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IBTEX No. 1 of 2023 **January 2, 2023**

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INTERNATIONAL NEWS

Global economy faces tougher year in 2023: IMF's Kristalina Georgieva

For much of the global economy, 2023 is going to be a tough year as the main engines of global growth - the United States, Europe and China - all experience weakening activity, the head of the International Monetary Fund said on Sunday.

The new year is going to be "tougher than the year we leave behind," IMF Managing Director Kristalina Georgieva said on the CBS Sunday morning news program "Face the Nation." "Why? Because the three big economies - the U.S., EU and China - are all slowing down simultaneously," she said.

In October, the IMF cut its outlook for global economic growth in 2023, reflecting the continuing drag from the war in Ukraine as well as inflation pressures and the high interest rates engineered by central banks like the U.S. Federal Reserve aimed at bringing those price pressures to heel.

Since then, China has scrapped its zero-COVID policy and embarked on a chaotic reopening of its economy, though consumers there remain wary as coronavirus cases surge. In his first public comments since the change in policy, President Xi Jinping on Saturday called in a New Year's address for more effort and unity as China enters a "new phase."

"For the first time in 40 years, China's growth in 2022 is likely to be at or below global growth," Georgieva said. Moreover, a "bushfire" of expected COVID infections there in the months ahead are likely to further hit its economy this year and drag on both regional and global growth, said Georgieva, who traveled to China on IMF business late last month.

"I was in China last week, in a bubble in a city where there is zero COVID," she said. "But that is not going to last once people start traveling."

"For the next couple of months, it would be tough for China, and the impact on Chinese growth would be negative, the impact on the region will be negative, the impact on global growth will be negative," she said.

In October's forecast, the IMF pegged Chinese gross domestic product growth last year at 3.2% - on par with the fund's global outlook for 2022. At that time, it also saw annual growth in China accelerating in 2023 to 4.4% while global activity slowed further. Her comments, however, suggest another cut to both the China and global growth outlooks may be in the offing later this month when the IMF typically unveils updated forecasts during the World Economic Forum in Davos, Switzerland.

US ECONOMY 'MOST RESILIENT'

Meanwhile, Georgieva said, the U.S. economy is standing apart and may avoid the outright contraction that is likely to afflict as much as a third of the world's economies. The "U.S. is most resilient," she said, and it "may avoid recession. We see the labor market remaining quite strong."

But that fact on its own presents a risk because it may hamper the progress the Fed needs to make in bringing U.S. inflation back to its targeted level from the highest levels in four decades touched last year. Inflation showed signs of having passed its peak as 2022 ended, but by the Fed's preferred measure, it remains nearly three times its 2% target.

"This is ... a mixed blessing because if the labor market is very strong, the Fed may have to keep interest rates tighter for longer to bring inflation down," Georgieva said. Last year, in the most aggressive policy tightening since the early 1980s, the Fed lifted its benchmark policy rate from near zero in March to the current range of 4.25% to 4.50%, and Fed officials last month projected it will breach the 5% mark in 2023, a level not seen since 2007.

Indeed, the U.S. job market will be a central focus for Fed officials who would like to see demand for labor slacken to help undercut price pressures. The first week of the new year brings a raft of key data on the employment front, including Friday's monthly nonfarm payrolls report, which is expected to show the U.S. economy minted another 200,000 jobs in December and the jobless rate remained at 3.7% - near the lowest since the 1960s.

Source: business-standard.com- Jan 02, 2023

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WTO in 2022: Pact to push LDC role in global system, Geneva Package

An agreement with the United Nations to strengthen cooperation to boost participation of least developed countries (LDCs) in the global trading system and the 'Geneva Package' of agreements, which include responses to food insecurity and the COVID-19 pandemic and extension of a moratorium on e-commerce were some of the major developments at the World Trade Organisation (WTO) this year.

WTO director general Ngozi Okonjo-Iweala and Sandagdorj Erdenebileg of the UN High Representative for LDCs signed the partnership agreement in Geneva in June on the eve of the 12th Ministerial Conference (MC12). The 'Geneva Package' was also approved at the same conference.

WTO members agreed to maintain the current practice of not imposing customs duties on electronic transmissions until MC13. The members also agreed to reinvigorate their work under the Work Programme on e-commerce, including challenges and opportunities affecting the developing countries and LDCs.

In January, WTO authorised China to impose $645 million worth compensatory tariffs against the United States. Terming the decision 'deeply disappointing', the office of US trade representative (USTR) said the decision 'reinforces the need to reform' WTO rules that had been used to 'shield China's non-market economic practices and undermine fair, market-oriented competition'.

China approached the WTO in 2012 to challenge anti-subsidy tariffs the United States imposed between 2008 and 2012 on 22 Chinese products ranging from solar panels to steel wire. The decade-long case involving alleged subsidies has centred on whether the United States could treat Chinese firms in which the government owns a majority stake as controlled by the state.

Climate change is a major threat to future growth and prosperity due to potential productivity losses, production shortages, damaged transport infrastructure and supply chain disruptions, WTO said in its 2022 edition of World Trade Report.

"The report argues that trade is a force for good for climate and part of the solution for achieving a low-carbon, resilient and just transition," WTO director general Ngozi Okonjo-Iweala said in her foreword to the report released at the 27th United Nations Climate Change Conference (COP27) in Sharm el-Sheikh, Egypt.

Source: fibre2fashion.com- Dec 31, 2022

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China launches several new international freight train routes in 2022

China launched several new freight train routes in 2022 that connected its various provinces to Vietnam and Laos in southeast Asia; Uzbekistan, Kazakhstan, Russia, Iran and some Central Asian countries; and Hungary, Netherlands, Germany and Italy in Europe. These routes save both cost and time for exporting goods and are less polluting than shipping.

They also save labour, and are safer and more efficient than normal ocean shipping.

The first China-Vietnam freight train route linking northwest China's Shaanxi province to Vietnam became operable in August. Earlier in March 2022, a freight train left Guoyuan port in Chongqing municipality for Hanoi, launching a new freight train route between China and Vietnam. The route, a part of the New International Land-Sea Trade Corridor, shortens the transport time to four to five days.

The first international freight train running via the China-Laos Railway, from China's Liaoning province departed on April 22 from provincial capital Shenyang for Vientiane, loaded with 25 forty-foot containers of cargo. The operation of the freight train service marked the beginning of the trade via railway between northeast China and countries in the Association of Southeast Asian Nations (ASEAN) region, according to the China Railway Shenyang Group Co. Ltd.

In August, a freight train carrying over 1,000 tonnes of goods with a combined market value of 30 million yuan ($4.4 million) left the city of Wuxi in east China's Jiangsu province, headed for Uzbekistan and Kazakhstan. The new train service linking east China's Wuxi with Uzbekistan and Kazakhstan reduces the time taken compared to sea route transport by at least 20 days.

