TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 37 of 2023 — February 22, 2023


AMIT PABARI
Founder & Managing Director

CLICK HERE
To Watch Currency Outlook by CR Forex Advisors

NEWS CLIPPINGS

Currency Watch	
USD	82.83
EUR	88.28
GBP	100.28
JPY	0.61

NATIONAL NEWS	
No	**Topics**
1	India has come of age in the digital arena: Shri Piyush Goyal
2	India needs to grow at 7.6% annually till FY37 to achieve pre-pandemic GDP trend: Ind-Ra
3	Trade in local currency: India may ink pacts with UAE, Nigeria, Malaysia
4	India likely to contribute 15% to global growth in 2023: top IMF exec
5	Centre approves Quality Control Order for mandatory certification of cotton bales; to be notified soon
6	Inflation innovators in demand
7	Threading a textile story

INTERNATIONAL NEWS

China records FDI growth of 14.5% in January 2023: Commerce ministry

Foreign direct investment (FDI) in China rose by 14.5 per cent year-on-year (YoY) in January 2023, reaching 127.69 billion yuan, according to the country's ministry of commerce. When converted to US dollars, the country's FDI inflow in 2023 increased by 10 per cent to $19.02 billion, compared to the corresponding period of the previous year.

High-tech industries saw the most significant FDI growth, with a surge of 62.8 per cent YoY in January. The high-tech manufacturing sector recorded a 74.5 per cent YoY increase in foreign investment.

FDI in China's western region saw a YoY increase of 21.6 per cent, while FDI into China's central region grew by 25.9 per cent YoY.

In 2022, total FDI in China increased by 6.3 per cent to 1.23 trillion yuan compared to the previous year, as per the country's commerce ministry.

Source: fibre2fashion.com- Feb 22, 2023

HOME

****

Germany's apparel imports rise to $38.5 bn in Jan-Oct 2022

Germany imported apparel worth $38.496 billion from the world in January-October 2022, and its full year imports are likely to surpass the inbound shipment of $41.969 billion during 2021. The trade has already exceeded the figures for 2020 and 2021. Imports from China, Turkiye, and India remained bearish in recent years, but the imports from Bangladesh noticed an impressive growth.

Germany imported apparel worth $37.101 billion in 2020, $38.450 billion in 2019, $39.355 billion in 2018, and $36.855 billion in 2017. The imports grew to $12.403 billion in Q3 2022 from $10.750 billion in Q2 2022. The country's inbound shipment was $11.186 billion in Q1 2022, $11.391 billion in Q4 2021, and $11.155 billion in Q3 2021, according to Fibre2Fashion's market insight tool TexPro.

Country-wise imports by Germany reveal an interesting trend in trade. Germany's imports from China have decreased or stagnated since 2019. China's supply decreased to $5.337 billion in 2019 from $5.905 billion in 2018 and $5.988 billion in 2017. It further slipped to $5.163 billion in 2020 due to COVID but slightly increased to $5.447 billion in 2021 and $5.402 billion in 2022 (till October). Germany's imports from Turkiye also decreased to $2.621 billion in 2019 from $2.866 billion in 2018. The trade improved to $2.936 billion in 2021 after shrinking in 2020 to $2.612 billion. Germany imported apparel worth $2.961 billion this year until October. The imports from India also declined to $853.088 million in 2020 after recording trade at $1,010.078 million in 2019, $1,089.560 million in 2018, and $1,068.229 million in 2017. The supply from India increased to $988.976 million in 2021 and $983.083 million in 2022 until October, as per TexPro.

However, among the major suppliers, Bangladesh was the only country that managed to register an impressive growth in supplies to Germany. Germany's imports from Bangladesh increased to $5.166 billion in 2022 (till October), which was $3.948 billion in 2017. The trade was $4.725 billion in 2021, $4.009 billion in 2020, $4.261 billion in 2019, and $4.441 billion in 2018.

