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Currency Watch			
USD	EUR	GBP	JPY
83.06	89.31	104.25	0.56

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Growth in China projected to slow to 4.6% in 2024, 3.5% in 2028: IMF

Growth in China is projected to slow to 4.6 per cent this year amid the ongoing weakness in the property sector and subdued external demand, according to the International Monetary Fund (IMF), whose executive board concluded the 2023 Article IV Consultation with the country last month.

Over the medium term, growth is projected to gradually decline further and is projected at about 3.5 per cent in 2028 amid headwinds from weak productivity and population aging.

While inflation fell last year, largely on account of lower energy and food prices, it is expected to increase gradually to 1.3 percent this year as the output gap narrows and the base effects of commodity prices recede, IMS said in a release. Uncertainty surrounding the outlook is high, particularly given the existing large imbalances and associated vulnerabilities, it noted.

Greater-than-expected weakening of external demand, tightening of global conditions and increased geopolitical tensions also pose considerable downside risks. On the upside, decisive policy action could boost confidence and lead to a better-than-expected rebound in private investment.

IMF directors noted that reducing the stock of local government debt would require greater use of insolvency tools and enhancements in the financial safety net. They underscored that a strategy to address weak banks and strengthen the legal framework for bank resolution, along with measures to enhance the financial safety net and crisis preparedness capacity, would safeguard macro financial stability.

They emphasised that addressing remaining data gaps would help enhance data transparency and facilitate policymaking.

Source: fibre2fashion.com– Feb 05, 2024

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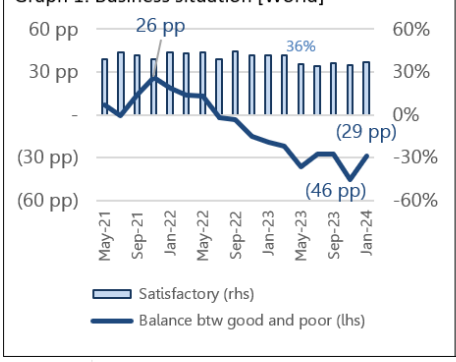
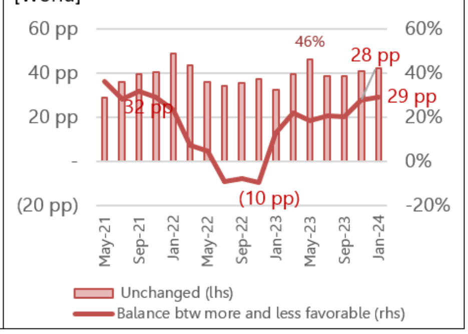
Results of the 24th ITMF Global Textile Industry Survey

Despite being negative, the indicators for business situation and order intake improved in January 2024

The last ITMF Global Textile Industry Survey (GTIS) was conducted in January 2024. It revealed a significant improvement in the business climate, signaling a potential turning point driven by better inflation rates, increased real wages, and consumer sentiment in the USA, alongside expectations of interest rate cuts.



Graph 1: Business situation [World]



Graph 2: Business expectations for Jan 2024 [World]

Business expectations for July 2024 reached a peak unmet since late 2021, fueled by improved order intakes and a more optimistic consumer demand outlook, despite ongoing cost concerns. Order intake began showing recovery signs, with notable increases across regions except East Asia, particularly in North & Central America and South America.

The average order backlog has stabilized around 2 months since July 2023, with no change in January 2024, while capacity utilization remained at the lowest level recorded (67%), reflecting a cautious production outlook. Concerns over weakening demand in the global textile value chain have decreased, with a drop in respondents citing it as a main concern to 67% in January 2024, the lowest since May 2023.

Despite this weakening demand, the phase has led to reduced rather than cancelled orders, a departure from early pandemic responses. Inventories in the textile value chain are deemed average by 57% of participants, with South Americans reporting higher levels and garment producers noting the lowest inventories, indicating a nuanced view of the current market conditions.

Source: fibre2fashion.com– Feb 05, 2024

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Surge in order shortages hits German textile manufacturing in Jan 2024

The German economy is grappling with a significant challenge as the latest ifo Business Survey reveals a noticeable uptick in the lack of orders across the manufacturing sector, particularly impacting textiles and apparel industries.

In January, an alarming 41.1 per cent of companies in the textile manufacturing sector reported experiencing a shortage of orders, while the situation is little better in the manufacturing of wearing apparel, where 36.9 per cent of companies faced similar issues.

This concerning trend underscores a broader issue within the German manufacturing landscape, with 36.9 per cent of manufacturing companies overall citing a lack of orders in January, a slight increase from 36 per cent in October.

This marks a significant rise from the same period last year, where only 20.9 per cent of companies reported such challenges. The surge in order shortages is particularly pronounced in energy-intensive industries, as per ifo.

"The lack of orders has worsened noticeably over the past year. Hardly an industry has been spared," said Klaus Wohlrabe, head of surveys at ifo. "What's more, order backlogs are shrinking."

Source: fibre2fashion.com– Feb 06, 2024

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Egypt's Suez Canal Revenue Plummeted by Almost Half in January

Suez Canal traffic dropped precipitously in January, nearly halving Egypt's revenue from waterway fees as Houthi rebels continue to attack transport vessels.