A new cargo train carrying 50 containers departed on January 12 from Urad Back banner (division) in China's Inner Mongolia Autonomous Region, which arrived in Moscow in about 10 days. After a few days on January 18, a new cargo train to Moscow departed from Quanzhou in Fujian Province. Both the trains were the first China-Europe freight trains from the cities. The Urad Back banner in the city of Bayannur is a significant hub connecting China and Mongolia and a node city of the new Silk Road Economic Belt. Quanzhou is an important starting point on the Maritime Silk Road.

In June, a cross-Caspian international freight train departed from Yinchuan in China's Ningxia autonomous region to Anzali in Iran. It crossed border from the Horgos port in Xinjiang, and crossed the Caspian Sea through Kazakhstan to reach Anzali. The launch of the train opened up a new international logistics channel for Ningxia to cross the Caspian Sea into West Asian countries for the first time, which is of great significance to promoting economic and trade exchanges between Ningxia and Iran, official Chinese media reported.

The first China-Europe freight train from Shanghai to Central Asia departed on July 28, 2022. The train reached Almaty, Kazakhstan, carrying over 980 tonnes of goods, according to Shanghai Customs.

In August, a freight train carrying 100 twenty-foot equivalent unit (TEU) containers left Hefei, capital of east China's Anhui province, for Budapest, Hungary, marking the first trip between the two cities.
A new China-Europe freight train service started from Jinhua in east China's Zhejiang province to reach Venlo in the Netherlands. The first train on the route departed on July 20. The service is expected to boost the textile-apparel trade between the two countries.

A new freight train connecting Germany's Mannheim and China's Qingda—a distance of around 12,300 km—was also launched. The first train on the line—loaded with 100 standard containers—set off from Qingdao on February 18 and it arrived in the German city after 22 days, according to operator China Ocean Shipping Company (COSCO).

Earlier in January, A new China-Europe freight train route started between Suzhou city in east China's Jiangsu Province and Milan in Italy to transport goods. The first train linking the two cities completed the trip in 25 days.

Additionally, in September 2022, 25 new freight train routes passing through the Alataw Pass, a major land port in Northwest China's autonomous Xinjiang Uygur region, were introduced. The pass enables the trade of goods including cotton yarn, clothing, and accessories. With the launching of these additional routes, the total number of China-Europe freight train routes through the Alataw Pass have increased to 90.

Source: fibre2fashion.com - Dec 31, 2022

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Bed products top in US import of home textiles from Europe

The United States imported home textiles from Europe worth $621.678 million in the first nine months of 2022. Bed products topped the list with a value of $182.215 million during the period, constituting 29.31 per cent of total home textiles import by the US. Floor products were second on the list, accounting for 25.55 per cent of the total US imports.

The US' imports of floor items from Europe were valued at $158.815 million in January-September 2022, which was 25.55 per cent of the total home textiles imports by the US.

The inbound shipment of made-ups was $90.183 million (14.51 per cent), furnishing articles $57.512 million (9.25 per cent), camping $37.067 million (5.96 per cent), window $30.308 million (4.88 per cent), bathroom & kitchen $28.250 million (4.54 per cent), and table $18.815 million (3.03 per cent), according to Fibre2Fashion's market insight tool TexPro

Sets, worn clothing and used/new rugs were the other home textiles items imported by the US, which totalled $13.067 million (2.10 per cent).

In 2021, the US had imported total home textile products worth $830.597 million. Out of which, floor import was $257.192 million (30.96 per cent), bed products $246.893 million (29.72 per cent), Made-ups $107.773 million (12.98 per cent), furnishing articles $77.082 million (9.28 per cent), camping $41.283 million (4.97 per cent) and bathroom & kitchen $36.015 million (4.34 per cent), as per TexPro.

Source: fibre2fashion.com – Jan 02, 2023

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Cambodia-China bilateral trade volume rises by 19% in 2022: PM Hun Sen

Trade volume between Cambodia and China reached $14.5 billion in 2022, a rise of 19 per cent compared to last year, according to Prime Minister Hun Sen. He attributed the rise to the Cambodia-China Free Trade Agreement that entered into force in January last year and expressed hope that his country will import more goods to China in future.

He was addressing the groundbreaking ceremony for the upgradation of National Road No. 21 and No. 2 in Kampot and Kep provinces, a Cambodian newspaper reported.

Cambodia's exports to China include garments and agricultural products. Imports include cotton, textiles, cotton, metal, construction materials, appliances and electronics, plastics, aluminum, furniture, paper and cardboard.

Source: fibre2fashion.com – Jan 01, 2023

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China's manufacturing PMI drops to 47 in Dec 2022

China's manufacturing purchasing managers' index (PMI) came in at 47 in December last year, down from 48 in November, according to data from the National Bureau of Statistics, which recently said the sub-index for large enterprises stood at 48.3 per cent in December, down by 0.8 percentage points from the previous month. Manufacturing demand declined as well.

A reading above 50 indicates expansion, while a reading below 50 reflects contraction.

The sub-index for production stood at 44.6 in December, down by 3.2 percentage points compared to the previous month.

The sub-index for new manufacturing orders dropped in December 2022 by 2.5 percentage points from a month earlier to 43.9, a state-controlled news agency reported.

The PMI for the country's non-manufacturing sector stood at 41.6 in December, down from 46.7 in November.

Source: fibre2fashion.com – Jan 01, 2023

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Japan's apparel imports from China sees sharp rise in recent months

Japan's apparel import from China has witnessed robust growth of around 50 per cent in recent months. The value of apparel import, which was $914.789 million in June 2022, increased to 1,641.762 million in August. The upward trend in Japan's import indicates shifting of Chinese market after restrictions were put in place by the United States in June 2022.

Japan's monthly import was $1,043.636 million in July, $914.789 million in June and $1,018.363 million in May 2022, but it jumped sharply to $1,641.762 million in August, according to Fibre2Fashion's market insight tool TexPro. The inbound shipment slightly eased to $1,523,965 million in September and $1,438.483 million in October 2022. But the gains remained intact to some extent.

The import has recorded robust growth in third quarter of this year. It rose to $4.209 billion in July-September 2022 against $2.8 billion of April-June 2022. Total import reached $11.759 billion in the first ten months of the current year. Japan's apparel import from China last year was $13.878 billion, as per TexPro. If the trend of third quarter continues, Japan's import of current year is expected to cross the last year's figure.

Japan's import of apparel from China was recorded at $13.342 billion in 2020, $15.903 billion in 2019, $16.992 billion in 2018 and $16.754 billion in 2017.