Source: fibre2fashion.com- Feb 22, 2023

HOME

****

Australian cotton clears Chinese customs on bets sanctions will end

Chinese cotton buyers are buying up Australian product in anticipation the unofficial ban that decimated Australian cotton exports to China could lift amid a diplomatic thaw that has already seen trade resume in other sanctioned commodities.

Australian cotton is being shipped to a bonded warehouse in Qingdao and possibly one other location, by the Australian subsidiary of China National Cotton Group Corporation, one of the biggest state-owned Chinese cotton buyers, CNCGC Australia merchant Tom Zheng told Reuters.

If the unofficial ban lifts, the cotton can be sold into the lucrative Chinese domestic market, he said. If not, companies in the duty free zones can use the product for re-export. "It's not a complete gamble because there is consumption in China in duty free zones," Zheng said. "We expect the relationship to improve and the ban will be lifted."

A trader who spoke on condition of anonymity said Australian cotton had been moving into China for months and small shipments had already cleared customs. Once the biggest market for Australian cotton, the A$900 million ($620.28 million) trade ground to a halt in late 2020 after China imposed a series of official and unofficial restrictions that also hit commodities like coal and timber.

China imported 20,000 tonnes of Australian cotton in 2022, compared to 400,000 in 2019, according to Chinese customs data. But the diplomatic thaw following a meet between President Xi Jinping and Prime Minister Anthony Albanese last November has already seen trade restrictions on coal partly lifted.

Cotton Australia chief executive Adam Kay said he had heard Chinese merchants were entering May forward contracts for cotton. In the event that trade remained blocked, they would move supplies elsewhere, he added.
"We've still got contact with spinning mill contacts in China and they'd love to have access to our high quality cotton again," he said.

Source: reuters.com- Feb 22, 2023

HOME

****

Egyptian firms, Uzbek govt sign 7 MoUs in 5 sectors, including textile

Egypt's private companies and the Uzbek government recently signed seven memoranda of understanding (MoUs) in textile, energy, electricity, pharmaceuticals and healthcare. The MoUs were signed at a meeting of the Egyptian-Uzbek Business Council, hosted by Egyptian General Authority for Free Zones and Investment (GAFI) recently ahead of President Shavkat Mirziyoyev's visit to Egypt.

Uzbek minister of investments, industry and trade Kudratov Laziz Shavkatovic said Uzbekistan could be Egypt's gateway to Central Asian markets, while Egypt could be Uzbekistan's gateway to African markets, having 1.3 billion consumers.

Shavkatovic also said he was holding meetings with representatives of the largest Egyptian textile companies to set up manufacturing partnerships, according to an Egyptian media report.

GAFI chairman Hossam Heiba briefed Uzbek participants on the investment opportunities in Egypt, incentives and economic reforms carried out over the past year. He also shed light on the Golden License issued for investments with a developmental aspect.

Source: fibre2fashion.com- Feb 21, 2023

HOME

****

Philippine garment exporters hope to hit $1.5 bn in revenues in 2023

Philippine garment exporters hope to achieve $1.5 billion in revenues this year as the United States is shifting its preference for orders away from China and competitor Myanmar has lost market due to political issues. Though this year's projection is almost flat compared to 2022 figures, the Philippine Exporters Confederation Inc (PHILEXPORT) foresees the industry gaining headway.

As countries like Vietnam and China, which have machines with robotics and automation, often reject smaller-volume orders, the Philippines stands to gain from such orders, the trade body said.

The ongoing US campaign of 'anything but China' tends to spread production among countries in the Association of Southeast Asian Nations (ASEAN), including Philippines, PHILEXPORT was quoted as saying by a newspaper report in the country.

The country needs to shift to other forms of energy like solar, wind, etc. to lower electricity cost, Robert Young, PHILEXPORT trustee for textile, yarn and fabric sector, said, adding that power costs comprise 5 to 10 per cent of a firm's total production costs depending on the product and industrial semi-automation is a need now.

Source: fibre2fashion.com- Feb 21, 2023

HOME

****

Slight rise in UK retail sales

Retail sales in the UK picked up slightly in January 2023.

