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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Growth in global trade in goods likely to lose momentum in Q4: WTO Barometer

Growth in global trade in goods is likely to have lost momentum in the fourth quarter of 2022, and may remain weak in the first quarter of 2023. However, any slowdown may be short lived as container handling at Chinese ports and new export orders from Purchasing Managers' Indices have started to pick up, according to the latest WTO Goods Trade Barometer issued on Wednesday.

"The volume of world merchandise trade was up 5.6 per cent in the third quarter of 2022, compared to the same quarter in the previous year. Meanwhile, cumulative year-on-year growth for the first three quarters of 2022 stood at 4.4 per cent, above the WTO's forecast released last October of 3.5 per cent for the whole year. A downturn in the fourth quarter would bring actual trade growth more in line with the WTO's forecast for 2022," it said.

The Goods Trade Barometer is a composite indicator for world trade and provides real-time information on the trajectory of merchandise trade relative to recent trends. Barometer values greater than 100 signal above-trend trade volume, while values less than 100 suggest that goods trade has either fallen below trend or will do so in the near future.

"Preliminary trade volume statistics and other trade related indicators suggest that quarter-on-quarter trade volume growth will probably turn negative in Q4 of 2022…," said the report.

On the positive side, the anticipated trade slowdown may not last long, since container throughput of Chinese ports and PMI have already started to pick up, it added.

"All of the barometer's component indices have fallen below trend except for the automotive products index (105.8), which was buoyed by above-trend sales and production figures for the United States, Europe and Japan, outweighing declines in China," said the report.

Although the export orders index (97.4) remained below trend, it was rising, hinting at a possible upturn in the near future, it said.

But indices for container shipping (89.3), air freight (87.8), electronic components (84.9) and raw materials (92.0) were all below trend and declining, suggesting that weakness in trade is broad-based, impacting many sectors.

Source: thehindubusinessline.com – March 1, 2023

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China's manufacturing sector returns to growth in Feb: Caixin China

Latest Caixin China general manufacturing purchasing managers' index (PMI) data indicate that the country's manufacturing sector returned to growth in February amid the recent rollback of pandemic restrictions. Firms signalled renewed and solid upturns in both production and new orders as operations and customer demand revived. Business confidence has strengthened to a near two-year high.

At 51.6 in February, the headline seasonally adjusted PMI increased from 49.2 in January. Suppliers' delivery times have improved as well at quickest rate for eight years.

The higher headline index reading was supported by a renewed increase in production volumes in February. This marked the first upturn in output since last August, with the rate of expansion the steepest since June 2022.

Fresh increases in employment and purchasing activity were also seen, while pressure on supply chains eased and lead times improved to the greatest extent in eight years.

Firms frequently mentioned that the recent easing of COVID-19 containment measures and recovery of operations and client demand had underpinned the increase in production, an official release said.

Similarly, total new business expanded for the first time in seven months, and at the quickest rate since May 2021.

Higher sales were linked to the recent roll back of pandemic restrictions and subsequent improvement in demand conditions. Companies also noted an improvement in foreign demand for Chinese manufactured goods, with new export orders rising for the first time since July 2022.

Source: fibre2fashion.com– March 2, 2023

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US apparel imports from Africa at $3.49 bn in 2022

Trousers and shorts were the dominant products among the total apparel imported by the US from the African continent in 2022. In the country's total imported garments worth $3.491 billion, trousers and shorts grabbed a share of 45.20 per cent, valued at $1.578 billion. Jerseys, shirts, T-shirts, and innerwear were the other top five products.

The imports of trousers and shorts jumped more than 55 per cent in the last two years after a decline in 2020 due to the COVID-19 pandemic. US' imports of trousers and shorts slipped 14.21 per cent to $1.014 billion in 2020 but bounced back up by 32.88 per cent to $1.347 billion in 2021. Inbound shipments from African countries further jumped by 17.09 per cent to $1.578 billion in the recently concluded year 2022, according to trade data obtained from Fibre2Fashion's market insight tool TexPro.