Source: fibre2fashion.com – Jan 01, 2023

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Vietnam aims to make textile industry 'greener'

Many industries in Vietnam are adopting green production methods to maintain and expand their export markets, including the textile industry. Thanks to this industry's transformation, many domestic enterprises have obtained green production certifications from strict markets.

Recognizing the green production trend, this company has built factories, equipped them with modern machinery by European standards and convert production activities accordingly. It now has a global organic and recycled fabric product certification, thanks to sustainable production process, strict process regulation and raising employees' awareness.

Tran Van Quy, Chairman of BOD, General Director, Trung Quy Group said that the process though challenging, has produced great results. We can improve product quality, expand market, gain customers' trust and affirm the company's value in the textile industry. Applying green production is a prominent goal for the domestic textile industry to keep up with the global trend. However, some still face many difficulties in this transition because it requires changing the whole production chain. The successful businesses show the potential of Vietnam's textile industry for green growth.

Pham Xuan Hong, Chairman of HCM City Textile and Embroidery Association said that in order to meet the requirements of trade agreements, it is necessary to make the environment greener and improve the quality of raw material sources. "Businesses need to ensure transparency alongside their growth. The company's green efforts such as using renewable energy, and saving water must be shown through digital management to be of value to consumers," said the chairman of Vietnam Textile and Apparel Association, Vu Duc Giang.

The textile and garment industry will continue to develop the value chain for all processes, from yarn production to fabric and apparel, and apply green production methods. Their goal is to reach 47 billion USD in exports by 2023 and transform Vietnam into a global textile and garment hub.

Source: thaipbsworld.com – Jan 01, 2023

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2022 sees Bangla Trade Organisation Bill, RMG Employment Injury Scheme

Bangladesh last year saw passage of the Trade Organisation Bill 2022, the Export Policy 2021-24 becoming effective, creation of a digital database of workers, introduction of the Employment Injury Scheme for garment workers, and formation of a joint committee by three garment industry bodies to expedite export and ensure better supply chain collaboration, writes Dipesh Satapathy.

Let us take a look at the major developments.

Policy

The Trade Organisation Bill, 2022, introduced in January and aimed at allowing foreign traders to form joint trade bodies in Bangladesh, was passed in Parliament in April. It replaced the Trade Organisations Ordinance, 1961. Some legal provisions were included for women entrepreneurs in trade organisations through licensing.

Bangladesh's Export Policy 2021-24 became effective from March 23, with the highest priority attached to 14 sectors, including denim, man-made fibre, garment accessories, jute, home textiles and shoes, to boost foreign-currency earnings. It has policies to navigate potential challenges following the graduation from the least developed country (LDC) status in 2026, the fourth industrial revolution, research and development activities and coping with the COVID-induced blow to exporting sectors. The government aims annualised export earnings worth $80 billion during the 2021-2024 period.

The Bangladesh Bank in July extended the increased borrowing deadline from the $7-billion Export Development Fund (EDF) for textile millers and readymade garment (RMG) makers to December 31. The disbursement deadline was June 30 earlier. In another notice, it asked banks not to disburse loans from the EDF if clients fail to repay from their export earnings. That was the third such extension.

Last January, the central bank raised the loan limit to $30 million from $25 million to help exporters offset the business slowdown induced by the pandemic.

In June, the government decided to create a digital database of 3 lakh workers from around 10,000 entities from both the formal and informal sectors. The enlisted workers will receive labour identification numbers during the pilot period. The Labour Information Management System will digitally manage labourers' information and help develop their skills for workplaces.

Germany committed to extend another grant of €191 million to Bangladesh at the latest round of bilateral development cooperation talks in December. The amount now stands at €275.1 million. Since 1972, the overall amount has reached more than €3.2 billion.

Textile & Garments

Bangladesh and Germany signed an agreement in January to support five projects worth €20.15 million, to be jointly implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) and partner ministries and institutions in Bangladesh. The grant will be used for interventions in the textile sector and for the promotion of e-mobility in Bangladesh. It will also ensure access to clean energy for Bangladeshis.

In the same month, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and the Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA) formed a joint committee to expedite export of apparel items and ensure better supply chain collaboration and mutual benefits. The committee will deal with trade-related issues and settle disputes that arise among garments manufacturers and accessories-packaging suppliers.

In March, the government raised the maximum wastage rate for raw materials used to produce apparel following a strong disagreement with stakeholders on the earlier rates. Though apparel manufacturers hailed the commerce ministry decision, they said scope does exist to raise the rate further on some value-added products.

The US Agency for International Development launched a $5-million project in March to empower women working in RMG factories in the country. CARE Bangladesh is implementing the project, titled 'Women Thrive in Bangladesh', and expanding professional development opportunities for over 100,000 women.

The government agreed in June to introduce the Employment Injury Scheme for RMG workers beginning July. The agreement was reached during a meeting between the country's labour and employment ministry and the International Labour Organisation (ILO) in Geneva.

A five-year initiative called Mapped in Bangladesh (MiB) is compiling and mapping export-oriented RMG factory data using the factory census approach. It had mapped 3,723 factories by mid-March. The project is being implemented by the Centre for Entrepreneurship Development of Brac University, funded by Laudes Foundation and the Netherlands government, and being coordinated by BRAC—an international development organisation based in Bangladesh.

The central bank in September cut the interest rate on loans under a programme started in 2019 that offers funds to RMG units to reinforce their safety system and improve environmental standards. The initial maximum annual interest rate of 7 per cent was reduced to 5 per cent.

Industrial

Textile mills in Bangladesh have been operating at only 30-40 per cent of their total production capacity since the gas shortage started in March 2022, the Bangladesh Textile Mills Association (BTMA) said in October. At least three-fifths of the 1,700 BTMA member factories were in a vulnerable position due to this.

Mills located around Dhaka—in Narayanganj, Araihazar, Madhabdi, Ashulia, Savar, Gazipur, Sreepur, Bhaluka regions, as well as those in Chittagong and Comilla were facing an average of 12-hour shutdowns.

The Bangladesh Economic Zones Authority (BEZA) in April signed a term sheet with India's Adani Ports and SEZ Limited to establish an Indian economic cone at Mirsarai in Chittagong under government-to-government engagement. That was intended to start full-fledged activities for the development of the economic zone. Other processes, including the formation of a company to operate the zone will start in phases.

BEZA and the China Road and Bridge Corporation signed a memorandum of understanding in August to begin work on developing an economic and industrial zone in Chattogram's Anowara sub-district. The zone is fully dedicated to Chinese entrepreneurs and investors.

ILO and the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) signed an agreement in August to enhance workplace safety and health in ten priority economic sectors. Several capacity-building and promotional activities will be carried out to strengthen workplace safety and health at institutional as well as enterprise levels. The activities will be supported by ILO's RMG programme funded by Canada and the Netherlands.

