IBTEX No. 246 of 2022

December 21, 2022

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## NATIONAL NEWS

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INTERNATIONAL NEWS

ASEAN eager for more EU investment; latter seeks FTAs

The European Union (EU) is seeking more free trade agreements (FTAs) with members of the Association of Southeast Asian nations (ASEAN) while the latter is eager to attract more investment to the region from Europe. ASEAN members are a potential investment destination for European nations, Cambodian commerce minister Pan Sorasak told the tenth ASEAN-EU Business Summit in Brussels.

European Commission president Ursula von der Leyen has also called for closer cooperation between the EU and its ASEAN partners.

“We want to trade more with each other. We already are each other’s third-largest trading partners. Our free trade agreements with Vietnam and Singapore are delivering. That is impressive,” she was quoted as saying by Cambodian media reports.

The EU president also said the bloc wants to conclude more such agreements with ASEAN countries. The EU’s ultimate goal would be to negotiate a region-to-region free trade agreement, she noted.

Sorasak said the private sector is a driving force in promoting the effective implementation of mechanisms set by the governments of regional countries.

She said the EU wanted to accelerate the clean energy revolution and it has launched a Just Energy Transition Partnership with Vietnam, similar to the one it has with Indonesia. It also decided to start an EU-ASEAN new Energy Dialogue

Bilateral trade between Cambodia and EU reached $4.98 billion in 2021, up by 4.6 per cent from a year earlier.

Source: fibre2fashion.com- Dec 20, 2022
World Bank cuts China growth forecasts

The World Bank on Tuesday slashed its China growth forecast for the year as the pandemic and weaknesses in the property sector hit the world's second largest economy.

In a statement, the institution slashed its forecast to 2.7 percent from 4.3 percent predicted in June. It also revised its forecast for next year from 8.1 percent down to 4.3 percent.

Both figures are well below Beijing's GDP growth target of around 5.5 percent for the year, a figure many analysts believe is now unattainable.

"Economic activity in China continues to track the ups and downs of the pandemic -- outbreaks and growth slowdowns have been followed by uneven recoveries," the World Bank said.

"Real GDP growth is projected to reach 2.7 percent this year, before recovering to 4.3 percent in 2023, amid a reopening of the economy." After years of sudden lockdowns, mass testing, long quarantines and travel restrictions, China this month abruptly abandoned its zero-Covid policy.

But disruption to businesses has continued as cases surge and some restrictions remain in place.

Health authorities have admitted that official figures no longer capture the full picture of domestic infections now that mass testing requirements have been dropped.

"Continued adaptation of China's Covid-19 policy will be crucial, both to mitigate public health risks and to minimise further economic disruption," Mara Warwick, World Bank Country Director for China, Mongolia and Korea, said.

Last week the IMF warned it too would likely downgrade its projections for China again, blaming a predicted continued rise in cases.

The fund cut its growth projection for China in October to 3.2 percent this year -- the lowest in decades -- while expecting growth to rise to 4.4 percent next year.
But "very likely, we will be downgrading our growth projections for China, both for 2022 and for 2023", IMF chief Kristalina Georgieva told AFP.

Experts fear China is ill-equipped to manage the exit wave of infections as it presses ahead with reopening, with millions of vulnerable elderly people still not fully vaccinated.

"Accelerated efforts on public health preparedness, including efforts to increase vaccinations especially among high-risk groups, could enable a safer and less disruptive reopening," Warwick said.

The economy is under pressure on other fronts, too.

"Persistent stress" in the real estate sector -- which accounts for about a quarter of annual GDP -- could have wider macroeconomic and financial effects, the World Bank noted.

And it added that youth unemployment, the risks from extreme weather caused by climate change and the wider global slowdown also threatened growth.

The world economy is being battered by surging interest rates aimed at fighting runaway inflation that has been triggered by Russia's war in Ukraine as well as global supply chain snarls.

Beijing has sought to mitigate low growth with a series of easing measures to provide support, slashing key interest rates and pumping cash into the banking system.

"Directing fiscal resources towards social spending and green investment would not only support short-term demand but also contribute to more inclusive and sustainable growth in the medium term," said the World Bank's Lead Economist for China Elitza Mileva.

Source: thedailystar.net- Dec 21, 2022
USA: Regenerative Agriculture Takes Sustainable Fashion to the Next Level

More than ever before, consumers across the globe want to know that the clothes in their closets are sustainably sourced. So much so that research conducted by the U.S. Cotton Trust Protocol—a farm level, science-based initiative that is setting a new standard in more sustainably grown cotton—found that 61 percent of brands and retailers have witnessed increased demand for sustainable products from consumers.

While demand for more sustainable fashion is pushing global brands and retailers to provide transparency and evidence that sustainable practices are being implemented and followed throughout the supply chain, is it enough?

Sustainability has been a focus of U.S. cotton growers for generations. Case in point, just over the past 35 years, U.S. cotton producers have used 79 percent less water and 54 percent less energy while reducing greenhouse gas emissions by 40 percent and land use by 49 percent. The adoption of practices such as minimal tillage, GPS and sensor-driven precision agriculture and the growing of winter cover crops have further improved soil health, reducing loss and erosion by 37 percent per acre and increasing soil carbon levels.

Yet, U.S. cotton growers understand that they must constantly improve in order to protect and preserve the planet—to ultimately help create more sustainable clothing.

That’s where regenerative agriculture comes in. As opposed to simply having a neutral impact on the environment, it goes a step further and aims for net positives with practices that better the land. U.S. cotton growers’ efforts towards continuous improvement are central to the Trust Protocol and the U.S. cotton industry taking sustainability to the next level. Practices such as conservation tillage and growing cover crops have helped soil health and improved soil carbon levels. Although U.S. cotton growers have been implementing these techniques for decades, these practices have recently been grouped into a manner of farming called regenerative agriculture.
The principles of a regenerative agriculture system are based in Indigenous ways of land management and are adaptive to local physical conditions and culture. These principles include:

- Minimizing soil disturbance
- Maintaining living roots in soil
- Continuously covering bare soil
- Maximizing diversity with emphasis on crops, soil microbes and pollinators
- Integrating livestock where it is feasible

Over time, regenerative practices can increase productivity and naturally reduce the need for external inputs required for plants. Common regenerative practices as reported in the Trust Protocol include cover cropping, no or low tilling, biodiversity, rotational farming, precision agriculture, integrated pest management and intentional use of inputs that are landscape specific.

Dissecting the data

The U.S. Cotton Trust Protocol is the only program measuring the impact and outcomes of these sustainable growing practices.

Regenerative agriculture is not a one-size-fits-all manner of farming. Instead, it looks at a combination of practices that support resilience, as well as building and nourishing our ecosystem. 2021/22 data from U.S. Cotton Trust Protocol growers shows:

- More than 55 percent of Trust Protocol acres were planted with cover crops, which encourage food security and reduce atmospheric carbon.

- Continuous reduced or no-till production increases the amount of soil organic matter near the soil surface, and in 2021/22, more than half of reported acres practiced no-till and 30 percent practiced reduced tillage.

