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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

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EUR	90.22
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JPY	0.61

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INTERNATIONAL NEWS

S&P Global Apr data shows faster rise in biz activity at firms in US

April 'flash' purchasing managers' index (PMI) data from S&P Global indicates a faster rise in business activity at firms based in the United States. Output rose at the sharpest pace for almost a year, as stronger demand conditions, improving supply and a steeper uptick in new orders supported the expansion.

Solid growth in activity was seen across the manufacturing sector. The headline S&P Global flash US PMI composite output index registered 53.5 in April, up from 52.3 in March, to signal the quickest upturn in business activity since May 2022.

New orders at US firms increased at the sharpest rate for 11 months in April. The rise in new business was solid overall, building on a modest gain in March and contrasting with contractions seen in the opening months of the year, S&P Global said in a release.

Growth was led by the service sector as the upturn in manufacturing new orders was only fractional, albeit returning to expansion for the first time in seven months.

Operating expenses rose at a marked and historically elevated pace that was the steepest for three months. Hikes in supplier prices were often attributed to greater incremental increases in material costs during the month.

Manufacturers and service providers alike recorded sharper increases in cost burdens. Meanwhile, overall output prices rose at the fastest pace for seven months.

Business expectations among US firms remained upbeat during April, with the degree of confidence in the year ahead outlook ticking up to the second-highest since May 2022. The level of optimism was slightly below the long-run series average, however, amid concerns surrounding higher interest rates and inflationary pressures.

The S&P Global flash US manufacturing PMI posted 50.4 in April, up from 49.2 in March, to signal the first improvement in operating conditions at goods producers in six months. The overall upturn was only marginal, but was supported by stronger growth in output and employment, alongside a renewed rise in new orders.

Reports of further and more notable hikes in supplier prices drove up the rate of cost inflation during April. The pace of increase in operating expenses was the quickest since last November. Firms were able to partly pass this through to customers, however, as selling prices increased at a sharp and historically elevated rate.

Marginal decreases in inventories and greater client demand during April led firms to step up their input buying activity for the first time in nine months. Recent supply chain disruption continued to abate, as vendor performance improved to the greatest extent on record (since May 2007).

Source: fibre2fashion.com – April 23, 2023

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Poor weather throughout most of March hit sales: UK retailers

Retail sales volumes in the United Kingdom are estimated to have fallen by 0.9 per cent month on month (MoM) in March this year, following a rise of 1.1 per cent in the previous month, according to the Office of National Statistics (ONS). Sales volumes rose by 0.6 per cent in the three months to March this year compared with the previous three months—the first three-month on three-month rise since August 2021. Non-food stores sales volumes fell by 1.3 per cent MoM in March 2023, following a rise of 2.4 per cent in February, with feedback from retailers that poor weather conditions throughout most of March affected sales.

Total non-food stores sales volumes (total of department, clothing, household and other non-food stores) fell by 1.3 per cent MoM in March this year, following a rise of 2.4 per cent in February. Within non-food stores, sales volumes of department stores and clothing stores fell by 3.2 per cent and 1.7 per cent MoM respectively during the month. Online sales in textile, clothing and footwear stores increased by 11.3 per cent year on year and by 4.6 per cent month on month in March. Non-store retailing (predominantly online retailers) sales volumes fell by 0.8 per cent in March, following a rise of 0.3 per cent in February this year.

“March saw sales volumes fall for the 12th consecutive month. But despite many consumers tightening their purse strings, they still wanted to celebrate special occasions....Meanwhile, clothing sales were held back by the wet weather in March,” Helen Dickinson, chief executive of the British Retail Consortium, said responding to the figures.

“Retailers are optimistic for the big events on the Spring calendar such as the King’s Coronation, and other bank holidays. However, the removal of government support for household bills from this month will mean consumer discretionary spend will be under additional pressure. We need Government to help retailers keep prices down and shore up consumer confidence by ensuring any additional regulatory burdens are kept to a minimum, as these additional cost pressures will inevitably mean that consumers will be further squeezed,” she added.

Source: fibre2fashion.com – April 22, 2023

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Asia likely to see disinflation in coming months: Nomura report

Asia is likely to witness disinflation, or a slower pace of inflation, in the coming months, driven by weaker underlying inflation momentum and helped by base effects, according to Japan-based global financial services group Nomura's Asia Economic Monthly.

By mid-year, inflation momentum, as measured on a month-on-month (MoM), seasonally-adjusted basis, should be closer to central bank targets in most economies following the monetary tightening phase last year, it said.

Most Asian central banks are now in a policy pause phase and, if underlying inflation moderates accordingly, the window to monetary easing will open up later this year, it noted.

There are seven reasons why Nomura sees faster disinflation in Asia. First, Asia's inflation is driven more by supply than demand-side factors. Lower oil and global food prices, abating currency depreciation pressures and the full normalisation of pandemic-driven supply chain bottlenecks point to easing supply-side pressures.

Nomura believes the lagged effects of these easing supply-side pressures will materialise in Asia's inflation readings in coming months.

The second reason is base effects. Comparing this year's inflation to last year's high levels on a monthly basis gives rise to base effects that serve to dampen inflation in specific months.

The third is easing food and energy prices should lower headline and core inflation. In Asia's emerging markets, food and fuel prices drive headline inflation and can spill into core inflation due to second-round effects. Lower food and energy prices should also curtail household inflation expectations.

The fourth is no wage-price spiral in Asia. Wage spikes caused by mass layoffs and early retirements in the United States are not evident in Asia, where labour markets are less flexible.

Instead, wage growth is starting to moderate, even in economies with tight labour markets like Singapore. Export and manufacturing slowdowns should spill into a weaker labour market and exert downward pressure on wage growth, especially for open economies in the region, Nomura noted.

The fifth reason is goods disinflation. Weaker goods demand and softening input costs will likely result in a slower rise in prices of core goods.

The sisth is likely moderation in services inflation. The post-pandemic release of pent-up demand for services has been exhausted. Moderating wage growth should soothe services inflation.

