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INTERNATIONAL NEWS

IndustriAll Europe, EURATEX demand EU to address textile sector policy

The IndustriAll European Trade Union (IndustriAll Europe) and the European Apparel and Textile Organisation (EURATEX), representing the workers and employers in the textiles and clothing sectors respectively, have jointly highlighted both the challenges and opportunities of the forthcoming major transformation of the sector and call for action to ensure that European industrial policy is fit for purpose and enables the sector to transform without negatively impacting workers or the European industry.

The European social partners jointly called for action from the European Union (EU) to guarantee that the European textiles ecosystem remains competitive, including ensuring a level global playing field.

They demanded for measures to increase the demand for sustainable products including awareness raising campaigns, incentives such as lower VAT rates, and sustainability criteria in public procurement. Measures to ensure access to green and affordable energy were also asked for, according to a press release by EURATEX and IndustriAll Europe.

IndustriAll Europe and EURATEX insisted that policy gaps need to be addressed, such as promoting a harmonised extended producer responsibility approach across the EU and ensuring that small medium enterprises (SMEs) can use product environmental footprints. Action was needed to ensure that the Sustainable Products Regulation and the forthcoming Digital Product Passport will offer a transparent, predictable, and SME-friendly framework.

Investment was required for attracting, training, and reskilling workers including via concrete support for the EU Pact for Skills. Appropriate funding, sound metrics, and legal incentives at the regional, national, and European level to support the green and digital transitions of the textile and clothing sectors needed to be implemented.

Moreover, it was important for regional and national authorities to coordinate with sectoral social partners to ensure that the green and digital transitions are fair and just and do not leave the industry, regions, or workers behind.

Social dialogue will be more vital than ever in order to ensure that the European textiles and clothing sector can transform into a more sustainable and digital industry while also remaining competitive in a fierce global market. IndustriAll Europe, EURATEX, and their members, will continue to engage in quality social dialogue and to respect collective bargaining in accordance with national practices.

The European textiles and clothing sector has a proud history, and the European social partners will continue to work together to ensure a resilient and sustainable future for the industry and its workers for generations to come, added the release.

The European textiles and clothing sector is set for a major transformation which will affect both industry and workers. The EU's strategy for sustainable and circular textiles aims to ensure that by 2030, textile products placed on the EU market are long-lived and recyclable with the industry moving from a linear to a circular business model. This strategy is accompanied with the EU's transition pathway for a more resilient, sustainable, and digital textiles ecosystem linking the green transition with the digital transition while stressing the need for the sector to remain competitive.

Source: fibre2fashion.com- Dec 15, 2022

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Europe's Better Cotton working on developing traceability capability

Better Cotton is developing its own traceability capability to enable the physical tracing of cotton through the existing Better Cotton Platform, set to launch in late-2023. To support this, it has created a series of supply chain maps to better understand the realities of key cotton trading countries.

The non-profit organisation has used data insights, stakeholder interviews, and the experiences of local supply chain actors to shed light on how things work in different countries and regions and identify the key challenges to traceability.

“Central to the programme will be our evolving Chain of Custody Standard. This will prompt operational changes for manufacturers and traders alike.

It’s vital the Standard acknowledges regional variation and is achievable for suppliers in the Better Cotton network. We’ll keep applying the knowledge and lessons we’re learning to ensure any changes meet the wants and needs of Better Cotton stakeholders,” Nick Gordon, traceability programme officer at Better Cotton wrote in an article on the organisation’s website.

Sharing his learnings so far, Gordon said informal economies play an important role in Better Cotton producing countries; it is important to create the right digital solutions; and economic challenges are changing behaviours in the marketplace.

Talking about the role of informal economies, Gordons said enabling traceability is more straightforward in larger, vertically integrated supply networks. The fewer times material changes hands, the shorter the paper trail, and the greater likelihood of being able to trace cotton back to its source.

However, not all transactions are equally documentable, and the reality is that informal work acts as a crucial support mechanism for many smaller actors, connecting them with resources and markets.

It is important to create the right digital solutions. New innovative technology solutions are available for use in the cotton supply chain—everything from smart devices and GPS technology on farms to state-of-the-art integrated computer systems on the factory floor. However, not all actors in the sector—many of whom are smallholder farmers or small to medium-sized businesses—have embraced technology to the same extent.

"When introducing a digital traceability system, we need to consider varying levels of digital literacy, and make sure any system we introduce is readily understandable and easy to use, while also fitting the needs of users. In particular, we are conscious that the gaps are greatest at the early stages of the supply chain, among cotton farms and ginners, for example. Yet it is precisely at these stages that we need the most accurate data – this is essential to ensuring physical traceability," Gordon added.

The impact of the pandemic, coupled with challenging economic conditions, are changing behaviours in cotton supply chains. For example, considering fluctuating cotton prices, yarn producers in certain countries are replenishing stocks at a more cautious pace than others. Some suppliers are concentrating on long-term supplier relationships or searching for new supply networks. Predicting how much customers might order is becoming less easy, and for many, margins remain low.

Amid this uncertainty, the opportunity to sell physically traceable cotton could offer a market advantage. So, in the same way that cultivating Better Cotton helps farmers to achieve better prices for their cotton—13 per cent more for their cotton than conventional cotton farmers in Nagpur, according to a Wageningen University study—traceability also presents a real opportunity to create further value for Better Cotton Farmers. For example, carbon insetting frameworks, underpinned by a traceability solution, could reward farmers for implementing sustainable practices.

Better Cotton will be testing two new traceability platforms in an India pilot this year.

Source: fibre2fashion.com- Dec 15, 2022

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West Coast Port Slowdown 'Trend Continues'

The steady march of market softening continues in ocean shipping with the San Pedro Bay ports' releasing their November cargo numbers.The indicators point to big work ahead for the West Coast's largest ports as they hope to claw their way back to the top. "The recent trend continues," Port of Los Angeles executive director Gene Seroka said this week during a media briefing on the November cargo results.

November container volume at the port slipped 21 percent to 639,344 twenty-foot equivalent units (TEUs) in comparison to a year earlier. The decline was attributable to the drop in imports during the month.

"As I've outlined before, an early peak season and a shift to other ports due to West Coast labor talks have had big impacts," Seroka said. "And now we're seeing a nationwide slowing of imports. In fact, U.S. imports for November are expected to fall 12 percent year-on-year as retailers ease factory orders. Also, exports to China fell nearly 9 percent last month. That's the biggest drop since February of 2020 when Covid lockdowns there brought production close to a crawl. Closer to home, we're seeing cancelled or blank sailings."

The Port of Los Angeles counted 13 blank sailings in November and is projecting 11 in the current month. The numbers rival what the industry saw at the start of the pandemic, Seroka said.