Egypt took in just $428 million last month, compared to $804 million during the same period in 2023, according to Lieutenant General Osama Rabie, chairman of the Suez Canal General Authority. On Friday, he spoke on Egyptian news program "Every Day," telling anchor Khaled Abu Bakr that 1,362 ships passed through the canal in January—a 36-percent drop from the year-ago period.

Vessels from the world's leading shipping firms like Maersk and MSC have rerouted around Africa's Cape of Good Hope, causing major delays and heightening costs for shippers and consumers.

Still, Rabie maintained that the Suez Canal is still the "best, fastest and safest" means of moving goods, as the Cape of Good Hope is "unsustainable, without services, and navigation on it is very difficult."

U.S. and UK forces have launched air strikes on Yemen, but the Houthi attacks on the Red Sea have not abated. The rebel group, which has been attacking ships in the Red Sea since October, dug in its heels Sunday, with official spokesman for the Yemeni Armed Forces Brigadier General Yahya Saree saying the air strikes "will not deter us from our moral, religious and humanitarian stance in support of the steadfast Palestinian people in the Gaza Strip, and will not go unanswered and unpunished."

The continued disruption to Suez Canal operations has been a major blow to Egypt's embattled economy. Egypt's currency dropped to a record low of 72 pounds to the U.S. dollar in the parallel market last week—significantly below the official exchange rate, which hovers around 31 pounds, according to local news outlet Middle East Eye (MEE).

On Monday, though, traders reported that the rate declined to about 57 pounds after government took measures against the black market—a move that could clear the path for a currency devaluation.

Egypt is said to be on the precipice of finalizing an agreement with the International Monetary Fund (IMF). Last week, Cairo reached a preliminary agreement with IMF to revise an existing loan program from $3 billion to over $10 billion. The country has received little of its existing loan package due to the sluggish sale of state assets and exchange rate flexibility, MEE wrote.

On the ground, inflation remains desperately elevated for Egyptian citizens, having hit an unprecedented 38 percent in September before declining to 34 percent by end of year. In addition to the loss of revenue from the Suez Canal, the country has seen increased costs on wheat imports due to the Russia-Ukraine war and its tourism sector, once a major economic driver, has not recovered since the pandemic.

Source: sourcingjournal.com– Feb 05, 2024

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Turkmenistan's textile factory produces high-volume cotton yarn

The Turkmenabat Cotton Spinning Factory, located in the Lebap region in the east of Turkmenistan, produced almost 5,884 tons of cotton yarn in the whole of 2023, Trend reports.

According to the data, the enterprise produced goods worth more than 45.3 million Turkmen manat ($12.9 million) over the designated time period.

Furthermore, over the past year, the Turkmenabat factory shipped 2,727 tons of finished products, of which 1,789 went to the domestic market and 938 for export.

This enterprise currently employs over 580 individuals, ensuring consistent production.

Meanwhile, Turkmenistan plans to invest more than $300 million in more than 30 textile sector projects by 2025.

Significant investments will be made in both expanding present capacity and establishing over ten new manufacturing facilities, with existing firms serving as the foundation.

Source: en.trend.az– Feb 03, 2024

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Dhaka seeks operation of Chinese bank in Bangladesh to facilitate yuan trade

State Minister of Commerce Ahsanul Islam has urged the Chinese government to initiate the operations of a Chinese bank in Bangladesh to facilitate the use of yuan for bilateral trade.

"The Chinese currency has been recognised by the government as the official currency since last month to facilitate trade with China for Bangladesh," he mentioned during the Economic Reporters Forum (ERF) and China Bangladesh Chamber of Commerce Industry (BCCCI) Journalism Award ceremony held at the Sonargaon Hotel in the capital on Sunday.

Conducted by ERF General Secretary Abul Kashem, the event featured speeches from Minister Counsellor and Deputy Chief of Mission at the Embassy of China in Bangladesh Hualong Yan, Federation of Bangladesh Chambers of Commerce and Industry President Md Mahbubul Alam, BCCCI President Gazi Golam Murtoza, its Secretary Al Mamun Mridha, and ERF President Refayet Ullah Mirdha."

Mentioning that Bangladesh has the potential to become a global trade hub, Ahsanul said, "The bilateral trade gap with China is substantial – around $22 billion. Increasing China's investment in the country is essential to narrowing this gap. We can potentially reduce this disparity by re-exporting products made through China's investment."

He added that achieving the goal of smart market management requires identifying and addressing the issues in market management.

He said the commerce ministry oversees both imports and exports, implementing business-supportive policies aimed at safeguarding consumer interests. Specific initiatives, particularly concerning Ramadan products, have been introduced. The National Board of Revenue has been urged to consider reducing duties on essential items such as oil, chickpeas, chilies, pulses, and onions.

"The prime minister also supports this stance, and we anticipate that the supply of these products will remain uninterrupted," he mentioned.

The state minister assured, "There is a sufficient stock of food products for the upcoming Ramadan. Proposals have been submitted to the prime minister to reduce import duties on some other products, with the hope that they will positively impact consumers during Ramadan."