China's unlikelihood to be a source of inflation is the last reason. China's growth cycle is desynchronised from the rest of the world, and it is not a material source of inflation risk, either to itself or globally. China's pent-up consumption demand from its reopening is likely to disappoint market expectations, the Nomura report added.

Overall, the company continues to see disinflation as a significant macro theme for the coming year. Inflation in economies such as Thailand, India and South Korea are projected to moderate to within the central banks' target ranges ahead of schedule. By contrast, inflation in Singapore and the Philippines are set to fall more slowly.

The monetary policy tightening cycle is likely over in Asia, except for the Philippines, where it still expects two 25 basis points hikes in the second quarter. The rest of Asia has entered a phase of monetary policy pause, though countries like India, Thailand and Malaysia have left the door open for further rate hikes.

As inflation momentum eases in the second half of 2023, Nomura expects central banks to prioritise limiting the downside risks to growth in their policies.

It expects South Korea and India to be the first to cut rates in August and October respectively, but it is possible that other Asian central banks may move sooner.

Source: fibre2fashion.com– April 23, 2023

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China's FDI inflow for Q1 2023 up 4.9% YoY

China's foreign direct investment (FDI) registered steady growth in the first quarter (Q1) of 2023, as per data released by the country's ministry of commerce. In the January-March period, the FDI inflow in actual use grew by 4.9 per cent year-on-year (YoY) to 408.45 billion yuan (around $59.2 billion).

More than 10,000 new foreign-invested companies were established during the first three months of 2023, representing a 25.5 per cent increase compared to the same period last year.

Investment from France and Germany increased by 635.5 per cent YoY and 60.8 per cent YoY, respectively, during the January-March period. Meanwhile, FDI from the UK, Canada, Japan, Switzerland, and South Korea also recorded significant growth. FDI from countries along the Belt and Road increased by 27.8 per cent during this period.

China has recently been announcing new measures to shorten the negative list for foreign investment. Over the past few years, attempts have been made to assess the impact of the list and gain insights into the requirements of foreign-funded companies, according to the National Development and Reform Commission.

The country welcomes more multinational companies to tap into the Chinese market, expand their investment, and grow along with China's economic development, local media reports said quoting Chinese vice premier He Lifeng earlier this month.

Source: fibre2fashion.com– April 22, 2023

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Vietnam: Garment industry needs to iron out wrinkles to enable growth

Given an unstable global economy with strong consumer demand for transparency and sustainability, Vietnam's textile-garment industry is facing mounting difficulties, prompting a need to transform for growth.

Vice General Secretary of Vietnam Textile & Apparel Association (VITAS) Nguyen Thi Tuyet Mai said the US and EU – two major textile and garment import markets of Vietnam – have recently issued stricter regulations on the origin of products.

Economist Huynh Thanh Dien said that Europe is expected to adopt a common strategy to eliminate 'throwaway' consumption toward a goal of having only sustainable and recyclable apparel entering the EU market by 2030.

Kieu Manh Kha, Supply Chain Manager at the Vietnam Office of the Cotton Council International, noted all brands will require their supply chain to provide traceability information by 2030. In the short term, by 2025, about 25-50% of brands will apply the requirement.

About 80% of enterprises operating in the Vietnamese textile and garment industry are small and medium companies. The sector employs over 2 million industrial workers and nearly 1 million service workers, but the labour productivity remains low and production costs have yet to be optimised.

In the context of the current volatile and difficult business environment, experts held that only sustainable and flexible development, investment in digital transformation, and application of scientific advances and circular economy model can help businesses stand firm in the market.

In December last year, the Prime Minister signed a decision approving the strategy for the development of the textile, garment and footwear industry to 2030, with a vision to 2035.

According to Mai, this is the legal corridor for the sector to seize opportunities serving growth in the next 15 years, with an expectation that the nation can completely export with Vietnamese brands by 2035.

To this end, enterprises need to comply with labour commitments, sustainably protect the environment, and be profitable, she said.

Regarding the transparency of origin, Kha advised businesses to consider joining the US Cotton Trust Protocol programme as quickly as possible. Via the support programme, Vietnamese textile and garment firms can add quantitative traceability to each product, hence a more transparent supply chain for growth in popularity.

Dien suggested given the current difficulties, companies, in the short-term, should turn to new markets rather than getting back to the domestic market.

Source: en.vietnamplus.vn– April 23, 2023

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France's apparel imports from Vietnam witness 33% rise in 2022

In 2022, Vietnam became the tenth-largest supplier of apparel to France, with imports increasing by 33.05 per cent to $793.468 million from $596.644 million in 2021. Vietnam's apparel accounted for 2.89 per cent of France's total import value of $27.440 billion in 2022.

Trade data shows that there has been volatility in the trade between France and Vietnam in previous years. French imports from Vietnam increased by 18.81 per cent to $656.480 million in 2018 compared to $552.545 million in 2017, but growth slowed to just 2.11 per cent in 2019, reaching $670.353 million. In 2020, amid the COVID-19 pandemic, French imports inched up by 1.76 per cent to $682.168 million, according to Fibre2Fashion's market insight tool TexPro.

French imports of apparel from Vietnam decreased by 12.54 per cent to $596.644 million in 2021 but increased significantly by 32.99 per cent to $793.468 million in 2022.

Although Vietnam is a major global supplier of garment exports, its contribution of only 2.89 per cent to France's total apparel imports suggests limited penetration in the Western market.

Tunisia, Turkiye, Netherlands, Belgium, Germany, Spain, Bangladesh, Italy, and China were all larger apparel suppliers to France than Vietnam, according to TexPro.

Source: fibre2fashion.com– April 23, 2023

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Vietnam & Cambodia among Southeast Asia's fastest-growing economies

Vietnam and Cambodia are among the fastest-growing economies in Southeast Asia, as per several major organisations. Vietnam is projected to experience a 5.8 per cent growth in its gross domestic product (GDP) in 2023, positioning it in a tie for second place in the region with Cambodia, following the Philippines, the International Monetary Fund (IMF) said.