Jeremy Nixon, CEO of Ocean Network Express (ONE), added more specifics on blank sailings for the Singapore-headquartered carrier when it comes to the route between Asia and the West Coast. The CEO spoke during the same media briefing with Seroka. "So, ever since really the autumn holidays, that first week of October, things have been very soft. And, we've been adjusting down," Nixon said.

That has equated to about 20 percent currently blanked, with about 50 percent expected to be blanked over the Lunar New Year period, according to Nixon. "And then we'll just bring those [services] back as the demand picks up," Nixon said. "So, we keep everything in alignment and we don't cause lots of ships moving around underutilized. And, of course, we also have to think about the exports coming out of North America as well, maintaining enough frequency there. So, let's see. I mean, the market will decide ultimately in terms of demand."

Signs ultimately indicate the early part of next year will be more of the same. Seroka said for the Port of Los Angeles, “we’ve got work to do moving forward.”

He’s focused for 2023 on the dockworker labor negotiations, bringing back business that had been diverted away from the West Coast and improved efficiencies in the way of wait times and data once cargo does come back. Mario Cordero, executive director at the neighboring Port of Long Beach, raised a similar sentiment with the facility’s release of its November cargo numbers this week, which were off 21 percent year-over-year to 588,742 TEUs.

“While some import volume has shifted to other gateways, we are confident that a good portion of it will return to the San Pedro Bay,” Cordero said. “As we move toward normalization of the supply chain, it’s time to refocus our efforts on engaging in sustainable and transformative operations that will secure our place as a leader in trans-Pacific trade.”

From the carrier perspective looking to next year, Nixon said ONE expects a “very soft” February for sailings from Asia as Lunar New Year comes into focus and factories in China and Vietnam are expected to take a longer holiday than usual.

He also suggested the spot rate market has bottomed out, although much of that remains contingent on the balance of supply and demand.

“We’ll probably see some pick-up in seasonality around about March, April, May time, but everything we’re talking about is always on a comparison with the year before,” Nixon said. “And, of course, as we know 2/21 was off the charts in terms of volume.

So, it doesn’t surprise me that, at the moment, we’re seeing negative growth rates of between 15 and 20 percent compared to last year because we must remember that last year was 15 to 20 percent up on the previous year, which was a normal year. So, it’s not surprising that we’re seeing some cooling off on a comparative basis.”

Source: sourcingjournal.com- Dec 15, 2022

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Why amid a short-term rush to China, investors should still buy India

This has been an annus horribilis for stock markets the world over. The MSCI World Index, a gauge of shares in advanced economies, is down 16 per cent, while its emerging market counterpart remains in a bear market, having lost 21 per cent.

Equity markets are not alone in having suffered sharp declines. Every major asset class, with the notable exception of commodities and the US dollar, has been pummelled by a combination of steep rises in interest rates, stubbornly high inflation and the threat of a global recession.

Given such a bleak economic and financial backdrop, the rapid ascent of India's stock market, which hit an all-time high on December 1, is striking, potentially presaging a major shift in asset allocation in emerging markets in the coming years.

The BSE Sensex, a gauge of India's biggest companies, has risen 7.6 per cent this year. Although the MSCI India index, which is tracked by international investors, delivered a negative return of 2.6 per cent in dollar terms in the first 11 months of 2022 due to the plunge in the rupee, this compares with a negative return of 19 per cent for the benchmark MSCI Emerging Markets Index.

There are several reasons for India's stunning outperformance. Strong domestic demand – turbocharged by the reopening of the economy following last year's devastating Covid-19 outbreak – has kindled optimism about corporate earnings. Retail investors have poured money into India's stock market, helping offset the largest ever annual withdrawal of capital by foreign institutional investors. Moreover, many investors are attracted to secular trends driving growth in Asia's third largest economy.

Yet, the factor that has worked in India's favour the most this year has been the dramatic deterioration in sentiment towards China, India's biggest economic competitor. The damage wrought by Beijing's zero-tolerance approach to the Covid-19 pandemic – which added to concerns over regulatory crackdowns and escalating geopolitical tensions – coincided with growing evidence that India is benefiting from a series of reforms and shifts in the drivers of global growth.

Despite the surge in foreign outflows this year, global investors have been steadily allocating more capital to Indian stocks partly as a hedge against risks in China. While China's weight in the MSCI Emerging Markets Index has fallen from 39 per cent in 2020 to 30 per cent, India's has shot up from 8 per cent to 15 per cent.

However, the "buy India, sell China" trade has gone into reverse following Beijing's faster-than-expected unwinding of its draconian pandemic restrictions, scrapping nearly all internal curbs and leaving only strict border controls as the last vestige of the "zero-Covid" regime.

Since October 31, the MSCI China index has soared 35 per cent. Many Wall Street firms, which had been looking for reasons to be more optimistic about China, are now outright bullish. According to a survey of fund managers conducted by Bloomberg between November 29 and December 7, 60 per cent of respondents recommended buying Chinese stocks.

Click here for more details

Source: scmp.com- Dec 15, 2022

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Global denim jeans fabric market to reach 4,541 mn metres by 2023

Global denim jeans fabrics market size is expected to reach 4,541 million metres by 2023. The annual growth of the market is expected to be 4.89 per cent between 2018-2023. The market was 3,576 million metres in 2018. India is likely to witness the highest growth followed by China and Latin America, while the US will be the largest market.

The market was 3,299.36 million metres in 2016. It grew to 3,429.93 million metres in 2017, 3,576.68 million metres in 2018, 3,737.21 million metres in 2019, 3,914.09 million metres in 2020 and 4,105.64 million metres in 2021. It is expected that the market will reach 4,313.56 million metres in 2022 and 4,541.05 million metres in 2023. The average annual growth is expected to be 4.89 per cent between 2018 and 2023, according to Fibre2Fashion's market insight tool TexPro.

India's market is smaller than China, Latin America, and the US but it is likely to have the highest growth between 2018-2023. India's market is expected to reach 419.26 million metres in 2023 from 228.39 million metres in 2016. It can grow to 382.49 million metres during this year. The market size was estimated at 349.51 million metres in 2021 and 319.99 million metres in 2020, as per TexPro.

The US will remain the largest market for the world, but its average growth will be lower than the global average. It may grow by 2.59 per cent (between 2018-2023) to reach 876.76 million metres by the end of 2023. Latin America and China may see an average growth of 7.31 per cent and 7.34 per cent respectively. Latin America's market will reach 573.24 million metres in 2023 from 354.56 million metres in 2016. China may grow to 495.51 million metres in 2023 from 305.84 million metres of 2016.