Motorists filled up their cars more often with petrol and diesel in January, as the cost of fuel continued to fall, and automotive fuel sales volumes rose by 1.7 per cent.

Discounting helped boost sales for online retailers as well as jewellers, cosmetic stores, and carpet and furnishing shops. But despite the slight rise in retail sales in January, the trend appears to be heading downwards. Sales volumes fell by 0.6 per cent in the three months to January, when compared with the previous three months.

When compared with the same November to January period a year earlier, retail sales volumes were 5.7 per cent lower.

As a result, last month's overall sales volumes remained 1.4 per cent below pre-pandemic levels recorded in February 2020. Sales volumes for December, which showed a surprise slide in purchases, were also revised lower from a fall of one per cent to a fall of 1.2 per cent.

Many consumers reined in their spending over the festive season. Stubbornly high food and drink prices prompted consumers to cut back on their grocery purchases, and food store sales volumes fell by 0.5 per cent in January 2023 after a fall of 0.7 per cent in December 2022. Shoppers have continued to cut back on food purchases amid rampant increases in grocery prices and the squeeze on household budgets.

Source: fibre2fashion.com- Feb 22, 2023

HOME

****

Tough competition from Bangladesh, India, Indonesia: Vietnam's VITAS

Apparel companies in Vietnam are busy completing orders as the sector's export target this year is about $47 billion. They also plan to invest in modern technology to improve efficiency and workers' income. The sector is facing intense competition from Bangladesh, India and Indonesia, said Vietnam Textile and Apparel Association (VITAS) chairman Vu Duc Giang.

Giang said in order to achieve sustainable development, the sector will continue calling for investment to the material supply chain; building sale solutions; and developing automation, digital governance, a transparent business environment and hi-quality workforce.

In the near future, about 30-35 per cent of Vietnamese apparel manufacturers will face shortage of orders, while the remainder will face price pressures, he said, adding that the sector, however, can still produce mid and hi-end products, which is an advantage to boost export.

The country's textile firms have also urged the government to adjust policies and make mechanisms, especially those related to credit and foreign exchange rate, flexible to improve their competitiveness, a news agency reported.

Major importers of Vietnamese apparel like the United States, China and South Korea have been indicating lesser demand since October 2022.

Source: fibre2fashion.com- Feb 21, 2023

HOME

****

Bangladesh business leaders complain of high cost of international factoring

Complaining of high cost of international factoring, business leaders in Bangladesh have maintained it has become difficult for them to avail international factoring as the cost is very high while calling upon the country's central bank, Bangladesh Bank, to come forward and address the same.

This is as per reports which added the observation was made at a recent panel discussion held in Dhaka and moderated by Muhammad A (Rumee) Ali with Deputy Governor of Bangladesh Bank Ahmed Jamal as the keynote speaker, who underlined the central bank after massive exercises, was able to bring in radical changes in foreign trade transactions and in view of the existing situation on account of COVID-19 pandemic, it had even extended policy supports to international trade through various efforts.

Speaking at the event, ICC Bangladesh — with a global network of over 6 million members in more than 100 countries, ICC works to promote international trade, responsible business conduct and a global approach to regulation through a unique mix of advocacy and standard-setting activities —Vice President AK Azad reportedly said open account and international factoring are being adopted by most countries for better and smooth trade finance even as he added the apex garment makers' body in the country, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has set a to export US $ 100 billion worth of garment items by 2030 while there is immense potential for Bangladesh to increase its export of plastic products, leather goods, pharmaceuticals, and other items.

Source: apparelresources.com- Feb 21, 2023

HOME

****

NATIONAL NEWS

India has come of age in the digital arena: Shri Piyush Goyal

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today said that India had come of age in the digital arena. He was addressing the valedictory session of the India Digital Summit in New Delhi today.

The Minister opined that technology would be the differentiating factor that would transform India into a developed nation. He said that the Prime Minister, Shri Narendra Modi had always focussed on staying ahead of the technology curve, inspired by the strong belief that technology would be the factor that would drive growth and prosperity in the nation.

