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

IBTEX No. 84 of 2024 — May 28, 2024

Currency Watch			
USD	EUR	GBP	JPY
83.17	90.43	106.24	0.53

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INTERNATIONAL NEWS

EURATEX & industriAll Europe partner to promote textile partnerships

Supported by the European Commission, EURATEX and industriAll Europe have launched Stitch Together: a new Europe-wide two-year project to promote social partnerships in the European textiles and clothing Industry.

Stitch Together recognises the industry's need to adapt to global competition, eco-friendly practices, and technological advancements, while ensuring decent working conditions and quality social dialogue. The project will foster constructive dialogue between employer and trade unions in seven countries with proud textile histories: Belgium, France, Italy, Poland, Portugal, Spain and Türkiye.

Through seminars and capacity-building workshops, the project aims to enhance the capacity of social partners and empower them to engage in national and European-level social dialogues. Furthermore, the project seeks to increase social partner involvement in EU policy-making contributing to the development of sustainable and circular practices in the industry.

Dirk Vantyghem, director general of EURATEX, welcomed this new initiative: “Having a constructive and mature social dialogue is an important component of this new EU Industrial Deal, which should be part of the next European Commission’s agenda. This project is therefore very timely.”

Judith Kirton-Darling, secretary general of industriAll Europe, added “quality social dialogue is essential to make the green and digital transition of the textiles a success in Europe and ensure a Just Transition for workers. We are delighted to kick off this project and hope to see real results on the ground.”

Source: fibre2fashion.com– May 27, 2024

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German business sentiment improves in April 2024: ifo

Sentiment has improved at companies in Germany, as reflected by the latest ifo Business Climate Index, which rose to 89.4 points in April 2024, up from 87.9 points in March 2024. This marks the third consecutive rise for the index, indicating growing optimism in the German economy. Companies reported greater satisfaction with their current business conditions, and their expectations for the future have brightened, suggesting that the economy is stabilising.

In the manufacturing sector, the index experienced an uptick due to significantly less pessimistic expectations. However, companies still assessed their current situation as worse than before. Order books continued to shrink, and there is no immediate prospect of increased production.

The index also rose in the trade sector. Business expectations improved markedly, although they remain pessimistic overall. Companies in the trade sector reported being somewhat less satisfied with their current business conditions. This was primarily influenced by the wholesale situation, which saw a sharp improvement in business, while retailers experienced a notable boost.

Source: fashionatingworld.com– May 27, 2024

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AI-driven tech can revolutionise global fast fashion industry: Study

Artificial intelligence (AI)-driven technologies can be harnessed for climate action and significantly advance environmental and market performance in the fast fashion industry, according to a new study by an international team of researchers.

Research by the University of New South Wales (UNSW) Business School's David Grant found AI-powered climate service innovation models can improve energy efficiency, reduce emissions and increase renewable energy sources.

"Our study's findings have shown enormous potential for helping companies achieve emissions-related targets and meet their reporting and assurance obligations related to Scope 1, 2, and 3 emissions as defined under the World Resources Institute and World Business Council for Sustainable Development Greenhouse Gas Protocol (2004)," said Grant in a release from the university.

AI-powered climate service solutions are technologies like big data and machine learning that can reduce routine, repetitive, simple and standardised tasks, explained Grant, senior deputy director at the UNSW Institute for Climate Risk & Response.

These include emission measurement, calculating individual products' carbon footprint, identifying risk factors, forecasting demand to reduce waste and climate education.

The fast fashion industry, one of the world's biggest polluters, employs some 75 million people and is valued at over $2.5 trillion. It is responsible for about 10 per cent of global carbon emissions.

"Due to AI's unique capacity to collect, integrate, and interpret big data sets, our proposed AI framework provides a data-driven approach to address climate risks, focusing on the environment, infrastructure, and market in an actionable and systematic manner," explained lead author of the study Shahriar Akter, associate dean (research) at the faculty of business & law, University of Wollongong in Australia.

The survey, titled ‘Unleashing the Power of Artificial Intelligence for Climate Action in Industrial Markets’, interviewed 211 managers at manufacturing companies in Bangladesh with at least one year of experience using basic AI-powered climate service solutions.