Foreign Trade

Australia will continue its duty- and quota-free treatment for exports from Bangladesh even after the country graduates from the LDC status. This commitment was made at a meeting of the first joint working group on trade and investment held in March in Canberra.

Apparel exporters will now get cash incentives and subsidies from the government on exports with 20 per cent local value addition as the Bangladesh Bank in May lowered the threshold for value addition from 30 per cent. Local value addition is calculated by deducting the import cost of materials used in production from the net free on board (FOB) export price.

Bangladesh leather and leather goods exporters can now apply to the discount committee of the Bangladesh Bank for over 5 per cent discount against export of their items. A circular in this regard was issued in December by the central bank. The apparel sector was the sole beneficiary of the benefit till now.

The decision will help such exporters offset the loss of export proceeds they often incur by offering buyers discounts of more than 5 per cent prescribed in the guidelines for foreign exchange transactions. In some cases, buyers bargain for additional discounts after settling the price. If exporters can show reasonable evidence of offering additional discounts, the discount committee will consider it.

The Bangladesh Bank in September allowed exporters to retain the value-added portion of export proceeds—the part of the export receipts available after import bills of exporters for back-to-back letters of credit are settled—in US dollars for 30 days instead of 15 days. The decision helped exporters tackle the losses from the USD-taka exchange rate fluctuation.

The central bank also permitted exporters to transfer the value-added portion of export proceeds to other banks for the settlement of import bills or liabilities of the EDF. It had instructed exporters in May to sell their export proceeds to the same banks through which they ship goods as many of them sold the dollars to the lenders that offered the higher rate, creating indiscipline in the foreign exchange market. The bank asked exporters in August not to retain the value-added portion for more than 15 days to make the domestic forex market stable.

Sustainability

BGMEA said in December end that 183 garment factories have the US Green Building Council's Leadership in Energy and Environmental Design (LEED) certification.

South Korea-based UN entity Green Climate Fund (GCF) signed a funding activity agreement (FAA) in July with the Infrastructure Development Company Limited (IDCOL) in Bangladesh for a previously-approved project promoting innovative private-sector investment in energy-saving technologies for the country's textile industry. The FAA was signed on the sidelines of the GCF board meeting in Incheon, South Korea. IDCOL will receive $256.5 million concessional financing to promote energy efficiency in textile and garment sectors in Bangladesh.

Logistics

A direct freight service started in February from Chattogram port to Europe, reducing lead time and costs. The first cargo ship on the route left for the port of Ravenna in Italy in the first week of the month. The route is expected to reduce shipment cost by around 40 per cent. A ship will take 16 days to reach Italy through this route instead of the earlier 40.

Bangladesh's private inland container depots raised charges for services involved in handling export-laden containers by 25 per cent in August citing the hike in fuel prices. The decision was arrived at by the Bangladesh Inland Container Depots Association and the Bangladesh Freight Forwarders Association.

Source: fibre2fashion.com- Jan 01, 2023

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NATIONAL NEWS

India's December manufacturing PMI expands to 57.8; highest in over 2 yrs

India's manufacturing industry ended 2022 on a solid footing as business conditions improved at the fastest rate in over two years while growth in new orders and output accelerated, a business survey showed on Monday.

The manufacturing purchasing managers' index, compiled by S&P Global, rose to 57.8 in December from November's 55.7, better than a Reuters poll median forecast for 54.3.

December's reading was the highest since October 2020 and above the 50-mark that separates growth from contraction for an 18th straight month. The survey was conducted December 6-19.

Monday's data cemented the view Asia's third-largest economy is better placed than many other emerging economies to weather the impact of a potential global recession.

"Following a promising start to 2022, the Indian manufacturing industry maintained a strong performance as time progressed, wrapping the year with the best expansion in production seen since November 2021," noted Pollyanna De Lima, economics associate director at S&P Global Market.

"Demand strength took centre stage among the reasons provided by firms for improvements in many measures. Additional materials were purchased and extra workers hired as companies sought to supplement production and maintain healthy levels of inventories. Input stocks rose at a near-record pace." While both new orders and output continued to grow strongly exports rose at the slowest pace in five months as slowing global demand weighed on exports.

Rising domestic demand, however, did little to improve conditions in the labour market as the rate of job creation eased to a three-month low.

While input price inflation remained relatively muted in December, the prices manufacturers charged for their goods rose at the quickest pace since mid-2022.

That might keep overall inflation above the Reserve Bank of India's medium-term target of 4% over the coming months, curtailing the chances of policy easing by the central bank anytime soon.

Optimism about the next 12 months was little changed, remaining close to historical highs. The index only dipped from November when it was the highest in over seven-and-a-half years.

"While some may question the resilience of the Indian manufacturing industry in 2023 amid a deteriorating outlook for the global economy, manufacturers were strongly confident in their ability to lift production from present levels," added De Lima.

Source: business-standard.com- Jan 02, 2023

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Export prospects for 2023 remain bleak as key markets face downturn

A demand slowdown looms over global trade in the new year, and India is unlikely to remain unscathed. New Delhi's export competitiveness and market diversification attempts will be put to rigorous test in 2023 as its top buyers — the US and the EU — face an extended period of growth deceleration, while China, its fourth-largest export destination, is bruised by the pandemic. India's export performance, which remained robust until the first half of 2022, started losing momentum in the second half, as external circumstances increasingly turned unfavourable.

Nevertheless, in many ways, 2022 proved to be a turning point for Indian trade. Goods exports are estimated to have breached the $400-billion mark for the first time and hit $440-450 billion in calendar year 2022, against $395 billion in 2021. Services exports may have touched a record $295-300 billion in 2022 from $254 billion last year.

More importantly, shedding inhibitions over trade deals that were long blamed for exacerbating its trade deficit, India signed a free trade agreement (FTA) with the UAE in February, the first with any economy in a decade.

Two months later, it hammered out an interim trade deal with Australia and is expected to start talks for a broader FTA with Canberra in January. New Delhi is now engaged in FTA negotiations with key economies — including the UK, the EU and Canada — and expects at least two of these pacts to fructify in 2023.

The government expects duty-free access under the FTAs, in addition to its renewed push for market diversification and product basket expansion, to help exporters turn the tide. But that will be easier said than done, at least in the short run.

The World Trade Organization (WTO) recently warned of a darkened 2023 and projected that global trade growth will drop to only 1% next year from 3.5% in 2022. It also cautioned about a contraction if the Ukraine conflict escalates. This means export prospects for countries, including India, could remain far more subdued in 2023 than this year. In fact, according to an earlier HSBC report, global economic growth deceleration explains for roughly a third of India's trade slowdown.