He mentioned that the country currently has 18 lakh tonnes of rice in stock, and an additional 13 lakh tonnes of food grains have been imported. The supply of various products is expected to remain normal during the month of fasting. "We are engaged in coordinating efforts at the production, import, and export levels. Collaborative endeavours with all stakeholders are ongoing," he added.

FBCCI President Mahbubul Alam stated that Bangladesh has grown from a $90 billion economy to a $470 billion one. The country is now on the path toward becoming a trillion-dollar economy. "The China Chamber has been encouraged to collaborate in order to boost Chinese investment in Bangladesh," he added.

BCCCI President Gazi Golam Murtoza said, "We regularly present awards in collaboration with ERF. This initiative is commendable for the people of the country, especially the journalists."

At the ceremony, the State Minister for Commerce presented crests, certificates, and checks to 15 journalists, including The Business Standard Chief Reporter Abbas Uddin Noyon and Senior Reporter Jahidul Islam.

A total of 68 news articles were submitted in five categories for the BCCCI-ERF Journalism Award this year. According to the scores given by the six-member jury board, 12 winners were awarded first, second, and third places in four categories.

In another category, the first and second-place winners were one each, but the third place was held jointly by three winners. Altogether, 17 journalists received awards in five categories.

The award was jointly launched by BCCCI and ERF in 2020 to highlight the growing trade and economic ties between Bangladesh and China.

Source: tbsnews.net– Feb 04, 2024

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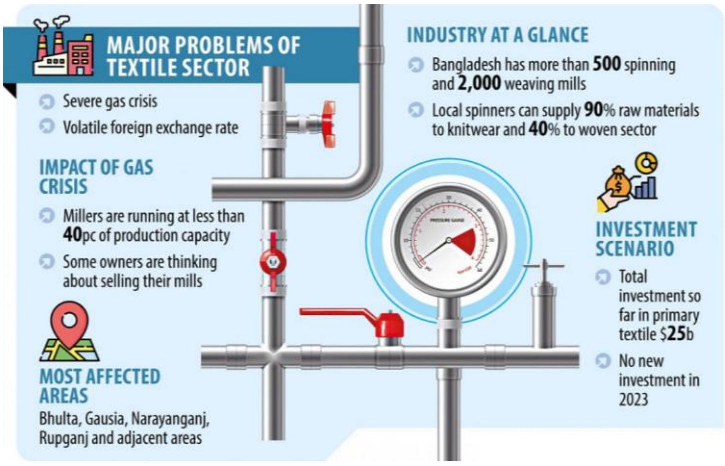
Bangladesh: Textile millers seek a way out as gas crisis worsens

Faced with a chronic gas crisis and volatile exchange rates, a number of ailing textile millers are putting their factories up for sale as they are no longer able to contend with losses stemming from dwindling production. Spinning, dyeing, weaving, finishing, and printing millers are prepared to sell their units, Bangladesh Textile Mills Association (BTMA) President Mohammad Ali Khokon said over the phone on Saturday.



So far, dealers from 10 mills have contacted the president and offered to sell their establishments, he added.

"The millers did not reveal their names as they have loans with banks, but their dealers contacted me."

Owing to the gas crisis, the volatile exchange rate, the rising bank interest rate, and growing costs of production, many millers, especially small and medium enterprises, are looking to sell their mills as they fear they can no longer be competitive in the textile business.

This comes at a time when the primary textile sector is enduring a tough time due to a fall in demand for garment items amid higher inflationary pressure on western consumers.

Because of the combination of these reasons, last year no new investment was made in the sector, a key pillar of the garment industry, the second largest in the world and the biggest source of foreign currencies for Bangladesh.

The gas crisis began a few years ago, but the situation has turned dire over the past few months as mills have been getting very low pressure, between zero and 2 PSI, from pipelines.

As a result, mills are running at an average of 40 percent of their capacity, denting their profit margin.

Around $25 billion is invested in the primary textile sector, according to the BTMA, which represents 500 spinning mills and 2,000 weaving members and non-members.

Currently, local spinning mills can supply nearly 90 percent of the raw materials to the knitwear sector and more than 40 percent to the woven sector.

Millers, spinners, weavers and dyers imported a lot of capital machinery in 2021 and 2022 as the global apparel supply chain was recovering fast from the severe fallout of the Covid-19 pandemic.

Since demand for apparel, especially for fabrics from man-made fibres, increased due to high demand from consumers, local millers imported capital machinery to grab a larger share of the global non-cotton market, worth around $760 billion.

However, they could not launch operations because of the gas crisis. Instead, many are looking to sell their units.

Md Saleudh Zaman Khan, chairman of NZ Denim Ltd, said production was falling day by day.

He added that, after many days, the gas supply had improved for eight hours on Friday before falling again.

"Now, the government is reducing export incentives, a move which will have a significant impact on the sector."

The government has cut the export subsidy for almost all sectors to reduce the pressures on Bangladesh's coffers and bring down the rates gradually since the country can't provide such subsidies once it becomes a developing nation. The cut came into effect on January 1.

