said that Youngone Corporation will set up their facility on 290 acres to involve manufacture of knitted and woven garments for outdoor wear and technical textile products, predominantly for exports.

Now, the company is looking at infusing over Rs 3,000 crore in the state's textile sector. "Youngone Corporation asked for another 30 acres of the land," Kumar told 'Telangana Today'. This would create more than 20,000 jobs.

The state is also set to see the investment from Kerala's Kitex Group rise to Rs 2,400 crore, up from Rs 1,000 crore reportedly. The increase is expected to create 22,000 direct jobs and 20,000 jobs indirectly.
The TSIIC has allotted a total of 177 acres for Kitex Group.

"Meanwhile, 35 individuals (weavers) have also submitted applications with TSIIC requesting allotment of plots at KMTP to set up small scale industries.

Many of them returned to their home towns from Solapur, which is famous for textile business and textile industries, in Maharashtra, as they were impressed by the measures by the State government," the zonal manager said.

Korean textile and apparel major Youngone had in December 2019 signed an agreement with the Government of Telangana to invest over Rs 900 crore in the Kakatiya Mega Textile Park (KMTP).

The agreement was signed in the presence of Telangana's Industries Minister, K.T. Rama Rao, Indian Ambassador to Korea, Sripriya Ranganathan, and Korean Ambassador to India, Ashin Bongkil.

Source: timesnownews.com- Dec 12, 2022

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Cotton yarn prices ease in Ludhiana; demand sluggish in north India

North India's cotton yarn prices eased in Ludhiana today due to low demand, while prices remained stable in Delhi. According to the traders, demand for apparel is not picking up in domestic and export markets. Disparity in cotton prices was also a hurdle in the export of yarn and cotton. Panipat noted a steady trend, but demand was slightly better.

Ludhiana market's cotton yarn prices fell by ₹3 per kg due to sluggish demand from the weaving industry. "The entire textile value chain is sandwiched between higher cotton prices and lower demand from the garment industry. Higher prices in the domestic market also became a hurdle in the export of yarn and cotton," a trader from Ludhiana market told Fibre2Fashion.

In Ludhiana, 30 count cotton combed yarn was sold at ₹282-292 per kg (GST inclusive). 20 and 25 count combed yarn were traded at ₹272-282 per kg and ₹277-287 per kg respectively. Carded yarn of 30 count steadied at ₹257-267 per kg, according to Fibre2Fashion's market insight tool TexPro.

In Delhi, yarn prices remained steady as the weaving industry was not buying enough yarn. Domestic and export demand of cotton yarn remained low.

A trader from Delhi market said that there were no indications of improvement in buying. In the market, 30 count combed yarn was traded at ₹290-295 per kg (GST extra), 40 count combed at ₹320-325 per kg, 30 count carded at ₹270-275 per kg and 40 count carded at ₹305-310 per kg, as per TexPro.

Polyester-cotton (PC) recycled yarn remained stable, but trading activities witnessed an improvement. According to trade sources, after sluggish buying in the value chain of home textiles, buyers came ahead to replenish their stocks. 10s recycled yarn (white) was traded at ₹90-95 per kg (GST extra). 10s recycled yarn (coloured - high quality) was traded at ₹105-110 per kg, 10s recycled yarn (coloured - low quality) at ₹80-85 per kg and 20s recycled PC coloured (high quality) at ₹110-115 per kg. 30 recycled PC coloured (high quality) at ₹150-155 per kg. 10s optical yarn was priced at ₹100-110 per kg in the market.

Comber prices further increased to ₹150-155 per kg. Recycled polyester fibre (PET bottle fibre) was at ₹75-77 per kg. Dearer cotton comber supported cotton and polyester-cotton yarn prices.

North India’s cotton prices increased by ₹50-125 per maund of 37.2 kg as arrival reduced slightly. The arrival was noted at 21,000 bales of 170 kg in north India. According to local traders, lower arrival is not allowing cotton prices to come down.

Arrival season may be stretched up to May next year as farmers will release their stocks gradually. Cotton was traded at ₹6,625-6,675 per maund in Punjab, ₹6,550-6,625 per maund in Haryana and ₹6,750-6,800 per maund in upper Rajasthan and at ₹64,500-66,500 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com- Dec 12, 2022

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