Moreover, economies like the EU have proposed to slap carbon border adjustment measures, which typically aim to tax imported goods, including steel and cement, from countries with less strict climate policies.

“India’s exports outlook for 2023 depends considerably on the oil price movement and the recovery in global demand,” said Ajay Sahai, director general and chief executive at the Federation of Indian Exports Organisation. “If oil prices remain around $75-80 per barrel, the global economy and trade may recover fast. The indications so far that prices of oil prices will come down. But we have to be watchful,” he added.

Global Trade Research Initiative co-founder Ajay Srivastava said the weak global trade growth forecast is currently influenced by a number of factors — elevated US inflation leading to fears of multiple events of interest rate hikes; Europe reeling under high energy prices; China’s Covid problems and the impact of US sanctions on high tech products; and the Ukraine war. What is also worrying is that, at 2%, India’s share in world trade is lower than its 3.5% share in world GDP.

“But the outlook may look up dramatically with the end of the Ukraine war, and China controlling Covid. Both are distinct possibilities,” he said. However, there are silver linings, too.

The rollout of 14 production-linked incentive (PLI) schemes in the aftermath of the pandemic will start boosting domestic manufacturing and ultimately prop up exports. Srivastava expected a “steep boost” to India’s electronics exports, as the PLI-supported production goes to market next year. This could somewhat offset the weak growth in traditional sectors like engineering and textiles.

Moreover, India’s services sector is expected to defy the sharp growth slowdown in the US and the EU better than the merchandise sector. If anything, the slowdown or recession in advanced economies may brighten the prospects for Indian services exporters, as these countries tend to start diverting a larger number of orders to cheaper destinations to cut down on costs, according to Services Export Promotion Council chairman Sunil Talati. This is especially true of segments like accountancy and legal services.

For instance, until November this fiscal, services exports jumped almost 29% from a year before to an estimated $204.4 billion. In contrast, goods exports rose by only 11% until November to $295.3 billion.

Meanwhile, goods imports, too, are expected to shoot up to a record $725 billion in 2022, against $573 billion in 2021. Elevated imports inflated the current account deficit to about a decade high of 4.4% of GDP in the second quarter. Of course, the pressure has eased from the December quarter and may remain benign in 2023, as import growth falters.

Source: financialexpress.com- Jan 02, 2023

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November exports to key markets bounce back after October dip

India's key export destinations such as the US, UAE, UK, Saudi Arabia and Indonesia — which saw contraction in shipments in October — witnessed a smart recovery in November, preventing another fall in the country's overall exports in November.

Data released in December showed that exports recovered in November to grow at 0.59 per cent from a 12 per cent contraction in October. Among the top-25 export destinations, while 17 saw contraction in shipments from India in October, the number came down to eight in November.

Exports to countries like China (-31 per cent), Bangladesh (-47 per cent), Belgium (-27 per cent), Nepal (-29 per cent), Australia (-42 per cent) Malaysia (-25 per cent), South Korea (-35 per cent) and Thailand (-4 per cent) continued to contract in November.

However, exports to the US (4.7 per cent), UAE (23 per cent), UK (7.6 per cent), Saudi Arabia (33.3 per cent) and Indonesia (20.9 per cent) expanded in November. They had contracted 21.2 per cent, 10.3 per cent, 21.9 per cent, 6.8 per cent and 0.5 per cent, respectively, in October.

Preliminary data for August had suggested annual contraction in exports while the government later revised the data showing double-digit growth in shipments.

During the first eight months (April-November) of FY23, exports grew 11.1 per cent to $295.3 billion.

The US and UAE retained their top position among India's export destinations and China dropped a notch to the fourth position. The Netherlands shot up to third place from seventh during the same period a year ago.

The economic slowdown in China and its now-abandoned zero-Covid policy have led to a sharp decline in shipments from India. Moreover, the impending recession in the developed world is expected to further drag down India's exports in FY23.

RECOVERY IN EXPORT GROWTH

(YoY in %)

Countries	October	November
US	-21.22	4.72
UAE	-10.03	23.04
Netherlands	43.17	53.01
China	-44.18	-30.97
Bangladesh	-48.88	-47.06
Singapore	34.92	7.94
Brazil	70.06	166.23
UK	-21.92	7.56
Saudi Arabia	-6.8	33.27
Indonesia	-0.53	20.91

Source: Commerce Ministry

Import restrictions on non-essential items by Bangladesh and Nepal have also led to a sharp fall in India's exports to its neighbouring countries. However, a sharp increase in petroleum exports at $65.3 billion in April-November — constituting a record 21.9 per cent of total exports — have kept India's overall shipments elevated. Majority of India's petroleum products were shipped to the Netherlands ($6.4 billion), UAE ($5.5 billion), Togo ($3.6 billion), the US ($3.7 billion) and Israel ($3.5 billion) during the April-November period.

The International Monetary Fund (IMF) has said India's exports growth would slow down from 44.8 per cent in FY22 to 4.9 per cent in FY23 and 2.8 per cent in FY24. "Recently-signed trade agreements with the UAE and Australia are expected to facilitate bilateral trade and investments. Free-trade agreements (FTA) with other partners are being discussed. These agreements and the shift from direct export promotion to development of export infrastructure are expected to support an increase in exports over the medium term.

However, external tariff and non-tariff barriers remain elevated and above those in regional peers. Reducing these barriers, including for intermediate goods, can give a powerful boost to integration in GVCs (global value chain)," it added in its latest Article IV consultation report.

Source: business-standard.com- Jan 01, 2023

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DPIIT working on new industrial policy; proposes scheme for Made in India

The Department for Promotion of Industry and Internal Trade (DPIIT) is working on a new industrial policy that proposes to increase financing sources for industry and a scheme for promoting Made in India brand, sources said.

It has suggested various ways for wider access to finance for the industry such as setting up of a development finance institution to provide finance at competitive rates and considering using some part of foreign exchange reserves for such funding.

The draft - Statement on Industrial Policy 2022 Make in India for the world - has been circulated to different ministries for their views and comments.

The proposed policy, sources said, is aimed at addressing issues and challenges of industry through certain policy measures to foster and create an innovative and competitive industrial ecosystem in the country.

To achieve the goals, it has identified six objectives such as the focus on competitiveness and capability; economic integration and moving up the global value chain; promoting India as an attractive investment destination; nurturing innovation and entrepreneurship; and achieving global scale, and standards.

Sources said that the proposal also includes the implementation of an integrated investment promotion strategy by involving district, state, national and international market synergies.

About the scheme for Made in India brand, they said it could serve as a platform for manufacturers to demonstrate local value addition which can enhance the country's credibility as a source of quality products.

Other suggestions in the proposed policy include providing performance-based loans and incentives for innovation and green growth; leveraging fintech; encouraging MSMEs to choose the corporate bond market; and accepting intellectual property rights as collaterals for loans.