- 70 percent of Trust Protocol reported acreage practiced crop rotation in 2021/22, which maximizes biodiversity by increasing soil organic matter, decreasing greenhouse gas emissions and producing healthier soil.
• 70 percent of Trust Protocol reported acreage practiced integrated pest management (IPM), which is a science-based approach that strategizes tools and techniques to identify and manage pests.

When these regenerative practices are implemented successfully, the health of the agriculture ecosystem and farmer economic stability are improved. And ultimately brands, retailers, mills and manufacturers can provide consumers with the verified, data-based sustainable clothing they desire.

There is no finish line when it comes to sustainable practices or regenerative agriculture. Individuals and organizations continue to develop new technologies, processes and research that aid growers in further implementing new and innovative sustainable practices. Now more than ever, people care about the environment and how their clothes are made. And, while the distance from U.S. cotton fields to the runways of global fashion brands and consumer closets may seem far, the focus on regenerative agriculture has never been more impactful.

Source: sourcingjournal.com- Dec 20, 2022
Energy crisis hitting EU textile sector competitiveness

Following last week’s European Council Summit and its conclusions on the measures to tackle the energy crisis, Euratex expressed concern over the potential loss of competitiveness and the EU’s inaction on the energy crisis, and Chinese and US subsidies to domestic industry.

Euratex says the reasons for the sharp decline in competitiveness is twofold: energy costs in Europe are six times higher than in the US, China and neighbouring countries; and Europe’s main international competitors and trade partners have developed comprehensive state-aid frameworks for their domestic industry despite not being affected by the energy crisis at all.

“At present, many textiles and clothing companies are producing at net loss or have shut down production. The industrial conditions have worsened in such a way that there is no business case to invest in Europe or buy products produced or processed in the EU. It is only the sense of responsibility of our entrepreneurs towards the European society that is keeping the plants and production running.”

According to Euratex, recent trade data already indicates a loss of global competitiveness: imports to the EU have grown 35% year-to-date in 2022. It is expected that energy prices will remain high and volatile, “opening the door for imports to gain substantial market shares in the EU”.

If the status quo is maintained, Euratex says the EU will not be able to recover its competitive position on the global business stage, and will fail its plans to reach zero-net emissions and achieve circularity.

Euratex is calling on the EU political leaders in the Commission, in the European Council and in the national capitals to:

- Raise the ambition and adopt a comprehensive approach at EU level: energy, state-aid and trade policy must be brought together in a single strategy with concrete emergency solutions and with a clear SME dimension.

- Let all hesitations aside and adopt a meaningful price cap on natural gas wholesales, that should be ideally no higher than 80 euro/MWh.
In parallel, it should also be ensured that electricity prices are brought to a sustainable price level.

- Change the European posture on state-aid, even temporarily. An ambitious plan of investments and state-aid in green technologies to support the industrial transition should be rolled out.

“Such a plan, however, should not be conceived as a retaliation against our most necessary and like-minded trade partners, Euratex adds. “Access to finance and markets must be safeguarded for all those actors who are capable and willing to invest in Europe, on the basis of reciprocity. In these challenging times for geopolitical stability, ensuring strong trade ties with our traditional allies and partners is of utmost importance. The roll-out of an investment and state aid plan should not interfere, but rather support, the dialogue with the US (and other partners) and the deepening of our trade and investment partnership.”

Source: just-style.com- Dec 20, 2022
USA: Drought is 2022’s Big Cotton Story

For more than a decade, tales have been told about the infamous drought of 2011. So hot. So dry. So unbelievably bad that it most certainly would never be topped.

From its beginnings when the rain stopped in the fall of 2021 in the Texas High Plains and the “normal” rainfall and snowpack didn’t materialize in California, the drought of 2022 crashed through the Southwest and Western Cotton Belts like a blunt instrument, leaving many growers with little more than fond year-old memories of bountiful yields.

By late October, drought conditions had spread to nearly 63% of the U.S. — making for great harvest weather but also drying down major waterways needed for commodity traffic. That’s the highest percentage of drought on record since 2012. And the jury’s still out on how these lingering conditions will impact agriculture in 2023.

There’s also a massive financial impact — not just in terms of lost or reduced production but also the residual ripple impact through the local economies in stricken areas. For example, in the Texas High Plains, one estimate shows that drought and heat impact on this year’s cotton production has cost farmers and other agricultural and local industries at least $2 billion.

Relief In Sight?

There’s hope. But it may take a while.

The U.S. Seasonal Drought Outlook through Jan. 31, 2023, calls for drought to persist in the Southwest, Great Plains, and Southeast — consistent with typical La Niña impacts and the seasonal precipitation outlook. Recent rains across parts of the Southern Plains have helped ease conditions a bit, but not enough to wipe the drought map clean.

“La Niña remains in control for the winter, with waning influence in the spring,” says Meteorologist John Baranick in an early November report. “That typically means a lot of clipper systems and bouts of cold air for northern areas, while leaving the south warmer and drier.
“River levels across the Mississippi River, which are at historical lows south of Cairo, IL, are likely to remain low going into the spring,” he points out. “Precipitation in the river basin does not look heavy enough to increase water levels in any significant way, partly due to the heavier precipitation occurring in snowpack across the northern states. It will take until the spring melt for any areas to release their pent-up water. And even that may be too little as the tendency for above-normal precipitation is still low during the winter months.”

During a recent Cotton Incorporated Weekly Weather Update, Eric Snodgrass, Principal Atmospheric Scientist for Nutrien, says recent weather patterns may bring some good news for California.

“We’re going to see some major precipitation coming into parts of California in the near future,” he predicts. “But from now all the way through next year, it’s all about keeping an eye on soil moisture and what our drought situation looks like. La Niña is still here. It is in control and will stay in control likely through the start of the new year. I think it would be critical to be watching from about Dec. 15 to Jan. 15 to see if we can get rid of this.

“I don’t think the drought issues we’re encountering now are going to last into spring,” he adds. “As you look out until March, we start to see models hinting La Niña really beginning to fade and better moisture events for most of the country, including the Cotton Belt.”

Source: cottongrower.com- Dec 20, 2022
China topmost FDI source for Bangladesh in FY22

China is now the topmost foreign direct investment (FDI) source for Bangladesh, with a gross flow of $940 million in fiscal 2021-22. The country has also ranked top among foreign investors, with 104 investors at eight export processing zones (EPZs), according to Song Yang, economic and commercial counsellor of the Chinese embassy in Bangladesh.

Song was addressing the 'Forum on China-Bangladesh Human Resources Development Cooperation and Reunion of Participants of Chinese Government Training Programmes' hosted by the embassy in Dhaka.

"China has been the largest trading partner of Bangladesh for the past 12 consecutive years," he was quoted as saying by Bangladeshi media reports.

The trade volume between the two countries increased by 58 per cent last year showing strong resilience of bilateral trade during the COVID-19 pandemic.