Source: fibre2fashion.com- Dec 16, 2022

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Netherlands' exports grow by 8.5% in October 2022: CBS

In October 2022, Netherlands' total volume of goods exports was up by 8.5 per cent year on year (YoY), according to a report by Statistics Netherlands (CBS). The country's volume of goods imports was up by 7.4 per cent year on year in October.

CBS also indicated that circumstances for Netherlands' exports in December are less favourable than in October. This is mainly because the YoY change of the real effective exchange rate was more unfavourable.

In addition, the year-on-year growth of German manufacturing output was lower and opinions of Dutch and European manufacturers about their foreign orders deteriorated, according to the CBS Exports Radar.

Source: fibre2fashion.com- Dec 15, 2022

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German GDP to shrink in 2022-23 winter, recession to start: ifo

The German economy is experiencing huge supply shocks and bottlenecks in energy, intermediate products and labour are weighing on production and driving inflation to record highs, according to the winter 2022 economic forecast by the ifo Institute. Gross domestic product will contract in the 2022-23 winter half-year, pushing the German economy into recession.

Price pressure is not expected to ease until 2024, and then only slowly.

From spring 2023 onward, the economy should then recover and grow at stronger rates in the second half of the year, when incomes will again rise more strongly than prices, ifo states. GDP will increase by 1.8 per cent this year and contract slightly by 0.1 per cent next year. In 2024, growth will then be back up to 1.6 per cent.

Production of goods and services is under strain in nearly every sector. This not only limits production possibilities, but also drives up production costs as a result of supply-side shortages.

At the same time, demand for goods and services is still strong. Overall, the companies surveyed by the ifo Institute say that production capacity of the German economy, which has been reduced by the supply shocks, has thus been pushed to its limits since the beginning of the year.

As a result, prices not only rose because energy, raw materials, and intermediate products (most of which Germany imports from abroad) became noticeably more expensive. An additional factor in some sectors of the economy is that high demand enabled corporate profits to expand.

Inflation is expected to fall in the coming months. This will be ensured by the German government's electricity and gas price brakes, which will take effect as of December.

The high inflation of consumer prices will reduce the real disposable incomes of private households, especially in the winter half-year, thus cooling consumer spending. It is not until the second half of the year that incomes are expected to increase more strongly than prices, and private consumption is therefore likely to pick up.

Taken together, overall economic output will fall by 0.3 per cent and 0.4 per cent quarter on quarter in the two quarters of the 2022–23 winter half-year.

Starting in spring 2023, the economy is expected to recover and grow at stronger rates in the second half of the year. All in all, GDP will increase by 1.8 per cent this year and contract slightly by 0.1 per cent next year. In 2024, growth will then be back up to 1.6 per cent.

In the euro area, price-adjusted GDP will shrink in the 2022-23 winter half-year before recovering slightly. Annual growth is therefore low at 0.6 per cent in 2023 and will not increase until the following year.

In the US, growth is expected to decline from 1.9 per cent in 2022 to 0.9 per cent in 2023 before rebounding to 1.5 per cent in 2024, ifo says.

In China, after growth of 3.4 per cent in 2022, price-adjusted GDP is expected to increase by 4.5 per cent and 4.8 per cent in the following years, ifo adds.

Source: fibre2fashion.com- Dec 16, 2022

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ASEAN countries seek to form textile, garment connectivity chains

The ASEAN Federation of Textile Industries (AFTEX) held the 48th council meeting and the 46th plenary session in Ho Chi Minh City on December 15.

Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (VITAS) and AFTEX President for the 2021-2022 tenure, said facing intertwined opportunities and challenges in the global market, businesses of AFTEX member countries should continue building information channels to connect with one another more strongly and provide mutual assistance to tap into the strengths of each country.

In the time ahead, member countries need to coordinate to form fibre, weaving, dyeing, and sewing connectivity chains and share experience among their businesses, thereby expanding the textile and garment market within the AFTEX bloc and helping firms develop sustainably and adopt green practices, he noted.

Representatives of AFTEX member associations said impacts of disease outbreaks and the Russia - Ukraine conflict have been changing consumer trends and demand while boosting logistics costs and fuel prices. These factors are also encouraging consumers and producers' shift from "fast fashion" to "sustainable fashion".

Given this, participants gave several cooperation recommendations to build supply chains for the textile and garment industry.

At the event, Giang handed over the rotating presidency of AFTEX for 2023 - 2024 to Tan Kim Teck Albert, Chairman of the Textile, Apparel, Footwear and Travel Goods Association in Cambodia.

Source: en.vietnamplus.vn- Dec 15, 2022

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Bangladesh share in apparel trade rises

Bangladesh's apparel trade share increased in 2021. This is clearly a positive note for Bangladesh's textile and apparel industry. As the industry is bouncing back with high-hopes despite multifaceted global challenges apparel entrepreneurs have upgraded the technology and product quality as well as capacity. Thus, despite Covid and the Russia-Ukraine conflict brands and buyers keep on placing orders with the readymade garment industry.

Bangladesh wants to elevate its share in the global apparel business to ten per cent by 2025 from the current six per cent. The industry is focusing on diversifying markets and apparel products to swell its growth. In July to November of fiscal year 2022-2023, Bangladesh's apparel exports to non-traditional markets grew by 24 percent.

Bangladesh is the second-largest exporter of clothing after China. The country is gaining from its favorable sourcing destination with its high reputation in transparency and circularity i.e. sustainable factories, comparatively low labor cost, smooth supply chain while globally leading fashion retailers are trying to down their apparel sourcing from China.

Despite China's strong performance in 2021, China accounted for only 23 per cent of US apparel imports in 2022, much lower than 36 per cent in 2015. Similarly, China's market shares in the EU, Japanese, and Canadian garment import markets also fell over the same period.

Source: fashionatingworld.com- Dec 15, 2022

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Bangladesh: Stop garment waste export to ensure supply for local recycling units

The country's textile millers have urged the government to ban exports of all types of garment waste, in a bid to ensure availability of the raw materials for local recycling units.

They also have demanded withdrawal of 7.5 per cent and 15 per cent VAT, respectively, on sourcing the raw materials from the local market and supplying cotton made from recycled fibre to the spinning mills.

Bangladesh Textile Mills Association (BTMA), in a letter signed by its president Mohammad Ali Khokon to the National Board of Revenue (NBR), made the demands on Wednesday.

In the letter, Mr Khokon said there are some 20 recycled fibre factories across the country with the recycling capacity of 2,400,000 tonnes and they mostly use garment jhut or waste as raw materials.

Out of the 20 such factories, RBD Fibers Limited, having recycling capacity of 1,20,000 tonnes, has so far invested US$50 million in this trade, he said.

The factory produces cotton from recycling garment jhut, old and used garments, and the textile wastage - later, it sells (deemed export) the cotton to local spinners in cash or on sales agreement.