“AI-powered climate service innovations can enable firms to adopt innovations that reduce the environmental impact of its business activities while improving energy and material efficiency and managing climate-related risks and opportunities. They also facilitate mitigation by reducing the firm’s carbon footprint, can identify and manage vulnerabilities, forecast hazards and provide basic climate research and education to managers and employees,” Grant added.

Source: fibre2fashion.com– May 28, 2024

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SU.RE, British Council partner to promote sustainability in fashion

SU.RE (Sustainable Resolution), a ground-breaking initiative by Reliance Brands, United Nations India, ministry of textiles, the government of India and the Clothing Manufacturers Association of India has partnered with the British Council to reinforce sustainability within India's apparel sector. This strategic collaboration not only empowers SU.RE signatories to transform into sustainable brands but also serves as a conduit for collaboration with like-minded partners in the UK, Denmark and beyond.

SU.RE was launched in 2019 as the Indian apparel industry's largest voluntary commitment to sustainability. It's the first Indian industry-led initiative with 16 of the largest brands as signatories. The signatories embarked on a journey of sustainable transition towards ground-breaking impact on the domestic fashion market. They entered a SU.RE pact and pledged to move to sustainable supply chains by 2030.

Taking this initiative a notch higher, the partners of SU.RE have announced a new project comprising three comprehensive phases from May to October 2024. The project aims to guide and support participating signatories on their sustainability journey through mentorship sessions, development of actionable plans and addressing challenges such as consumer perception and stakeholder alignment.

In the first phase this month, SU.RE delegates engaged in a UK Study Tour and connected with designer Christopher Raeburn, Harriet Vocking, CEO, Eco-Age, British Fashion Council's Institute of Positive Fashion and grantees from New Landscapes - a grant scheme led by University of Arts London's Fashion, Textiles and Technology Institute (FTTI), in partnership with the British Council, the entities said in a press release.

The delegates also participated in a leadership roundtable, 'Building Circular Systems for India', co-hosted by SU.RE with Global Fashion Agenda and supported by the British Council at the Global Fashion Summit in Copenhagen, Denmark. This closed-door, executive-level roundtable convened executive and investor-level participants to engage with and align an actionable roadmap, while acknowledging India's role within the global shift towards a more sustainable fashion sector.

This concerted effort not only empowered SU.RE signatories to evolve into more sustainable brands but also served as a gateway to collaborate with fresh innovators.

"International recognition for SU.RE to be included as a partner with the UN, British Council and Global Fashion Summit is an important milestone in SU.RE's progress towards driving the sustainability movement in India. I am sure the delegates will come back enriched with the latest developments and innovations in the field of sustainability, circularity, and other related issues, during their interactions with leading practitioners in this space across the world. CMAI is proud of its role in the creation of SU.RE and looks forward to driving this crucial movement in the coming years," Rahul Mehta, chief mentor, CMAI, said.

"We're delighted to partner with SU.RE on this pioneering initiative. It marks a significant stride in fostering sustainable practices within the Indian fashion industry. This project presents a unique opportunity for fashion practitioners to forge international connections, fostering a dynamic exchange of knowledge and a collaborative spirit. Through the UK study tour, delegates contributed their expertise and engaged with emerging practitioners working in the field of circular fashion.

The Global Fashion Summit roundtable offered invaluable insights into global best practices and will contribute to the development of an actionable roadmap towards a transformative shift in India's apparel sector.

We've consistently championed cultural exchange, fostered creative expression, and built robust, sustainable networks that transcend borders. We believe this project has the potential to be truly transformative, catalysing a sustainable transition and paving the way for a more enduring future in fashion," said Ruchira Das, director arts India, British Council

"In the words of the UN Secretary-General, making peace with nature is the defining task of the 21st century. Yet we know that worldwide, as with many industries, textiles and fashion largely follow models that will not deliver that peace. Sustainable fashion therefore isn't just about what we wear; it's a statement of our values, echoing our respect for nature and future generations," Shombi Sharp, UN resident coordinator in India, said.

“The Indian fashion industry presents a unique opportunity to combine innovation with circularity to achieve large-scale impact. Project SU.RE is an initiative aimed at exactly that, environmental and social sustainability in one of the world’s largest and most creative fashion industries. The partnership with the British Council, and this roundtable, will further facilitate mentorship and exposure to the latest international best practices from the UK and globally. The United Nations in India is proud to be a partner in this journey putting circularity at the heart of apparel brands in India,” added Sharp.