The import of jerseys was $529.307 million in the last year, which was 15.16 per cent of the total. Similarly, the imports of shirts were $446.874 million (12.80 per cent), T-shirts were $319.666 million (9.16 per cent), and innerwear was $134.645 million (3.86 per cent). The top five products contributed more than 86 per cent to the total inbound shipment of the US, as per TexPro.

The other top five apparel products imported by the US in 2022 were dresses (2.23 per cent), jackets and blazers (2.07 per cent), babywear (1.89 per cent), coats (1.38 per cent), and sportswear (1.26 per cent).

Source: fibre2fashion.com– March 2, 2023

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G20 foreign ministers' meet to focus on impact of Russia-Ukraine war

The G20 foreign ministers' meeting on Thursday will focus not just on the ongoing conflict situation in Russia and Ukraine but also its impact — economic and development — on the rest of the world, particularly developing countries, Foreign Secretary VM Kwatra has said.

"Given the nature and developing situation in the Russia-Ukraine conflict, it will be an important area of discussion in the G20 Foreign Ministers meeting," Kwatra said at a media briefing on Wednesday.

On the issues of the developing south that India may highlight at the meeting, the Foreign Secretary said questions on food, energy and fertiliser security, the impact of the conflict on the economic challenges developing countries face, development-oriented considerations and templates, new and emerging threats, and the reform of multilateralism were all crucial.

Other issues such as inclusive and resilient growth, progress on sustainable development goals (SDGs), green development and sustainable lifestyle, technological transformation including building public digital infrastructure, and women-led development are also expected to be taken up.

The G20 foreign ministers' meeting is being hosted in New Delhi in a physical format on March 1-2, 2023, under India's presidency.

Representatives of 40 countries, including non-G20 members and guest countries invited by India such as Bangladesh, Egypt, the Netherlands, Nigeria, Oman and Singapore, are participating. As many as 13 international organisations have also been invited.

On Thursday, External Affairs Minister S Jaishankar will chair two sessions, Kwatra said. The first session will focus on the three principles of multilateralism, issues related to food and energy, and templates of development cooperation.

The second session will focus on issues such as new and emerging threats including counter-terrorism and narcotics, and global skill mapping with focus on global talent pools.

Jaishankar is expected to hold bilateral meetings with the visiting ministers from as many countries as possible, Kwatra said. At the end of the meeting, the foreign ministers will call on Prime Minister Narendra Modi.

The G20 includes the world's major economies including Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Türkiye, the UK, the US, and the European Union.

Its members account for around 85 per cent of global GDP, 75 per cent of global trade, and 65 per cent of the world's population.

Source: thehindubusinessline.com - March 01, 2023

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Pursuing ‘great’ deal with India, says UK trade minister

Britain is pursuing a “great” trade deal with India to cut tariffs and open up opportunities for the country’s services sector, UK Trade and Industry Secretary Kemi Badenoch has said.

Highlighting her priorities since taking charge of the newly merged Department for Business and Trade, Badenoch said her ministry is keen to make it easier for British businesses to access the fast-growing Indian economy with the new trade agreement.

She also pointed to the ongoing negotiations for the UK’s accession into the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) as reflective of a wider strategic shift towards the Indo-Pacific region.

“It’s [CPTPP] not just about exporting goods or even services. The Trans-Pacific Partnership is also about the geostrategic shift to the Indo-Pacific as set out in the government’s Integrated Review and this really matters for our long-term security,” Badenoch said in an address to the Legatum Institute think tank in London on Tuesday.

“It also matters for our long-term growth – this is where the global middle class of the future will come from and we need to be a player. That’s also why we’re pursuing a great trade deal with India. A deal to cut tariffs and open opportunities for UK services, making it easier for British businesses to sell to an economy set to be the world’s third-largest by 2050,” she said.

The minister dubbed trade deals like “motorways”, which are useful if there are vehicles to drive on them – with vehicles representing exports and investments.

“That’s what trade is really, and that’s my main focus. So, we are not just the department for getting deals, taking pictures, and signing bits of paper. And that will become even more key as I flesh out our role as the Department for Business and International Trade,” added Badenoch.

India and the UK have concluded seven rounds of negotiations towards a free trade agreement (FTA), with the eighth round scheduled in New Delhi later this month.