Millers say the situation in Narayanganj, Rupganj, Bhulta, Gaussia and Narsingdi has been so severe over the past month that factory owners are losing money.

Khokon said at a press conference last week that many mill owners were becoming uncompetitive and losing money due to the gas crisis.

Ahsan H Mansur, executive director of the Policy Research Institute, said the government must ensure the supply of gas with adequate pressure to textile units, but at international prices.

"Do not subsidise prices for them."

The economist said renewable energies could be a good source of power but installing solar panels is expensive because of high import duty.

"The textile sector's investment is huge and they need an adequate gas supply."

Source: thedailystar.net– Feb 06, 2024

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Despite rise in production, Pakistan cotton still faces huge demand-supply gap

Pakistan still faces a huge gap between domestic production and supply of cotton despite production rising significantly during the 2023-24 season.

Cotton arrivals at ginning factories increased by 1.1 per cent to 8.35 million bales compared to the same period last year. Both Punjab and Sindh contributed equally to the national output, with arrivals from Punjab increasing by 46.5 per cent Y-o-Y while those from Sindh rising by 119.8 per cent Y-o-Y.

Arrivals from Multan, Bahawalnagar, Sanghar, and Rahim Yar Khan topped during the period.

Pakistan's cotton imports are expected to fall to 4.2 million bales during the 2023-24 season. On the other hand, exports of raw cotton and yarn grew with China being a major yarn buyer. Good local crop led to a rise in the government-support price at 8,700 per 40 kg during the period.

To bridge the gap between its demand and supply, Pakistan needs to either increase cotton production or reduce its textile industry's dependence on imports.

It needs to introduce key measures to ensure fair prices to farmers and stablise cotton prices in the market. Pakistan also needs to continue focusing on value-added textile products and exploring new markets.

Source: fashionatingworld.com– Feb 05, 2024

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Bangladesh: RMG exporters demand earlier level of cash incentive

Garment exporters and textile millers today demanded continuation of the earlier level of export cash incentives and policy support to gain competitiveness in order to help the sector overcome the challenges stemming from the ongoing global events.

They made the demands in two separate meeting held in Dhaka today.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA); Mohammad Ali Khokon, president of Bangladesh Textile Mills Association, and Mohammad Hatem, executive president of Bangladesh Knitwear Manufacturers and Exporters Association, made the demand related to cash incentive in a meeting with Finance Division Secretary Md Khairuzzaman Mozumder at the latter's secretariat office in Dhaka.

Last year, the government through a circular reduced the cash incentive on export receipt as part of a measure to take preparation for the country's graduation to a developing nation.

The BGMEA president in another meeting with State Minister for Commerce Ahasanul Islam held at the secretariat demanded extended policy support for increased competitiveness.

Source: thedailystar.net– Feb 05, 2024

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NATIONAL NEWS

Indian economy to grow at average 6.7% per annum until FY31: CRISIL

Following a robust 7.3-per cent growth in this fiscal in India, rating and research agency CRISIL has projected a moderation to 6.4 per cent in the next, largely due to cyclical factors.

The organisation projected the Indian economy to grow at an average rate of 6.7 per cent per annum until the end of this decade, i.e., between fiscals 2023-24 and 2030-31, a notch above the pre-pandemic decadal average of 6.6 per cent.

The key contributor to this trend will be capital. This is a result of the investment-driven strategy of the government to deal with the scarring from the pandemic, when the private sector was investment shy.

The government increased capital expenditure significantly to support the build-up of infrastructure and offered interest-free loans to states to bolster their own investment efforts, CRISIL, a subsidiary of S&P Global Ratings, noted.

The 5.7-per cent inflation print in India in December last year was driven solely by volatile vegetable prices and stubborn food grain inflation. However, it will keep the central bank cautious on the rate front as it eyes the 4-per cent target, it noted in a release.

The continued softening of core inflation and the deflation in fuel prices bring only two cheers. Given food has a substantial weight in the consumer price index (CPI) basket, the persistence of high inflation in this category keeps the risk of its transmission to non-food components alive, it said.

Global growth seems to be moderating as gross domestic product (GDP) contracted in some key advanced economies in the third quarter of last year.

While GDP contracted in Japan (minus 2.9 per cent annualised), the euro zone (minus 0.1 per cent) and the United Kingdom (minus 0.1 per cent), the US economy remained resilient, growing at an annualised 4.9 per cent compared with 2.2 per cent in the previous quarter.

Central banks in many advanced economies stayed pat with their interest rates during their latest policy meetings. Key central banks have raised rates by 400-525 basis points in the current interest rate cycle.

Although inflation remains above their respective targets, it has moderated significantly over the previous year and growth seems to be slowing, CRISIL added.

Source: fibre2fashion.com– Feb 05, 2024

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India-Costa Rica Joint Economic and Trade Committee likely to meet soon

Focussed on diversifying trade and expanding beyond its traditional markets, the Department of Commerce is set to soon participate in the first meeting of India-Costa Rica Joint Economic and Trade Committee (JETCO), which will identify ways to increase bilateral trade and investments, and is collecting industry inputs on areas of opportunities as well as existing non-tariff barriers.