The Minister pointed out that India's services export, largely driven by IT, had grown by 20% between 2021 and 22. It is a manifestation of India's strength in the digital arena, he said. Shri Goyal opined that IT industry would eventually overtake merchandise export with a convergence of the two happening by 2030 with the achievement of USD 1 trillion worth of merchandise and services export. He opined that the success of India's IT industry has largely been because of low government interference. The government played the role of an enabler and a hand holder to the IT industry, he said.

Shri Goyal said that this growth in exports, when juxtaposed with startup India and digital India would provide a complete picture of India's true potential for growth in the digital sector. He noted that the early launch of the Digital India Mission in 2015 had paved the way for the rapid technological change that is being witnessed today in India. He said that the desire to achieve extraordinary results has been driving India's digital future.

The Minister underscored that today India is relatively in a better position in terms of internet connectivity as compared to many of the developed nations. He said that government had succeeded in bringing about the rapid spread of broadband, optical fibre and 4G services to the remotest part of the country. He highlighted that 5G, which was rolled out in India in October was expected to cover over 100 cities by the end of the year.

Shri Goyal noted that the Indian Startup ecosystem had been addressing the challenges of human existence, making life easier for the common man. The biggest strength of Indian Startups is the perpetual desire to achieve more and the sheer enthusiasm, he said. He added that every country today wants to invest in India because of our Startups because of their capabilities. The Government's role has been in building the credibility and trust in India, he said and added that the Prime Minister had succeeded in ensuring that Indian passports carried huge value across the globe today.

The Minister said that the delta of growth that India offers the future is more than any other country in the world. 'Given our strong foundational policy framework we've had in the last few years, that we are considered a trusted partner globally, the fact that we have a decisive leadership, we have an outstanding talent pool, a huge diaspora, India has a huge opportunity to excel, he added.

Shri Goyal pointed out that the way India worked and thought had changed. He said that quality consciousness is today an important factor which is in itself a huge mindset change. 'If quality becomes the mantra of this nation coupled with sustainability, we can completely transform our country. 'Zero effect & Zero defect' should be the calling card for industry today. I find the country today is willing to accept quality. Our government has laid down strict quality parameters across various industries', he added.

The Minister said that today 1.4 billion Indians are connected with the internet. He added that initiatives like Digital India, UPI, ONDC, & Startup India all together are creating the perfect foundation for the developed India 2047.

Shri Goyal asked Indian industry to take advantage of significant changes that are happening in the fields of technology, supply chain and energy. He said that this Amritkaal would be an era of digital transformation with significant changes in the energy world for sustainable development. He stressed that resilient supply chains would determine the future world order.

Source: pib.gov.in- Feb 21, 2023

HOME

****

India needs to grow at 7.6% annually till FY37 to achieve pre-pandemic GDP trend: Ind-Ra

Annual GDP (Gross Domestic Product) growth of 7.6 per cent is required till 2036-37 to catch up with the pre-pandemic GDP trend, India Ratings & Research (Ind-Ra) said on Tuesday.

The rating agency expects Indian economy to grow at 5.9 per cent in 2023-24. It is lower than the RBI's projection of 6.4 per cent and IMF's projection of 6.1 per cent. The Economic Survey had given a projection of 6-6.8 per cent with 6.5 per cent in baseline scenario.

Pre-pandemic trend shows average GDP growth was 6.6 per cent between 2011-12 and 2019-20. However the first year of pandemic recorded a de-growth of 6.6 per cent. FY22 saw of growth of 8.7 per cent which was mainly due to base impact.

For the current year, the expectation is 7 per cent. The agency says India needs to grow at 7.6 per cent annually for next 13 fiscal years starting 2024-25 to 2036-37 to catch up with the pre-pandemic GDP trend .

Ind-Ra says it does not expect the growth momentum witnessed in the first half of FY23 (April-September) to sustain in the second half (October-March). NSO estimates GDP growth to drop to 4.5 per cent in the second half from 9.7 per cent in the first.

