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INTERNATIONAL NEWS

Ocean freight industry witnesses record 27.5% rate dip in May 2023

Ocean freight industry experienced a dramatic dip in global long-term rates in May 2023, as the contracted cost of shipping containers plunged by 27.5 per cent. Marking the ninth month of consecutive rate drops, this is the most significant monthly fall ever recorded on Xeneta's Shipping Index (XSI).

The drop is remarkable as it's the first time long-term rates have seen a year-on-year (YoY) decrease since late 2020. Carriers experienced a surge in revenue during the pandemic, due to supply chain disruptions, high demand, congestion, and lack of equipment, Xeneta said in a press release.

Regionally, the US stands out. The US import sub-index collapsed 40.6 per cent month-on-month and has lost 54.6 per cent of its value since peaking last October. In monetary terms, the average contracted price of shipping containers between the Far East and the US West Coast fell by $6,140 per FEU YoY. Container imports into the US were down by 21.1 per cent in Q1, while Far East-originating volumes fell 25.9 per cent. The US export sub-index managed limited growth, increasing 5.1 per cent month-on-month.

The scale of the decline in the US import sub-index paralleled the drop in Far East exports, falling 38.6 per cent in May and 58.5 per cent down YoY. Containerised exports out of the Far East dropped 10.5 per cent in Q1. The XSI for Far East imports experienced a smaller fall of 6.9 per cent yet was still down by 28.6 per cent YoY.

Europe also faced challenges with both sub-indexes losing value. The import benchmark moved down 11.1 per cent from April, while the export counterpart fell by 15.9 per cent.

Patrik Berglund, CEO of Oslo-based Xeneta, said: "This is the largest drop we've ever experienced on the XSI, which charts real-time global rates developments, and it paints a bleak picture of the state of the industry. The reasons behind that are manifold, but the main driver is that May marks the point when existing 12-month contracts in the US come to a conclusion and new agreements come into force.

"The global XSI is now down 42 per cent YoY and with continued macroeconomic uncertainty, evaporating trade volumes, and a wider sense of geopolitical flux, short-term industry omens do not suggest a move 'back into the black' at any time soon."

Source: fibre2fashion.com – June 04, 2023

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Turkiye's Q1 2023 apparel exports to Russia surge amid Ukraine crisis

Following the conflict in Ukraine, Turkiye's apparel exports to Russia have more than tripled in Q1 2023, reflecting the changing geopolitical dynamics. Prior to Russia's invasion of Ukraine, Turkiye exported apparel worth $57.792 million in the final quarter of 2021. This figure soared to $181.471 million during the first quarter of 2023, positioning Russia as the seventh largest market for Turkish apparel exports.

Turkiye's exports to Russia have exhibited a consistent quarterly increase, with the exception of the second quarter of last year. The trade volume climbed to $70.032 million in the first quarter of 2022, then dipped to $60.534 million in the second quarter, before rebounding to $95.887 million in the third quarter and $110.637 million in the fourth quarter of the same year. In the first quarter of 2023, the export volume rose to $181.471 million, As per Fibre2Fashion's market insight tool TexPro.

These exports have also displayed rapid annual growth. Trade volume totalled $337.092 million in 2022, a significant increase compared to $273.818 million in 2021, $213.802 million in 2020, $265.154 million in 2019, and $242.492 million in 2018.

In the first quarter of this year, Russia became the seventh largest market for Turkish apparel, accounting for 3.70 per cent of Turkiye's total apparel exports of $4.899 billion. Germany, Spain, the Netherlands, the United Kingdom, France, and the United States were larger markets than Russia.

Russia was the 16th largest market, with a 1.45 per cent share of Turkiye's total apparel exports during the first quarter of last year. During the first quarter of 2021, Russia had a 1.66 per cent share of the total exports, ranking 15th, as per TexPro.

Source: fibre2fashion.com – June 04, 2023

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EU, US to raise use of digital tools to enhance sustainable trade

Key outcomes of the fourth ministerial meeting of the European Union (EU)-US Trade and Technology Council (TTC) that recently took place in Lulea, Sweden, include promoting sustainability and new opportunities for trade and investment, and increasing use of digital tools to enhance trade.

It also includes robust trans-Atlantic cooperation on emerging technologies for joint EU-US leadership and standardisation work on critical and emerging technologies.

The meeting was co-chaired by European Commission executive vice presidents Margrethe Vestager and Valdis Dombrovskis, US secretary of state Antony Blinken, US secretary of commerce Gina Raimondo, and US trade representative Katherine Tai.

Both sides are working together to amplify the potential of the transatlantic marketplace as a catalyst for decarbonisation and a green transition, a joint statement issued by both sides said. The Transatlantic Initiative on Sustainable Trade was launched at the third EU-US TTC ministerial meeting in December last year.

The Clean Energy Incentives Dialogue, launched on March 10 this year, will facilitate information-sharing on non-market policies and practices of third parties to serve as the basis for joint or parallel action and coordinated advocacy on these issues in multilateral or other fora.

Both sides will continue exploring ways to increase the use of digital tools in transatlantic trade-related transactions, as well as ways in which the EU and the United States may enhance cooperation on trade facilitation to simplify and modernise export and import processes.

At the meeting, both sides also held their second principal-level session of the Trade and Labour Dialogue (TALD) that brought together senior representatives from labour, business and government from both sides of the Atlantic.

The meeting discussed eradication of forced labour from global trade and from global supply chains and to examine the impact of the green transition on workers.

Both sides welcomed a new set of joint recommendations on combatting forced labour in global supply chains.

Both partners have accelerated cooperation to develop a common vision and industry road map on research and development for 6G wireless communication systems. 6G is expected to start replacing 5G as the predominant commercial cellular wireless standard by 2030.

Source: fibre2fashion.com – June 04, 2023

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Parliament wants to make EU textiles and clothing industry greener

With 600 votes in support, the European Parliament endorsed guidelines for the EU strategy for environmentally friendly and circular textiles.

According to the text, textiles sold in the EU should be stronger, reused, repaired, and recycled more easily. Throughout the whole supply chain, their production should respect human, social, and labour rights as well as environmental protection and animal welfare. Additionally, Members of the European Parliament (MEPs) want 'fast fashion' to be eradicated through national and EU policies.

In the future modification of the ecodesign law, the parliament demands a prohibition on the destruction of unsold and returned textile products, arguing that consumers should have more information to make sustainable decisions. The ongoing legislative work on engaging consumers in the green transition and regulating green claims is only two examples of how MEPs seek clear standards to prohibit producers from 'greenwashing.'