“India’s bilateral trade with Costa Rica is not too high, at an annual $253 million (2022-23), but it is growing fast and holds a lot of potential. The two sides are expected to try to zero in on areas where there are opportunities for growth and jointly develop them,” a source tracking the matter told businessline.

Areas that could be explored for joint ventures include pharmaceuticals, medical devices, e-vehicles, tourism, space, biotechnology, nano-technology, artificial intelligence, renewable including solar and hydel, healthcare and ICT, the source added.

India and Costa Rica signed the agreement to establish the JETCO in June 2021. Both sides agreed to meet regularly to discuss matters of concern and interest in trade and direct investments with to further improve, deepen and strengthen the existing trade relationship between India and Costa Rica.

“The Commerce Department has asked the Indian industry to specify trade barriers, which could include logistic and regulatory issues, that they face in Costa Rica. Inputs have also been sought on strategies to increase Indian exports to Costa Rica,” the source said.

Costa Rica has earlier expressed interest in exploring a preferential trade agreement to boost trade and has offered to be a gateway to the Latin American region.

Source: thehindubusinessline.com– Feb 05, 2024

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New payment law to aid MSMEs impacts India's textile trade

The trade in India's textile value chain has been disrupted for the last couple of weeks as an amendment in Companies Act 2023 regarding payment clause for MSME sector has come into effect. The Finance Act 2023 was introduced in the Parliament by finance minister Nirmala Sitharaman during her budget presentation for 2023-24. The latest disruption may further dampen sentiments in the trade of yarn and other products of textile sector. However, trade experts hope that this churning in trade may give short lived pain, but it will help MSME suppliers in the long run.

"The amendment came into effect from current fiscal 2023-24. It means that income tax payers (business entities registered under Companies Act 2023) will have to face its repercussions in next assessing year 2024-25," Kunal Mishra, a Chartered Accountant at a Mumbai based consulting firm Virtual CFO, said in an article posted on LinkedIn.

According to the post of Mishra, the amendment in the Finance Bill of 2023 has extended the government's concerted efforts to enhance liquidity for MSME entities, Earlier, it had implemented various measures for the same.

The amended section 43B(h) of the Income Tax Act is applicable to all types of purchases made from enterprises registered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. However, it specifically applies to micro and small enterprises, excluding medium scale enterprises.

As per Section 43B(h), any sum payable by the assessee to a micro and small enterprise beyond the time limit specified in Section 15 of the MSMED Act shall be allowed only in computing the income of the previous year in which the sum has been actually paid. This is irrespective of the previous year in which the liability to pay the sum was incurred, as per the accounting method regularly employed.

The clause is applicable when an enterprise is buying goods or taking services from an enterprise registered under the MSMED Act, 2006. It is important to note that the registration of the buyer under the MSMED Act, 2006, is not mandatory.

Micro enterprises, to be registered under the MSMED Act, 2006, must have an investment in plant and machinery not exceeding ₹1 crore and turnover not exceeding ₹5 crore. Small enterprises, on the other hand, should have an investment in plant and machinery not exceeding ₹10 crore and turnover not exceeding ₹50 crore.

According to the latest amendment, buyers (enterprises) are obligated to pay micro and small suppliers within 45 days, depending on the presence of a written agreement. In the absence of a written agreement, payment should be made within 15 days. If payments to micro and small enterprises are not made within the specified time frame, the amount becomes taxable income for the assessee in the previous year of non-payment. The assessee can claim a deduction in the previous year when the payment is made. Mishra advised that businesses should categorise suppliers in their books and adhere to payment deadlines.

As the last date of current fiscal 2023-24 is approaching fast, traders in textile and other sectors are worrying for implications of the clause. Ankur Bansal, a trader from Panipat, said that confusion regarding the payment clause is adding to the worries of the traders.

They are avoiding buying any goods/service in the current fiscal as they will not be able to pay within the same fiscal year. As per clause, if a buyer places order and gets delivery of goods/service but it fails to pay within 45 days/15 days before March 31, 2024, the due payment will be added to his income for next assessing year 2024-25.

In order to remain on the right side of law, buyers are taking undertaking from their suppliers and vendors that they do not fall under the category of Micro, Small and Medium Enterprises as per the MSME Act 2006.

However, few traders feel that this will be a short-term pain, and trade will become normal in the next fiscal year. Traders/buyers will then be able to get delivery from their suppliers and would be able to make payment during the entire fiscal year till next March 2025.

Source: fibre2fashion.com– Feb 05, 2024

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DGGI's crackdown: ₹18,000 crore worth of GST evasion exposed, 1,700 fake ITC cases unearthed

Finance Ministry on Saturday reported that around ₹18,000 crore worth of GST evasion was detected during the April-December period of the current fiscal.

"1,700 fake ITC cases involving ₹18,000 crore have been detected and 98 fraudsters/masterminds have been apprehended by the Directorate General of GST Intelligence (DGGI)," the statement said. Fake invoice means no real supply of goods or services but invoice issuance, used fraudulently to avail input tax credit (ITC). Unscrupulous elements misuse the identity of other persons to obtain fake/ bogus registration under GST to defraud the Government.