UK Foreign Secretary James Cleverly, who is in India this week for the G20 Foreign Ministers' meeting, will also reaffirm the country's commitment to conclude the FTA.

According to official UK government statistics, the bilateral trading relationship was worth GBP 34 billion in 2022 – growing by GBP 10 billion in one year. The Confederation of British Industry (CBI), the country's leading industry body, estimates an India-UK FTA could boost trade with India by GBP 28 billion a year by 2035 and increase wages across the UK by GBP 3 billion.

Source: financialexpress.com- March 01, 2023

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NATIONAL NEWS

Manufacturing PMI slips to 4-month low

The manufacturing sector grew at the slowest pace in four months in February but remained relatively strong due to buoyant domestic demand. This was despite higher inflationary pressures and weaker international sales.

The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) eased just a tad to 55.3 in February from 55.4 in the previous month, signalling a strong improvement in the health of the sector. The headline figure was also above its long-run average of 53.7.

An index reading of 50 or above suggests expansion and below it points to contraction. With this, the index has remained in the expansionary zone for the 20th straight month.

"The growth momentum in India's manufacturing industry was maintained in February, with new orders and output increasing at similar rates to January. Companies were confident in the resiliency of demand and continued to add to their inventories by purchasing additional inputs," Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said.

"After slipping to a 26-month low last November, input cost inflation surged in every month since. The latest rise was historically subdued, however, and among the weakest in around two years. The survey showed some reluctance among manufacturers to pass on cost increases to clients, with output charge inflation easing since January," De Lima added.

India's manufacturing industry sustained robust growth of output and new orders halfway through the fourth quarter of FY23.

S&P Global PMI data implied that the domestic market was the main source of new business growth in February, as new orders from abroad increased only fractionally. The rate of international sales expansion touched an 11-month low in the month. Job creation failed to gain meaningful traction, however, as firms reportedly had sufficient staff to cope with current requirements.

The government data released on Tuesday showed that the manufacturing sector continued to disappoint with a 1.1% contraction in the third quarter, though the contraction was milder than the 3.6% recorded in the second quarter.

Source: financialexpress.com - March 2, 2023

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India's apparel exports at $14 bn in 2022, US top market at 35% share

India shipped apparel worth $14.82 billion in 2022, with the US being the top market, accounting for 35.89 per cent of India's exports at $5.319 billion. Over the last two years, India's exports to the US have grown impressively, registering an increase of 66 per cent. Other countries in the top five markets include the UAE, Germany, the UK, and France.

The UAE was the second-largest market for Indian garment exports, importing garments worth $1.163 billion, followed by Germany at $936.181 million, accounting for 7.85 per cent and 6.32 per cent, respectively, according to Fibre2Fashion's market insight tool TexPro.

India's apparel exports to the UK were $911.860 million (6.15 per cent), to France were $627.851 million (4.24 per cent), to Spain were $580.595 million (3.92 per cent), to the Netherlands were $578.686 million (3.90 per cent), to Italy were $359.533 million (2.42 per cent), to Australia were $276.644 million (1.87 per cent), and to Canada were $272.301 million (1.84 per cent). India's outbound shipments to the US had dropped by 19.36 per cent to $3.044 billion in 2020 due to COVID-19. However, it bounced back in the following year, with exports increasing by 51.09 per cent to $4.6 billion in 2021. In 2022, exports further increased by 15.63 per cent to $5.319 billion, as per data obtained from TexPro.

Source:fibre2fashion.com - March , 2023

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State of the economy. Economy's growth momentum intact with robust GST collections, auto sales

Indian economy showed resilience despite a lower-than-expected third quarter growth as GST collections and automobile sale numbers on Wednesday showed a robust picture and Moody's Investors Service raised the GDP growth forecast for 2023 to 5.5 per cent from 4.8 per cent projected in November 2022. Moody's has pegged the GDP growth for 2024 at 6.5 per cent.

ECONOMIC INDICATORS

Even as downside risks of manufacturing and consumption slowdown remained, a slew of economic indicators made public in the last two days showed that Indian economy is now mean reverting to its pre-pandemic growth trends. The key indicators of Q3 GDP data (released on Tuesday), GST collections for February at robust ₹1.5-lakh crore; PMI manufacturing for February continuing to be in expansion zone for 12th straight month, robust automobile sales number for February all painted an optimistic picture of India growth juggernaut remaining intact.