Vietnam's public debt is also expected to remain the lowest among eight Association of Southeast Asian Nations (ASEAN) member countries. Projected to reach 6.9 per cent by 2024, Vietnam's GDP growth is expected to be the highest among Southeast Asian countries.

The country's public debt is estimated to decrease to 31.3 per cent of the national GDP by 2028—the lowest in two decades. In terms of inflation, Vietnam is expected to reach 5 per cent and 3 per cent in 2023 and 2024, respectively, several local media reports said quoting the IMF.

The Asian Development Bank (ADB) said that Cambodia is anticipated to experience a GDP growth rate of 5.5 per cent in 2023 and 6.0 per cent in 2024. The country's inflation rates are forecast at 3 per cent and 4 per cent in 2023 and 2024, respectively. Cambodia's per capita GDP growth is expected to be 4.1 per cent in 2023 and 4.6 per cent in 2024.

The Economist Intelligence Unit (EIU) forecast that Cambodia's real GDP growth will accelerate slightly to 5.3 per cent in 2023, after an estimated 5.1 per cent in 2022. The nation's economy is expected to benefit from new trade agreements that promote inward investment and exports.

Source: fibre2fashion.com– April 22, 2023

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Key concerns remain in Bangladesh RMG sector despite progress: CPD

Though Bangladesh's readymade garments (RMG) industry has made significant improvements in occupational safety and health (OSH) over the last decade, especially in the years after the Rana Plaza accident, concern remains due to a slight rise in accidents recently and a number of worker deaths in workplace accidents in the period after the Accord on Fire and Building Safety handed over the implementation of its programme in Bangladesh to the RMG Sustainability Council (RSC), a report by the Centre for Policy Research (CPD) said.

The number of accidents in the sector was 180 in 2021, a rise from 177 in 2020.

The numbers of worker deaths in the sector due to workplace accidents in 2017, 2018, 2019 and 2020 were 15, 10, 2 and 1 respectively. However, in 2021, the number jumped to 13.

CPD recently released the report, titled ‘Civil Society Monitoring on Occupational Safety and Health in Bangladesh's RMG Sector’.

The Rana Plaza accident ten years ago led to the creation of the Accord and the Alliance for Bangladesh Worker Safety, the two buyer-driven groups that inspected nearly 2,230 factories.

The government department of inspection for factories and establishments (DIFE), with support from the International Labour Organisation (ILO), took responsibility for the rest of the 1,549 factories through the Remediation Coordination Cell (RCC).

DIFE has raised its technical and institutional capacity over the years. In fiscal 2020-21, its number of over inspections was 47,361, out of which 6,227 were in the RMG industry.

However, the number of inspections by DIFE has decreased compared to the previous fiscal, both for the overall and RMG industry, the CPD report said.

In fiscal 2021-22, DIFE conducted 43,644 inspections in factories, shops and establishments. Of these, 3,560 were in the RMG industry.

Quality of safety inspection, however, still remains a major barrier.

As of October 2022, the remediation progress of RCC for active factories remained 54 per cent, the CPD document said.

It said there is no recent update on how the Industrial Safety Unit (ISU) is conducting its activities now.

As of January 2023, RSC covered 1,828 factories and the progress rate for correction of the initial findings was 91.32 per cent in January this year.

Of its 1,828 covered factories, 500 have already completed cent per cent initial safety hazard remediation. Another 1,300 factories also have a progress rate of 91 per cent.

As the ongoing monitoring of industrial safety and OSH in the country's RMG industry is not adequate to ensure long-term sustainability, an institutional and operational review of key monitoring authorities and initiatives needs to be carried out, the report recommended.

Source: fibre2fashion.com– April 22, 2023

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NATIONAL NEWS

Project on Traceability, Certification and Branding of "Kasturi Cotton India" commenced

Hon'ble Union Minister of Textiles, Commerce & Industry and Consumer Affairs and Food & Public Distribution, Shri Piyush Goyal presided over the sixth interactive meeting with the Textile Advisory Group (TAG), on 22nd April, 2023, to review the progress of initiatives for cotton value chain, as part of the Saurashtra Tamil Sangamam which is being conducted under the 'Ek Bharat Shreshtha Bharat' Initiative in Gujarat in Rajkot.

Shri Piyush Goyal noted the progress in the project on Traceability, Certification and Branding of Kasturi Cotton India and lauded that branding of Indian Cotton will add great value to the entire cotton value chain from farmers to end users.

He pointed out that the quality of Indian cotton is beneficial for farmers and industry both. Meetings of Steering Committee and Apex Committee have taken place and the funds for project have been released and the work on Traceability, Certification and Branding of Kasturi India Cotton has begun.

He appealed to TEXPROCIL to make aggressive efforts to brand Kasturi cotton as premium cotton in domestic and international markets.

Final approval for Holistic plan to enhance cotton productivity by targeting the technology of HDPS, Closer Spacing and ELS with an amount of Rs. 4186.85 lakhs was obtained from MoA&FW under NFSM. Cluster-wise identification of villages/farmers has been finalized in Rajasthan and the same is in progress in all the remaining cotton growing states where sowing will be taken up for the ensuing cotton season 2023-24.

Shri Goyal emphasized the need for strengthening certification systems for organic cotton and requested industry for active participation in promotion of organic cotton production amongst cotton farmers. Hon'ble Minister advised to form a working group of experts, representative from industry, respective Ministries & other stakeholders to have detailed plan of action to boost organic cotton production on cluster based approach.

Smt. Darshana V. Jardosh, Hon'ble Minister of State for Textiles and Railways and TAG Chairman Shri Suresh Kotak also guided the TAG meeting.

Smt Rachna Shah, Secretary, Ministry of Textiles, appealed to all cotton value chain stakeholders to work together in a cohesive manner to achieve the Hon'ble PM's dream of five F's from Farm to Foreign in the Cotton Textile Value Chain and regain Supremacy in Cotton to enhance value returns to producers.