Such fake/non-genuine registrations are used to fraudulently pass on input tax credits to unscrupulous recipients by issuing invoices without any underlying supply of goods or services or both. Fake registrations and issuing bogus invoices for passing off fake ITC have become a serious problem, as fraudulent people engage in dubious and complex transactions, causing revenue loss to the Government.

According to the Finance Ministry statement, in the current financial year, DGGI has emphasised identifying and apprehending the masterminds of fake ITC and disrupting syndicates, operating across the country. DGGI has unravelled cases using data analysis aided by advanced technical tools, which led to the arrest of tax evaders.

These tax syndicates often use gullible persons and entice them with job/commission/bank loans, etc., to extract their Know Your Customers (KYC) documents, which were then used for the creation of fake / shell firms/companies without their knowledge and consent. In some cases, the KYC method was used with the knowledge of the concerned person by paying them small pecuniary benefits.

DGGI has not listed some of the cases. On basis of data analytics using E-way bill portal it was revealed that S.D. Traders, Delhi, was a newly registered firm with NIL inward supplies at the root level, yet it generated many E-way bills. Based on the investigation, 38 non-existent firms in the Delhi and Haryana areas were initially revealed. On analysis of the IP Address, premises at Sirsa, which were being used for filling out GST

Returns, were identified. The search was conducted, and it was found that a well-organised racket of fake/bogus firms was being operated from the said premises. Certain documentary evidence, 2 Laptops, 7 mobile phones, and various SIM cards were seized, and Manoj Kumar, one of the key operators of the racket of fake firms, was arrested from Sirsa by the DGGI. The statement said that the analysis of outward supplies data indicates a potential evasion of ₹1,100 crores of fraudulent ITC

Earlier this month, the Ministry said that over 29,000 fake firms were identified and over 44000 crores of GST tax evasion detected in a nationwide drive over 7 ½ months as a result of a special drive to identify non-existent/bogus registrations and issue fake invoices without any underlying supply of goods and services. The drive started in mid-May last year. A total of 29,273 bogus firms involved in suspected ITC evasion of ₹44,015 crore have been detected. This has saved ₹4,646 crore, of which ₹3,802 crore is by blocking of ITC and ₹844 crore is by way of recovery. So far, 121 arrests have been made in the cases, the Ministry said.

Source: thehindubusinessline.com– Feb 03, 2024

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Banks to expedite resolution with exporters for trade facilitation

The finance ministry has asked banks to engage with exporters and importers and expedite resolution of their problems while appropriately examining compliance requirements. In a statement the finance ministry noted that banks will work closely with Department of Commerce and export promotion councils for trade facilitation and early resolution of problems.

On Monday, financial services secretary Vivek Joshi held a review meeting to address banking and insurance related issues faced by exporters and importers. "To ensure a seamless process, banks were advised to engage with clients to expedite resolution of their problems while appropriately examining compliance requirements," the ministry noted in a statement.

The meeting was attended by senior officers from Ministry of External Affairs, Department of Commerce, and Ministry of Finance. Functionaries of Reserve Bank of India (RBI) and Insurance Regulatory and Development Authority (IRDAI) along with Chairman, State Bank of India (SBI) and senior executives of major commercial banks.

Joshi asked banks to classify issues faced by them in different categories and indicated that they may consider seeking necessary regulatory guidance from RBI and also develop a standard operating procedure through Indian Banks Association (IBA).

Source: economictimes.com– Feb 05, 2024

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Couture with conscience: What next for India in the sustainability and eco-friendly fashion market?

Sustainability in recent years has emerged as a major concept in the textile industry, driven majorly by growing environmental concerns, ethical considerations, and changing consumer preferences. Textile sector remains the second-largest consumer of water globally and a significant contributor to greenhouse gas emissions and even microplastic pollution. Apparel is a major contributor to the global economy – estimated at upwards of $2.7 trillion and contributing 2 percent of the world's GDP. By 2025, the organised fashion market itself is expected at $2.6 trillion. Given the extent of the sector's dependence on the global economy, sustainability and ethical practices cannot be an after-thought.

Several initiatives have been undertaken at the policy level to instill sustainability in the sector. As part of the 12th SDG (sustainable development goals), the UN identified building national frameworks for consumption in addition to sustainable production. The Prime Minister of India, more recently, introduced the concept of LiFE – Lifestyle for Environment at Cop-26 in 2021. resource-intensive processes and the often-disregarded impact on ecosystems. Within the industry, sustainability practices have gained prominence, but a collective effort from all stakeholders is the need of the hour.

International Sustainability Trends

"The True Cost" a documentary explores the environmental impact of the textile and fashion sector. The film follows the journey of a T-shirt from the cotton fields of India to the landfills of Ghana, and it exposes the human and environmental costs of our cheap clothing. In real life, the sustainability aspects have transcended beyond accountability of textile producers to delivering rights for workers and weavers.

A major share of the subtle shift towards sustainability stems from consumer awareness. Consumers are increasingly aware of the environmental impact of their clothing choices and are looking for eco-friendly alternatives like organic cotton, recycled polyester, and linen. Some consumers have also proudly adopted fashion made from recycled materials. Manufacturing innovations in bio-based materials like hemp and Tencel as well as recycled plastic has gained popularity owing to the commitment to sustainability.