Chinese companies in Bangladesh’s EPZs have generated employment for 129,000 people, while companies outside the EPZ and Chinese building contractors continue to hire more and more local workers.

Source: fibre2fashion.com- Dec 20, 2022
US top market for Vietnam's garment exports with 50% share in Jan-Sept

US has emerged as the most sought-after market for Vietnam’s apparel. The total exports of apparel from Vietnam to US amounted to $14.447 billion or 49.83 per cent of the total garment exports of $28.993 billion during the first 9 months of the current year.

Vietnam’s total garment exports were worth $34.645 billion during January to November 2022. The textile industry of Vietnam witnessed growth despite all odds.

The shipment to the US recorded a sharp rise since 2020. The exports were valued at $9.585 billion during January-September 2020, down 6.67 per cent from the shipment during the same period of the preceding year 2019.

It increased again by 12.28 per cent to reach $10.763 billion during the first three quarters of 2021. It has shown an impressive growth of 34.23 per cent to reach $14.447 billion in the corresponding period of the current year, according to Fibre2Fashion’s market insight tool TexPro.

Vietnam’s garment exports during the first three quarters amounted to $2.842 billion (9.81 per cent) for Japan, $2.817 billion (9.72 per cent) for South Korea, $1.345 billion (4.64 per cent) for China, $1.282 billion (4.42 per cent) for Canada, $0.793 billion (2.74 per cent) for the UK, $0.756 billion (2.61 per cent) for Germany and $0.478 billion (1.65 per cent) for France, as per TexPro.

Vietnamese exports to the Americas have seen impressive growth during the three years after the implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a seminar was told recently.

Source: fibre2fashion.com- Dec 21, 2022

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Global downsizing of cotton requirement, impacts exporting countries

Cotton had enjoyed significant growth and prices for a while but the current status is that its consumption worldwide is on the downslide with China, India and Pakistan, the three of cotton’s largest customers, slow down on cotton requirement. As per recently released US Department of Agriculture (USDA) figures, China being the largest customer and importer is the industry barometer on the direction in which cotton heads and statistics reveal in China, consumption projected down one million bales this month to 35.5 million, marginally above the previous year but more than five million below two years prior. USDA cites many reasons such as declining supplies, downsizing of orders for yarn from fabric and apparel companies, lower profit margins for spinning mills and the overall higher inflation across the board.

China impacts the sector

Cotton-yarn imports into China plunged this year to its lowest level in a decade, sending exporting countries such as India on a hunt for alternative destinations. China is the world’s largest importer of cotton yarn from countries like India, Vietnam, Pakistan and Uzbekistan, as its own spinning mills do not produce enough to feed its apparel and textile industry.

However, the value of China’s cotton-yarn imports declined 33.2 per cent in the first nine months of this year to $2.8 billion, from $4.3 billion in the same period last year, indicates the country’s customs data. The world’s second-largest economy accounts for more than 30 per cent of global apparel exports, and its major buyers are the European Union, US, Japan and Association of Southeast Asian Nations countries.

However, with Russia’s invasion of Ukraine, fuel and raw material prices have increased substantially. Annual inflation in the European Union was at 10.9 per cent in September and as costs for garment manufacturers and retailers have increased, consumers are spending less and retail sales have declined across Europe. China’s domestic apparel sales and cotton-product exports each fell by 5 per cent from January to September, reflecting the declining demand for the country’s apparel.
India experiences domestic downturn

As per Cotton Association of India (CAI) estimates, India’s domestic cotton demand for the 2022-23 season up to September is estimated to be lower by about 18 lakh bales (170 kg each) at 300 lakh bales or nearly 6 per cent less than last year’s 318 lakh bales. The association’s Cotton Crop Committee meeting attributed the decline in domestic consumption to a reduction in operations of mills due to slack demand for yarn and cloth.

The cotton trade body said spinning mills operated at 40-60 per cent capacity in the first quarter, which may cause cotton consumption to drop in India for the year. India’s domestic cotton demand for the 2022-23 season up to September is estimated to be lower by about 18 lakh bales (170 kg each) at 300 lakh bales or nearly 6 percent less than last year’s 318 lakh bales.

Pakistan’s cotton crisis

In Pakistan, demand for cotton has dropped by 20 per cent to 12 million bales this year, compared to 15 million bales last year. The 40-year high inflation in the West, and a fear of recession, resulted in demand for Pakistan-made textiles dropping with textile manufacturers reporting a drop in exports.

Without continuous availability of electricity and the inability to import cotton due to foreign currency crisis has led to a sizeable number of mills shutting down, thereby lowering consumption. As per experts, cotton will remain down in 2023 but not completely out as 2024 may see a new situation.

Source: fashionatingworld.com- Dec 19, 2022
Opportunities and challenges for Vietnam, Indonesia to boost bilateral trade

President Nguyen Xuan Phuc’s visit to Indonesia from December 21-23 is expected to create new opportunities for Vietnam-Indonesia relations, particularly bilateral trade which is expected to reach 15 billion USD by 2028.

According to the Asian-Africa Market Department under the Ministry of Trade and Industry, Vietnam-Indonesia trade revenue sees positive growth, from 5.5 billion USD in 2015 to 11.5 million USD in 2021.

In the first 11 months of this year, it reached 12.8 billion USD, a year-on-year increase of 25%, and is expected to reach 14 billion USD by the end of this year.

The Vietnam-Indonesia Joint Committee on economic, scientific, and technological co-operation has effectively contributed to addressing issues of the two countries’ trade relations during the past time.

Vietnamese enterprises have been actively participating in trade promotion fairs and exhibitions held in Indonesia.

Notably, Vietnamese processed and manufactured goods exported to Indonesia see the highest export value which accounts for over 60% of Vietnam's total export turnover to Indonesia.

Vietnam mainly exports to Indonesia machinery, equipment, tools, and spare parts; computers, electronic products, and components; phones and accessories; means of transport and spare parts; other common metals and products; and textiles.

Other Vietnam's exports include construction materials, especially iron, steel, and products made of iron/steel.

Regarding agricultural products, Vietnam still has advantages in exporting rice, coffee, cashew nuts, high-tech vegetables and fruits, organic vegetables, and seafood.
Tran Phu Lu, vice director of the Investment and Trade Promotion Centre of Ho Chi Minh City (ITPC), said that Indonesia is an Islamic country with the world’s largest Muslim population, and the Indonesian government is quite stringent when it comes to Halal regulations.

All food, beverages, pharmaceuticals, cosmetics, chemicals, and organic items sold in Indonesia must have Halal certification.

Indonesia spent 220 billion USD on Halal products in 2018 and the figure is expected to top 330 billion in 2025, Lu said, adding that the country is a promising market for Vietnamese exporters, especially those with products granted Halal certificates.

The market is a less demanding than the US, EU, or Japan. Meanwhile, Vietnam and Indonesia share Asian cultural similarities and close geographical distance which helps reduce transportation costs and increase the competitiveness of goods.

Moreover, they are both ASEAN countries, and thus can enjoy preferential tariffs within the bloc, Lu said.