Representatives from Ministry of Agriculture and Farmers Welfare, CCI, APEDA, BIS, other senior officials from related Ministries and stakeholders from entire cotton value chain were also present during the meeting.

Source: pib.gov.in- April 22, 2023

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Environmental, social and governance Task Force in the Textiles sector soon dedicated to Sustainability: Shri Goyal

An ESG (environmental, social and governance) Task Force in the Textiles sector will be created keeping in mind India's commitment towards sustainability, said Shri Piyush Goyal, Union Minister of Textiles, Consumer Affairs, Food and Public Distribution and Commerce and Industry during soft launch of e-commerce website of Ministry of Textiles dedicated to handloom and handicrafts in Rajkot, Gujarat today. The event was a part of 'Saurashtra Tamil Sangamam' in which Chief Minister of Gujarat, Shri Bhupendrabhai Patel also participated.

During two days event in Somnath and Rajkot, the Union Minister attended the Chintan Shivir in which along with officers from the Ministry of Textiles, deliberations on various aspects of the sector was done.

Speaking on the occasion, Shri Goyal said there has been fruitful discussions for making textile sector more vibrant. He added that the some of the manufacturers & exporters are ensuring twice the value upon receiving Environmental, social and governance (ESG) compliance certification. Efforts are being made to ensure this certification for more manufacturers & exporters.

He also talked about the export target of USD 100 Billion for textile sector by 2030 and overall target of USD 250 Billion for textile sector by 2030. He said that five commitments of Hon'ble PM Narendra Modi also includes that we have to go back to our roots to progress with confidence. He said that both Tamil Nadu and Gujarat are connected with history and culture but are also connected due to having strong traditional and modern Textile sector.

He said that due to strong belief of PM in 'Ek Bharat Shresth Bharat', 'Saurashtra Tamil Sangamam' is being organized in Gujarat. A large number of women from Tamil Nadu reached the state. He said that he interacted with them and found that they were excited and joyous. The Union Minister said that it reflects that the cultural heritage of our country is in Unity. He said that 'Saurashtra Tamil Sangamam' is an effort to unify India.

Source: pib.gov.in- April 22, 2023

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More developed countries lining up for trade talks with India: Piyush Goyal

More and more developed countries are lining up to have free trade talks with India, Minister of Commerce, Industry and Textile Piyush Goyal said in a media interaction in Rajkot on Saturday.

According to Piyush Goyal, while free trade talks with the UK and Canada are in an advanced stage, the government is also negotiating with the 27-nation European Union. He informed me that ministers of four EFTA countries -- Iceland, Liechtenstein, Norway and Switzerland – are coming to meet him in Delhi on 26 April.

“The 6-nation Gulf Cooperation Council (GCC) are also talking with the government to try and launch the free-trade talks,” he said. Goyal was interacting with the media after the Textiles Conclave during Saurashtra Tamil Sangamam in Rajkot on Saturday.

Responding to a query on how FTAs would help textile exporters, the minister said, “India was a big exporter of textiles but as the country grew and it became a developing country from a less developing country, we lost the benefit of duty-free exports in many developed countries and our products started attracting duties in those countries. Compared to that, Bangladesh, which continues to remain a less developing country, so they have access to those developed countries duty free.”

Goyal said that recognising these challenges, the government started free-trade talks with many developed countries. Last year India finalised two FTAs – one with Australia and another with the UAE.

Under the 'Ek Bharat Shreshtha Bharat' Initiative, the Saurashtra Tamil Sangamam is being conducted in Gujarat from 17 -30 April 2023 to celebrate the cultural links between Gujarat and Tamil Nadu. Goyal said that the two states traditionally have been textile manufacturing hubs, and with the opening up of PM Mitra Textile Parks in both states stand to gain from FDI and creation of world-class infrastructure.

Source: newindianexpress.com - April 24, 2023

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Price hikes help apparel market grow 15% in FY23

India's apparel market expanded 15% during 2022-23 but sales growth was entirely price hike led as volumes or products people bought fell 3%, according to the Clothing Manufacturers Association of India (CMAI).

While sales growth has breached pre-Covid levels, the segment could see demand recovery only during Diwali this year, according to the association, which represents over 20,000 apparel makers and retailers in the segment.

"There was an upswing in sales after lockdowns after consumers rushed to malls and stores but that has normalised now. We see large branded and organised chains performing well despite price increases but a large chunk of smaller retailers and apparel makers operating out of multi-brand outlets in smaller towns are feeling the pressure due to inflation," said Rahul Mehta, chief mentor at CMAI.

Historically, the clothing segment grew 10-12% but volumes drove a bulk of sales. With a nearly 50% increase in cotton yarn prices since the past two years, most of the apparel makers and retailers hiked prices by 15-20%. This resulted in falling demand especially in smaller towns for unorganised players.

"We have not seen de-growth in volume, but it has not grown as much as the value. Last year, we had to take a price hike because of an increase in cotton prices but it was absorbed well by the consumers.

However, there is a bit of stress and it is evident in the shopping behaviour," said Devarajan Iyer, CEO of fashion retailer Lifestyle International.

There is also a shift to branded apparel market, which now accounts for 30% of the segment compared to 25% nearly five years ago. The '8-lakh-crore apparel retail sector in India has grown broadly in line with nominal GDP over the years and analysts expect this trend to continue in the next decade. The organised part, however, clocked higher growth of 18% as incomes rose and consumers shifted steadily towards organised formats.

"Fashion and lifestyle business continues to grow pretty strongly. We continue to improve our average bill values and conversion rates as our price value proposition in this space is very very strong as you are aware of, there's a share of our own brands in our offline business," Dinesh Taluja, chief financial officer at Reliance Retail, said at an investor call on Friday.

Share of e-commerce is amongst the highest in the apparel sector globally, as well as in India, though it is still significantly below countries like China and the US.