"These recycling factories have to pay 7.5 per cent VAT while collecting the raw materials (jhut/waste) locally and also pay 15 per cent VAT at the time of selling the recycled fibre to the spinners," he explained.

As a result, prices of the recycled fibre have increased due to the rise in production cost and imposition of higher VAT, he said.

He further said that textile millers import raw cotton duty free, while the raw materials the recycling units use are the textile and garment waste. This waste is recycled to make fibre, which is then used to make cotton and yarn - fabrics and finished garments are produced from the recycled cotton, he explained.

Besides, Bangladesh will face post-graduation challenges as high tariff would be applicable in exporting garments to the European Union, he said, adding garments produced from recycled fibre would enjoy 30 per cent duty rebate which would make local garments cost-competitive.

"This (duty rebate) would work as an incentive against cash support," Mr Khokon said.

The use of recycled fibre would help retain US$1.0 billion locally, he opined, demanding withdrawal of VAT and a ban on exports of textile and garment waste.

Earlier, on November 13, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan at a programme also called for urgent government measures to stop the export of pre-consumer waste.
He said less than 5.0 per cent of the textile waste are recycled locally, while over 35 per cent are incinerated in boilers or landfills.

The remaining 60 per cent of the textile waste are exported to India, Hong Kong, Sweden and other countries where they are recycled and sold back to the local readymade garment industry as recycled yarn, at a higher cost, he said.

There are already companies that have established recycling plants, like 'Recover' from Beximco and 'Cyclo' from Simco. Apart from those, many other small facilities also recycle garment waste in the country.

"It is important to incentivise them, and promote the pre-consumer waste-recycling industry in Bangladesh," Mr Hassan observed.

The 400,000 tonnes of micro-fibres and scraps that are disposed of as waste every year can be recycled to produce about 1.0 billion pieces of garment, which has the potential to generate revenue worth about US$3 billion per annum, he added.

Source: thefinancialexpress.com.bd- Dec 16, 2022

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NATIONAL NEWS

MoU signed between Cotton Corporation of India (CCI) Limited and TEXPROCIL on Branding, Traceability and Certification of "Kasturi Cotton India"

Cotton corporation of Indian along with Textile industry and exporters will get together to ensure that the cotton farmers of India get their due in the world markets, said Shri Piyush Goyal, Union Minister of Textiles, Consumer Affairs, Food & Public Distribution and Commerce & Industry while participating in the signing of Memorandum of Understanding (MoU) between the Cotton Corporation of India (CCI) Limited and TEXPROCIL on Branding, Traceability and Certification of "Kasturi Cotton India" in Varanasi today.

Interacting with media persons on the concluding day of Kashi Tamil Samagam in Varanasi, Textile Minister Shri Goyal said that this collaboration will benefit cotton farmers who will get the actual value of their produce due to brand building and quality assurance.

Shri Goyal also announced the creation of an advisory group on 'Man-Made Fibre' on the lines of Cotton Group. Pointing out PM's vision of 'whole government approach' and 'collective stakeholder consultation', he said that these efforts will go a long way towards strengthening the Textile Sector.

Elaborating on the terms of MoU signed today, Shri Goyal said that it will encourage the Industry to work on the principle of self-regulation by owning complete responsibility of Traceability, Certification and Branding of Indian cotton, Ministry of Textiles. Government of India will contribute equal share of Rs.15 crores over a period of three cotton seasons starting from 2022-23 to 2024-25, he added.

This mechanism will provide complete traceability of Cotton from the origin farm level, QR Code based Certification technology to validate "KASTURI Cotton India" at each stage and will Promote "KASTURI Cotton India" as a premium brand by enhancing international perception & valuation of Indian Cotton. This will make Indian cotton as a reliable quality product, both in the domestic and global markets thereby facilitating premium pricing.

The MoU signed will address on Traceability, Certification, Branding with the objective to map the entire cotton value chain in the following aspects:

Traceability: Provide traceability of Cotton from the farm level, Provide origin information that the cotton is of Indian origin, Provide complete traceability through Block Chain based software platform and Integrate existing and available trace technologies like Geo Tagging & DNA based standards to provide end to end tracing solutions.

Certification: Provide Registration & Transaction Certificate using QR Code based technology to validate “KASTURI Cotton India” at each stage, Enable Brands to trace & validate the use of “KASTURI Cotton India” in the supply chain and Certification will be based on the test parameters protocol approved by the Apex Committee.

Branding: Promote “KASTURI Cotton India” as a premium brand by enhancing international perception & valuation of Indian Cotton, Position “KASTURI Cotton India” as a reliable quality product, both in the domestic and global markets thereby facilitating premium pricing and providing a unique brand identity to “KASTURI Cotton India” by highlighting its specifications-based benefits and thereby enhancing export opportunities.

Shri Goyal expressed satisfaction at the two-day event hosted by Textile Ministry in which over 250 delegates from industries and MSME sector participated.

75 participants were from Tamil Nadu. Maintaining that discussions with stakeholders on issues related to various ecosystems of Textile Sector during the event were promising, Shri Goyal said that the focus has been to implement PM’s vision of 5F-from Farm to Fibre to Fabric to Fashion to Foreign.

He added that under the leadership of Prime Minister Shri Narendra Modi, India’s textile sector is progressing and becoming Aatma Nirbhar. He pointed out that the Free Trade Agreements being signed with several countries will give a big fillip to the exports in this sector. He said that FTA with Australia will become operational from 29th December 2022, while that of UAE is already done earlier this year.

Shri Goyal added that the blessings of Kashi will help the country achieve export target of USD 100 billion by 2030. He also announced that Ministry of Textiles is going to organize a unique, one of its kind exhibition, 'VIRAASAT' in New Delhi to celebrate 75 handwoven saris of India in New Delhi and invited everyone to witness it.

In order to attain the objective of building image of Indian cotton at Global level, making India Aatmanirbhar and vocal for local in the field of cotton, Ministry of Textiles had announced the "Kasturi Cotton India" Brand of cotton on the eve of World Cotton Day on 7th October 2020 by which Indian cotton was endowed with a brand and a logo that represents Whiteness, Softness, Purity, Lusture and Indianness.

Source: pib.gov.in- Dec 15, 2022

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'FTAs vital for $100bn exports, $250bn dometsic market target in textiles'

Varanasi: Taking forward the initiative of global branding of 'Kastoori Cotton of India' in a bid to achieve textile sector's target of $100 billion in exports and $250 billion in domestic market, Union textile minister Piyush Goyal said that free trade agreements (FTA) being signed by India with other countries will play an important role in this regard.