Le Bien Cuong, vice head of the Asia-Africa Market Department, said that as the two countries are positive members of multilateral cooperation agreements and free trade agreements, so tariff barriers between the two countries are mostly lifted, which facilitated their trade and cooperation in developing supply chains, production chains and boosting export to the third country.

However, the structure of Vietnam and Indonesia’s exports has many similarities, especially in the agricultural and fishery industry, so the exports of the two countries compete with each other, Bien said.

Moreover, Indonesia has been applying restrictive measures and barriers to Vietnamese exports.

According to the Vietnam Trade Office in Indonesia, the country implements the policy of self-reliance in food (reducing the need to import agricultural, forestry, and fishery products). Therefore, to enter Indonesia, Vietnamese products will have to compete with those from other ASEAN countries.
Indonesia is also a highly protectionist market with many non-tariff barriers, especially with frequent application of trade remedies.

To access and enter the market, Vietnamese exporters need to apply for Indonesia’s Halal certificate and the Indonesian National Standard (SNI) - the only nationally applicable standard in Indonesia and mandatory for various products.

Vietnamese enterprises are also urged to closely work with Vietnamese agencies if Indonesia launches trade remedies against their products.

By 2021, Indonesia has conducted 11 trade remedy cases against Vietnamese products.

Particularly in 2021, although Indonesia did not initiate any new cases, it issued a conclusion to impose taxes on four trade remedy cases. The items investigated by Indonesia are mainly steel products, BOPP wrapping film, cigarette rolls, EPS granules, and clothing.

Source: en.vietnamplus.vn- Dec 20, 2022
Potential for Vietnamese businesses from CPTPP still remains untapped

Three years after the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) went into effect, Vietnamese policymakers and industry experts feel a lot of potential for domestic businesses from the agreement still remains untapped. Even traditionally strong Vietnamese export items struggle to penetrate CPTPP markets, a top official said.

Issues related to CPTPP were recently discussed during an online conference in Hanoi. Vietnamese businesses have been increasingly interested to take advantage of the agreement, Ngo Chung Khanh, deputy director of the multilateral trade policy department under the ministry of industry and trade (MoIT), was quoted as saying at the conference by a news agency.

Nine per cent of businesses in a Vietnam Chamber of Commerce and Industry (VCCI) survey said they possess a ‘deep understanding’ of CPTPP, a significant improvement from just over 2 per cent from two years ago. During the same period, the country’s export turnover to CPTPP markets improved significantly, especially to Canada and Mexico. The country witnessed a trade surplus of more than $8 billion in 2021 with these two countries alone.

While growth has been impressive, Canada and Mexico could be considered small to medium-sized markets, accounting only for just under 3 per cent of Vietnam's total trade with the bloc. Major hurdles for Vietnamese textile manufacturers include problems in meeting CPTPP's product origin protocols and inadequate investment in expanding production and technology.

Even those who managed to secure the required investment to expand their operations could not bring production to full throttle. Many participants at the conference said they could only produce at 30-40 per cent of their capacity.

Source: fibre2fashion.com- Dec 20, 2022
Bangladesh: Export of RMG items to EU witnesses 16.27% growth during Jul-Nov

The export of RMG items to the European Union (EU) has witnessed 16.27% growth during the July-November period of this year compared to the same period last year. As per the statistics of the Export Promotion Bureau (EPB), RMG export to the EU increased by 16.27%, from $7.81 billion to $9.07 billion in July-November 2022-23.

Germany is the largest European market fetching $2.71 billion with 1.88% growth compared to the same period of the previous year. Export to Spain and France also increased by 19.15% and 38.87% respectively. Exports to other major EU countries such as Italy, Austria, Netherlands and Sweden have shown growth by 50.95%, 48.87%, 34.39% and 22.90% respectively.

On the other hand, export to Poland has shown 19.61% year-over-year negative growth during the mentioned period. Talking to BSS, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Director Md Mohiuddin Rubel said, "Our exports to major countries have shown encouraging growth during July-November of FY2022-23."

He said RMG export to the USA during the mentioned period was $3.47 billion, registering 4.07% year-on-year growth. "Besides, our exports to the UK and Canada have grown by 11.71% and 30.25% respectively compared to the same time of the previous fiscal year. At the same time, exports to non-traditional markets increased to $3.19 billion from $2.47 billion in the same period of time," he added.

Among the major non-traditional markets, he mentioned that Bangladesh's export to Japan reached 597.83 million dollars with 38.11% year-on-year growth during July-November of FY2022-23.

The other non-traditional markets having high growth were Malaysia at 100.21%, Mexico at 49.68%, India at 48.78%, Brazil at 44.53%, and South Korea at 30.35%, he added.

Source: tbsnews.net- Dec 20, 2022
Bangladesh: Export stands out in turbulent year

Bangladesh's export sector showed its prowess in 2022 despite the devastating Russia-Ukraine war, unprecedented freight costs, energy crisis, record inflation and a risk of a recession that loomed throughout the outgoing year.

The sector was off to a good start in January as the coronavirus situation improved in much of the world and the momentum continued until August even after the war broke out in February and escalated fuel prices, energy shortages and power outages pushed up the cost of production at home.

Shipments, however, dipped in September and October before rebounding in November as international buyers began placing more orders.

All in all, the export sector was among a few bright spots for Bangladesh in a turbulent year.

Last year saw export earnings going past the $5-billion mark for the first time in the country's history in November, on the back of robust growth in apparel shipment.

In fact, the year saw a number of highs.
In January, overall merchandise export grew 41.13 per cent year-on-year to $4.85 billion. It skyrocketed to $4.908 billion in June, the previous highest before November raked in $5.09 billion.

The apparel shipment, which accounts for about 85 per cent of national export receipts, surged 42.5 per cent to $4.09 billion in the first month of the year. It sprinted to $5.09 billion in November.

The first shock after the war broke erupted came when European nations banned the use of Society for Worldwide Interbank Financial Telecommunications. Soon, Bangladesh started losing the opportunity to raise its market share in Russia.

The shipment to Russia only began recovering after local exporters started using alternative routes to ship goods to the country and receiving earnings in the Chinese currency instead of the US dollar.

The rise in freight costs by more than 500 per cent handed another blow to the export sector, while the record climb in the exchange rate amid the fast depletion of foreign currency reserves drove the price of the US dollar price to as high as Tk 110.

Exporters still complain that they are losing money and competitiveness in the global markets because of the lower exchange rate they receive while encashing export proceeds.

Record inflation in the European Union and the United States, which together account for more than 80 per cent of Bangladesh’s export earnings, hit exporters hard since consumers tightened their purse strings as recession loomed.

Because of the fall in demand, many international retailers and brands sat on unsold inventories of clothing items.

The war and higher freight charges affected the cotton price, sending the cost of yarn in the local market higher. As the prices of cotton fell worldwide recently, yarn worth $3 billion has piled up with local textile factories.
Factory-level productivity fell owing to the recurrent power outages after the government in July moved to enforce load-shedding to protect the forex reserves since Bangladesh has had to import the fuels needed to generate electricity.