"Our global case study indicates that brand-cum-retailers such as H&M, Inditex and Uniqlo have been able to increase their online salience. Companies in India have also been investing behind omni-channel capabilities over the years, to gain a foothold in this channel. Companies with strong brands such as Page, ABFRL, Trent, among others, are better placed to use e-commerce as a lever to accelerate growth," said a recent report by IIFL.

Source: economictimes.com- April 24, 2023

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Launch 'PLI Plus' initiative; focus on new product development to boost mfg: GTRI to govt

The government should consider launching a 'PLI Plus' scheme with focus on development of new products, industrial designs and enhancing productivity with a view to boost domestic manufacturing, economic think tank GTRI said on Sunday. A production-linked incentives scheme (PLI) is under implementation by the government with a budgetary outlay of about Rs 2 lakh crore for 14 sectors such as white goods, mobile, telecommunication and auto components.

The Global Trade Research Initiative (GTRI) report said that creating sustainable and competitive manufacturing is imperative to increase the share of manufacturing in GDP to 25 per cent by 2030, up from 15 per cent at present.

"This will require shifting focus to one step back. From quick manufacturing outcomes to R&D, reverse engineering, and deep work.

"This can be done under the Make in India framework with the launch of eight PLI Plus initiatives. These initiatives will strengthen the foundation of Indian manufacturing and aspire to bring the expertise level at par with developed countries like Germany, the US, Japan etc," GTRI co-founder Ajay Srivastava said.

Under the initiative, he called for focus on laying the foundation for new product development; enhancing productivity of entire product sectors; supporting industrial design, development and manufacturing to cut imports; and boost ease of doing business measures.

For the initiative, he suggested the government use Rs 1 lakh crore from the existing funds.

Creation of global quality basic science research set up; inviting more Suzuki, GE and Apple type of firms in india; developing end-to-end product ecosystems; supporting manufacturing of products made by small and medium-size firms; and localising production of fertilizer and plastics will help India strengthen foundation of its manufacturing and aspire to bring the expertise level at par with developed countries, it added.

"India must develop expertise in basic sciences, chemistry, metals, electronics, etc. These require long-term and sustained investment and collaborations with institutions across the world. Most such expertise is available only with firms located in Germany, Japan, and the US," it said.

India imported machinery of value USD 54 billion in 2022 and therefore India needs to reverse engineer these to enable local, high-quality manufacturing, it said, adding a beginning may be made by reverse-engineering products such as machinery for textiles sector, mining, and agriculture.

"India imported fertilizers worth USD 17 billion and plastics products of value USD 27 billion in 2022. Technology for making these products is at least five decades old, and India has abundant raw materials. We must explore if most imports of fertilizer and plastics serve the interests of the trading lobby," the report said.

Further, it suggested that the Ministry of MSME and the Department of Science and Technology devise an intensive program to identify high-potential existing manufacturers and handhold them to upgrade. "A beginning may be made with the following products. These are imported in large quantities," it said. The GTRI further said that most electronic products are made with lakhs of components and India must focus on developing this sector for sustainable advantage.

Currently, India imports most components.

"Our component strategy should concentrate on developing a component hub to facilitate quick imports, setting up manufacturing for low-end components, and allowing credit for duty-free imports to firms," it said, adding the government should look at setting up component hubs for prompt supply of imported components.

Component hubs will be Bonded Cargo warehouses allowing vendors to import and store components without payment of duty. The hubs will trigger domestic electronic and IT hardware goods ecosystem development, the report said.

Source: economictimes.com- April 23, 2023

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Aadhaar authentication will be needed to avail MSP for cotton

Farmers selling cotton to Cotton Corporation of India at minimum support price (MSP) need to submit the unique identity, Aadhaar, as per a notification issued by the Central government. Some states, such as Tamil Nadu, have already implemented Aadhaar submission by farmers to avail MSP or incentives for paddy.

“An individual eligible for receiving the benefits under the Scheme shall be required to furnish proof of possession of an Aadhaar number or undergo Aadhaar authentication,” according to the notification, dated April 17 and issued by Textiles Ministry. Further, it mentioned that this will come into effect on the date of its publication in the Official Gazette in all the States and Union territories.

The MSP for medium staple cotton for 2022-23 kharif season is ₹6,080, while for long staple cotton is ₹6,380.

According to the notification, the use of Aadhaar as an identity document for delivery of services or benefits or subsidies simplifies the Government delivery processes, brings in transparency and efficiency, and enables beneficiaries to get their entitlements directly in a convenient and seamless manner by obviating the need to produce multiple documents to prove one’s identity. The Textiles Ministry is administering the procurement of seed cotton by Cotton Corporation of India Limited with an objective to provide MSP whenever price falls below it.

Under the Scheme, MSP for the cotton procured from farmers is given to farmers by the Implementing Agency as per the Scheme and guidelines issued. The benefit under the scheme involves recurring expenditure from the Consolidated Fund of India (CFI), which is why Centre has issued the notification

In case, the farmer does not have an Aadhaar, but has applied, he will have to submit the Aadhaar Enrolment Identification slip along with any of the identity documents. These documents include a Bank or Post office Passbook with Photo, Permanent Account Number (PAN) Card, Passport, Voter Identity Card, Driving License, or Certificate of identity having photo of such person issued by a Gazetted Officer or a Tehsildar on an official letter head.

In cases, where Aadhaar authentication fails due to poor biometrics of the beneficiaries or due to any other reason, the notification has also suggested remedial mechanisms. Accordingly, in case of poor fingerprint quality, iris scan or face authentication facility will be adopted for authentication.

In case biometric authentication through fingerprints or iris or face authentication is not successful, authentication by Aadhaar OTP will be offered. In cases where biometric or Aadhaar OTP authentication is not possible, benefits under the Scheme may be given on the basis of a physical Aadhaar letter whose authenticity can be verified through the Quick Response (QR) code printed on the Aadhaar letter.