Additionally, MEPs urge the Waste Framework Directive modification to contain distinct goals for textile waste avoidance, collection, reuse, and recycling. They compel the Commission to immediately begin the initiative to stop and reduce the release of microplastics and microfibers into the environment.

On 30th March 2022, the Commission unveiled the EU Strategy for Sustainable and Circular Textiles, which aims to alter the way that the EU manufactures and consumes textiles by addressing the entire lifespan of textile goods. The new circular economy action plan, the industrial strategy for the textiles industry, and the European Green Deal's obligations are all intended to be put into practise.

Source: apparelresources.com – June 03, 2023

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China surpasses India to become top buyer of Egyptian cotton in 2022

In 2022, China surpassed India to become the top buyer of Egyptian cotton, known for its extra-long fibres and smooth yarn. India was the top buyer for Extra Long Staple (ELS) cotton of Egypt during 2021. There was a decrease in Egyptian exports to India, in contrast to a substantial increase in exports to China.

Egyptian cotton is characterised by its extra-long fibres, smaller in diameter than typical cotton. When these finer, longer fibres are combed and spun, they produce smooth yarn, which in turn yields smooth, soft cloth when woven.

Egyptian cotton exports to China in 2022 were valued at $116.934 million, accounting for 43.09 per cent of the total shipment. India, the second largest market, imported cotton worth $75.152 million, which made up 27.69 per cent of the total. Among the top five markets, Pakistan received 14.17 per cent of the shipment, Vietnam 5.37 per cent, and Bangladesh 3.77 per cent, according to Fibre2Fashion's market insight tool TexPro.

This pattern of buyer distribution greatly contrasts with that of 2021, when cotton exports from Egypt to India were valued at $143.985 million, making up 65.58 per cent of total exports. Meanwhile, shipments to Pakistan constituted 15.32 per cent, Bangladesh 10.17Weekly Cotton Review: Rates decline amid growing unease in textile sector per cent, and China just 2.34 per cent of the total.

Indian trade sources attribute this drastic shift in trade dynamics to significant delays in shipments by multinational cotton trading firms, which forced Indian buyers to stall their purchasing plans in 2022. This happened during a period when the natural fibre reached record high prices. Conversely, the Chinese industry had to source cotton globally, as they were unable to export garments to the US that were made from cotton produced in China's Xinjian region.

According to TexPro, the value of Egyptian cotton exports rose to $258.538 million in 2022 (133.158 million kg), up from $219.479 million (129.395 million kg) in 2021. Prior to this, the figures were $161.923 million (99.102 million kg) in 2020, $165.233 million (66.980 million kg) in 2019, and $219.479 million (124.054 million kg) in 2018.

Source: fibre2fashion.com– June 05, 2023

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Philippines sets up mechanism to monitor imports as RCEP takes effect

The Philippine department of trade and industry (DTI) has set up a mechanism to monitor imports as the Regional Comprehensive Economic Partnership (RCEP) took effect in the country beginning June 2.

“At DTI, we have established an import monitoring system to detect any unwarranted surge in import so that necessary trade remedies or policy interventions can be made immediately. This tool is available to stakeholders for monitoring import volumes of specific commodities,” trade secretary Alfredo Pascual told a recent press conference in Makati City.

The mechanism aims to build confidence among domestic players, especially those that are threatened by increased imports from other RCEP member nations, he said.

Pascual urged Philippine enterprises to take advantage of the RCEP, a news agency reported.

The Import Surge Monitoring System dashboard was launched by the Bureau of Import Services (BIS) on May 31, DTI assistant secretary Allan Gepty, who is the country’s lead negotiator in RCEP, said. This will empower Philippine industries and stakeholders to monitor competing products imported by some companies, he added.

Domestic industries may enroll with the BIS for accessing import-related information and analytics, he said.

If there are unwarranted, sudden and sharp increase in imports, stakeholders can initiate trade remedies like safeguard measures, he clarified.

Source: fibre2fashion.com– June 05, 2023

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Source: fibre2fashion.com– June 04, 2023

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Apparel industry unites to address textile waste management

Well-known companies like Adidas, Bestseller, C&A, H&M Group, Inditex, and VF International have teamed up with the Policy Hub – Circularity for Apparel & Footwear and Eunomia Research & Consulting to lead an initiative aimed at creating a thorough waste management system in response to the urgent need to address this issue. The two main objectives are to lessen pollution and make it easier for the European Union (EU) to shift its textile industry to a circular economy.

After food, housing, and transportation, textiles are one of the major environmental burdens in Europe. The Policy Hub stresses the critical significance of putting into practise circular business models and end-of-life options that reduce the dumping, landfilling, and incineration of textile waste in order to lessen these effects.

Harmonising and implementing waste management programmes throughout the Extended Producer Responsibility (EPR) framework of the EU is a key component of this effort. EPR is the cornerstone of managing textile waste and embodies the "polluter pays" idea. It requires manufacturers to pay for the management of the end-of-life of their products, enabling the closing of the materials and product cycle.

According to The Policy Hub, "everything starts with design," and that decision-making about materials and manufacturing techniques at the design stage has a big impact on a product's environmental impact. Additionally, manufacturers need to be encouraged to monitor their emissions, chemical use, and production waste in addition to eliminating waste through design.

Source: apparelresources.com– June 03, 2023

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Global renewable power set to match US, China output by 2023: IEA

Global renewable power capacity is predicted to surge by a third in 2023, reaching 4,500 gigawatts (GW), equivalent to the combined power output of China and the US, as per the International Energy Agency (IEA). This significant leap, powered by growing policy momentum, increasing fossil fuel prices, and energy security worries, will primarily involve the deployment of solar PV and wind power.

A record-breaking increase of 107GW in global renewable capacity by 2023 is anticipated, mainly due to expansion across all major markets. Renewables are leading Europe's response to the energy crisis, while the US and India are seeing significant increases due to new policy measures. China is expected to account for nearly 55 per cent of global renewable power capacity additions in 2023 and 2024.

Solar PV will constitute about two-thirds of the capacity increase, with its expansion covering both large-scale plants and smaller systems. Rising electricity prices are stimulating the growth of rooftop solar PV, enabling consumers to cut their energy costs. Manufacturing capacity for all solar PV segments is set to more than double to 1,000 GW by 2024, driven by China, along with increasing supply diversification in the US, India, and Europe.

Wind power is also projected to grow almost 70 per cent year-on-year in 2023 due to the completion of projects delayed by the pandemic and supply chain issues. However, 2024 growth will be contingent on the extent of policy support governments can provide to address challenges in permitting and auction design.