In the intricate supply-chain market, consumers are demanding greater transparency – from the source of materials to the manufacturing processes. This trend promotes ethical and sustainable practices by holding brands accountable for their impact. And brands are rightly not leaving a single stone unturned.

The deployment of blockchain technologies in the sector is a testament to its commitment to sustainability which also enhances trust and transparency with customers.

Paradise of Eco-Friendliness

The conventional textile industry relied heavily on resource-intensive practices, leading to deforestation, water pollution, and excessive greenhouse gas emissions.

According to a World Bank report, the textile industry accounts for 20% of global wastewater and 10% of global carbon emissions. This unsustainable model has been rapidly pushing the boundaries of our planet. However, a new wave of eco-conscious consumers and businesses is ushering in an era of change.

Eco-friendly ecosystems, comprising sustainable practices like organic farming, responsible water usage, and eco-friendly dyes, are becoming the new norm.

Sustainable Apparel Coalition reports that the global sustainable apparel market is expected to reach $524.8 billion by 2025, highlighting the growing demand for sustainable products.

The transition towards sustainability is not solely driven by market forces. The tireless efforts of self-help groups (SHGs) and non-governmental organisations (NGOs) play a crucial role in empowering communities and promoting ecological responsibility.

Impactful advertising campaigns too have played a vital role in shifting consumer mindsets towards sustainability. Besides informing customers, such campaigns have built trust by being upfront about challenges and progress. Brands have also leveraged new mediums to create an emotional appeal about the need for sustainable textile products. By involving consumers and informing alternate products, brands have clearly strived to make an environmental impact.

Embracing a Circular Practice

India's textiles sector accounts for over 2.3% of India's GDP and 13% of the country's total export earnings as of 2021. It is also unique and intricate in the way it employs over 45 million people – one of the largest employing sectors in the country. In the last few years, sustainability practices have emerged in corporate practice.

According to a Wazir Advisors survey, majority respondents reported an increase in share of sustainable products in their portfolio. Although 80% of stakeholders had adopted sustainable manufacturing practices, only one-fourth of respondents had a product basket which appeared more than 75 percent sustainable.

A large portion of Indian textile manufacturers may have commenced on their ESG practices. But India could aspire to do more. The sector, a powerhouse of production and employment in India could leverage circular practices to do more. Adopting circular practices is not just an ethical imperative but also a strategic decision for the long-term success of the Indian textile industry. It ensures environmental sustainability, economic advantages, and positive social impacts, paving the way for a more responsible and resilient industry.

Source: financialexpress.com– Feb 05, 2024

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Coming up! 1,000-acre textile park on Lko-Hardoi Road

Also, a mega textile park has been approved under the PM Mega Integrated Textiles Region and Apparel Scheme. To come up on around 1,000 acres on the Lucknow-Hardoi Road, the project has received a provision of ₹400 crore.

This park is expected to attract investments of ₹10,000- ₹15,000 crore and create around one lakh direct and two lakh indirect employment opportunities.

In addition, the National Institute of Fashion Technology (NIFT) in the prime minister's constituency, Varanasi, has received an impetus of ₹150 crore in the budget.

Khadi and village industries

Under the Pandit Deendayal Gramodyog Rojgar Yojana, there is a provision of an interest subvention facility for beneficiaries for three years. A provision of ₹14 crore has been made for this scheme.

A provision of ₹15.75 crore has been made for Khadi and Gramodyog Vikas Satat Rojgaar Protsahan Neeti (Khadi and Village Industries Development and Continuous Employment Promotion Policy).

Also, an amount of ₹11.25 crore has been proposed for the Integrated Development Program of Clay Art to provide employment opportunities to traditional artisans engaged in clay art.

IT and Electronics

Under the Uttar Pradesh Data Center Policy-2021, the initial goal was to develop three state-of-the-art private data center parks and a 250 MW data center industry in the state.

Now, a fresh target has been set for eight new data centers of 900 MW capacity with an estimated investment of ₹30,000 crore.

Under the Uttar Pradesh Electronics Manufacturing Policy 2017, the target investment of over ₹20,000 crore was achieved, leading to the creation of about three lakh jobs.

Under the new Electronics Manufacturing Policy 2020 notified by the government, the target is to attract investment of ₹40,000 crore and establish three Centers of Excellence in the state.

MSME

To encourage industrial establishments in the private sector, 10 pledge parks will be set up in the state.

Source: hindustantimes.com– Feb 06, 2024

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Guest workers are returning to Tiruppur, say exporters

Workers from the northern States, who were employed at the garment export units in Tiruppur and went home in the last six months due to slowdown in orders, are returning to work, said Kumar Duraiswamy, joint secretary of the Tiruppur Exporters Association.

According to provisional data available, between April and December 2023, garments worth $10 billion were exported from India and of it, $ 4.9 billion were knitwear exports. While 50 % of the knitwear exports are from Tiruppur, the rest are distributed between West Bengal, Bengaluru, and Delhi and nearby areas.