“At Reliance Brands, we are committed to driving sustainable practices across the fashion industry. The SU.RE project reflects our dedication to reducing the environmental impact of fashion production and fostering innovation in this space. We are excited to partner with the British Council to further these efforts,” Jaspreet Chandok, group vice president Reliance Brands Ltd, said.

The project’s timeline, spanning from May to October 2024, commits to achieve sustainable outcomes by fostering dialogue, knowledge exchange, and actionable strategies.

Source: fibre2fashion.com– May 27, 2024

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Fashion industry in Saudi Arabia to grow at 48% CAGR from 2021-25

The fashion industry in the Kingdom of Saudi Arabia is poised to grow at a CAGR of 48 per cent from 2021-25, as per a recent report by the Small and Medium Enterprises General Authority.

According to this report, the fashion industry contributed 1.4 per cent to the Kingdom's gross domestic product in 2022. The total value of the fashion sector, including international brands, stood at $24.6 billion in 2022, with the domestic fashion industry valued at $12.5 billion.

Burak Cakmak, CEO, Fashion Commission, emphasised the Kingdom's broad transformation across various industries, including architecture, music, film, art, and food. He noted that the diverse initiatives led by the Fashion Commission are revolutionising the fashion sector, elevating local talents to global stages while focusing on growth and sustainability.

The Fashion Commission focuses on developing local talent. It has launched comprehensive educational programs, workshops, and mentorship opportunities to nurture the growth of Saudi nationals in the fashion sector. Additionally, the commission supports small and medium enterprises (SMEs) by providing essential resources to help businesses scale and grow.

As of 2022, the fashion industry in Saudi Arabia employed over over 230,000 people, according to the Monsha'at report. Women made up to 52 per cent of this workforce. By 2027, the women's apparel market in the Kingdom is projected to grow by 20 per cent, while the men's market is expected to expand by 27 percent during the same period.

Source: fashionatingworld.com– May 27, 2024

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Sri Lankan labor law reform faces uproar from Rights Groups

Amnesty International, Clean Clothes Campaign, and Human Rights Watch are calling for a halt to Sri Lanka's proposed labor law reforms. The organizations allege the reforms would weaken worker protections and violate international standards.

These concerns echo those of Sri Lankan unions and civil society groups who have been protesting the reforms for months. The proposed changes reportedly remove international minimum standards like the eight-hour workday and protections against unfair dismissal. Additionally, limitations on overtime pay, annual leave, and freedom of association are worrying signs for worker rights.

Aruna Kashyap from Human Rights Watch stresses the importance of transparency and consultation, warning that implementing these reforms without adequate discussion could have severe consequences for Sri Lanka's garment industry and worker protections.

Ineke Zeldenrust from Clean Clothes Campaign emphasizes the vulnerable position of workers during the economic crisis, noting that Sri Lankan workers urgently require legal safeguards and strong unions. She expressed concern that the reforms might violate international labor and human rights standards.

Source: fashionatingworld.com– May 27, 2024

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Mango expands retail spread with a new store in Norwich

Spanish fast fashion brand Mango has expanded its retail presence with a new store in Norwich.

Founded in 1984 in Barcelona, Mango has launched many stores across the world.

The brand's latest store has been set up in the former home of Accessorise and Monsoon on the upper ground floor of Chantry Place.

Designed in line with the brand's New Med store concept inspired by the Mediterranean, the new store offers womenswear from Mango. The store will further accelerate the brand's expansion across the UK.It launch follows the opening of Flannels in the same centre.

Daniel López, Director - Expansion and Franchising, Mango, says, with the United Kingdom being one of the brand's priority markets for international growth, the Chantry Place store helps the brand consolidate its operations in the country.

The opening of the new Mango store follows another store opening by fellow fashion brand Flannels that inaugurated its store in the former Sports Direct unit of Chantry Place in April.

Source: fashionatingworld.com– May 27, 2024

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Vietnam attracts FDI worth $11.07 bn in Jan-May 2024: MoIT

Foreign direct investment (FDI) worth over $11.07 billion was channelled into Vietnam between January and May this year—a rise of 2 per cent year on year (YoY), according to the Foreign Investment Agency under the ministry of industry and trade (MoIT).