Following Russia's invasion of Ukraine, the forecast for renewable capacity additions in Europe has been revised upwards by 40 per cent. Increased policy support in key European markets, along with high electricity prices, has enhanced the financial appeal of small-scale rooftop solar PV systems. These new solar PV and wind capacities have reportedly saved EU electricity consumers €100 billion between 2021 and 2023 by displacing pricier fossil fuel generation.

To adapt to the rapidly changing market conditions, government policies must evolve, focusing particularly on renewable energy auctions. It is also essential to concentrate on efficient and secure integration of high shares of variable renewables in power systems, including timely planning and grid investments.

Source: fibre2fashion.com– June 04, 2023

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Pakistan's textile exports plunge 20% in May: APTMA

Exports of Pakistan's textile sector witnessed a significant decline of 20%, clocking in at $1.31 billion in May in comparison to $1.64 billion recorded in the same month of the previous year, as per provisional data released by the All Pakistan Textile Mills Association (APTMA) on Saturday.

It also showed that the country's textile exports in the first eleven months of FY23 decreased by 15% to $15.02 billion, declining from $17.61 billion recorded in 11MFY22, a fall of $2.59 billion.

The decline in textile exports is concerning for the South Asian economy, which is heavily dependent on the textile sector for much-needed US dollars. Its central bank has reserves of just over $4 billion remaining, barely enough for a month of essential imports.

APTMA had earlier warned that the country's textile exports could fall by $3 billion this year as compared to last year, while urging authorities to take immediate and urgent intervention.

"The decline in textile exports has been progressively accelerating," APTMA Patron in Chief Gohar Ejaz had said in a letter to Prime Minister Shahbaz Sharif in April.

"Given the trajectory of decline, Pakistan is likely to fall short by $3 billion in textile exports from the exports achieved last year of $19.4 billion without taking into account any increase from newly installed capacity," Ejaz had warned.

Meanwhile, as per latest data shared by the Pakistan Bureau of Statistics (PBS), the country's exports during July-May (2022-23) were recorded at $25.366 billion against exports of $28.871 billion in July-May of 2021-22, a decline of 12.14%.

On a month-on-month basis, the exports during May 2023 increased by 2.29% when compared to the exports of $2.137 billion in April 2023.

Source: brecorder.com– June 03, 2023

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Pakistan: Weekly Cotton Review: Rates decline amid growing unease in textile sector

The rate of cotton decreased by Rs 1,000, while the rate of Phutti decreased by Rs 2,000, Banola by Rs 1,000 and oil by Rs 5,000. However, textile exports have witnessed a decline of 20 percent. There is recession in both local and international textile markets.

However, cotton production is expected to increase if the weather conditions remain favourable. Textile exporters have rejected the Reforms & Revenue Mobilization Commission's (RRMC's) report. Chairman Apparel Forum Javed Bilwani termed these proposals as last nail in the coffin of textile industry. All Pakistan Textile Mills Association (APTMA) has congratulated Chief Minister Punjab on the successful cotton campaign. The KCA emphasized the need of protecting the interests of all stakeholders of the cotton trade in its budget proposals.

In the local cotton market, the business of new crop cotton has started during the last week of May. At present, about 15 ginning factories in Sindh and Punjab have partially started business. The arrival of Phutti is also increasing day by day.

In the past few days, there were rains in most of the cotton-producing areas of Sindh and Punjab. There were also hailstorms in many places, but currently there are no reports of damage to the cotton crop. The rain is said to be beneficial for the crop. If there is more rain, there may be a need for re-cultivation of cotton in some places.

Ginners have a stock of about one lac bales of old cotton which is being sold from time to time. Currently, it is too early to say anything about the cotton crop. At present, 70 to 80 percent of the crops have been cultivated in many areas. The relevant government departments are active. The situation of the textile sector; however, is not good. The industry is facing the issues of sales tax refund gas, energy, interest rate and non-issuance of refund. Moreover, textile sector is also badly affected due to huge financial crisis in the market and recession in the international markets and fluctuations in the value of the dollar. Textile sector is continuously appealing to the government to solve their problems immediately but the government is continuously adopting delaying tactics.

The rate of new crop of cotton opened at Rs 21,000 per maund but after decreasing by Rs 1,000 per maund closed at Rs 20,000 per maund. The rate of Phutti opened at Rs 11,000 per 40 kg and after that decreased by Rs 2,000 closed at Rs 9,000. The rate of Banola after opening at Rs 4,500 decreased by Rs 1,000 closed at Rs 3,500. The rate of oil after opening at Rs 18,000 decreased by Rs 5,000 and closed at Rs 13,000.

The Spot Rate Committee of the Karachi Cotton Association kept the rate at Rs 20,000 per maund. Chairman Karachi Cotton Brokers Forum Naseem Usman told that fluctuation was seen in the rate of Future Trading of cotton in international markets. According to the weekly export and sales report of 2022-23, two lac and sixty seven thousand and eight hundred bales were sold. China was at the top by buying two lac and twenty one thousand and seven hundred bales. Turkey bought 20,800 bales and came second. Vietnam bought 13,700 bales and ranked third.

Seventy sic thousand sixty bales were sold for the year 2023-24. Turkey was at the top by buying 43, 500 bales. El Salvador came second with 20,900 bales. China bought 8,800 bales and came third.

Exporters in Pakistan have expressed reservations about a proposed tax on late realised amounts put forth by the Reforms and Revenue Mobilisation Commission (RRMC) for the fiscal year 2023-24. The proposal suggests imposing an income tax on exporters who fail to bring in foreign currency within a specified time period, leading to gains on foreign exchange.

The RRMC's recommendations to change the current Final Tax Regime of Exporters to a Minimum Tax Regime and impose additional taxes on foreign exchange income have been criticised by Muhammad Jawed Bilwani, Chief Coordinator of the Value-Added Textile Association Forum. Bilwani underscored that these recommendations were made without consulting exporters and other relevant stakeholders. He argued that applying normal tax regulations to exporters would discourage exports and prove futile in achieving the objective of addressing the trade balance.

He also criticised the chairman of RRMC, asserting that he lacks knowledge about the export industry and tends to favour certain business circles. He questioned whether the government should rely on consultants and advisors in these challenging times or listen to the actual stakeholders who understand the intricacies of the export sector.

Bilwani drew attention to the alarming situation where national exports are not increasing, revenues are not growing, but debts and liabilities continue to rise. He pointed out the disparity between a few favoured businessmen whose businesses and exports have flourished while small and medium sized (SME) textile exporters struggle for survival without representation or a voice in the government. The country's textile exports have decreased by 20% in the month of May in the current financial year, which is 1.31 billion dollars. While in the same period of the last financial year, the volume of exports has been 1.64 billion dollars, according to the data of the current financial year.