When exports from Tiruppur slowed down, affecting wages and work days for the migrant workers, many of them started going to their home towns. Some of them took up jobs at the garment units in Delhi and nearby areas.

However, these workers kept in touch with the workers who continued in Tiruppur as the wages are higher here.

In the global market, the ports and warehouses of the buyers had huge inventory for more than a year after the COVID pandemic and the inventory started reducing during the last three months because of retail sales picking up, especially for the smaller retailers. Now, orders were picking up in Tiruppur and the situation was expected to revive fully in a couple of months. Hence, workers were returning to Tiruppur, he said.

One major challenge for Tiruppur continued to be import of garments at low prices from Bangladesh. Fabric made in China and other south east Asian countries were also flooding the Indian market, affecting the entire supply chain. The government should address this issue at the earliest, he said.

Source: thehindu.com– Feb 05, 2024

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Employment in manufacturing sector grew by 7% in 2021-22: Govt data

Employment fell marginally in 2020-21 due to the pandemic but gained momentum in 2021-22 with 7 per cent year-on-year growth in the manufacturing sector, according to the Annual Survey of Industries.

"In fact, the estimated number of persons engaged in this (manufacturing) sector in 2021-22 has exceeded the pre-pandemic level (that is 2018-19) by more than 9.35 lakh," a Ministry of Statistics and Programme Implementation (MoSPI) statement said.

At the same time, it added that average emoluments also registered an increase.

Average salary earned per employee in this sector had gone up by 1.7 per cent in 2020-21 and 8.3 per cent in 2021-22, in comparison to respective previous years, it explained.

"Due to the Covid pandemic, there had been a marginal fall in employment in 2020-21, which was more than compensated in the subsequent year i.e. in 2021-22, with total estimated employment in the sector showing a robust growth of 7.0 per cent year-on-year (Y-o-Y)," it said.

The number of persons engaged in industries dipped from 1,66,24,291 in 2019-20 to 1,60,89,700 in 2020-21, but increased to 1,72,15,350 in 2021-22, showed ASI.

The MoSPI has released the results of the Annual Survey of Industries (ASI) for the reference periods April 2020 to March 2021 (i.e. the financial year 2020-21) referred to as ASI 2020-21 and for the reference period April 2021 to March 2022 (i.e. the financial year 2021-22) referred to as ASI 2021-22.

The ASI results for the year 2021-22 exhibit the resilience shown by the Indian manufacturing sector and tell the unique turn-around story of the Indian manufacturing sector after the adverse effect of the pandemic witnessed in 2020-21 in terms of output and input contraction and also a marginal fall in employment, it stated.

The results show that while the Gross Value Added (GVA) grew by 8.8 per cent in current prices in 2020-21 over 2019-20, mainly on account of a sharp fall in input (4.1 per cent) that more than offset an output contraction (1.9 per cent) in the sector during a year affected by COVID, it added.

The GVA has gone up significantly by 26.6 per cent in 2021-22 over 2020-21, riding on a high growth in the industrial output, which grew by more than 35 per cent in value terms during this period in current prices, it explained.

The year 2021-22 witnessed a sharp rise in level as well as in the growth of the majority of the important economic parameters like invested capital, input, output, GVA, net income and net profit registered by the sector and even surpassed the pre-pandemic level in absolute value terms, showed ASI.

The main drivers of this growth in 2021-22 were industries like the manufacturing of Basic metal, Coke & Refined Petroleum Products, Pharmaceutical Products, Motor vehicles, Food Products and Chemical and Chemical products.

These industries, taken together, contributed about 56 per cent of the total GVA of the sector and showed a growth of 34.4 per cent and output growth of 37.5 per cent in comparison to 2020-21, it stated.

Among the major states, in terms of GVA, Gujarat remained at the top in 2020-21 and in the second position in 2021-22 while Maharashtra ranked first in 2021-22 and second in 2020-21, ASI showed.

These two states were followed by Tamil Nadu, Karnataka and Uttar Pradesh in both the years.

The top five states, taken together contributed about 53 per cent of the total manufacturing GVA of the country in 2020-21 as well as in 2021-22, it stated.

The top five states employing the highest number of persons in this sector were Tamil Nadu, Gujarat, Maharashtra, Uttar Pradesh and Haryana in ASI 2020-21 as well as in ASI 2021-22, according to ASI.

Taken together, these states contributed about 54 per cent of total manufacturing employment in both years, it added.

The fieldwork for these surveys was carried out from April 2022 to November 2022 for ASI 2020-21 and from March 2023 to September 2023 for ASI 2021-22.

A considerable part of the reference period for ASI 2020-21 was affected by the first wave of the COVID-19 pandemic that witnessed lockdown and major disruption not only in India but also globally.

Part of the reference period for ASI 2021-22 witnessed the second wave of the pandemic.

The fieldwork of ASI 2020-21 started late as the filing dates for companies in respect of the financial year ended on March 31, 2021, were extended. This had a spillover effect on the fieldwork of the next survey -- ASI 2021-22, which was delayed as well.

The results are prepared at the state and major industry levels, it stated.

Source: business-standard.com– Feb 05, 2024

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