The core industries growth for January 2023 at 4-month high of 7.8 per cent — data released on Tuesday — was also a positive indicator of the country's growth revival.

Also ,the sequential momentum in GDP growth held up in the third quarter, reflecting that economy was moving along the path seen in pre-Covid years.

The latest third quarter GDP growth print of 4.4 per cent may have been lower than expected but, according to Chief Economic Advisor (CEA) V Anantha Nageswaran, the perception that latest GDP data was a pointer to economic revival turning "shallower" was totally misplaced. The CEA asserted that economic commentators are not making a fair comparison on a "like for like basis" after factoring in the data revisions to the GDP of the previous three years.

"The argument that the recovery has become shallower does not make sense since one is not making a fair comparison," Nageswaran said.

GST COLLECTION

Nageswaran's argument was validated by the robust GST collections and automibile sales numbers. GST collection in February touched around ₹1.50 lakh crore. It was 12 per cent higher than the GST revenues of February 2022. For the 12th successive month, GST collections remained at ₹1.40 lakh crore plus.

Manufacturing sector maintained the momentum in February as Purchasing Managers' Index (PMI) dropped a tad to 55.3 from 55.4 of January.

AUTOMOBILE SALES

The automobile sales too showed growth in February, especially the passenger vehicles makers like Maruti Suzuki India and Mahindra & Mahindra (10 per cent YoY each), Hyundai Motor India and Tata Motors (7 per cent YoY), Kia India (35 per cent YoY) and Toyota Kirloskar Motor by 75 per cent YoY.

MANUFACTURING, JOB CREATION

Concerns continue to remain on manufacturing and job creation. Official data showed that manufacturing clocked de-growth in two successive quarters (Q2 and Q3) at 3.6 and 1.1 per cent, respectively.

Source: thehindubusinessline.com- March 01, 2023

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Job scenario. Unemployment rate spikes to 7.45% in Feb, shows CMIE data

Rural unemployment sees sharp spike, while urban unemployment rate is down in Feb

India's unemployment rate rose to 7.45 per cent in February, much higher than 7.14 per cent recorded in the previous month, data from the Centre for Monitoring Indian Economy (CMIE) showed on Wednesday.

While the urban unemployment rate declined to 7.93 per cent in February from 8.55 per cent in the previous month, the rural unemployment rate rose sharply to 7.23 per cent from 6.48 per cent, the data showed.

In December last year, the overall unemployment rate in the country was 8.30 per cent with urban unemployment at 10.09 per cent and rural unemployment at 7.44 per cent.

Tech innovation

As much as 90 per cent of increases in per capita income come from technological innovation. In India, we have a scenario where the majority of the population is dependent on agriculture and construction sectors.

"Construction sector, of late, is not performing well and not able to create jobs for the people moving from the rural agriculture sector. And many of our work force are not technologically skilled to get absorbed into the high skilled manufacturing and services sector," said Dr Nilanjan Banik, Economist at Mahindra University

Source: thehindubusinessline.com – March 01, 2023

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Cotton: Crying out for change

Two months from now, cotton farmers in Northern India, who suffered heavy losses in the last kharif, will commence cotton sowing for forthcoming Kharif 2023.

The cotton productivity estimate was reported to be at its lowest in the North zone comprising of Punjab, Haryana and Rajasthan at 518.4 kg lint per hectare. North zone cotton, which recorded the highest cotton yield at 678.3 kg lint per hectare in 2019-20 is now down by over 30 per cent.

The losses are mounting due to the rising cost of cultivation, climate induced change in pest dynamics and rampant sale of unauthorised seeds and unchecked pesticides sprays.

The boom and tractor mounted sprayers are back with unimaginable consequences on human health and environment.

Declining cotton productivity is threatening the income and livelihood of farmers in vast stretches of North zone which has a favourable cotton-wheat cropping system.

The story is similar for other 60 lakh smallholder cotton growers in Central and Southern cotton growing zones. Climate change induced weather aberration, widespread infestation of boll devouring pink bollworm, new tobacco streak virus disease and boll rot have recently threatened cotton farmers.