Besides, it has suggested enabling supply chain financing; encouraging microfinance institutions to form cooperative groups and finance micro-enterprises at affordable rates.

This will be the third industrial policy after the first in 1956 and the second in 1991. It is likely to replace the industrial policy of 1991 which was prepared against the backdrop of the balance of payment crisis.

Further, the draft suggests rolling out social security schemes for women workers, and inclusion of labour-intensive industries under the production-linked incentive scheme.

It also proposes incentivising public procurement to promote Make in India, creating a national digital grid, developing a robust data protection regime, setting up of a technology fund, and creating a task force to continuously identify skill gaps.

For enhancing export competitiveness, the draft has proposed strengthening of the export finance systems.

On nurturing innovation, it has proposed the creation of innovation zones at the level of urban local bodies and the formulation of a national capacity development program.

The Department for Promotion of Industry and Internal Trade (DPIIT), under the Commerce and Industry Ministry, in August 2017 had floated a draft industrial policy.

Source: business-standard.com- Jan 01, 2023

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Govt may raise interest rate subsidy for MSME exporters

The government is considering raising interest equalization or subsidy benefits extended to small and medium exporters in the annual budget for 2023-24 to relieve some of the interest rate burden on them due to a tightening monetary policy.

The proposal to extend the low interest rate benefit is being examined at a time Indian exporters are facing headwinds on account of slowing demand in key markets amid record inflation and the threat of a global recession.

The government is examining the cost to the exchequer if the interest subsidy is hiked from 3% to 5% for micro, small and medium manufacturers, and from 2% to 3% for manufacturer-exporters and merchant-exporters exporting under 410 tariff lines.

The department of commerce is learnt to have discussed the proposal with the finance ministry amid concerns raised by exporters.

“The department of commerce is calculating the cost of the exercise. We are considering the demand to restore the Interest equalisation rates of 5% for MSME exporters and 3% for those dealing in 410 specified tariff lines," said a government official.

“Exporters are facing the burden of high interest rates and slowing international demand, and therefore, we are looking into the proposal of hiking the interest subsidy rates," said another government official.

The RBI-led monetary policy committee on 7 December hiked the repo rate by 35 basis points (bps) to 6.25%, the fifth raise in the current fiscal year, taking the policy rate to its highest since August 2018.

According to exporters, the credit rate for most of the MSMEs has already crossed the double-digit mark and is currently between 11% and 13%.

“We expect interest rates to go up further in the next few months or so. Therefore, there is an urgent need to restore the interest equalization benefit of 5% to manufacturer MSMEs and 3% to all 410 tariff lines as existed prior to October 2021 as cost of credit has crossed the pre-covid level and is impacting exporters. The interest equalisation benefits may be extended to all service exporters and all merchant exporters," said Ajay Sahai, DG and CEO, Federation of Indian Export Organisations (FIEO).

The scheme helps exporters get access to capital at a reduced cost. Exporters have been pressing the government to restore the interest equalization benefits amid the interest rate hikes.

The government had reduced the interest equalization benefit to 3% from 5% for MSME manufacturers over the last two years, as overall interest rates had come down and MSMEs were getting loans at 7-7.5% interest.

However, exporters argue, now MSMEs are being charged nearly 10% interest for loans, which is higher than the pre-covid level, and that the interest burden is only expected to rise.
The government budgeted ₹2621 crore for the scheme for FY23, against ₹3151 crore for FY22 in revised budget.

Queries emailed to the department of commerce and the ministry of finance remained unanswered till press time.

The central bank in March extended the interest equalisation scheme for pre and post shipment rupee credit for MSME exporters till March 2024. India's merchandise exports remained little changed in November year-on-year at $32 billion. The WTO has estimated global trade growth to slow to 1% in 2023 from 3.5% in 2022 amid heightened global uncertainty.

The interest equalisation scheme mostly covers labour-intensive and employment generating sectors like ready-made garments, toys, handicrafts, auto components and processed food.

Source: livemint.com- Jan 02, 2023

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India allows duty-free import of 51.4K MT ELS cotton from Australia

The Indian government has allowed duty-free import of 51,419 MT Extra Long Staple (ELS) cotton (minimum 28 mm) from Australia under the Economic Cooperation and Trade Agreement (ECTA). As per a notification issued by Directorate General of Foreign Trade (DGFT), Australia enjoys duty free market access of India for Extra Long Staple cotton (minimum 28 mm).

Australia government can allocate tariff rate quotas (TRQs) to its exporters or producers by giving them TRQ certificates up to the quota fixed for each commodity.

Of the 51,419 MT quota allowed by the Indian government, 419 MT ELS cotton (HS code 52010020) at zero import duty is for calendar year 2022. The remaining 51,000 MT will be quota for next year i.e., calendar year 2023.

Indian traders have mixed reactions on allowing duty-free import of cotton amid limited supply and higher prices during the cotton arrival season. Few traders expected easing in cotton prices in domestic market, but others argued that there is little room for easing in cotton prices due to limited quota and matching prices in the Australian market.

According to Fibre2Fashion's market insight tool TexPro, India imported cotton (HS code 5201) worth $193.277 million during the first nine months of 2022. India had imported 54.861 million kg cotton in the said period. Its cotton import jumped this year compared to the import of $66.011 million (30.344 million kg) in 2021. The inbound shipment was $6.352 million (3.358 million kg) in 2020, $33.068 million (17.284 million kg) in 2019, and $57.451 million (27.268 million kg) in 2018.

Source: fibre2fashion.com- Dec 31, 2022

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Trade agreements expected to bring orders to Tiruppur garment exporters

Garment exporters in Tiruppur are hopeful of bagging more orders in 2023 as India's economic pact with Australia has come into force and India is expected to sign a trade agreement with the UK soon.

K.M. Subramanian, president of Tiruppur Exporters' Association, told The Hindu that India exported garments worth ₹600 crore in 2020 and almost ₹900 crore in 2021. Tiruppur has nearly 60% share in this.

In 2022, exports to Australia from India crossed ₹600 crore between January and June. It is expected to have touched another ₹600 crore during the remaining period.

With the economic pact coming into effect from December 29, garment exports from India to Australia is expected to see almost 30% growth in the first year as Indian apparel products now have duty-free access to Australia.

Another major trade agreement that is expected to be signed soon is between India and the UK. "Officials have indicated that the garment sector will benefit from the agreement, when it is signed," he said. If an India - UK trade agreement is implemented, Tiruppur garment exporters will see another 30% growth in orders. So, the New Year will see Tiruppur registering significant jump in exports, he said.

Though the garment industry in Tiruppur is largely cotton-based, the manufacturers have started experimenting with manmade fibre (MMF) and in another three years, the share of MMF-based products in Tiruppur will go up. This will bring orders to the knitwear exporters all through the year, he said.