Goyal was talking to reporters after signing of a memorandum of understanding between Cotton Corporation of India Limited and Cotton Textiles Export Promotion Council (TEXPROCIL) for branding, traceability and certification of 'Kastoori Cotton of India' on the concluding day of the two-day textile conclave here on Thursday evening. He said, "Emergence of Prime Minister Narendra Modi as the global and most popular leader in the world is encouraging big nations to sign free trade agreements (FTA) with India."

"One FTA with UAE has been operationalized while another with Australia will become operationalized by year end and talks with many other countries for signing FTA with India are in progress," said Goyal adding, "India is moving towards becoming self-reliant with an accelerated pace. Textile industry is going to be benefited by it. The textile conclave organized as a part of Kashi Tamil Sangamam has proved fruitful for the ecosystem of cotton."

"In view of the PM's vision of 5F — farm, fibre, fabric, fashion and foreign — for the growth of the textile sector and making decisions by incorporating all stakeholders this conclave has proved to be very successful," he said.

The MoU signed between CCIL and TEXPROCIL will give a mega boost to the economy of cotton producers by ensuring genuine price as per the quality of their products. This MoU has been signed for branding, traceability and certification of Indian cotton with the objective to map the entire cotton value chain, he added.

Regarding the silk-based textile industry, he said that PM's promotion has boosted the silk production in the country and rules of quality-standard are being enforced strictly. If below-standard silk comes in case of import, it would be banned.

Earlier, in the afternoon session he reviewed the progress of Samarth scheme and held direct interaction with industry, association partners and beneficiaries of Deen Dayal Upadhyaya Trade Facilitation Centre. He stressed that this is high time to focus on creating a future ready and skilled workforce and thus bridging the skill gap between existing workforce and industry requirements through direct participation for better productivity as a welcome step towards Vibrant Bharat.

He mentioned that so far training has been imparted to more than 1.30 lakh workers in the textile sector in this scheme, out of which approx 80,000 have been placed. He also stated that the textile sector is the second largest employment generating sector in the country. With skill training, the youth are cultivating their entrepreneurship skills and have started to dream bigger for themselves, their families and the society.

The minister also emphasized that with adoption of the digitization and DBT methods, a corruption free and efficient system has been put in place through which 100% benefits are reaching the beneficiaries.

For promotion of handicrafts and handlooms and khadi, Goyal appealed to the countrymen to purchase handloom and handicrafts gift items during festivals and events such as marriages. He also requested from all to spend at least 5% of their total expenditure on the ODOP products .

Goyal pointed out that while Tamil Nadu is playing a vital role in providing large scale placement in the organized sector and UP contributing in providing sustainable livelihood to large numbers of artisans engaged in promoting the rich handloom and handicraft cultural heritage of our country. Secretary (textiles) Rachna Shah emphasized on Vision 2047 of the Union government wherein the ministry of textiles has targeted achieving $ 100 billion in exports and $ 250 billion in domestic market.

Source: timesofindia.com- Dec 16, 2022

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Centre considering quality control for silk to check imports from China

The government is considering coming out with a Quality Control Order (QCO) on silk to check import of low-quality silk from countries such as China, Commerce & Industry and Textiles Minister Piyush Goyal has said.

“We are planning to come out with a QCO on silk so that low quality silk from outside is not imported and domestic silk gets promoted,” the Minister said at a media briefing in Varanasi on Thursday at the conclusion of the two-day Textiles Conclave.

The Minister was responding to questions on cheap silk from China coming into the country, through circuitous route, and hurting business of domestic producers.

BIS certification

The Centre has already come up with QCOs for over 400 items requiring mandatory BIS certification for sale in the country.

The Cotton Corporation of India and the Cotton Textiles Export Promotion Council (TEXPROCIL) entered into a MoU to globally promote the ‘Kasturi’ cotton, an indigenous branded cotton launched in 2020, at the Textiles Conclave on Thursday.

Both the organisations will encourage trade and industry to work on the principle of self-regulation by owning complete responsibility of traceability, certification and branding of ‘Kasturi’ cotton.

“The Ministry of Textiles will also contribute equal share of ₹15 crore along with trade and industry bodies over a period of three cotton seasons starting from 2022-23 to 2024-25,” according to a government note.
Matching global demand

The Minister also announced the formation of a Textile Advisory Group (TAG) on Man Made Fibre (MMF), to promote the domestic MMF industry and help it match the growing global demand

"The objective of TAG for MMF will be understanding the current challenges of the industry, address the bottlenecks and chalk out the future roadmap and to ensure holistic development of MMF textiles value chain," the note underlined.

India hopes to export textiles worth $100 billion by 2030. Textile and apparel exports rose to their highest level in FY22, to $44.4 billion growing 41 per cent over FY21 and 26 per cent over FY20.

Textiles exports have slowed down over the last few months due to a drop in global demand partly owing to disruptions caused by the on-going Russia-Ukraine crisis.

Source: thehindubusinessline.com- Dec 15, 2022

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Credit Suisse upgrades India growth outlook for next year

Credit Suisse has upgraded India rating from 'Underweight' to 'Benchmark' for next year despite concerns over high valuations and a weakening currency.

The outlook on Indian market looks bright especially considering the market's underlying economic strength and the firm's preference over the next six months for markets that have lower export exposure.

Though the firm was confident on India's attractive structural prospects, it held back from going 'overweight' on the market due to the high valuation and weakening balance of payments situation for the economy which may necessitate a policy-induced slowing of growth, said Credit Suisse's Global Equities Strategy.

Stronger GDP growth

Credit Suisse expects GDP growth, going forward, to be stronger than the current consensus forecast of 6 per cent next fiscal. The positive outlook of Credit Suisse is expected to increase foreign fund flow into India.

Neelkanth Mishra, co-Head of Equity Strategy - Asia-Pacific and India Head of Research at Credit Suisse, said revival in government spending, increase in low-income jobs and easing of supply-chain bottlenecks should partly offset the impact of rate hikes, a slowing global economy and the need to reduce the balance-of-payments deficit.

However, he said the risk factors continue to be dependence on imported energy, reliance on foreign capital and a slowing global economy.

Of the major contributors to DII annual flows includes insurance ($12 billion), the Employees' Provident Fund Organisation ($7-8 billion) and Systematic Investment Plans ($18-20 billion) to sustain. This should keep valuation multiples supported, it said.

Credit Suisse prefers domestic cyclicals over global ones and is 'overweight' on sectors such as financials, cement, staples and construction while being 'underweight' on Industrials, IT and metals.
In a sweet spot

Nilesh Shah, Managing Director, Kotak Mahindra Asset Management Company, said among global economic crisis, India is in a sweet spot as both households and corporates have deleveraged but government is leveraged due to Covid crisis.