The pause to purchase liquefied natural gas from the global spot markets forced the government to shut many power plants temporarily, worsening the power supply situation.

Despite the gloomy global economy, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the platform for apparel exporters, announced in August its plan to raise apparel shipment to $100 billion by 2030.

In 2022, Bangladesh retained its position as the second-largest apparel exporter globally after China.

"The demand for locally made garment items is still very high despite higher inflation in Europe," said Senior Commerce Secretary Tapan Kanti Ghosh earlier.

Analysts attribute the stellar export performance to the US-China tariff war, competitive prices, and the recent improvements in workplace safety conditions.

This year, Bangladesh also cemented its position as a reliable supplier of apparel items as the country has been among a few nations that have kept its factories open since the coronavirus pandemic hit the world in March 2020.

"Bangladeshi exporters are resilient and they know how to survive in the stormy weather conditions," said Faruque Hassan, president of the BGMEA.

Throughout the crisis, local suppliers exported more to non-traditional markets such as India, China, Japan and Russia, along with traditional destinations, namely the EU, the US and Canada.

Bangladesh is also on its course to becoming a global manufacturing hub for value-added high-end garment items – a prospect that may go on to help the country boost export receipts.
"At the end of the current year, Bangladesh's share in the global apparel market will cross 7.5 per cent from the existing 6.4 per cent," Hassan said.

However, the shipment of some potential sectors, except leather and leather goods, could not meet expectations.

For instance, frozen foods, agricultural products, handicrafts, jute and jute goods, specialised textiles and carpets performed poorly because of the fall in demand in the global markets owing to the volatile global economy.

Md Abul Hossain, president of the Bangladesh Jute Mills Association, blamed the higher price of raw jute in the local market for the sector's failure to lift exports.

"Consumers are also not ready to pay more for jute goods because of the cost-of-living crisis. Consumers are looking for alternatives." The shipment of goods is rebounding sharply, said Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry.

"International retailers and brands are cutting their reliance on China and moving to countries such as Bangladesh, Vietnam and Cambodia."

"Sales centring Christmas are showing better performance as consumers are going to celebrate the occasion in a major way for the first time in three years." M A Razzaque, research director of the Policy Research Institute of Bangladesh, described 2022 as a mixed year for the export sector.

"Export grew in the first half before slowing down to some extent in the second half."

The exporters were supposed to benefit from the sharp depreciation of the local currency against the dollar. But they could not as banks fixed different exchange rates for the American greenback, said the economist.

"This has eaten up the benefits that the currency depreciation has brought."

Source: thedailystar.net- Dec 21, 2022
NATIONAL NEWS

India GDP grew by 9.7% in H1FY23, says Finance Ministry

India’s gross domestic product growth in the first half of the current fiscal year averaged at 9.7 per cent, the finance ministry said in its mid-year expenditure and revenue statement on Tuesday.

The ministry said it could not present the medium-term expenditure framework (MTEF), as mandated by the Fiscal Responsibility and Budget Management Act, because the global macro-economic situation disrupted the government’s projections. “India’s economic growth, measured by growth in GDP at constant prices, has been estimated at 9.7 per cent for the first half (April-September) of FY23, as compared to 13.7 per cent in H1FY22 and 4.7 per cent in H2 of FY22,” the ministry said.

On the MTEF, it said the FRBM Act states that if any deviation is made in meeting the fiscal obligations cast on the central government under this Act, the minister-in-charge of the finance ministry shall make a statement in both Houses of Parliament explaining any deviation in meeting the obligations.

“As per Section 3 (1B) of the FRBM Act, 2003, the MTEF Statement needs to be laid in the Parliament in the session immediately following the session of Parliament in which the Medium Term Fiscal Policy Statement, the Fiscal Policy Strategy Statement and the Macro-Economic Framework Statement are laid.” The three statements were laid in the Budget session.

“During preparation of the MTEF statement, assumptions have to be made regarding the growth rate of the economy and tax and non-tax receipts of the Government to come up with meaningful expenditure projections. Three continuous Covid-19 waves, Russia-Ukraine conflict, and global economic uncertainties have affected almost all macroeconomic indicators, making synchronisation between the Budget and medium-term goals difficult,” it said.

The ministry said that while expenditure projections for the year factored in GDP growth, and various obligations, effective management of the exogenous shocks and global uncertainties requires the additional flexibilities in terms of expenditure management and fiscal consolidation.
“Since the MTEF statement requires rolling targets for expenditure lines for the next two financial years, the normative increase will be based on the anticipated expenditure of the current fiscal year.”

“In the current financial year, the expenditures to stabilise the economic growth and also catering the needs of marginally weaker sections of the country amid the external economic shocks have pushed the expenditure upward. Therefore, any projections amidst global turbulence, having consequence on all major economies, may bring risk of considerable gap between projected numbers and actuals therein,” it said.

Source: business-standard.com- Dec 21, 2022
Shri Piyush Goyal participates in virtual Ministerial Meeting on Economic Benefits for the Indo-Pacific Economic Framework for Prosperity (IPEF)

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal along with U.S. Secretary of Commerce Gina Raimondo and other IPEF partner countries, participated in virtual Ministerial Meeting on Economic Benefits for the Indo-Pacific Economic Framework for Prosperity (IPEF).

Shri Goyal complimented partner countries for taking the initiative in right earnest. He expressed his belief that IPEF will promote inclusive development through enhancement of trade and investment in the region.

Minister Goyal extended invitation to all partners countries for the next special negotiation round for Pillars 2-4 of IPEF to be hosted by India on 8-11 February, 2023.

He urged members to focus energy on early harvest of deliverables which can benefit all the members. He was happy to note that there seemed to be a consensus among members on setting up of an investment forum consisting of private and public sector stakeholders to encourage investment in clean energy sector, during recent round at Brisbane, Australia.

The Minister shared his views on some of the common tangible benefits like capacity building; technical assistance, including sharing of expertise and best practices; investments, innovative projects, etc, expected out of this initiative.

Shri Goyal also shared with IPEF partners some of India’s specific expectations under IPEF. He said that India can contribute towards supply chain resilience in sectors like pharmaceuticals and invited support from members in semiconductors, critical minerals and clean technologies including on innovative projects which can be promoted beyond IPEF in other developing countries. He further talked about the non-paper submitted by India on some of the ideas like mobilization of financial resources for climate action at reasonable costs. He also drew attention of partner countries on need for measures to counter terror financing.
Further, the Minister expressed his full support to the negotiations schedule agreed at the Brisbane meeting held recently.

Secretary Raimondo welcomed India's offer to host the special negotiation round for Pillars 2-4 of IPEF and assured that the US IPEF team would work closely with India in this regard.

Source: pib.gov.in - Dec 20, 2022
**RBI speeds up bank approval for Russian rupee trade but exporters face issues**

To give a boost to India’s rupee trade with sanction-hit Russia, the Reserve Bank of India (RBI) has extended its approval to as many as 14 Indian banks, including UCO, YES, SBI, HDFC, Canara and IndusInd, to open special rupee vostro accounts in partnership with correspondent banks in Russia.