Source: thehindubusinessline.com - April 23, 2023

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Knitwear exports from Tirupur hit, outlook subdued

The slowdown in its key markets like the US and European Union (EU) has hit knitwear exports from the Tirupur cluster, Asia's largest textiles export hub, which accounts for more than half of India's knitwear exports. Industry sources said the export markets continue to be dull, with few new orders, but expressed the hope that by June-July, the markets may return to normalcy, as the consumption season peaks.

As per the provisional figures, knitwear exports from Tirupur grew just 2.5% to `34,350 crore in FY23, which is not only lower by the historical trend excepting the pandemic period, but was also lower than the country's overall knitwear export growth of 3.76% in the year.

India's knitwear exports stood at `63,239 crore in FY23.

According to K M Subramanian, president, Tirupur Exporters' Association (TEA), exports from the hub have slowed since August, with negative growth all subsequent months except November. Despite that, we could surpass last year's figures. Our major markets such as US and EU were in slowdown during those period."

The TEA president further said that the situation is gradually improving in the US and EU markets and the orders are coming in slowly. "By June or July, these markets will hopefully come to nomalcy allowing normal exports growth", he said.

For most of the part of last fiscal, the knitwear exporters in Tirupur had been facing problems such as power tariff hike, and dwindling export orders from the main markets, besides increased yarn prices. Russia-Ukraine war undermined purchasing power of the European clients resulting in reduced export orders from there while the US customers too placed lesser orders.

In August 2022. Tirupur showed first signs of degrowth, with the exports decreasing by 14.6% to Rs 2,711 crore. There was sharper contractions of 24.4% in September, with exports of Rs 2,367 crore and Octcober (34.2%, Rs 2,164 crore).

But things went to worse yet again, exports dwindled by 6.6% in December to Rs 3,079 crore, 8.2% to Rs 2,782 crore in January and 11.1% to Rs 2,790 crore in February and 22.6% to Rs 2,680 crore in March.

The exporters under Tirupur Exporters' Association (TEA) had been seeking a new technology upgradation fund (TUF) scheme (interest benefit on capex loans) for units, which have already made investments as well as those planning to make new investments. The exporters say continuous modernisation of machinery is need of the hour to fight the intense competition in the global export marketplace.

The exporting units were under the anticipation that the new TUF scheme would come into effect from April 1, 2022 immediately after the expiry of the amended technology upgradation fund scheme (ATUFs) on March 31, 2022. Based on this expectation, the garment units including MSMEs started making investments in purchase of machinery and installing in their units.

The exporters' association had recently sought minimum Rs 10 crore as investment limit for industries that want to benefit under the second Production Linked Incentive (PLI) scheme for textiles.

Tirupur cluster has 1,233 exports units and provides employment to 0.6 million people directly and 2,00,000 indirectly, 60% of them are women workers.

Source: financialexpress.com- April 22, 2023

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Confusion over Indian cotton output as stakeholders' body pegs it at 337.23 lakh bales

The Committee on Cotton Production and Consumption (CCPC), a body set up by the government comprising all textile industry stakeholders including farmers, has estimated cotton production for the current season to September at 337.23 lakh bales (of 170 kg each).

The projection of the CCPC, chaired by the Union Textiles Commissioner on Thursday, is against the 341.91 lakh bales it estimated in November last year.

The estimate, coming on the heels of traders body Cotton Association of India (CAI) lowering the crop estimate to a 14-year low of 303 lakh bales, has led to confusion over the exact production of the natural fibre this season.

Reflecting reality

"There are various estimates of the cotton crop doing rounds, but the CCPC's estimate seems to reflect the reality," said a multinational company (MNC) trading source on the condition of anonymity.

"There is a lot of confusion over cotton crop estimates. Views are also different. In private, MNCs have a different estimate of the crop making it difficult for the industry. If we compare the acreage of cotton and the yield, the estimates do not match," said a Karnataka-based trader.

According to CCPC estimates, the area under cotton is higher this season at 130.49 lakh hectares (lh) and the yield has been projected at 439.34 kg/hectare. Last season, cotton was cultivated on 119.10 lh and the productivity was 445 kg/hectare.

Issues with estimates

Production in the northern zone comprising Punjab, Haryana and Ganganagar tracts of Rajasthan, is estimated at 47.25 lakh bales (44.44 lakh bales a year ago). The output in the central zone consisting of Maharashtra, Gujarat and Madhya Pradesh is pegged at 184.16 lakh bales (160.20 lakh bales).

The southern zone made by Telangana, Tamil Nadu, Andhra Pradesh and Karnataka is projected to produce 98.30 lakh bales (100.85 lakh bales). Other parts of the country are expected to chip in with 7.52 lakh bales (6.54 lakh bales).

“The problem with crop estimates this year is that people have tended to go by the earlier practice of market arrivals. We are going through an unusual year when farmers have tended to hold back their produce. They had never done this before in Karnataka and Maharashtra,” the MNC trading source said.

Buoyed by receiving record high prices of ₹12,000 a quintal last season, farmers tended to hold back expecting higher prices. According to the Southern India Mills Association (SIMA), farmers and traders have held back cotton this year resulting in raw material availability.

Basing it on arrivals

This year, farmers have not been able to get over ₹9,000 a quintal, though they are higher than the minimum support price of ₹6,080. Currently, the modal price (the rate at which most trades take place) is hovering around ₹8,000.

Finding fault with some of the lower projections, a trader said, “It is one thing to go by arrivals till now and add the expected arrivals over the remaining period. It is another to estimate crop production taking area, yield and other factors into consideration.

“The confusion has been caused as some have tended to estimate the crop based on arrivals going by past precedents, but this time they have failed to take into account farmers’ behaviour,” the trader said.

The MNC trading source said currently, cotton arrivals in Maharashtra were over 50,000 bales. “People should have taken note of these arrivals, which is higher than usual while arriving at crop estimates,” the source said.

According to data from Agmarknet, an arm of the Agriculture Ministry, cotton arrivals in the country during March 1-April 21 were 33.72 lakh bales against 22.45 lakh bales in the same period a year ago.