Last time when Crude touched $100 a barrel, India's GDP was one-third of Brazil and Russian economy put together and when crude hit $100 again a few months ago, India's GDP was equal to that of both countries put together. When crude hits $100 next time, India's GDP will be double the size of both these countries combine, he added.

VK Vijayakumar, Chief Investment Strategist, Geojit Financial Services, said there is an increasing realisation that global growth will be slower with Euro zone is on the verge of recession and China struggling from a major property market crisis. In this bleak scenario, he said India is on top of the list among few large economies that have the potential to grow.

Source: thehindubusinessline.com- Dec 15, 2022

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Exports register modest growth at $32 billion in November; Trade deficit narrows

India's merchandise exports registered a modest growth in November after recording a sharp contraction in the previous month, helping the trade deficit to narrow month on month.

Merchandise exports stood at $31.99 billion last month, up 0.59% from $31.8 billion in November 2021, according to the data released by the government on Thursday.

Merchandise exports had contracted 16.7% year on year to $29.8 billion in October.

Imports rose a marginal 3.6% to $55.88 billion in November. Trade deficit stood at $23.89 billion during the month, down from $26.91 billion in October. During April-November 2022, exports stood at $295.26 billion against $265.77 billion in the same period last year, recording a growth of 11%.
India's merchandise exports exhibited a positive year-on-year (y-o-y) growth in 15 out of 30 sectors in November as compared to the same period last year, the commerce and industry ministry said in a statement.

Sectors that recorded positive growth include electronic goods (54.48%), gems and jewellery (4.61%), pharmaceuticals (8.66%), rice (19.16%), and leather (8.68%).

"As a thriving economy with close integration into the global value chain, certain sectors do face the challenges of slowing global demand more severely than others," the statement said.

Industry said the bounce-back in exports is encouraging.

"The incremental growth is certainly positive development considering strong global headwinds and slowdown in major advanced economies," said Arun Kumar Garodia, chairman of Engineering Export Promotion Council India.

Federation of Indian Export Organisations (FIEO) director general Ajay Sahai said exports moving to positive territory after a drop in October is on expected line though the challenges continue.

"The offtake has slowed down with rising inflation in most economies, affecting the purchasing power. Moreover, large departmental stores are maintaining lean inventories as credit cost of building inventories have gone up with interest rates moving northwards," he said. "The next move by Fed (US Federal Reserve) would be very important and crucial."

The commerce and industry ministry statement said engineering and iron ore products were one example where demand slowdown from major trade partners due to decline in economic activities had been seen. It said 15% export duty on steel had weighed on engineering exports but its removal now should improve the situation.

There is decline in exports in the chemical sector in dyes and organic chemicals due to slowdown in demand in traditional textile markets such as China, Turkey, and Bangladesh, it said.

"Indian textile exports fell due to global demand slowdown as high inflation across the developed world has reduced consumers' purchasing capacity," it added.

Source: economictimes.com- Dec 16, 2022

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India is turning toward free trade, for some

For several years now, India's annual budget — presented at the beginning of the year — has included a few lines that dismayed economists.

Successive finance ministers have raised tariffs, reversing a quarter-century-long trend dating back to when the Indian economy was first liberalized in 1991.

The good news is that the government may be undergoing a change of heart ahead of next year's budget — or, at least, it may not be quite as willing to revel in protectionism as before. The bad news for US companies is that their own government's inward turn may still hold them back in India.

In recent months, senior Indian officials have insisted that their nation intends to integrate further with the global economy. Several free-trade agreements have been signed this year or are under negotiation.

Perhaps most strikingly, the most senior bureaucrat in the finance ministry recently hinted that current tariffs may even be cut.

In a talk at Columbia University, Finance Secretary T. V. Somanathan said that tariffs "shall not be a significant part of our tax estimates" and added that protectionism didn't sit well with India's new industrial policy of providing subsidies for export-focused manufacturers.

Of course, officials are still aiming for an India that is "self-reliant." Any trade liberalization is likely to be limited and wouldn't necessarily reflect a fundamental change of heart by the government.

Nevertheless, India does have good reason to rethink its course. Concluding more high-profile free-trade agreements — particularly with the European Union and the United Kingdom — is clearly a priority.

Lowering import barriers would be "in sync" with India's expectations from those FTAs, according to trade experts — and would signal goodwill as well, increasing the chances of a successful conclusion of negotiations.

The fact is, in today's constrained trading environment, countries such India need a good reason to drop tariff walls. Making it easier to sign mutually beneficial trade agreements may be enough incentive. That's good news even for countries such as the US that aren't negotiating bilateral deals with India, as their companies should benefit from a more open Indian market.

But tariffs aren't the only obstacles that companies operating in India face. Non-tariff barriers and regulatory hurdles are easily as problematic, if not more.

In the past, tempted by promises of access to the US market, Indian officials would at least be willing to give US industry aggrieved by non-tariff barriers a hearing.

That's less and less the case, as retailers and other consumer-facing services firms that compete with Indian national champions are discovering. In just the past couple of weeks, Alphabet Inc.'s Google has been the target of antitrust measures and ruling-party ideologues have campaigned for "data nationalism" to be embedded in regulations — which would hurt Mastercard Inc. and Visa Inc., among others. Amazon.com Inc. has put $6.5 billion into India but, amid sustained hostility from regulators, is still to see a return on its investment.

US policy is not making things easier for such companies. The Indo-Pacific Economic Framework that US President Joe Biden announced in May is supposed to address — among a host of other things, from corruption to green energy — some of these non-tariff barriers. Negotiators met in Brisbane this week for the first time to begin to hash out details.

But Biden's "foreign policy for the middle class" means, in practice, that Washington has taken US market access off the table. As a consequence, the IPEF is, if not dead-on-arrival, certainly not breathing very loudly. In Delhi, news about the Brisbane talks barely made the papers.

In contrast, there's an inexhaustible appetite for news of progress on free-trade negotiations with the EU. And policymakers in New Delhi are preparing themselves to make some painful compromises to see those negotiations through.

What the US needs to realize is that India is now approaching trade policy from a transactional mindset. In the absence of any concrete benefits, Indian officials are not going to be interested in fixing problems that overt or covert protectionism may create for US companies.

Those, such as Apple Inc., that can promise big manufacturing investment will still be welcome. Others will discover that New Delhi doesn't have a lot of sympathy for their problems.

Tactical policymaking is all about give-and-take. If the US has nothing to give, then its companies will find they have nothing to take home from India. That's bad news for US companies — and for the workers they employ.

Source: economictimes.com- Dec 16, 2022

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Is PM Modi's coveted PLI scheme enough to strengthen India and beat China as a manufacturing hub?

The production-linked incentive (PLI) scheme, the Narendra Modi government's flagship offering, has been touted as one which would eventually help make India a robust manufacturing machine and a credible alternative to China. However, it may not be enough and more work needs to be done, experts say.