The white fly transmitted severe cotton leaf curl virus and sudden outbreak of para wilt have worsened the situation for North zone farmers.

The impact is visible in cotton-based textile industry compounded by surge in domestic market price, hoarding and trade related developments emanating from the US ban on import of fashion and textile products from China's Xinjiang region, which mostly source raw cotton from India and the earthquake-hit Turkish textile manufacturing.

Down-down cotton

According to the Agriculture Ministry's second advance estimates, cotton output is estimated at 322 lakh bales (of 170 kg each), down by 48 lakh bales from the target of 370 lakh bales in 2022-23.

Cotton productivity, which peaked at 566 kg lint per hectare in 2013-14, has continuously been decelerating since then, causing imbalance in demand-supply of cotton and uncertainty in the cotton textile industry.

In 2021-22, cotton yield reduced to 445 kg lint per hectare, down by 121 kg lint per hectare, an estimated loss of 85.4 lakh bales in 2021-22 alone over the optimal yield level of 2013-14.

This dip in cotton production has forced the textile industry to rely on imports, which increased to 35.3 lakh bales worth ₹8,339.26 crore in 2018-19. The relaxation in import duty structure would hit the balance of trade in cotton, which remained favourable over the last two decades.

On the other hand, cotton exports, which peaked at 116.96 lakh bales worth ₹23,153.24 crore in 2014-15, have since declined to 47 lakh bales worth ₹8,731.32 crore in 2020-21.

The cotton sector seems to be dogged by some serious structural deficiencies.

Three-pronged strategy

First, the cropping system of cotton must gradually undergo a systematic change to high density planting system (HDPS), which is a new cropping system of accommodating more plants per unit area supported by technological inputs for weed management, defoliation and mechanical picking.

Currently our farmers practice dibbling based sowing of bushy-type, long duration hybrid cotton seeds at a large spacing accommodating fewer plants per acre and harvest seed cotton 3-4 times in a season spanning 180 to 280 days in different cotton growing zones. New erect type hybrid cotton genotypes have been introduced to optimise plant population, however, but this forms just one-fourth of what is being practiced under HDPS in countries with high cotton yield.

Cropping pattern change

The new cropping system requires an entirely new plant type, shifting from hybrid to varietal seeds coupled with new age technologies for machine sowing, weed management, defoliation and mechanical picking. HDPS cotton must be brought in soon which requires a coherent approach driven by robust public-private partnership.

Second, the government-led policy paradigm on cotton must give way to progressive evidence-based policies on pricing of seeds and safeguarding intellectual property, not only for biotech traits under Indian Patent Act but also ensuring the rights of breeders and farmers under PPVFRA.

Enforcement of IPR on new varieties suitable for HDPS while ensuring farmers' rights must be strengthened to attract investment in R&D and breeding of high-density suitable genotypes. Exchange of pre-breeding germplasm under material transfer agreement (MTA) and access and benefit sharing (ABS) mechanism for cross border material transfer must be prioritised.

The unending price control of cotton seeds under the Cotton Seed Price (Control) Order, 2015 has discouraged breeding activities and stalled introduction of much needed technologies for weed management and fuelled the growth of illegal market for herbicide tolerant (HT) cotton.

An exhaustive analysis by International Cotton Advisory Committee (IAC) shows that based on the cost of cultivation in 2002, the increase in seed cost is just 35 per cent as against the 237 per cent increase in labour cost in 2021-22, forcing farmers to take illegal route to HT cotton.

Finally, the 2023-24 Budget, expected to launch the Technology Mission on Cotton 2.0, announced a minor sop for enhancing the productivity of speciality extra-long staple cotton (ELS) by promoting a cluster-based and value chain approach through public-private partnerships (PPP). India is traditionally deficit in ELS cotton production and the textile industry imports around one million bales annually.

The cotton and textile industry was hoping that the Budget would launch an ambitious TMC 2.0 to transform ailing cotton sector, but even that would have been like clutching at the straws for the cotton and textile industry.