The pent-up demand, which had provided thrust to growth, is normalising, exports, which had been buoyant, are facing headwinds from the global slowdown and credit growth is facing tighter financial conditions. The International Monetary Fund expects the global GDP growth to fall to 2.9 per cent in 2023 from an estimated 3.4 per cent in 2022.

According to the report, higher input costs could pull down the manufacturing growth in Q3 FY23

The positives

"Although there are a few positives for India such as - sustained government capex, deleveraged corporates, low NPA in the banking sector, Production-linked Incentive scheme and likelihood of global commodity prices remaining subdued, Ind-Ra believes they are still not sufficient to take the FY24 GDP growth beyond 6 per cent," says Sunil Kumar Sinha, Principal Economist, Ind-Ra.

Tha agency expects the agricultural sector to grow 3.1 per cent in FY24 against 3.5 per cent in FY23 on the assumption of a normal monsoon in 2023. However, industrial growth is expected to remain tepid because of 'K-shaped' recovery, which is neither allowing the consumption demand to become broad based nor helping the wage growth, especially of the population belonging to the lower half of the income pyramid. The agency, therefore, expects the industrial sector to grow 3.9 per cent as against 4.1 per cent and services at 7.1 per cent as against 9.1 per cent.

Inflation expectation

Retail inflation is likely to be at 5.4 per cent in FY24 against 6.6 per cent and wholesale inflation at 1.1 per cent as against 9.2 per cent. "As things stand now and on the basis of the expected inflation trajectory, Ind-Ra expects the RBI to take a long pause on the repo rate front and watch the core inflation closely, because it is still high and was at 6.1 per cent in January," it said.

Source: thehindubusinessline.com - Feb 21, 2023

HOME

****

Trade in local currency: India may ink pacts with UAE, Nigeria, Malaysia

India may ink pacts with the United Arab Emirates (UAE), Malaysia, and Nigeria to facilitate settlement of international trade in local currencies as early as next month.

The move is aimed at reducing transaction costs for exporters and importers, a source said.

Top Reserve Bank of India (RBI) officials and their counterparts in the aforementioned countries have been in touch with each other over the last few months to work out a mechanism to enable bilateral trade in local currencies. "Discussions with the UAE are at an advanced stage. Discussions with Malaysia and Nigeria are also progressing well. Memorandums of understanding (MoUs) can be signed as early as next month," one of the persons cited above told Business Standard.

"African countries (such as Nigeria) are also interested in settling trade in local currencies because of the foreign exchange crisis. With the fear of recession looming this year, several countries are expected to grapple with the forex crisis," the official cited above said.

The development comes in the backdrop of India's latest push towards the internationalisation of rupee. Another advantage of trading in local currencies is that it further facilitates bilateral trade.

As far as India and UAE are concerned, India had prepared a concept paper on rupee-dirham trade and shared it with the West Asian nation last year. Officials said the UAE's interest in this mechanism is evident — its central bank has already designated a nodal person.

The larger idea is to work out the framework that will reduce the cost of transaction and do away with the practice of doing trade via a third currency.

Typically, exporters and importers lose money on currency exchange. For instance, during trade, rupee is first converted into dollars, which is then changed to another currency. Central banks are also discussing the share of trade that can be covered through local currencies.

Ajay Sahai, director-general (DG) and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO), said, “Since India imports a lot from these three countries and the balance of trade is in their favour, we will save in foreign currency once we start trading in Indian rupee. Besides, it may help small and new exporters as they will be insulated from (currency) exchange risks and complexities related to that.”

“The only concern is when exporters deal with foreign currency, particularly in dollars, they may get a forward premium of 3 per cent (for six months). This means exporters may get 3 per cent additional benefit, which won’t be there while dealing in rupee. That’s why we need to see how much of the trade will shift from foreign currency to local currencies,” Sahai said.

The UAE is India’s third largest trade partner and second largest export market. India and the UAE also signed a free trade agreement (FTA) that kicked in from May 2022. The country is also India’s fourth largest crude oil supplier, after Iraq, Saudi Arabia, Russia, and the United States.