One Credit Suisse report has said that the scheme is in reality turning out to be a mixed bag as many of the schemes seem to be very generic (food processing, pharma and textiles among others) and incentivise regular business activity.

The PLI schemes envisage a cumulative $21 billion investment. The government introduced the PLI scheme in 2021 and as per CRISIL estimates, about a quarter of current capital expenditure is linked to it. Credit Suisse in its report said that capex, which is a key monitorable, is lopsided with battery, autos and steel contributing 48% of overall capex.

The capex impact on specific sectors and companies is low, for example, the automotive scheme is potentially driving just 8-10% incremental capex as opposed to the usual sector capex.
Lack of international interest?

Among the other drawbacks of the scheme in its current form is the fact that the participation of global majors has been mediocre. Apart from electronics (mobile phones & IT hardware), the other schemes have not seen large-scale participation by global majors.

Take for example the battery PLI, which has not seen any major global player's participation while the solar PLI has seen only First Solar show interest. Schemes for semiconductor manufacturing have seen the participation of sector majors missing as of now.

"IT Hardware schemes have seen strong participation from industry majors, but industry feedback suggests that the level of incentives is not attractive considering the incremental value addition requirements in subsequent years," Credit Suisse said in its report.

Several players are putting their feet in multiple sectors without the requisite experience. Worryingly, the report points out that many schemes have seen participation by many players who have relatively small balance sheets, lack of access to technology and past experience in the scheme being applied.

SCHEMES NEEDING TECHNICAL EXPERTISE HAVE NOT SEEN GLOBAL PARTICIPATION

PARTICIPATION	NON-PARTICIPATION
Mobile PLI - Samsung, Foxconn, Rising Star, Wistron, Pegatron	Battery PLI
Solar PLI - FS India Solar Ventures	Auto PLI
IT Hardware - Dell, Flextronics	
Textiles - Kimberley Clark	
Medical Devices - Siemens, Philips	
Semiconductor PLI - Vedanta - Foxconn JV	

Source: PIB, Credit Suisse

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News agency Bloomberg recently reported that billionaire Anil Agarwal has been struggling to find financial backers for a planned semiconductor factory in India, with some investors raising concerns about the group's limited experience in the sector.

Some of the schemes have been designed to accommodate as many players as possible (over 50 in many cases), rather than a few champions. The industry has also complained about low incentives, high investment requirements and high sales threshold in many cases.

Credit Suisse has opined that India's GDP is set to see a potential increase of 0.8% due to increased value addition owing to this manufacturing push across various sectors.

Further, at an aggregate level, incremental revenue profile from PLI schemes will see revenues ramping up from $41 billion in FY23 to $69 billion in FY25, growing at 19% CAGR.

More needs to be done on manufacturing

The latest growth print shows that only six of 23 manufacturing categories recorded growth in October 2022. The 5.6 per cent contraction in manufacturing was the worst since August 2020, the Anand Rathi Research said in a report.

Moreover, over 20 per cent of manufactured products are exported and, with a slowdown in global demand, Indian exports are registering sharp contractions.

Uday Kotak, Managing Director of Kotak Mahindra Bank, recently said that for building Indian companies of global standards, the manufacturing scale needs to be enhanced.

Weak manufacturing activity plays against the Modi-led government's efforts to attract global industrial houses to set up units in India and diversify away from China. The South Asian nation is poised to attract a large share of foreign investments, particularly in the electronics sector, and policies in the next few years should be geared toward that objective, Goldman Sachs Group said in a recent note.

"There have been certain laggards, particularly factory activity, that have been disappointing," Upasna Bhardwaj, an economist with Kotak Mahindra Bank Ltd., said in an interview Thursday with Bloomberg Television's Haslinda Amin and Rishaad Salamat.

Source: economictimes.com- Dec 16, 2022

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India's trade deficit with china a big worry, says Emkay's Arora

India's ballooning trade deficit with China is a big worry made worse by the rupee's relatively strong performance in the region and slowing global demand for local exports, said Madhavi Arora, a lead economist at Emkay Global Financial Services Ltd.

China accounts for nearly 40% of India's total trade deficit, and with developed countries discussing the possibility of a global recession in 2023, India's exports may slow too. This is the "bigger worry" and something "that Modi has to take care of as we go ahead," Arora said in an interview on Thursday with Bloomberg Television's Haslinda Amin and David Ingles.

India's bilateral trade with China rose by a third in the fiscal year that ended in March, even as Prime Minister Narendra Modi imposed curbs on business with China after the deadliest fighting in decades erupted on their disputed Himalayan border.

Arora said the rupee may outperform emerging markets peers next year, but that may not be good from a trade perspective. Exports were an important lever for India's growth in the past year and a slowdown there strips the economy of any "sustainable or secular economic agent."

The Reserve Bank of India may ease up on rate policy hikes, she said, but it will still have to remain tough on stubbornly high inflation. Arora said the central bank's policy rate, at 6.25% now, might stay below 6.5% for at least a year. That's because it's tough to know whether the US Federal Reserve will stay the course of maintaining a very high terminal rate of 5% to 5.25%.

Source: economictimes.com- Dec 16, 2022

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Cotton industry operating below capacity, wants import duty junked

Prices of raw unprocessed cotton, also called as kapas, have fallen by 15% to 20% in the ongoing cotton season from Rs 9,500-10,000 per quintal to Rs 8,000-8,500 per quintal.

As big farmers and small trade aggregators hoard cotton expecting return of the historically high prices of the previous year, the cotton-based industry continues to operate below its capacity, seeking the removal of import duty. However, a section of the industry thinks that allowing imports may hurt farmers' sentiments at a time when the industry is facing a cotton crunch.

"Cotton arrivals are short by about 30-40% than normal. We are unable to meet our requirements through imports due to the import duty on cotton.

Currently, Indian cotton prices are higher than the global prices by about 10-12%, while the foreign buyers of Indian cotton textile, garments and yarn are quoting lower prices. We have requested the central government to consider removing import duty on cotton," said Ravi Sam, chairman, the Southern India Mills Association (SIMA).

Export orders have declined due to the higher inventories stocked by buyers to cover the shortages of the covid period. Recession fears have also impacted buying interest for Indian textile and yarn.

However, exporters say that they have buyers at competitive lower rates. "We are getting trade inquiries, which we will decline to reduce losses," said Ravi Sam.

Prices of raw unprocessed cotton, also called as kapas, have fallen by 15% to 20% in the ongoing cotton season from Rs 9,500-10,000 per quintal to Rs 8,000-8,500 per quintal.