But exporters say the mechanism is yet to take-off smoothly as many Indian banks were hesitating to issue Bank Realisation Certificates (BRCs) to them, in the absence of which, they could not claim export incentives and benefits offered by the government. BRCs are confirmations that exporters have received payment for their exports from buyers.

“Exporters have taken up the issue with RBI in a recent meeting that was also attended by officials from the Department of Financial Services. RBI has assured that it will sort out the matter soon,” an official tracking the matter told businessline.

**Insurance cover**

Insurance cover for the export consignments to Russia is also a cause of worry for exporters, especially with Russian banks increasingly coming under European sanctions.

However, the Export Credit Guarantee Corporation (ECGC), the country’s primary export credit agency operating under the Ministry of Commerce, explained that while ECGC coverage was not available towards Russian banks appearing in EU sanction list, including VTB bank, cover would be available if the banks opened vostro accounts with Indian banks for rupee settlement.

**Boosting exports**

“The RBI is doing its bit to encourage rupee trade by expediting Vostro arrangement between Indian banks and correspondent banks in Russia. But the government has to also ensure that the system works on the ground for exporters. Banks have to be urged to be not so risk averse that they do not carry out basic functions like issuing BRCs,” a Kolkata-based exporter said.
India’s imports from Russia zoomed 413 per cent in April-October 2022 to $25.12 billion compared to the same period last fiscal. However, exports to Russia increased only 2.12 per cent to $1.65 billion creating a glaring trade deficit. The government expects India’s exports to Russia to rise once the rupee trade mechanism takes off as Russian buyers can use the rupee payment for oil bought by India to make their purchases.

Russian banks which will act as correspondent banks from Russia include Gazprom, VTB, Sberbank, Ros, MTS, Tinkoff, PJSC bank and Credit Bank.

Source: thehindubusinessline.com- Dec 20, 2022
CAI lowers cotton crop estimate to 33.97 million bales for 2022-23

The Cotton Association of India (CAI) on Tuesday reduced the cotton crop estimate by 4.25 lakh bales to 339.75 lakh bales for the 2022-23 season, beginning from October 2022, as the production in Haryana, Andhra Pradesh and Karnataka is expected to decline.

The total cotton production in the last season is estimated at 307.05 lakh bales, which is 32.7 lakh bales less than the current season estimates, the CAI said in a statement.

The production of cotton crop for 2022-23 season for Haryana is estimated at 13.02 lakh bales, Andhra Pradesh at 15 lakh bales and Karnataka at 24 lakh bales, according to CAI data.

The total cotton supply for October and November 2022 is estimated at 84.68 lakh bales, which consists of arrivals of 50.29 lakh bales, imports of 2.50 lakh bales and the opening stock estimated by the CAI at 31.89 lakh bales at the beginning of the season.

Further, the CAI has estimated cotton consumption for October and November 2022 at 40 lakh bales while the export shipments up to November 30 are estimated at 1 lakh bales.

The cotton supply estimated till the end of the cotton season 2022-23 is 383.64 lakh bales. It consists of the opening stock of 31.89 lakh bales at the beginning of the cotton season on October 1, 2022, crop for the season estimated at 339.75 lakh bales and imports for the season at 12 lakh bales.

The domestic consumption for the season is estimated at 300 lakh bales against 318 lakh bales in the previous season.

The exports for the season have been estimated at 30 lakh bales, compared to 43 lakh bales earlier.

Source: business-standard.com- Dec 20, 2022
India's apparel exports up in Nov 2022; textile stays in red zone

After a continued decline in previous months, India’s apparel exports rose 11.70 per cent year on year (YoY) in November 2022 to reach $1,198.09 million. However, the shipment of textiles stayed in the negative zone in November. Cumulative exports of textiles and apparel for the period between April and November 2022 also noted a declining trend.

India’s textile exports dropped by 30.11 per cent to $1,405 million in November 2022 compared to $2,010.41 million in November 2021. Exports of cotton yarn, fabrics, made-ups, handloom products etc declined to $803.17 million in November this year from $1,226.69 million in November last year.

Shipment of manmade yarn, fabrics, made ups, etc declined from $432 million to $355.37 million, and carpet exports decreased to $115.06 million from $148.68 million, according to an analysis of Confederation of Indian Textile Industry (CITI) based on the data released by Directorate General of Commercial Intelligence and Statistics (DGCI&S), ministry of commerce.

Cumulative exports of textiles and apparel during November 2022 registered a fall of 15.57 per cent as compared to November 2021. The shipment came down from $3,083.05 million to $2,603.09 million in the period under review, as per the data.

During April-November 2022, textile exports registered a YoY decline of 21.93 per cent to $12,754.27 million, while apparel exports witnessed a growth of 7.22 per cent to reach $10,358.36 million.

Cumulative exports of textiles and apparel during the first eight months of the current fiscal (April-March) were down 11.10 per cent to $23,112.63 million. Share of textiles and apparel in India’s total merchandise exports declined to 8.14 per cent in November 2022 as compared to 9.70 per cent in November 2021.

Global economic slowdown has hit Indian textiles and apparel exports during the last couple of months. But the recovery in shipment of garments indicates a sign of some respite to the Indian textile industry. High inflation across the developed world has reduced consumers’
purchasing capacity, which is the main cause of slowdown in the textile sector. Developing countries including India are facing serious challenges in textile exports.

Source: fibre2fashion.com- Dec 20, 2022
Cotton yarn prices in south India down despite improved buying

Like the north Indian market, the south Indian cotton yarn market also witnessed a slightly better demand today.

Demand, specifically from the domestic market, improved, but the prices of cotton yarn continued to remain under pressure. Cotton prices eased by ₹3-8 per kg in Mumbai. Traders were still anticipating improved buying from the downstream industry.

Mumbai market witnessed a further decline of ₹5-8 per kg in cotton yarn prices during the last week. “Some traders were quoting higher prices, but the improvement in buying will sustain only after the demand and production of garments increases,” a trader from Mumbai told Fibre2Fashion.

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,640-1,680 and ₹1,530-1,580 per 5 kg (GST extra) respectively. 60 combed warp was priced at ₹355-360 per kg. 80 carded (weft) cotton yarn was sold at ₹1,500-1,520 per 4.5 kg.

44/46 count carded cotton yarn (warp) was priced at ₹295-300 per kg. 40/41 count carded cotton yarn (warp) was sold at ₹282-288 per kg and 40/41 count combed yarn (warp) was priced at ₹300-305 per kg, according to Fibre2Fashion’s market insight tool TexPro.

In Tiruppur, demand from the local market was better than that from the export market, which caused buying to improve. However, prices continued to fall. Cotton yarn prices will increase only if buying continues to improve.

Today, 30 count combed cotton yarn was traded at ₹290-295 per kg (GST extra), 34 count combed at ₹305-310 per kg and 40 count combed at ₹315-320 per kg in the Tiruppur market.