Malaysia is India’s 10th largest trade partner, while Nigeria is the 28th besides being the seventh largest crude oil supplier to India.

Source: business-standard.com - Feb 22, 2023

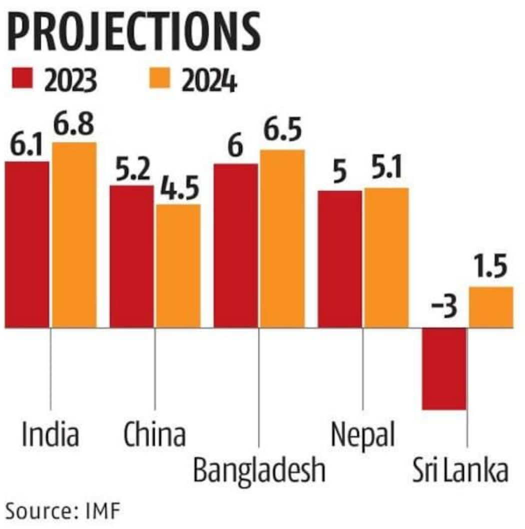
HOME

****

India likely to contribute 15% to global growth in 2023: top IMF exec

India is expected to contribute 15 per cent to the global growth in 2023, an International Monetary Fund (IMF) official said on Tuesday.

"Both India and China are expected to contribute 50 per cent of the global growth in the upcoming year (2023). However, the share of India's contribution to global growth is expected to be around 15 per cent," Krishna Srinivasan, director, Asia and Pacific Department (APD) at IMF said at a roundtable with reporters from south Asian countries.



The Washington-based multilateral lender has projected the Indian economy to grow at 6.1 per cent in FY24 compared to 6.4 per cent estimated by the Reserve Bank of India. Responding to a question on the challenges to India's growth prospects, the IMF director said that despite doing better than the rest of the world, inflation remains a key challenge.

"Inflation is a concern. When the core inflation remains sticky, interest rates have to be tightened. So how that bears on the domestic demand is a key challenge for the Indian economy, because the external environment is weak due to the Ukraine war and the slowdown in western economies," added Srinivasan.

On February 8, RBI had raised the repo rate by 25 basis points to 6.5 per cent. Despite a cumulative hike of 250 basis points in the key rate since last year, retail inflation in January came above RBI's upper tolerance limit of 6 per cent--at 6.52 per cent--leading experts to project more rate hikes in the coming months.

Srinivasan said intervention by the central banks through exchange rate seldom helps in arresting the depreciation in currencies and that the market should be allowed to run its own course. "In general, when you have these persistent shocks, intervention seldom helps. You rather allow the exchange rate to move and adjust [on its own]", he added.

Srinivasan said fading supply chain disruptions and the boom in the service sector have made way for stronger recovery in Asia. "The economic headwinds that faced Asia and the Pacific last year have started to fade.

Global financial conditions have eased, food and oil prices are down, and China's economy is rebounding," he added.

Source: business-standard.com - Feb 21, 2023

HOME

****

Centre approves Quality Control Order for mandatory certification of cotton bales; to be notified soon

Zee Businesses' exclusive on government appoval to Quality Control Order for cotton bales stands validated. On 31 January, the channel reported that government will approve Quality Control Order (QCO) for mandatory certification of cotton bales and issue notification on it soon. On Tuesday, Union Minister of Textiles Piyush Goyal approved the Quality Control Order (QCO) for mandatory certification of cotton bales under specification No. IS12171: 2019. The announcement was made by the Minister.

The QCO has been vetted by Ministry of Law & Justice and will be notified shortly. The Union Minister presided over the fifth interactive meeting with the Textile Advisory Group (TAG) in New Delhi to review progress of initiatives for cotton value chain. Textiles Minister pointed out that quality of Indian cotton fibre is beneficial for farmers and industry.