The writers are from the South Asia Biotechnology Centre, Jodhpur

Source: thehindubusinessline.com - March 01, 2023

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How Years of Neglect and Wrong Policies Hit India's Promising Textile and Apparel Sectors

The textile and apparel sectors have traditionally been one of the most employment-intensive sectors in India. As per the data from the ministry of textiles, the sector is the largest employer after agriculture and employs 45 million people directly and 60 million people in allied sectors. More importantly, these two sectors offer tremendous opportunities for job creation, especially for women. Women constitute nearly 33% of the total formal workforce in these two sectors whereas the corresponding number for the rest of the manufacturing is a meagre 15%.

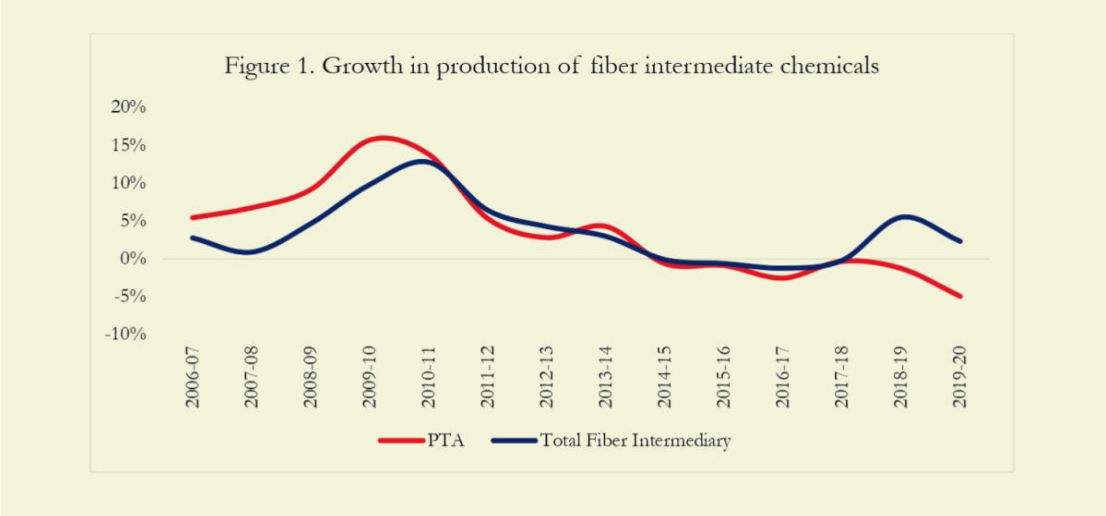
Despite the promise that these sectors hold, their performance has stagnated in recent years. Since 2011, the real output of the textile sector has barely grown whereas that of the apparel sector has witnessed a significant slowdown. The situation on the external front is even more concerning. Our global market share post-2014 has declined from 5.9% to 4.6% in 2020 in the textile sector, and from 3.9% to 2.9 % in the apparel sector. Bangladesh and Vietnam have already overtaken us in apparel exports. In textile exports, Vietnam is rapidly catching up to India.

What explains this turn of events in India?

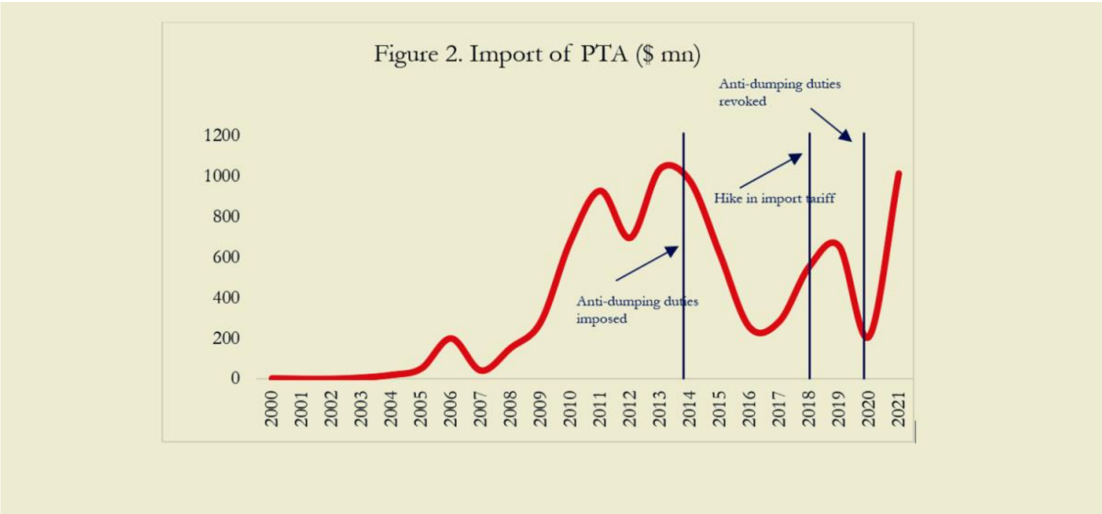
Of course, there are some long-standing structural bottlenecks – weak linkages to global value chains, fragmented value chains, complex labour laws; high logistical costs; land market frictions; high power costs – that adversely hamper the productivity of the sector. However, these issues, though important, have existed for decades now and cannot fully explain the declining performance in recent years.