Source: thehindu.com – Jan 01, 2023

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At ₹1.50-lakh crore, GST mop-up in December is third highest this fiscal

Finance Ministry on Sunday reported collection from Goods & Services Tax (GST) in December at around ₹ 1.50-lakh crore. This is the third highest collection in the current fiscal. Experts feel with this trend, the government will be able to collect through GST more than budget estimate.

"The revenues for the month of December 2022 are 15 per cent higher than the GST revenues in the same month last year. During the month, revenues from import of goods was 8 per cent highe r and the revenues from domestic transaction (including import of services) are 18 per cent higher than the revenues from these sources during the same month last year," a Finance Ministry statement said.

GST collected in December is for goods consumed and services availed in the month of November. Officials say festival demand and better compliance helped in higher collection. During the month of November, 7.9 crore e-way bills were generated, which was significantly higher than 7.6 crore e-way bills generated in October.

The budget estimated collection through GST at ₹7.80-lakh crore which comprises ₹6.60-lakh crore of CGST and ₹1.20-lakh crore of compensation cess. Based on CGST number, gross (CGST and SGST together) collection was initially expected to be around ₹14-lakh crore.

However, with average monthly collection of ₹1.4-lakh crore, gross collection during the year may be around ₹17-lakh crore which will give a big boost to overall revenue collection and help in limiting the fiscal deficit.

Experts' views

MS Mani, Partner with Deloitte India, said an 18 per cent increase in the GST revenues from domestic transactions viewed with the increase in e-way bill issuance and the significant increase in GST collections by key manufacturer and consuming States, would be indicative of a sustained manufacturing and consumption cycle across recent months.

“The steady increase in GST collections across recent months, while being reflective of the manufacturing and consumption stability across states, would also tie up with key macro-economic indicators, which have been pointing to a good economic performance across key sectors,” he said.

Parag Mehta, Partner with NA Shah Associates, feels GST has now stabilised in India. Large as well as medium and small-scale businesses have ensured compliance to a great extent. The collections above 1.40 crore have been the trend in FY23.

“Even the authorities have been able to track down tax evaders/non-compliers with the assistance of strong GSTN platform. Normally, even the trend shows more collections in the last 3-4 months due to department becoming more aggressive and the business trying to achieve their budgeted targets,” he said.

Source: thehindubusinessline.com – Jan 01, 2023

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Cotton Import from Australia would benefit Indian cotton textiles value chain

Not only apparel exporters but also fabric mills are upbeat about the India-Australia Economic Cooperation and Trade Agreement as it allows certain amount of duty-free cotton.

Ravi Sam, Chairman, The Southern India Mills' Association (SIMA) said that allowing import of 51,000 MT of duty-free cotton from January 2023 and 419 MT of duty-free cotton from 29th December to 31st December 2022 from Australia would benefit the cotton textiles value chain in the country that has started facing the shortage of quality cotton with the increased demand.

Emphasising that the highly-labour intensive textiles and clothing industry will be greatly benefited by this pact, Ravi was all praises for Hon'ble Prime Minister, Shri Narendra Modi and Hon'ble Union Minister of Commerce and Industry and Textiles, Shri Piyush Goyal for this historical achievement.

The 11 per cent import duty on cotton and removal of around 10 per cent tariff barrier that existed so far for export into Australia would boost the global competitiveness of Indian textiles and clothing industry.

It is also worth mentioning here that the trade pact with UAE and Mauritius has already started yielding better results and the pact with Australia would provide zero duty market access for several Indian textile goods, especially readymade garments and home textiles.

Source: apparelresources.com - Dec 30, 2022

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Fall in cotton prices spark protests in Telangana

With cotton prices ruling lower than last year, cotton farmers in Telangana have decided to hold State-wide protests, demanding ₹15,000 a quintal. The discontent over low prices is widespread and hundreds of farmers held a dharna at Asifabad, a key cotton pocket in the State, on Saturday.

“Though the marketing season started off well, the prices began to decline and fell to ₹6,800 a quintal. This is just a little over the minimum support price,” a farmer, who took part in the dharna, told businessline over phone. Cotton is grown in about 50 lakh acres in the State. Enthused by record prices in the previous, farmers were encouraged to continue with cotton farming in 2022. Despite heavy rains and floods damaging the crop in several parts of the State, farmers had gone for resowing of the fibre crop.

“The cost of production went up because of the second sowing. We are expecting better prices to make up for the additional investments,” he said. The All-India Kisan Sabha (AIKS) has decided to hold State-wide protests from January 4, demanding increase in the prices. “The prices have been deliberately kept low despite a huge demand for cotton,” S Malla Reddy, an AIKS senior leader, said.

Boll growth impacted

Unabated rains during July-September had led to vegetation of the crop, adversely impacting the growth of bolls. “This has resulted in drastic fall in output. We estimate a fall of 50 per cent in the output. It should be around 20-25 lakh bales this year as against 45 lakh bales last year as farmers reported only 2-4 quintals an acre as against 6-8 quintals,” he said.

Pradesh Congress Committee President Revanth Reddy has extend his support to the protesting farmers, demanding the State and Central governments to ensure a price of ₹15,000 a quintal. Prices of the commodity are ruling in the range of ₹6,800-7,500 a quintal in different markets in the State.

Source: thehindubusinessline.com – Jan 01, 2023

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Thousands without jobs as recession hits Surat's synthetic textile industry

Surat is the synthetic textile capital of India, 90 per cent of the country's synthetic cloth requirement is met by the Surat industry which is now facing an unprecedented recession. A number of dyeing and processing units have shut down leaving thousands of workers jobless. The industry production level can reach a peak only if there is an increase in demand in the domestic market.

According to the Surat Textile Industries data, there were around 485 processing (dyeing and printing) units in Surat city and surrounding areas. It was giving direct employment to 4 to 5 lakh people.

In the last three to four months at least 15 to 20 dyeing and processing units have closed down in Surat, said Jitendra Vakharia, president of the South Gujarat Textile Processors Association. He added that the industry was producing some 4.5 crore meters of cloth but is now producing just 2.5 crore meters of cloth a day.

The reason behind this is that earlier the priority of consumers was 'Roti, Kapda aur Makan', now the priority has changed. 'Roti' is followed by other needs like mobile phones, television sets etc. Earlier women were buying 7 to 8 meter-long sarees, now the demand for sarees has come down. They were buying a dupatta with every dress, now that too is out of fashion, even chudidar pyjamas have been replaced by leggings, because of which there is a sharp drop in the demand for synthetic cloth.