He stressed that branding of Indian Cotton will add great value to the entire cotton value chain from farmers, ginners to cotton users, right up to the consumers.

A MoU has been signed on 15 December 2022 between the CCI and TEXPROCIL to encourage the Trade and Industry to work on the principle of self-regulation by owning complete responsibility of Traceability, Certification and Branding of “KASTURI Cotton India” with the project target period of 2022-23 to 2024-24. Steering Committee and Apex Committee have been constituted and the work of TEXPROCIL will begin in the current cotton season.

Central Institute for Cotton Research (CICR) prepared a pilot project targeting technologies to agro-climatic zones-large scale demonstrations of best practices to enhance cotton productivity. Minister emphasized strengthening testing facility needed to conform to KASTURI standards, DNA testing and traceability. He assured that adequate modern testing facilities would be created through BIS and TRAs.

Source: zeebiz.com - Feb 21, 2023

HOME

****

Inflation innovators in demand

The Indian economy is at a unique and difficult moment: risk of a global recession looms; inflation is uncomfortably high; supply chains are still tangled. And all the while, pressure is increasing on business to do better in terms of social and environmental impact.

While the environment is as challenging as ever, history shows that building resilience is essential. When McKinsey analysed the performance of more than 1,100 companies over the 2008-10 downturn, it found that the top 20 per cent showed resilience and suffered less, recovered faster, then kept going. Here, we look at how purchasing and supply chain leaders can become more resilient and thus work to counter inflation, while fostering lasting growth.

India's inflation rate, while not as high as in other major markets, is still above the Reserve Bank of India's upper tolerance limit. Companies would therefore do well to stay focused on minimising the impact of inflation.

And that means those involved in purchasing and supply management need to play a much broader role in managing external volatility. Traditionally, people in these roles have been concerned with simply securing supplies and negotiating prices. They need to see themselves as 'spend entrepreneurs', not 'spend managers'.

As spend entrepreneurs, they can take the lead in establishing much deeper collaboration across the supply chain, design, and manufacturing functions to limit exposure to inflation.

For example, one leading heating, ventilation and air conditioning (HVAC) manufacturer worked with its suppliers not only on near-term prices, but also explored with them the next design upgrade to find new cost-reduction possibilities; this also helped the company to closely monitor supplier input costs, leveraging raw material cost models.

Such efforts not only cut costs, now and in the future, but also create longer-term competitive advantage. For this to happen, purchasing and supply-management functions will need to invest in five areas.

Digital infrastructure

The pandemic compressed years of planned digitisation into just a few months. Now is the time to maintain, or even accelerate, the speed and scale of that progress, and to capture value from it. In Europe, one large energy company is building digital value chain twin to create a detailed understanding of the tier-1, tier-2 and tier-3 suppliers to understand risks along the entire value chain.

Data analytics

To be ready to address future purchasing and supply challenges, companies should establish advanced analytics capability so that there is full transparency on external spend. Collaboration is key here: one Indian chemicals manufacturer is collaborating with a third-party solution provider to build forecasting models based on historical market data and trends, for tier-1 and tier-2 suppliers, to forecast supply risks and exposure to inflation through fair degree of accuracy on futures. This is helping the company to balance long and spot purchases.

Supplier capabilities

Supplier engagement approaches are evolving toward deeper partnerships and collaboration. Companies should build a deep understating of what their suppliers can do, through digitally enabled performance evaluations, while working with them on design, specifications, and environmental sustainability.

A global consumer player launched an open innovation programme inviting all its suppliers to partner with an environmental purpose, and another retail chain introduced industry-first science-based targets for supply chain finance program to reduce greenhouse gas emissions.

Internal collaboration

Spend entrepreneurs should take the lead to convene and collaborate with functions such as R&D, manufacturing, and sales and marketing — early and often. As challenges evolve, companies will need to form agile teams that work together in sprints to solve specific supply chain issues and then dissolve.

One Asian metals company established an inflation nerve centre to create an integrated response to rising external costs, with procurement playing an essential role.