According to statistics, exports of textile products went decreased by 15% to 15 billion dollars in the eleven months of this financial year; whereas in the same period of last financial year, exports were 17.61 billion dollar.

According to the data, in the first three months of the current fiscal year, the exports were moving in the right direction and were one percent higher than the figures of the previous fiscal year, but then the textile exports started to decline. All Pakistan Textile Mills Association (APTMA) has greets the Chief Minister of Punjab Syed Mohsin Raza Naqvi on the remarkable accomplishment of the cotton campaign in Punjab. APTMA, representing the textile industry of Pakistan, appreciates the timely efforts made by the Government of Punjab including Commissioners and Punjab Agriculture Department.

The recently concluded cotton campaign in Punjab has resulted in the sowing of over 4.4 million acres of land, a significant increase in the figures of 3.67 million acres from the previous year. This campaign is projected to yield 7.35 million bales of cotton, representing a substantial 143 percent increase compared to the corresponding year's production of 3.03 million bales.

Pakistan's textile sector and the country as a whole will be significantly impacted by the success of Punjab's cotton campaign. APTMA acknowledges Government of Punjab's unrelenting commitment to recovering cotton output and securing Pakistan's place as a leading player in the global textile market. It not only ensures our self-sufficiency but also reduces Pakistan's reliance on import of cotton – saving $1.5 billion in import bills and strengthening the nation's economy.

Patron-in-Chief of APTMA, Dr Gohar Ejaz, appreciates PM Shehbaz Sharif and Government of Punjab for their vision and commitment to the welfare of the farmers and the textile sector – instrumental in encouraging and assisting cotton farmers during the campaign by providing an intervention price of Rs 8500/mounds, timely crop advisories, and necessary inputs that have set the path for a sustainable future for Pakistan's textile and agricultural s

Head Technology Department of Central Cotton Research Institute Multan Dr Sajid Mahmood in its long article has given positive suggestions to increase cotton production. He mentioned the key role of Pakistan Central Cotton Committee in cotton production campaign. He also said that APTMA has not paid about 4 billion rupees in the head of Cotton Cess for many years for Research and Development. This has also effected the cotton production.

He said 1100 employees were not given salaries for the last few months. He said there was no research and development since APTMA has not given Cess. APTMA played an important role in the continuous decline of cotton production. The Karachi Cotton Association (KCA) on Friday urged upon the government that the policy of Free Trading in Cotton should be continued in the coming years without any change or modification to safeguard the interests of all segments of the cotton trade.

In its budget proposals sent to finance ministry KCA also urged upon the Government to direct the Commercial Banks to open necessary Letters of Credit (L/Cs) expeditiously on the request of importers of raw cotton, i.e., local textile mills so that they may be able to meet their requirement of imported raw cotton timely.

Government has been following the policy of free trading in cotton, i.e., free export and import of cotton without any duty and quantitative or qualitative restrictions for the past several years. This policy has been designed to safeguard the interests of all segments of the cotton trade.

Due to acute shortage of cotton resulting in drastic decline in cotton production in the country, the local textile industry is compelled to import raw cotton from abroad to meet its requirement of basic/ primary raw material but the necessary Letters of Credit (L/Cs) are not being opened timely by the Commercial Banks.

The KCA; therefore, urges the government that export of raw cotton should be allowed zero-rated by withdrawing 18% GST at ginning stage. In order to ensure efficient marketing of cotton crop and safeguard the interest of the cotton growers, as well as, the economy of country otherwise export of cotton would be seriously hampered in anticipation of good crop in 2023-24 and the exports earnings of the country would be badly affected which could not be afforded in the economic circumstances prevailing in the country.

For exporters at present, 18% GST on raw cotton is levied at ginning stage that is refundable at exports stage to the exporters of raw cotton The exporters of raw cotton make their shipments within four to six weeks of the procurement of raw cotton from the ginneries and are thus in a position to rollover their capital several time in a year. Due to considerable delay in refund of Sales Tax amount to the exporters of raw cotton, considerable working capital of exporters of raw cotton gets stuck-up for a long period that not only restrict their turnover but it also affects their ability to make further exports.

The KCA also urged upon the government to issue necessary instructions to the authorities concerned to expedite settling the Sales Tax Refund claims of the cotton exporters. The Association also proposed to allow import of certified cotton seed from abroad. The exporters of raw cotton are facing serious liquidity problems due to considerable delay in refund of Sales Tax to them thereby adversely affecting their capability to export raw cotton further due to liquidity crunch resulting in loss of valuable foreign exchange for the country.

In some cases, the claims of cotton exporters regarding refund of Sales Tax are pending for 02-03 years. Due to stuck up of huge finances the exporters of raw cotton with the government, the ability of the cotton exporters to make more export sales contracts is badly affected. The government should allow import of cotton from the African continent including Mali, Chad, Mozambique and Senegal. Due to drastic decline in cotton production in the country in the last four to five years, the local textile mills are compelled to import cotton from abroad to meet their requirement of raw cotton.

Source: brecorder.com– June 05, 2023

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NATIONAL NEWS

CII forecasts 6.5-6.7% GDP growth for India in 2023-24

The Confederation of Indian Industry (CII) is optimistic about India's gross domestic product (GDP) growth, projecting a range of 6.5-6.7 per cent in 2023-24. This will be bolstered by robust government capex momentum and resilient domestic drivers, according to CII president R Dinesh. "The Indian economy remains resilient in the face of a challenging global environment, and we do not anticipate major domestic roadblocks in the year ahead," he stated, adding that corporate balance sheets' health and a well-capitalised financial system underpin this resilience.

Dinesh highlighted India's medium-term growth prospects, forecasting a GDP growth of 7.8 per cent over the next decade (FY22-FY31) due to multi-dimensional reforms and increased capital investments, according to a media release by the CII. The pragmatic and transformational policies of the government, which continued through the pandemic, helped catalyse a sharp economic recovery and the resilience in growth that India is witnessing, Dinesh explained.

Looking forward, the CII president identified eight key areas needing attention for continued growth. These include creating consensus on key next-generation reforms such as land, labour, agriculture and power; financing growth at lower costs; trade and investment interventions targeting $2 trillion in exports; ensuring easy availability of land for industrial use; decriminalising all business and economic laws, and continued thrust on the Ease of Doing Business initiative.

Dinesh emphasised that trust is a vital element for future growth, stating, "Trust needs to be built between business and government, business and business, and business and community and society, including media." In an effort to further this goal, the CII plans to launch Quality Mission 2.0. The first Quality Mission in 1998 led to the setting of standards by the government. The new mission will now align with global requirements, setting quality standards and benchmarks for services as well as manufacturing.