Cotton yarn of 30 count carded was sold at ₹263-268 per kg, 34 count carded at ₹270-275 per kg and 40 count carded at ₹275-280 per kg, as per TexPro.
In Gujarat, cotton was traded at ₹63,000-63,500 per candy of 356 kg. The prices were down by ₹3,000-3,500 per candy since last week. However, the prices were stable today because of stronger prices of futures.

Cotton prices went down as some traders expect arrival of the natural fibre to increase. Cotton arrival estimates remained a point of dispute among the traders.

Source: fibre2fashion.com- Dec 20, 2022
Apparel exporters eyeing Japan, Oz and Canada

Apparel exporters of Tirupur and Noida have started tapping the markets of Japan, Canada and Australia amid fears that the deepening downturn in the US and European Union-their main buyers-will hit their trade, which recorded good growth last month.

"Japan at present buys 5% of their apparel requirements from India. But with Covid again spreading in China, it is looking at alternative countries to source readymade garments," said Lalit Thukral, president of Noida Apparel Export Cluster.

"We had a meeting with leading Japanese buyers and it is expected that they may divert 15-20% of their purchase to India."

Source: economictimes.com- Dec 21, 2022
Sri Lanka, Russia to use Indian rupee for international trade, more countries in talks

New Delhi: Sri Lanka has agreed to use Indian rupee (INR) for international trade. It comes days after the Government of India said it is looking at ways to bring countries that are particularly short of dollars into the ambit of Indian rupee trade settlement mechanism.

Central Bank of Sri Lanka (CBSL) said it is waiting for RBI’s (Reserve Bank of India) approval to designate Indian rupee as foreign currency of Sri Lanka.

Sri Lankan banks have reportedly opened special rupee trading account called – Special Vostro rupee accounts, or SVRA – for trading in INR.

Also, the neighbouring island nation has requested RBI to facilitate and promote trade as well as tourism in the SAARC region.

How will it benefit Sri Lanka?

Severe economic crisis and dollar crunch have been weighing on Sri Lanka for almost a year. Designating the Indian rupee as a legal currency will provide the island nation with much-needed liquidity support.

With the opening of Vostro accounts, people in Sri Lanka can now hold USD 10,000 (Rs 8,26,823) in physical form.

Also, Sri Lankans and Indians can use Indian rupees instead of US dollars for international transactions between each other.

Notably, since July this year, the Indian government has been looking to bring countries that are short of dollars, into its rupee settlement mechanism.

Indian rupee trade settlement

The Indian rupee trade settlement mechanism is a means of using the Indian rupee in all international transactions instead of dollars and other big currencies.
The RBI, on 11 July, announced the setting up of a mechanism to carry out international trade in Indian rupees.

The mechanism will enable all exports and imports to be denominated and invoiced in the Indian currency, while the exchange rate between the trading partners is settled by the market.

The Finance Ministry of India has also asked the Indian Banks’ Association (IBA) and the FIEO to initiate an awareness campaign to sensitise stakeholders about the rupee trade.

Importers in India undertaking imports through the mechanism will be required to make payment in rupees which must be credited into the Vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller or supplier.

In a similar way, exporters of India exporting goods and services through this mechanism must be paid the export proceeds in the Indian currency from the balance in a designated Vostro account of the correspondent bank of the partner country.

Russia to trade in Indian rupee

Russia is also expected to be one the first countries to use the Indian rupee trade settlement mechanism.

Not just Sri Lanka and Russia India’s rupee trade settlement mechanism is also attracting interest from other countries including Tajikistan, Cuba, Luxembourg and Sudan.

Notably, rupee becoming an international currency would possibly reduce India’s trade deficit and will help strengthen it in the global market.

Source: firstpost.com- Dec 19, 2022
Drop in revenue increase due to tariff revision for MSMEs and textile segments: Senthilbalaji

Tamil Nadu Electricity Minister V Senthilbalaji said the projected revenue increase as a result of the power tariff revision will see a drop on account of a cut in tariff for certain segments.

“With the tariff increase, we expected a ₹19,000 crore increase in Tangedco’s revenue per year. However, with the reduction of tariffs in certain categories for MSMEs, handloom and powerloom sectors, among others, we are getting an additional revenue of only about ₹1,000 crore per month (as against the projected ₹1,583 crore),” a statement quoting the Minister said.

Tangedco’s revised tariff structure for domestic and other categories came into effect this September after the Tamil Nadu Electricity Regulatory Commission (TNERC) accepted the tariff increase proposed by Tangedco. The regulator has also allowed for an annual revision of tariffs going forward.

The previous tariff order was issued in August 2017, and since then, no tariff orders have been issued. As a result, the prevailing tariff rates were inadequate to cover the increasing power purchase costs.

Revenue loss

In FY22, Tangedcoclocked a total revenue of ₹72,096 crore and incurred a revenue loss of ₹11,213 crore, down from ₹13,407 crore in FY21, when it posted a revenue of ₹63,389 crore.

The minister said Tangedco was collecting details on the damages caused by cyclone Mandous, and the details will be shared once the exercise is completed.

The total installed capacity of Tangedco is 32,500 MW, and there is a plan to increase the capacity to 65,000 MW by 2030.

He said Tangedco has taken various measures to rationalise costs and improve revenues. The sale of fly ash fetched ₹7 crore in revenue in FY22, and this year it has doubled and stands at about ₹14 crore. Also, interest
payments towards REC (Rural Electrification Corporation) have come down from the previous level of ₹84 crore per year as it has reduced the interest rate from 13 per cent to 10 per cent. Tangedco has taken ₹6,600 crore loan from REC.

Source: tribuneindia.com- Dec 19, 2022
Effort to increase branding efforts for weavers’ products around the world: Karnataka CM

In an effort to improve the productivity of weavers in Karnataka and boost economic growth, the state Chief Minister Basavaraj Bommai on Tuesday said that he is trying to increase branding efforts for the weavers’ products around the globe, as per a report by ANI.

The Minister was speaking in the Suvarna Soudha Conference Hall in Belagavi after being felicitated by the weavers for fulfilling their long due demands on Monday.

“The government will take all necessary steps in this regard,” said CM Bommai. He also informed that the textile policy will accordingly be amended in the upcoming days.

“Karnataka has been the biggest exporter of textiles in the country and the Ilkal saree is quite famous across the country. But it needs branding on a national level and for which an agreement will be signed with online platforms like Amazon,” Bommai added.

Meanwhile, the CM also mentioned that the weavers will be given loans up to Rs 2 lakh with zero per cent interest rate. Moreover, they will get 50 per cent concession in power charges and fixed charges for purchasing handloom and powerloom units. The allowances are on the lines of the initiatives taken by the state of Tamil Nadu.

“A saree may be sold for Rs 50,000 but the profit will not come to weavers. Weaving is an art and the government will extend all help. The weavers have a history of hundreds of years and they fully supported it when the people decided to stop wearing the western cloth and use only swadeshi cloth. This profession has given the maximum number of jobs to youths when compared to other industries. The employment opportunities are abundant in the textile industry and it is very important to promote this sector in the interest of the country,” he added.