People capabilities

Indian companies in all sectors know how difficult it is to attract and retain talent in purchasing and supply management. Spend entrepreneurs will see this as an opportunity, developing attractive employee value propositions and enhancing their staff's core skills by setting up internal academies.

One leading auto OEM has established a 'cleansheet academy' to review the knowledge levels of more than 70 professionals in the procurement function, and rewarding them based on their enhancement of their expertise. In the past and the present, the best Indian companies have adapted to the challenges of inflation and supply scarcity.

With the near-term outlook looking stressful, purchasing and supply managers need to recalibrate how they do what they do. Their work will go far in their companies' riding out the current economic storms.

Source: thehindubusinessline.com - Feb 21, 2023

HOME

****

Threading a textile story

The story of textiles in India weaves a history of independence and culture and is a key pillar of livelihood in the country.

Viscose, a man-made fibre witnessing global demand growth, is a new addition to India's textile story. It is a biodegradable fibre and an alternative to silk and cotton. Viscose is 'poor people's silk' because it is cheaper but with similar properties.

It is not just the 'poor' consumers but also the weavers of the fabric, who have found a new source of livelihood with the production of viscose. Due to a rise in the price of natural fibres such as cotton, many weavers shifted to producing viscose or blended viscose fabric.

Indian textile sector is still cotton dominated, which has limitations in supply. Cotton acreage cannot be increased as food is a priority. Hence, viscose blended cotton is being widely adopted as a viable alternative.

Viscose has given new hopes to the Indian weavers. Viscose fibre consumption is witnessing a steady rise, where the market grew from 542 KT (Thousand tons) in 2021 to 744 KT in 2022, a robust 37 per cent growth. This was only possible as Indian textile value chain could access Viscose fibre at internationally competitive prices.

Overall, viscose holds 16.5 per cent of the man-made fibre market in India. Other than being a cheaper alternative, versatility in design and application also contributes to its demand.

However, apart from helping weavers, it is also essential to ensure safeguards which are not protective but conducive in nature.One issue plaguing the viscose value chain is the limited raw material supply of Viscose Staple Fibre (VSF).

India has a limited number of players involved in manufacturing VSF, with one major company contributing to over 90 per cent of the supply. As a result, many weavers rely on imported fibre.

It provides new alternatives to these weavers so that they can survive in the market and be competitive.

Anti-dumping duty

An upcoming development that can be detrimental to the weavers of viscose is the anti-dumping duty imposition on VSF imports. The imposition of this duty will make the procurement of the fibre much more challenging and all the more expensive for the weavers. Anti-dumping duty on VSF was first introduced in 2010 and continued till 2021. It was removed only after the entire industry repeatedly appealed after suffering for over 11 years. Former Textiles Minister Smriti Irani, herself had supported the removal of duties.

Re-introduction of anti-dumping duty will now impact many weaving hubs in Tamil Nadu, Maharashtra and Gujarat. This is an issue affecting production capacities and the lives of 4.5 crore people employed in the textile industry. With Tamil Nadu alone accounting for 75 per cent of India's man-made cellulose yarn production, this duty can significantly hamper the State's growth and endanger the livelihood of the 31 lakh rural textile workers in the State.

The duty will also impact the entire value chain of the fabric, as the procurement of the fibre, which is the heart of the value chain, will be hit.

Viscose is also the fabric of future. It is widely used in upcoming subsectors in the textile industry, such as technical textiles and medical textiles. Most importantly, viscose is a sustainable choice due to its biodegradable properties.

Hence, the answer to India's growing market for viscose is not an anti-dumping duty. Instead, we need emancipatory measures which ensure that weavers can procure required raw materials with equal levels of accessibility. This can only be ensured if there is free competition in the market. We need to build a level-playing field in the sector so that pricing stays equal regardless of where a weaver buys their fibre from.

Viscose is the new thread to India's textile story and has already become a major source of livelihood. It is high time that the country's textile value chain is given the much-needed impetus.

Source: thehindubusinessline.com - Feb 21, 2023

HOME

****