Source: fibre2fashion.com– June 04, 2023

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Interest equalisation scheme: Exporters hopeful of interest subsidy cap translating into higher rates

With the government setting a cap of ₹10 crore on interest subvention (subsidy) for individual exporting units under the popular interest equalisation scheme, exporters are hopeful that the move may translate into higher subsidy benefits for those falling below the cap, sources have said.

Earlier this year, the Finance Ministry had rejected a proposal by the Commerce Ministry for higher rates of subsidies for beneficiaries under the scheme due to financial constraints.

Last week, the government announced the capping of the amount of interest subvention–under which exporters of identified sectors are extended an interest subsidy on loans – ₹Rs 10 crore per IEC (import-export code) holder in one financial year.

“Once they capped ₹10 crore, some of the big exporters availing large amounts of interest subvention may be restricted and the money so saved could be used for increasing the interest subvention rates. That may be the thinking,” Federation of Indian Export Organisations DG Ajay Sahai told businessline.

Sahai said that Fieo was looking into which kind of companies were getting affected by the interest subvention cap and based on that a representation would be made to the government. “If the government is saving money, it can be used for increasing subvention rates. We will make a representation based on our calculations,” he said.

The interest equalisation rate for MSME exporters is three per cent for all products while it is two per cent for non-MSME exporters of 410 identified products that are covered under the scheme.

Exporters had demanded that the subsidy rate should be increased to five per cent for MSMEs and three per cent for other sectors. The Commerce Ministry had forwarded the request to the Finance Ministry as exporters had argued that the cheaper finance would help them stay competitive in the global market hit by recessionary trends.

But the Finance Ministry rejected the request because of financial constraints, sources had said.

With the recent slowdown in India's exports, mostly due to continued global uncertainty, the Commerce Ministry may have grounds for building a case again for more subvention.

India's goods exports declined 12.7 per cent (year-on-year) in April 2023 to $34.66 billion. The Commerce Ministry said it was mostly due to recessionary trends in some developed economies and the lingering effect of the Russia-Ukraine conflict starting to make an "active impact".

Source: thehindubusinessline.com– June 04, 2023

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Despite Economic Agreement, India Fails To Utilise Japanese Market

In recent times, Prime Minister Narendra Modi and his team, which includes Commerce Minister Piyush Goyal, are putting their best foot forward to boost free trade agreements (FTAs) with several countries—whether it's with the European Union or the United Kingdom.

Goyal recently said that many countries across the globe are keen on fast-tracking the free trade agreements (FTAs) with India now. "India is now not just talking but negotiating with Canada, the European Free Trade Association (EFTA), the United Kingdom (UK), and the European Union (EU) over FTAs," he added.

On India- EU FTA negotiation, he stated that it is progressing well and Trade and Technology Council (TTC) is helpful as it is supplementing the FTA process. However, amid the enthusiasm for FTAs, Japan is among the least explored markets by Indian merchandise exporters among G-7 countries as measured by the share of India's exports in the total import of these countries, as per a report by the World Trade Center Mumbai.

Notably, Japan is the only country among the G-7 group with which India has a trade agreement and yet the share of its exports in Japan's merchandise imports is hardly 0.85 per cent compared to 1.35 per cent for Italy, 0.87 per cent for France, 1.50 per cent for the UK and 2.47 per cent for the USA.

Talking about if India has failed to leverage the trade agreement with Japan, Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai said, "Yes. India could not utilise the trade agreement. Japan gave duty-free market access to 2,218 products (at HS six-digit level) under this trade agreement to India. But out of this, India could not export 1.142 goods because of non-tariff barriers and stiff competition from ASEAN countries and China."

India's exports to Japan are declining for the last five to six years, except for 2021-22. It was USD 4.73 billion in 2017-18, which decreased to USD 4.43 billion in 2020-21. In 2021-22, India's exports to Japan increased significantly to USD 6.17 billion. However, In 2022-23, it again declined to USD 5.46 billion.

The country’s top ten major exports to Japan include organic chemicals, fish and crustaceans, nuclear reactors, vehicles other than railway rolling stock, natural pearls, mineral oils and aluminium articles. These exports constitute around 70 per cent, i.e., USD 3.82 billion, of India's total exports to Japan, which amounted to USD 5.46 billion in 2022-23.

Also, imports are consistently higher than exports. India’s imports from Japan were USD 12.77 billion in 2017-18 which increased to USD 16.49 billion in 2022-23. India’s trade deficit with Japan is on the rise for the last few years.

“Though Japan is least explored by India among G-7 countries, India’s presidency of G-20 and Japan being president of G-7 countries opens numerous areas of cooperation between the two. Working together, they can amplify their influence at the global level and can work for the betterment of the Global South. Japan is taking its investments towards India,” said Saket Dalmia, President, PHD Chamber of Commerce and Industry.

Japan’s FDI inflows to India are expected to increase. Investments should be encouraged in new promising areas. In addition, defence and strategic partnerships are of paramount importance for enhancing trade ties between the two countries.

“Though trade volumes between the two have not increased at a fast pace as expected, the cooperation in new areas can lead to a rise in trade volume through the exploration of new and promising areas in sustainable, strategic, technological and trade partnerships,” Dalmia added.

Accelerating trade

Experts believe that Japan is India’s‘ partner in progress and the two countries have outstanding bilateral relations. Japan has been an ideal partner for India's infrastructure growth story. There’s immense potential for India to look at exports in agri and food products to Japan.

“The two economies may seek to broaden ties in the agrarian sector. Both governments are working towards a mutually beneficial trade relationship with the government of India emphasising the ‘Make in India’ campaign, the PLI scheme and the diversification of the trade basket, etc., to strengthen its manufacturing sector and make it more competitive. This will aid in increasing its contribution to exports,” said Dinesh Joshi, Chairman, International Business Committee, IMC Chamber of Commerce and Industry.

If the Japanese market for Indian exports has not been “explored” India must look for the reasons behind this, experts noted. Despite Japan being the world’s third-largest economy at over USD 5 trillion, it accounts for just about 1.5 per cent of India’s overall exports amounting to over USD 6 billion.

“The broad product-wise composition of Japanese imports reveals why this might be so. Japan’s chief imports are petrol and petroleum products as well as coal briquettes. Its most prominent import of a manufactured product is integrated circuits. India’s largest export to Japan is organic chemicals, which are, at the same time, also imported from Japan of almost equal value,” said Sashi Shiv Ramkrishna, Sr Adjunct Professor, NMIMS, Bangalore.