Prices up this week

Cotton balance sheet*

Particulars#	2021-22	2022-23
Opening stock	71.84	39.48
Crop size	312.03	337.23
Import	18.00	10.00
Total Supply	401.87	386.71
Total consumption	313.77	311.00
Exports	42.50	30.00
Total Demand	356.27	341.00
Carryover stocks	45.60	45.71

Source: CCI *Estimates of CCPC # in lakhs

"If the agencies estimating cotton production were to allow market conditions to take control, we would not be witnessing such a confusion," said a southern-based textile industry expert.

CAI's estimate of a 14-year-low crop has pushed up cotton futures on MCX to ₹64,020 a candy (356 kg) for delivery in June. Spot prices of Shankar-6 cotton, a benchmark for exports, are currently quoted at ₹63,000 a candy. Prices are up by over ₹2,500 this week.

In the global market, cotton on the InterContinental Exchange, New York, for delivery in May is ruling at 79.05 cents a pound (₹51,350 a candy). This has resulted in the Indian cotton enjoying a premium and, in turn, hurting its export prospects. The US Department of Agriculture has pegged India's cotton to drop to a 19-year low this year.

"The main reason for the confusion is only due to delayed arrivals as farmers are holding back raw cotton expecting higher prices from the beginning of this cotton season . During the peak period, arrivals were low and now during March-April arrivals are good across the country," the Karnataka-based trader said.

2018 experience

He said there was no relevance of month-wise arrivals compared to earlier years and this has made things difficult for agencies concerned to assess the actual crop size. "Production in some States may correct but the problem could be in estimating Maharashtra and Gujarat, where arrivals have been delayed," the trader said.

The MNC trading source said in 2018, too, cotton production was pegged lower and the following year an one-time adjustment of 13-17 lakh bales were made. "Our fear is that this could recur next season," the sources said.

The Karnataka-based traders said with the global yarn movement being slow, its exports will likely be 20 per cent lower this year. “In the absence of accurate crop estimates and low demand in finished products, consumption will decline.

Even consumption data also need to be addressed properly as there are lots of misconceptions on actual utilisation by spinning mills in various States,” he said.

Source: thehindubusinessline.com- April 21, 2023

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The FPO route to making farming worthwhile

Agriculture in India is not a viable option given fragmented landholdings (average landholding size is 1.08 hectares), rain-fed agriculture (around 50 per cent), climate change, lower disbursement of institutional credit to farmers, high cost of cultivation, and exploitation by various agents.

Besides, the Minimum Support Price (MSP) model in India resulted in skewed cropping pattern and other adverse implications, namely, unbridled exploitation of groundwater, soil alkalinity and chemicalisation of farming. Hence, the following policy initiatives may come handy.

Input credit to farmers: Input subsidy to farmers may be given on seeds, pesticides, and fertilisers so that MSP can be phased out gradually. Besides, labour from MGNREGS may be provided to farmers, especially the small and marginal, to reduce their cost of cultivation. Before phasing out MSP, empowerment of farmers should be a prerequisite, by strengthening the Farmer Producer Organisation (FPO) model through formation of federations, which will ensure their collective bargaining power and achievement of economies of scale.

Convergence of SHGs and FPOs: By taking a cue from the self-help group model, the concept of FPO was introduced in 2003. Though a few FPOs such as Sahyadri Farms, Yogeswara and Maha FPC Federation are successful in certain pockets, they are yet to take off on a pan-India basis. Data show more than two-thirds of FPOs are in seven States: Maharashtra, Uttar Pradesh, Tamil Nadu, Madhya Pradesh, Haryana, Bihar and Karnataka. Therefore, there is a need to converge SHGs and FPOs as done in some parts of Uttar Pradesh. For instance, mango orchards may be looked after by farmers right from 'roots to fruits'; SHG women, preferably from the respective families, may process the mangoes for pickles, jelly, juice, etc.

Diversification of crops: India has been importing edible oil, pulses, cashew and spices, losing precious foreign exchange in the process. On the other hand, the country is exporting water-guzzling crops like rice, wheat and sugar, which has ecological costs. To ensure food, nutritional and financial security to the farmers, diversifying to crops such as millets, pulses, oil seeds, and spices may be incentivised. The FPOs may be trained in commodity derivatives to market their produce without resorting to distress sale.

Focus on exports: Indian farmers may be encouraged to grow commercial crops in order to obtain remunerative prices through exports. For this, agricultural value chains may be developed by following the 'One District One Product' model.

Access to institutional credit: As per a report on FPOs from Azim Premji University, 919 FPOs received financial assistance of ₹403 crore in FY 2021-22 from various credit agencies with an average loan size of just ₹43.85 lakh. This loan amount is inadequate since their average size is more than 750 members in most of the cases. As more than half of formal credit is granted to other than small and marginal farmers, it is imperative to improve access to low cost institutional credit to this group.

Seamless market linkages: A few FPOs supply to e-commerce retailers such as JioMart, Grofers, Big Basket, etc., either directly or through agri start-ups. This may be complemented by crafting a marketing strategy through procurement of agri-produce at farm-gate in all districts through the public-private partnership model.

Source: thehindubusinessline.com- April 19, 2023

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Textile units shifting to polyester, viscose

AHMEDABAD: High cotton prices have hurt the textile industry so much that industrialists are looking to alternative avenues to make businesses viable.

Many textile manufacturers in Ahmedabad — once the Manchester of the East and the cotton hub of the country — are moving to polyester and viscose fabrics. Last year, the textile sector here witnessed blending in cotton and now several players in the value chain have moved to polyester and viscose.

Dhruv Patel, MD of Diamond Textile Mills Pvt Ltd, said, “We had a thriving cotton textile business for more than five decades with integrated spinning, weaving and processing facilities. For the last nine months, we have completely shifted to polyester yarn and viscose.”

He further said, “We source the fibre, manufacture yarn, and weave it into fabric. We’re also supplying yarn to manufacturers in Surat. We had no choice but to shift to polyester and viscose due to high cotton prices, which affected our viability. We have not exited the cotton business entirely, but feel the time is not right for cotton and thus chose to diversify.”