That is not the only reason for the recession, claims Kamran Usmani, general secretary, Indian National Trade Union Congress- Gujarat. According to him illegal dyeing and processing houses are operating in large numbers and because they don't have to pay taxes and other charges, their production cost is quite low compared to units operating with registration with various departments. Due to this unfair competition, many units have closed down in the last few months.

Usmani estimates that at least 70,000 to 1 lakh workers have been rendered jobless, many of whom have returned to their native state. A few years ago these workers used to survive even if they got 18 to 20 days of work, but even 24 days of work is insufficient to survive now because of inflation and increasing cost of living in Surat.

Vakharia says the industry needs the Technology Upgradation Fund (TUF) benefit but the scheme ended last year. It needs to be resumed at the earliest. So far as the consumer demand is concerned, the textile industry needs value added products and products that walk the fashion world, then there is a possibility of an increase in demand and improvement in the situation.

Source: tribuneindia.com – Jan 01, 2023

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Cotton yarn stays bearish in south India despite better export orders

South Indian cotton yarn market remained bearish despite reports of better export orders from China and other countries. Cotton yarn prices slipped by ₹5-10 per kg in Mumbai, Tiruppur and some other markets of south India during the last one week. Traders said that poor demand from downstream industry and lower cotton arrival were still challenging issues.

Mumbai market witnessed a decline of ₹10 per kg in cotton yarn prices during the last one week. A trader from Mumbai told Fibre2Fashion, "Cotton yarn trade remained bearish because of slower demand from domestic industry. The market did not respond positively to reports of higher export orders."

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,590-1,630 and ₹1,480-1,530 per 5 kg (GST extra) respectively.

According to Fibre2Fashion's market insight tool TexPro, 60 combed warp was priced at ₹345-350 per kg. 80 carded (weft) cotton yarn was sold at ₹1,450-1,470 per 4.5 kg. 44/46 count carded cotton yarn (warp) was priced at ₹285-290 per kg. 40/41 count carded cotton yarn (warp) was sold at ₹272-278 per kg, and 40/41 count combed yarn (warp) was priced at ₹290-295 per kg.

Tiruppur market also showed weakness in prices of cotton yarn. Poor demand pulled down yarn prices by ₹5-10 per kg. Traders said that spinners received some export orders at lower prices. Recent fall in cotton let them to export yarn without losses.

However, it is not an indication of better demand because mills accepted the rates just for clearance of their stocks. Today, 30 count combed cotton yarn was traded at ₹285-290 per kg (GST extra), 34 count combed at ₹300-305 per kg and 40 count combed at ₹310-315 per kg in the Tiruppur market. Cotton yarn of 30 count carded was sold at ₹255-260 per kg, 34 count carded at ₹265-270 per kg, and 40 count carded at ₹270-275 per kg, as per TexPro.

In Gujarat, cotton was traded at ₹61,000 to ₹ 61,500 per candy of 356 kg. The prices appreciated by ₹1,000-1,200 per candy after easing in last week. According to traders, cotton prices rose by around 2 per cent, while seed cotton (Narma or Kapas) jumped 4 per cent. Therefore, parity at ginning and spinning level again vanished after the rise in price of Kapas.

Source: fibre2fashion.com- Dec 30, 2022

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Punjab's average cotton productivity almost 45% less than last year

Punjab had been flying high in cotton productivity for the last three years, but this year it seems to have taken a nosedive.

As per initial reports, the state's cotton productivity is down by around 45% this year.

According to the details procured from the Punjab Agriculture Department, this year the state's average productivity is recorded at 363 kg lint per hectare (147 kg lint per acre), while the raw cotton productivity is 1,089 kg per hectare (441 kg per acre).

Lint is a white fibre which is recovered from ginned raw cotton. In the ginning process, for every quintal (100 kg) of 'kapas' (unginned cotton or raw cotton), the recovery of lint is 33-36 kg and of seed is 63-66 kg.

According to the Punjab Agricultural University (PAU), Ludhiana, Punjab has recorded 651 kg lint (1,953 kg raw cotton per hectare), 690 kg lint (2,070 kg raw cotton) and 652 kg lint (1,956 kg raw cotton) per hectare in 2019-20, 2020-21 and 2021-22, respectively.

As per the records, Punjab's cotton productivity this year is almost 45% less than the last year.

Experts said that cotton crop is being attacked by plant pests like pink bollworm and white fly, and even stunted growth of plants was observed in several fields. Scientists must focus on managing these issues and making farmers aware of them, prevention methods and other cotton crop-related techniques, the experts added.
Meanwhile, PAU's Regional Research Centre (RRC), Bathinda, has already developed 57 cotton crop varieties to date.

The experts realised the need for massive attention towards this crop due to attacks of various pests, and in this regard an "Inter-State Consultative and Monitoring Committee" meeting was held on December 22 in Bathinda under the chairmanship of Dr Gurwinder Singh, Director of Agriculture and Farmers' Welfare, Punjab, to take stock of the pink bollworm attack on cotton last year and to review the action plan for its management during Kharif 2023-24.

Dr S S Gosal, vice-chancellor of PAU Ludhiana, also participated in this meeting along with the chief agricultural officers from various cotton-growing districts of the state and scientists from PAU, HAU Hisar and ICAR-CICR Sirsa. For the uninitiated, ICAR stands for Indian Council of Agricultural Research, while CICR stands for Central Institute for Cotton Research. HAU is Haryana Agricultural University.

In the meeting, Dr Gurwinder Singh had laid stress on earmarking a crucial time to create awareness among the cotton growers for off-season management of pink bollworms and other insects attacking the cotton crops. He said that the state department of agriculture and PAU need to be more vigilant in the pink bollworm-infested areas of Bathinda, Mansa, Muktsar and Fazilka districts of Punjab during the off-season.

He emphasised regular surveillance of pink bollworms and training camps for their management. He said strategies must be chalked out to keep pink bollworms from attacking the crops during both off-season and in-season. He said that sticks should be stacked vertically away from the field area where maximum penetration of sunlight in the sticks is there. These sticks should be used for fuel purposes by the end of February. Also, before stacking, the sticks should be beaten on the ground to dislodge the unopened cotton bolls that may be harbouring the larvae of pink ballworm. These unopened bolls should be destroyed, he added.

Dr Gurwinder Singh said that they are planning to make farmers aware about these through various camps in January and February – before the beginning of cotton sowing in April. This year there was around 2.48 lakh hectares under cotton crop in the state against 2.52 lakh hectares last year, which is a fall of around 1.6% area under cotton, but a huge fall is being seen in productivity which is around 45%.

Meanwhile, the rate of cotton is quite high than the minimum support price (MSP) but still farmers are holding back the harvested cotton crop (in November) as they are expecting a hike in the prices after the Lohri festival (January 14).

Source: indianexpress.com- Jan 02, 2023

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