Ramkrishna added that the one area where Japan is behind the curve may be in the area of fintech. India, with strides made by it in the area of digital payment technologies, could find substantial opportunities with the Japanese banking and financial sector. Here, greater collaboration between India and Japan through startups has already been promoted by the India-Japan digital partnership (IJDP) and startup hub.

The big push

Under the comprehensive economic partnership agreement (CEPA), Japan eliminated duty on 1,962 goods (at six-digit HS code) for India in 2011. Articles related to clothing and apparel constituted more than 37 per cent of these tariff lines followed by chemicals and pharmaceuticals which accounted for 27 per cent of the total tariff line under the initial phases of the agreement.

By 2021, the number of goods eligible for nil import duty in Japan under this agreement grew to 2,218 (at HS code six digit) with the articles related to clothing and apparel (34.7 per cent), chemicals and pharmaceuticals (23.4 per cent) and agriculture, food processing and allied sector (14.3 per cent) accounting for 72.4 per cent of the total tariff lines.

WTC Mumbai report added that even though it has been a decade since the India-Japan FTA came into force, merchandise trade between the two countries has not seen much traction. India's export to Japan has just risen 8.7 per cent during the decade. However, for commodities covered under the FTA, India's exports to Japan have declined 42.7 per cent led by a 94 per cent contraction in shipment of petroleum products covered under the FTA from USD 1.8 billion to USD 114.3 million.

Theoretically, under the current trade agreement, India has an untapped export potential of USD 119 billion to Japan. This is the excess import of Japan from other countries over what is supplied by India to Japan. However, more realistically India's true untapped export potential may be computed at around USD 20.5 billion for 474 commodities (at HS code six digit) which India may explore in the short to medium term.

For these commodities, India has a proven global competitiveness with more than five per cent global share for each of these 474 commodities. The textile, clothing and apparel sectors have the highest untapped export potential of USD 7.2 billion, followed by chemicals and pharmaceuticals with USD 4.6 billion and energy sectors with USD 3.4 billion untapped export potential. "There are three major reasons for the low share of India in the Japanese market. Indian exporters have traditionally focused on Western markets such as USA and EU, rather than far Eastern markets such as Japan. Compliance procedure is generally stringent in the Japanese market and hence Indian exporters find it difficult to enter this market. India faces stiff competition from ASEAN countries and China in most of the goods, where we have export potential," said Kalantri.

Trade cooperation in new areas, expanding the coverage of the India-Japan CEPA and encouraging Japan's FDI inflows in new areas are expected to help to further leverage the trade potential between the two nations. "Since India has adequately developed its infrastructure and Japan leads in technological developments, there is large scope for cooperation in high technology areas such as semiconductors, electronic equipment manufacturing, military hardware, digital public infrastructure and sustainable new technologies in order to achieve India's decarbonisation and sustainable goals," added Dalmia.

Source: businessworld.in– June 04, 2023

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E-commerce policy to boost exports, streamline regulation

The national e-commerce policy will seek to create a conducive environment for the overall development of the sector and boost exports, department for promotion of industry and internal trade secretary Rajesh Kumar Singh said.

“The policy will put in place a streamlined regulatory framework for the ease of doing business, adoption of modern technologies and the integration of supply chains,” he added.

A regulator for the sector will also be looked at, he said but indicated it might take more time for such a body to be in place.

In 2025, global cross-border e-commerce exports will touch $2 trillion, as per an estimate. According to the foreign trade policy, India’s e-commerce export potential is in the range of $200 billion to $300 billion annually by 2030.

“The policy will address some of the issues concerning effective enforcement. It will clarify a lot of the issues. We are in the middle of inter-ministerial consultations,” Singh said.

Local traders’ associations have been demanding an empowered regulatory body to check against the violation of e-commerce rules. India allows 100% FDI in the marketplace model of e-commerce but no FDI is permitted for the inventory-based model.

From time to time, traders have been alleging that the policy of barring deep discounts and preference to select sellers are being flouted by e-commerce platforms.

They have also been seeking greater clarity on the rules on FDI in e-commerce. The relevant rules notified by the consumer affairs ministry bans flash sales and deep discounts on online platforms.

Also, foreign e-trade platforms are prevented from selling products of the firms in which they hold equity and striking exclusive deals with sellers using their platforms.

The e-commerce policy was first proposed in 2018 and in 2019, a draft of it was released. Since then the sector has grown manifold. The foreign trade policy sees e-commerce as a vehicle for boosting exports and has many provisions to ease rules for it.

"The e-commerce policy will act as an overarching framework for the sector," Singh said. The policy has been suitably drafted to align with the amendments proposed to be made in the Consumer Protection (e-commerce) Rules 2020 by the department of consumer affairs, he said.
Apart from the FDI policy and the Consumer Protection Act, e-commerce is also governed by the Information Technology Act and the Competition Act.

Along with the e-commerce policy, the DPIIT is also steering a national retail policy and inter-ministerial consultations are currently underway on this too.

"The retail policy aims to lay down broad guidelines for creating a conducive environment for fuelling and streamlining the growth of the physical retail sector," the secretary said.

Source: financialexpress.com– June 05, 2023

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E-way bill generation rises in May to 8.82-cr, could result in better GST collection in June

E-way bill generation has improved in May to 8.82 crore from 8.44 crore in April indicating more movement of goods.

The first indication about higher movement of goods was reflected in PMI (Purchasing Managers' Index) manufacturing which surged to a 31-month high of 58.7 in May.

Higher generation of bills could also result in better collection of GST in June, a number which will be made public on July 1. Some experts feel higher generation appears to be testament to stricter anti-evasion measures adopted by the GST mobile squad officials across the country.

States' GST challenge

The government collected ₹1.57-lakh crore as GST in May. Although on a sequential basis, it was lower than ₹1.87-lakh crore of April, but it was higher by 12 per cent from May last year. Experts say collection in the next month could be ₹1.6-lakh crore or more.

Experts' take

Aditi Nayar, Chief Economist with ICRA said, "Over the next few months, we expect GST revenues to print at ₹1.55-1.65-lakh crore and record an expansion of 10-11 per cent in year-on-year terms, broadly in line with the nominal GDP growth expected in FY24."

Some experts feel regulatory action will further boost the collection.

Mahesh Jaising, Partner with Deloitte India said that the recently issued standard operating procedure for online scrutiny of returns also urges officers to prioritise cases that are riskier and have higher revenue implications while preparing scrutiny schedules. This initiative should aid in maintaining the upward trend in revenue collections this FY too.