Market sources say cotton textile units need to make only minor changes to start polyester and viscose manufacturing.

According to industry estimates, at least 5% of textile players who were entirely into cotton have adopted man-made fibres. Last year, cotton prices reached a record high of Rs 1.10 lakh per candy (356kg). This year, prices have come down to an average of Rs 60,000 per candy. However, recent estimates from the Cotton Association of India (CAI) suggest lower crop output and there will thus be more volatility in cotton prices, experts say.

Another case is that of Kankariya Textile Industries Pvt Ltd. “Our key business is cotton fabric processing but last year’s high cotton prices taught us many lessons. A section of our customers demand polyester and viscose, which are cheaper. We began sourcing polyester from Surat and viscose from South India. Polyester, viscose and rayon are part of our portfolio this year and we managed to even bag export orders from China.

We have started printing shirting fabric, dress material for women and home textiles in viscose," said P R Kankariya, chairman of the company. "We procure grey fabric from Surat, which isn't a major cost, and process it here."

Saurin Parikh, president of the Spinners Association Gujarat (SAG), said, "Gujarat is hub of cotton textiles but in the last year, more than 5% of its cotton capacity has been replaced by polyester and viscose."

Akash Sharma, director of Akash Fashion Pvt Ltd, said, "We began polyester and viscose printing three years ago. We were into 100% cotton fabrics, but of late have begun blending. There is blending of up to 65% polyester because it is at least 25% cheaper than pure cotton. We used to print 12 lakh metres of cotton shirting every month earlier, however, capacity utilization dropped due to high cotton prices. We now print seven lakh metres of blended shirting fabric while our volume of pure cotton shirting fabric is only one lakh metres a month."

Source: timesofindia.com- April 24, 2023

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How online shopping is changing India's retail fabric

Online retail platforms have emerged as a unifying force in the Indian retail space. There is a certain homogeneity in customer behaviour as shoppers from smaller towns have begun displaying the same traits when it comes to shopping for fashion, accessories, electronics or daily essentials.

Shopping patterns

A fascinating new survey by IIM Ahmedabad (IIMA) titled 'Digital Retail Platforms and Consumer Emotions: An Indian Perspective,' undertaken post Covid, unveils online shopping patterns. A striking finding is that shoppers from tier 3-4 towns spent more on fashion and clothing than electronics vis-a-vis their counterparts in metros.

"The items with a long tail (A category having a large variety of products) such as fashion and clothing have more traction in smaller cities," says Professor Pankaj Setia, Chairperson of the Centre for Digital Transformation (CDT) at IIMA. Setia led the survey that revealed that consumers in Tier 2 to Tier 4 cities spent up to 77 per cent more than those in Tier 1 cities. This, according to Setia, was fuelled by the Covid-induced digital push across India.

Retail consultant and author V Rajesh believes that online retailing has undergone a significant change over the past three years. More than the Covid-led push, it was the emergence of influencer marketing that saw embedded marketing content on social media platforms such as Instagram, Facebook etc.

"Shopping is not just now limited to the Amazons of the online world. There are now a lot of niche players who are catering to a small segment and yet doing very well," he says.

No wonder, in 2020, Ahmedabad-based fashion curating platform Ciceroni decided to move up the chain from being a mere discovery platform and start e-retailing of hyperlocal fashion and affordable lifestyle products to smaller towns like Raipur, Indore, Kochi, Siliguri, Patna, and Coimbatore.

Neha Sheth — Founder and CEO, Ciceroni describes, “We witnessed a surge of small businesses starting from a small room with just an Instagram page and then growing bigger over the years. On the other hand, market demand also increased as there was no longer geographical barrier restricting a purchase decision. We diversified and expanded in curated e-commerce business in Fashion and Lifestyle in 2020, from being just a hyperlocal discovery platform in Gujarat.”

Categories such as beauty and personal care too remain strong across brands. For example, listed e-commerce major Nykaa recorded sustained strong demand for this category during in the last quarter of FY23. “In Q4 FY23, against the backdrop of subdued industry growth, Tier 1 consumers have demonstrated sustained consumption. This has led to stronger revenue growth on the Nykaa platforms,” the survey had found.

The IIM-A survey covered 35,860 individual consumers across Tier-1 to Tier-4 towns and rural areas, across age groups and across income classifications.

Sharing the survey findings, Setia points at a large younger base joining online shopping post Covid. Also, females and individuals with income less than ₹3.6 lakh per annum is a sizable user base now.

Factors behind online surge

The topmost motivation, according to Setia, is the convenience and ease of access to a marketplace for products of their choice.

Second is the convenience of payment options such as cash on delivery, buy now and pay later (BNPL) besides affordability, discounts and coupons.

The third key motivation turns out to be return and refund policies. “Interestingly, we found that women buyers were driven by the interface of the website, returns and refund policies, whereas male buyers were more driven by the payment options, EMI, etc. So there were different factors influencing different constituents,” said Setia adding that online shopping has turned out to be a story of digital natives (young generation), digital immigrants (elder population) and the market they create in a virtual world.

Contrary to perception, the survey found that the older population — those over 50 years of age — are actively making purchases online with a median spending level of ₹1,500.

A continuous activity

From the era of window shopping at shop-in-shop format and multi-brand malls, the consumer behaviour has moved a step further with online browsing behaviour.

Online shopping involves a lot of research about a product, reviewing the feedback and browsing multiple websites before making a purchase.

"The mindset for shopping has changed. Every purchase now involves significant research, which means buyers visit reviews, ratings, they will listen to comments, videos etc. People fundamentally think differently when they buy. They would put the items in a cart and eventually remove them and choose a different one. This hints that shopping might be a continuous activity over a longer term and not just a short single transaction," says Setia, adding that online shopping has provided the space and freedom for consumers to do research, choose, reject, purchase, use the suitable payment option, and return, and get a refund.

Source: thehindubusinessline.com- April 16, 2023

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