Source: economictimes.indiatimes.com- Dec 16, 2022

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Startups to contribute 4-5% to India's GDP in next five years, says report

With more than 60,000 registered startups in India, the ecosystem has the potential to contribute 4-5% to the country's gross domestic product (GDP) over the next three to five years, according to a report by StrideOne. As per Economic Survey 2021-22, India has about 61,400 registered startups, making it the world's third-largest startup ecosystem in the world after the US and China.

"This rise of startups has made India the third-largest startup ecosystem in the world and has significantly impacted the Indian economy showcasing the ability to contribute approximately 4-5% to the GDP of India," said Ishpreet Singh Gandhi, founder of StrideOne, a tech-enabled non-banking financial company (NBFC).

The report expects that 24,500 platforms would have registered in 2022, against an estimated 20,000 in 2021. It said that registration of new startups is projected to grow at an annualized rate of 25% during 2022-27. The report expects job creation by startups to grow at a rate of 24% annually in the 2022-27 period.

While the previous year saw about 1,92,000 jobs being created by startups, the report forecasts about 2,30,000 new job additions in 2022.

It also noted that startup funding has been growing rapidly, with total funding raised having increased 42% annually, from 2016-21, while deal count rose 23% in the given period. Among funds raised, SaaS, fintech, and logistics and autotech attracted the most investment.

However, according to a report by market intelligence platform Tracxn, funding in Indian startups dipped 35% year-on-year (up to 5 December) to $24.7 billion dragged down by a decline in late-stage funding.

The report discusses how startups and players in sectors including textile industry, gig economy, and B2B logistics interact and contribute to overall growth.

As for textile industry, which contributes about 2.3% to the GDP, the report notes that over 28% of micro, small and medium enterprises (MSMEs) in India rely on startup platforms to source business opportunities, registering a 29% uptick in their revenues after joining such platforms in 2022.

Charting the country's gig economy's contribution, it said that gig workers made up for over 70% of employee base for fast commerce startups in 2022. While about 8 million gig workers constituted 1.5% workforce in India in 2020-21, their contribution to overall workforce is expected to grow to 4% by 2024.

"Startups are limiting their hiring of permanent employees. Gig workers have begun to replace these permanent employees. The total number of enterprises who have shifted to a semi-gig workforce model has increased by 15% since Oct 2021," it noted.

As for the B2B logistics market, which is projected to grow over five-fold by 2025, the report highlights over 90% logistics startups in the country, including Delhivery and Shadowfax, had small truck owners making up for about half of their total fleet.

It also noted that with digitisation and platformisation enabled by startups, fleet owners can increase utilisation with tech optimisation, thus reducing 40-50% of their fleet's idle time.

Source: livemint.com- Dec 15, 2022

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Indian apparel exporters raise concerns of global scenario on Indian apparel export

Indian apparel exporters have raised concerns about the impact of the global scenario on Indian apparel export. The industry is also worried as buyers are asking for higher discounts.

The impact of global slowdown on 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 by 25 per cent, signalling further downsizing in overseas merchandise exports.

The Index of Industrial Production (IIP) for October 2022 also indicates that the manufacturing of textiles, clothing and related products recorded a double digit hit, which shows the sluggish demand and pressure on the textiles value chain.

India's apparel exports were to the tune of US $ 9161.4 million during April-October 2022-23 as against US $ 8589.3 million during the same period in 2021-22, depicting growth of 6.7 per cent.

The total set target of apparel exports for 2022-23 is US $ 17.6 billion against which India has been able to achieve US $ 9.2 billion during April-October 2022.

This is despite various constraints faced by the apparel sector this year, such as increased prices of raw material, Russia-Ukraine war and sluggish demand in major garment importing countries.

Narendra Goenka, Chairman, AEPC, said, "Since most of the traditional markets of Indian RMG including UK, EU and the USA are witnessing recession and global headwinds, leading to shrinking of demand on one side and buyers asking for 15 per cent discount on the other, we have requested the Government for expediting FTAs in these markets and ensure all tariff lines of RMG sector, which will enable a duty reduction of existing 9.6 per cent and act as a strong breather."

AEPC has briefed the Government about the RMG exports scenario and issues that the industry is facing currently.

The major issues submitted by AEPC are early announcement of the PLI-2.0 scheme, including 10 high potential MMF garment products and cotton apparel products under the PLI and reducing the value addition criteria; extension of ATUFS, RoSCTL disbursements through bank transfer; relaxations to apparel exporters under various provisions of FTP allowing Special Advance Authorisation for exports of apparel under Self-Declaration basis; one-time relaxation on account of bankruptcy/insolvency / discounting / cancellation of export orders; raw material security; RoSCTL benefits for apparel exports against Indian Rupees; enhancement of the ambit of Interest Equalization scheme; request for extension of GST exemption on International Outbound Freight, etc.

Source: apparelresources.com- Dec 15, 2022

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Announce new cotton contract norms soon, Commodity participants body tells SEBI chief

The Commodity Participants Association of India (CPAI) has urged Securities and Exchange Board of India (SEBI) Chairperson Madhabi Puri Buch to ask MCX to immediately announce the new contract specification for cotton futures.

Stating that MCX announced on August 26 it was modifying its cotton contract specification and that no fresh position would be permitted for January 2023 and subsequent contracts, CPAI President Narinder Wadhwa said the current contract will expire on December 30. Five days before that the contract will move into the delivery period.

"The market participants and hedgers need to roll over the position into January 2023 onwards Contract. Participants are awaiting the notification for the modified contract specification. Delay in the notification is only causing disquiet and uneasiness in the cotton industry and the derivatives market participants," Wadhwa said in a letter to the SEBI Chairperson.

Denying SMEs level-playing field

The Reserve Bank of India (RBI) has declared cotton as "international referenceable" and many Indian companies have reportedly approached InterContinental Exchange (ICE) brokers and banks to facilitate hedging for their inventory, exports and imports as the delay in the new specification notification has created uneasiness, he said.

The current situation deprives small and medium-sized entities of an opportunity to hedge their risks of price, while large companies will hedge their risks on ICE, Wadhwa said, adding that daily price limits on the Indian cotton contract should not be restrictive in the modified contracts.

Although the 3-7 cents per pound price limits at ICE are wider than that available on our exchanges, these are commensurate with their trading conditions. The daily price limits in domestic exchanges should not be kept too narrow that it keeps the participants away from the exchange ecosystem, he said.

The CPAI president said the maximum allowable open interest for each commodity should be calculated from "deliverable supply", which is a principle-based methodology. He also sought an increase in the open interest limit for the near-month contract.

Taking all these steps will ensure better liquidity, Wadhwa said and urged for a contract specification commensurate with principle-based methodologies for robust development of cotton futures.

Source: thehindubusinessline.com- Dec 15, 2022

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