Crisis in the polyester manufacturing sector

In our new research, we find that the key reason for the setback India has faced is the declining production of polyester fibre. The decline stems from the stalled progress in the domestic production of key chemical intermediaries, Purified Terephthalic Acid (PTA), required for the production of polyester yarn and fiber. Growth in domestic production of PTA declined sharply since 2010 and has witnessed virtually no growth since 2014 (see Figure 1).



As the domestic PTA production stagnated, polyester manufacturers responded by importing the same as evident from the sharp increase in PTA imports by more than 140% between 2008 and 2013. However, since then the trend reversed, and imports contracted by more than 50% (see Figure 2).



But why should India's PTA imports be falling precisely at a time when domestic production was stagnating even as the demand for polyester fiber and filament yarn was robust?

The answer to the questions lies in two policy interventions that the government introduced. First, the government imposed anti-dumping duties in 2013 on PTA imports from major source countries, making the import prices prohibitive. Second, in 2018, the government hiked the import tariff on PTA from 7.5% to 10% which further increased import costs.

At a time when the import of PTA was at an all-time high, the anti-dumping duty was imposed based on a petition filed by the two largest PTA producers: Mitsubishi Chemical Corporation India Ltd. and Reliance Industries Ltd. with the Director General of Trade Remedies (DGTR) in October 2013 for unfair trade practices by major PTA exporters to India.

The government finally imposed anti-dumping duty on PTA, in the range of $24 to $117 a tonne, on imports from China, South Korea, Thailand and the European Union. Later in 2016, anti-dumping duties ranging from $84-$168 per ton were imposed on PTA imports from Taiwan, Malaysia, Indonesia, and Iran.

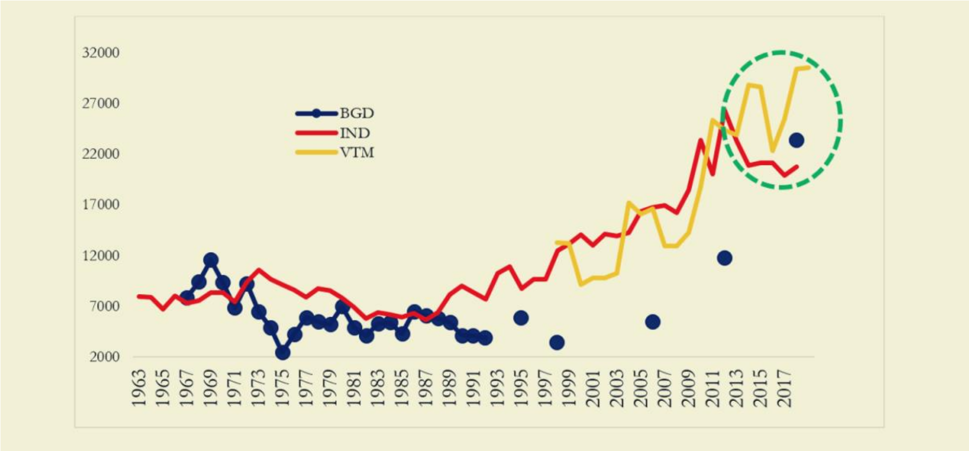
As these countries accounted for nearly 90% of India's total PTA imports, the anti-dumping measures, followed by a tariff hike in 2018, resulted in India's PTA imports contracting by almost 35% between 2014 and 2019.