Apart from these, the government has further reduced the e-invoicing threshold which will help weed out fake invoicing. There is also a proposal to prescribe a deadline for reporting e-invoices which should again facilitate timely reporting and revenue collections.

"With several measures in works to augment revenue collections, taxpayers hope that as collections stabilise the government will be able to focus on forward-looking GST measures and changes in the law," Jaising said.

Abhishek Jain, Partner & National Head-Indirect Tax, KPMG in India said that with extensive Department GST audits lined up before September 2023, these figures (₹1.57-lakh crore) may likely go up from here in the months to come.

What is E-way bill?

E-way bill generation of a month gives an indication about GST collection in the following month. However, some experts say e-way bill generation is not directly linked to revenue collection.

E-way bill is an electronic document generated on a portal evidencing movement of goods. As per Rule 138 of the CGST Rules, 2017, every registered person who causes movement of goods (which may not necessarily be on account of supply) of consignment value more than ₹50,000 is required to generate an e-way bill.

This needs to be generated by the consignor or consignee himself if the transportation is being done by own/hired conveyance or by railways by air or by vessel.

Source: thehindubusinessline.com– June 04, 2023

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From farm to market: How e-commerce is revolutionising the agri sector

The global agricultural e-commerce market is on the cusp of a significant transformation, poised for substantial growth in the coming years. A recent report by MarketQuest.biz said this rapidly expanding market is gaining popularity among farmers, buyers, and sellers who are seeking more efficient ways to conduct business. Agricultural e-commerce serves as a vital link, connecting farmers and agricultural businesses with buyers and sellers of agricultural products, services, and solutions. By providing access to streamlined and cost-effective purchasing and selling processes, this market opens up new avenues for growth and propels the agricultural industry forward.

One of the primary drivers of the agricultural e-commerce market's growth is the increasing demand for agricultural products worldwide. As populations continue to rise, so does the need for food, fuel, and fibre. This surge in demand, coupled with the adoption of technology in agriculture, has set the stage for the rapid expansion of e-commerce platforms. These platforms have emerged as crucial channels for farmers, agricultural product manufacturers, and suppliers to reach a broader customer base and boost sales.

In developing countries, small and medium-sized enterprises in the agricultural sector are harnessing the power of e-commerce platforms to connect directly with customers and expand their business horizons. This shift allows farmers and agricultural businesses to overcome traditional barriers such as limited market access and costly distribution networks. By embracing e-commerce, these entities can now establish a virtual presence and overcome geographical limitations to tap into previously untapped markets.

Showcasing offerings

To understand the transformative power of agricultural e-commerce, let's take the example of Ramesh, a small-scale farmer in a remote village in India. In the past, Ramesh struggled to find buyers for his produce beyond his immediate community. However, with the advent of e-commerce platforms dedicated to agricultural products, he can now showcase his offerings to a vast network of potential buyers, including wholesalers, retailers, and even consumers. Ramesh's produce, which was once confined to a local market, can now reach customers across the country and even internationally.

These platforms not only provide farmers like Ramesh with wider market reach but also offer a plethora of tools and services to support their business operations. For instance, e-commerce platforms often provide access to real-time market information, allowing farmers to stay abreast of current market prices, trends, and consumer preferences. This data empowers farmers to make informed decisions about their production, pricing, and marketing strategies, ultimately enhancing their competitiveness in the market.

Benefit for buyers

Buyers, too, benefit immensely from the rise of agricultural e-commerce. Let’s consider the case of Kabir, a restaurant owner in Mumbai. Previously, Kabir relied on local suppliers for his fresh produce needs. However, with the help of e-commerce platforms, he can now connect directly with farmers and suppliers worldwide. This newfound accessibility gives him the opportunity to explore a broader range of products, compare prices, and ensure the freshness and quality of the produce he sources. By eliminating intermediaries and engaging in direct trade, he is able to streamline his supply chain and potentially reduce costs.

Furthermore, the agricultural e-commerce market has paved the way for the availability of a diverse range of agricultural products and services. Buyers can now access a wide variety of offerings that were previously limited to specific regions or seasons. This expansion of choice enables buyers to find the most suitable products for their specific needs and preferences. Whether it’s organic vegetables, speciality crops, or innovative farming equipment, the agricultural e-commerce market brings an abundance of options to the fingertips of buyers worldwide.

More tech advancements

As the agricultural e-commerce market continues to mature, we can expect further advancements in technology and business models. The integration of artificial intelligence, machine learning, and data analytics will drive enhanced decision-making capabilities and improve supply chain efficiency. Additionally, innovative logistics solutions, such as lastmile delivery services, will play a crucial role in ensuring timely and reliable delivery of agricultural products.

The rapid growth of the agricultural e-commerce market is reshaping the landscape of the agricultural sector. By connecting farmers, agricultural businesses, buyers, and sellers, this market has opened up new avenues for growth and profitability. The adoption of e-commerce platforms empowers farmers to transcend geographical boundaries, access a larger customer base, and make data-driven decisions. Likewise, buyers benefit from increased choices, improved quality control, and streamlined supply chains. As we move forward, it is essential for stakeholders in the agricultural industry to embrace the potential of e-commerce fully. By doing so, we can usher in a new era of efficiency, sustainability, and prosperity in the farm-to-market journey.

Source: thehindubusinessline.com– June 03, 2023

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Apparel giants on the prowl

The $100 billion branded fashion and apparel industry in India is in upheaval as corporate behemoths are snapping up niche, regional, boutique and pan-India brands to add to their portfolio and scale up rapidly.

There was a time when companies grew brands and products the hard way, organically, over decades, gaining market share, reach, and brand recall until it became irrevocably embedded in consumers' minds. Now, the strategy — at least in fashion retail — is to buy existing well-established brands and expand businesses.
Weaving big plans

Last month. Aditya Birla Fashion Retail (ABFRL) signed an agreement to buy out premium women's ethnic wear retailer TCNS Clothing for close to ₹3,000 crore (including ₹1,650 crore for an initial 51 per cent stake), its fifth acquisition since 2019 and the largest to date. Before TCNS, the company had spent ₹2,300 crore on acquisitions that were strategically filling gaps in its portfolio of brands.

Ashish Dikshit, MD and CEO, ABFRL, speaking to businessline after the acquisition, had said that the company has been taking "several, very careful sequence of steps" to build its comprehensive ethnic portfolio across the spectrum from the affordable to the premium.

Reliance Industries, a recent entrant to the segment, is powering ahead through acquisitions, partnerships, joint ventures and franchise agreements. The company has spent thousands of crores of rupees in its acquisitions, one or two of them going over ₹3,000 crore. The group has a lot at stake because it has billions of dollars of foreign investor money riding on it, including KKR, Mubadala, General Atlantic and TPG.