Keeping in mind the critical role of weavers, Bommai said that those working in looms will be treated as unorganised labourers and will be able to access all benefits accordingly. The government is working towards the welfare of weavers and is cognizant of the health problems faced by them, he added.
The Chief Minister highlighted that the Nekar Sanman scheme has been extended to weavers who work on power looms in addition to handloom weavers. The scheme to provide monetary assistance to the pandemic battered weavers was a part of the Rs 1,610 crore Covid Relief Package released by the Karnataka Government in the year 2020.

The subsidy given to the professional weavers community has also increased from 30 per cent to 50 per cent.

Besides, the weaving products are being included in the Education Department’s Vidya Vikas scheme for free uniforms for students. This will enable the education department to order the uniform cloth from weavers. The tenders will be floated to order the cloth for remaining quantity depending on the capacity of the Government Weavers Corporations.

The state will buy 25 per cent of the uniform requirement of various departments from Karnataka Handloom Development Corporation, the report added.

Source: financialexpress.com- Dec 20, 2022


**Punjab losing area under cotton; only 7-8 ginning units of 80 working**

Ginners, who separate lint (white fibre) and seed from raw cotton, in Punjab have been facing a serious threat to their businesses since the area under cotton crop started decreasing in the state.

This cotton season, their business reached a new low as currently, only 7-8 ginning units of are functional of a total of nearly 80 units across the cotton belt in Punjab.

For every quintal (100 kg) of kapas or unginned cotton, the recovery of lint is 33-36 kg and 63-66 kg of seed. The seed, in turn, is crushed to produce oil and de-oiled cake. Cottonseed oil is used in cooking, while the protein-rich cake is used as an animal feed.

Ginners said that cotton, which is a crucial crop in the state and one of the best alternatives to paddy, needs major attention from the government as it is not doing well in the state for the past 7-8 years and the condition has started worsening since the attack of Whitefly on it in 2015-16.

Due to the poor scenario of the crop in the state, the ginning industry has also been affected badly and the number of ginning units has reduced from some 100s to just 80 now in the past decade.

Bhagwan Bansal, who owns ginning unit – SS Cotgin Pvt Ltd – in Bathinda, said that now there are only 80 ginning units in the state and of that, 7-8 are functional and the remaining, including his own are shut since October.

In his unit, 150 bales of lint (one bale equals 170 kg) used to be pressed per day. He said that no raw material could be available to him locally in the peak season of cotton harvesting while transporting it from neighbouring Haryana and Rajasthan was not viable for him.

Bansal, who is also the patron of Punjab Cotton factories and Ginners Association, said that last year, the crop was damaged due to a Pink Bollworm attack and this year also its attack was seen in some pockets along with the attack of whitefly because cotton production is quite less.
In addition to that whatever kapas was produced this year, the majority of the production is lying with the farmers as they are not bringing it to the mandis. They said that they are waiting for the price to rise above Rs 10,000 per quintal.

Furthermore, due to frequent attacks of one or the other disease on the crop for the past some years, and heavy water logging in several parts of the cotton belt, the crop is also getting destroyed. Farmers now have little interest in cotton cultivation and the area is being diverted to paddy.

The association suggested immediate and long-term solutions to save the ginning industry in the state. As an immediate solution, the government should waive PSPCL fixed charges on the ginning industry as no entrepreneur can pay these charges for closed units. The government should completely waive of Mandi Fees & Rural Development Funds (RDF) for two years before they can purchase narma (raw cotton) from neighbouring Haryana and Rajasthan to feed their units.

For long-term measures, the association suggested that massive extension services must be launched to educate farmers about good quality seeds, eco-friendly pesticides and knowledge about every possible attack of diseases on the crop, precautions against such attacks and control the attacks etc.

The Punjab government should jump in to revive the crop as due to a lack of knowledge about saving cotton crop from various diseases now every cotton grower is shifting toward the paddy crop gradually which is quite an unfortunate development for a state like Punjab, which needs to reduce area under water-guzzling paddy, Bansal said.

“The government must form a cotton research centre in the cotton belt where farmers are trained in cotton sowing, a budget provision must be kept for the water management by draining out the water from the waterlogged cotton belt, government’s pesticide centres must be opened so that farmers can get genuine pesticides during the cropping season,” said Bansal, adding that Punjab Agriculture University (PAU), Ludhiana, must play a big role here by developing good seeds and making farmers aware about decreasing input cost and increasing productivity.
According to the Punjab Agriculture department, area under cotton was 7.58 lakh hectares (11% of India’s total area under cotton) in 1988-89 with production of 21.18 lakh bales, which was 26% of India’s total production, which it has come down to 2.48 lakh hectares this year (around 2% of India’s total area) with expected production of 4.04 lakh bales, which is 1.17% Indian’s expected cotton production this year.

In India 70.34 lakh hectares area was under cotton in 1988-99 with total production of 80.74 lakh bales and it has increased to around 12.5 million hectares area in 2022-23 with expected production of 344 lakh bales, which is around 2% of India’s total area.

Source: indianexpress.com- Dec 21, 2022
Year-ender: Bright outlook for cotton seed industry, says NSAI President

Geopolitical issues and good rains have augured well for farmers in 2022, according to M Prabhakara Rao, the President of the National Seed Association of India (NSAI). Talking to businessline, Rao, who is also the Chairman and Managing Director of Nuziveedu Seeds, expressed optimism for 2023.

How has the year been for the agriculture sector?

It has been a good year for Indian agriculture as prices of several agri commodities have gone up because of geopolitical issues.

Excess rainfall in the South and in some parts of the country this year has helped farmers growing crops like paddy, sugarcane and maize. Farmers reaped good returns on higher prices internationally.

Q: But there have been poor rains in certain States?

Poor rains in States like West Bengal and Bihar have caused some concerns as it could lead to fall in production of paddy. We expect a normal rainfall next year and expect the farmers to cash in on the demand.

Q: How do you see the spike in cotton prices?

The Russia-Ukraine war and the US banning the cotton grown in the Xinjiang region of China had resulted in a spike in cotton prices. This has helped cotton farmers in India in getting good returns.

That the Xinjiang region contributes over 80 per cent to China’s overall cotton production shows how significant the US ban would be for India. There was a tremendous potential for cotton in the country as the domestic demand for the commodity is increasing significantly. There is a demand for 60 lakh bales more to meet the consumption needs. Bangladesh, a major textile player in the world, is also dependant on us. The outlook for this crop is bright. While the country needs more of the commodity, the output witnessed a drop of 30-40 lakh bales, offering a significant opportunity for farmers.
Q: What’s the outlook for the seed industry?

The outlook for the cottonseed industry is bright as we expect an increase of up to 10 per cent in the area next time. The demand from the domestic and international markets would encourage farmers to increase the area.

Source: thehindubusinessline.com- Dec 20, 2022