The contraction in domestic production followed by the contraction in imports, making domestic PTA prices relatively more expensive than that of our competitors. The price rise adversely affected polyester producers who purchased PTA from the open market.

In contrast, the integrated PTA and Polyester producers like Reliance Industries benefitted from the duty as they could employ PTA in their polyester production at a significantly more competitive price. Moreover, the duty increased concentration in an already highly concentrated sector.

Faced with higher input prices relative to global competitors, the polyester fibre and filament yarn produced by producers procuring PTA from the open market became relatively uncompetitive compared to those firms that produced their own PTA. This resulted in a deterioration of capacity utilisation of polyester production. Consequently, the firms had to pass on the higher production costs to the final output. All this ultimately led to a productivity decline in the downstream sectors, even as their global competitors were gaining productivity (see Figure 3).

Figure 3. Per Worker GVA in man-made textile (Constant PPP $)



In fact, per-worker output in the man-made textile sector in India has fallen below that of Bangladesh and Vietnam. With the rising cost of production, declining productivity, and rising output prices, the man-made textile sector lost out on the external front. India's global share in man-made textile exports has declined by almost 1.5 percentage points, more than half of which has been captured by Vietnam.

Crisis hits apparel industry

As man-made textile is the most important input that goes into the manufacturing of man-made fabric (MMF) apparel, it is natural to expect that the sluggish performance of the former should feed into the latter. The labour productivity in the MMF-based apparel sector declined by more than 23% between 2016-2019. The worrying trend is that the decline in labour productivity of MMF apparel manufacturing firms is entirely driven by the most productive firms.

The per-worker output of the top 10 percentile of firms ranked by their productivity in MMF apparel manufacturing declined by nearly 10% between 2012-13 and 2018-19. During the same period, the rest of the firms saw their productivity rise by 16%.

With the loss of productivity and a decline in investments, especially in the most productive units, our MMF apparel producers have become relatively less competitive in the external markets. Our share in world MMF apparel exports declined to 2.8% in 2021. During the same period, our global competitors have done exceedingly well and have significantly increased their market share. Bangladesh's export share overtook that of India in 2018, and it stood at 4.1% in 2021. Vietnam, on the other hand, further consolidated its market and accounted for nearly 9% of global exports in 2021.

In 2020, the government finally rolled back the anti-dumping duties on PTA. However, the other policy interventions of the government may fail to do enough for the sector. First, the Production Linked Incentives (PLI) scheme is largely focused on the high-skill manufacturing sector and the outlays made for the man-made textile sector are minimal. Second, the government maintained the import tariffs on polyester intermediates, fibers and filament yarns at high levels to provide protection from foreign competition.

Given the high concentration of production upstream of the polyester value chain, particularly by producers who have the capacities and means to compete with the external competition, it is imperative to keep trade barriers low on the import of polyester fiber intermediates as well as of polyester stable fiber and filament yarn.

This will encourage value addition and employment generation in the downstream industries. A key recent development has been the drastic reduction of customs duties on polyester fiber intermediates, filament yarn and staple fiber in May 2022. While the move is in the right direction, it remains to be seen whether this will be adequate to reverse the regression on the domestic and external front.

Source: thewire.in – March 01, 2023

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GNDU organises conclave on technical textiles

The Punjab State Council for Science & Technology and Guru Nanak Dev University organised TECH4TEX, a technical textile conclave. The conclave was organised in collaboration with Technology Enabling Centre, Panjab University; the Department of Apparel and Textile Technology, Guru Nanak Dev University, Amritsar; Punjab Chapter of CII; the Amritsar Group of Colleges & various textile associations in Amritsar. Dr Dapinder Kaur Bakshi, Joint Director, PSCST, emphasised the 'Technical Textiles' as a sunrise sector.

She shared that the government of Punjab is keen on supporting the textile industries to graduate towards technical textiles through supporting research and technological interventions.

About 120 delegates participated in the event.

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