"India is a growth market and there are a lot of opportunities," says BS Nagesh, former head of Shoppers Stop. "But it is a market that takes time and capital to grow brands and brand building is very tedious because cost of customer acquisitions has shot up. If it makes sense financially then mergers and acquisitions are a good way to go forward," he adds.

In the premium branded fashion apparel wear market, there is little customer loyalty while creating a brand takes a long time.

But there is money to be made. According to Jay Gandhi of HDFC Securities, if done well the premium ethnic wear segment has the potential to deliver operating margins of 12-15 per cent, compared to 8-9 per cent in the value segment. Hence, the acquisitions.

ABFRL: Stitching it slowly

Aditya Birla Fashion Retail came into existence in 2015 and since then its revenues have grown at a steady rate of 13 per cent annually (barring the two pandemic years). While Covid dented its profitability in the last three years the company is back in the black and expects its ethnic portfolio to record revenue of ₹5,000 crore in the next three years aided by the TCNS acquisition.

The Birlas are traditionally conservative and most of their growth is organic. However, in the fashion and apparel segment the group has taken a different tack altogether, banking on buy outs.

It started in 2016 with the Pantaloons acquisition when it brought all its branded apparels business under Aditya Birla Fashion Retail. Since then it has been doing judicious acquisitions at regular intervals such as Jaypore in 2019, majority stakes in Shantanu & Nikhil and Sabyasachi, a minority stake in Tarun Tahiliani and now TCNS.

Devanshu Bansal, research analyst with Emkay Global Financial Services, terming the TCNS buy as "not a bad deal" said that if the company had attempted to get the reach (600-plus stores in 50-odd cities) and add a topline of ₹1,800 crore organically, it would have taken considerable time.

Apart from the apparel segment ABFRL also acquired a number of online e-commerce properties such as Berrylush, Bewakoof Brands and Omega Design in order to widen its digital reach. Last year it also signed a licensing agreement with Authentic Brands Group to run and operate Reebok stores in India, making its entry into the footwear segment. It also has franchise arrangements to sell global youth fashion brand Forever 21 and American Eagle Outfitters products in India.

Nagesh points out that most companies with premium products were targeting the same consumer segment and building brand loyalty for this consumer class was difficult.

ABFRL has set a good track record for itself by successfully integrating its acquisitions as well as turning around large businesses as it did with Pantaloons.

ABFRL's CFO Jagdish Bajaj says that the acquisitions have been done with an eye to make the company a "fashion and lifestyle powerhouse of brands." He said that discretionary spending was on the rise post-Covid, and apparel and fashion were among the fastest rising segments, growing annually at 15 per cent.

Reliance Retail – Threading ahead

A significant chunk of Reliance Retail's revenue in the apparel segment comes from its value fashion portfolio. The Reliance Industries group has so far not been very successful in creating a consumer brand. And in the branded fashion segment it has adopted the extremely successful strategy of acquisitions, JVs and partnerships.

It has made around 10 acquisitions and investments over the last four years spending close to $2 billion. It started off 15 years back with the formation of a joint venture with Marks & Spencer, which is a premium brand in India due to its pricing. Along the way the group has acquired lingerie retailers Clovia and Zivame, Qalara, and taken significant stakes in companies of fashion designers Ritu Kumar and Manish Malhotra among others.

The group on its own generates significant cash flows while in 2020 it raised close to ₹50,000 crore by selling 10 per cent in Reliance Retail to about eight foreign investors. The funds have been largely utilised in acquisitions and to expand its retail footprints across categories.

It has also partnered with global brands such as Gap, Armani Exchange, Diesel, Giorgio Armani to name a few.

The numbers and the names speak for themselves — Ambani's acquisition strategy is not just to fill in the gaps in its portfolio but to be a dominant and leading player in every segment. With $28 billion in revenue, Reliance Retail is already the second fastest-growing retail company in the world. Media reports have said that the company intends to have revenues of $6.5 billion from its retail business in the next four years.

The fact that it let go of a ₹25,000-crore deal to acquire Future Group's assets without flinching speaks volumes about the internal resources that the group has. Considering its deep pockets, for RIL the challenge lies only in identifying the best brands to add to its growing portfolio.

As HDFC Securities' Gandhi points out, there are a number of good brands in the branded ethnic wear space that are struggling for survival due to an inefficient cost structure. There is room for more acquisitions out there.

Source: thehindubusinessline.com– June 04, 2023

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Punjab cotton sowing area lowest in 10 years

CHANDIGARH: This year, the cotton crop was sown on only 1.75 lakh hectares in Punjab against the target of 3 lakh hectares set by the state government. This is the lowest area under cotton crop in the state in last 10 years. While the state has the potential to bring around 8 lakh hectares under cotton crop as it used to have more than 7 lakh hectares under the crop in the late 1980s and early 1990s.

In 2013-14, the area under cotton in the state was 4.45 lakh hectares, a record, and this year, it is the lowest ever. Many factors are cited for the reduction in the area for cotton cultivation: First, the time when the crop is sown is between April 1 and May 31, but due to rains this year, the crop could not be sown properly in 25,000 acres.

At least twice the crop was sown but it faced pest attacks. Second, despite officials' persuasion, the farmers, especially in the Malwa region, did not prefer the cotton crop for fear of crop diseases, said sources. "Most farmers are unaware of the latest damage control methods. Besides, the weather was unfavourable, though some farmers had re-sown the crop amid high input costs," said a farmer.

He said the farmers are opting for paddy due to its high yield and late-sown varieties. Traditionally, the state has had more than 7 lakh hectares under cotton crop in 1988-89, it was 7.58 lakh hectares, in 1989-90 it was 7.33 lakh hectares and in 1991-92, it was 7.19 lakh hectares. The cotton belt of the state comprises eight districts of the state , Bathinda, Fazilka, Mansa and Muktsar. Others are Moga, Barnala, Sangrur and Faridkot. This year by May 31, as the sowing season ends, the crop was sown over around 1.75 lakh hectares, which is only 58% of the target of 3 lakh hectares.

While last year, the crop was sown over 2.48 lakh hectares against the target of 4 lakh hectares. "Canal water was made available to farmers on time. This year, the state government had offered a 33% subsidy on Bt Cotton seed, as recommended by Punjab Agricultural University," said an officer of the Agriculture department. While last year, the farmers got a good price for cotton, the average cotton yield per acre was four to six quintals and the price was between Rs 7,500 to Rs 8,000 per quintal.

Source: newindianexpress.com– June 05, 2023

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