Of the total, $7.94 billion went to 1,227 new projects—a YoY rise of 50.8 per cent and 27.5 per cent respectively. More than $2.08 billion was added to the capital of 440 projects— decreases of 8.7 per cent and 9.3 per cent YoY respectively, a domestic news agency reported.

Foreigners also injected more than $1.05 billion into 1,158 capital contribution and share purchase deals during the period—down 68.2 per cent and 9.4 per cent respectively.

Among the 78 countries and territories that invested in Vietnam in the five-month period, Singapore had the largest share—nearly $3.25 billion—comprising 29.3 per cent of the total and growing by 28.2 per cent YoY.

Foreign firms invested in 17 out of 21 economic sectors, with the processing and manufacturing industry taking the lead as it saw over $7.42 billion in FDI—67.1 per cent of the total and up by 11.9 per cent YoY.

The real estate sector ranked second; the wholesale and retail sales sector ranked third ($514.2 million), followed by transport and warehousing ($342.2 million).

Most FDI was poured into Ba Ria-Vung Tau, Hanoi, Bac Ninh, Ho Chi Minh City, Dong Nai, Quang Ninh, Bac Giang, Hai Phong, Thai Nguyen and Hung Yen.

The disbursement of FDI capital grew by 7.8 per cent to some $8.25 billion during the five-month period. As of May 20, the country was home to 40,285 valid projects with a combined capital of $481.33 billion.

Source: fibre2fashion.com– May 27, 2024

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Ex-Bangladesh Bank head backs continuing cash incentive for exports

Former Bangladesh Bank governor Atiur Rahman emphasised the need for the government to continue providing cash incentives for the export and remittance sectors until macroeconomic stability is achieved.

Speaking at an event in capital Dhaka, organised by the American Chamber of Commerce in Bangladesh, Atiur stressed that discontinuing these incentives would be premature; instead, he advocated for increasing support to ensure Bangladesh's smooth transition from a least developed country to a developing nation.

The former head of the central bank critiqued his fellow economists who suggested that the success in remittance and export earnings justifies withdrawing government support even as he argued against this approach, while presenting a keynote paper titled ‘Post LDC Graduation: Opportunities, Challenges, and the Way Forward.’

The paper highlighted challenges Bangladesh would face post-graduation, such as stringent Rules of Origin and the need for the pharmaceutical sector to comply with Trade-Related Intellectual Property Rights obligations.

Atiur warned that the loss of preferential market access could result in a 7-14 per cent reduction in baseline exports and to address these challenges, Atiur recommended stabilising the exchange rate, containing inflation, promoting export diversification, and strengthening remittance inflow.

He also called for improving financial sector governance and boosting overall business confidence while calling for enhancing human capital development through private sector collaboration with academia and other training providers.

Source: fibre2fashion.com– May 27, 2024

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Bangladesh, Japan begin formal talks to sign trade deal

Bangladesh and Japan have formally begun the negotiation to strike a trade deal to allow manufacturers to keep enjoying duty-free export benefits in the post-LDC era and draw investments from the Far East nation.

The first round of the talks aimed at signing an Economic Partnership Agreement (EPA) started in Dhaka on May 19 and ended on May 23. Details of the meeting were not made public.
"In this round of negotiation, both sides exchanged their views on the method of negotiations and a broad range of negotiating areas," said a press release.

"At the meeting, we mainly shared information on the 17 sectors that were identified in the joint study," said a senior official of the government of Bangladesh and a member of the negotiation team, requesting anonymity.
The joint study group has identified the sectors, which include trade in goods, trade remedies, rules of origin, customs procedures, and trade facilitation, sanitary and phytosanitary measures.

The other sectors are technical barriers to trade, trade in services, investment, electronic commerce, government procurement, intellectual property, competition, improvement of the business environment, labour, environment, transparency, cooperation, and dispute settlement.

The meeting was attended on the Japanese side by Taketani Atsushi, ambassador in charge of economic diplomacy and deputy director-general of the Economic Affairs Bureau of the foreign affairs ministry, and representatives from other ministries, according to the statement.

Ahmad Munirus Saleheen, chairman of the Bangladesh Trade and Tariff Commission, and representatives from relevant ministries attended from the host side.

Iwama Kiminori, Japanese ambassador to Bangladesh, and Ahasanul Islam Titu, state minister for commerce, took part in the opening session.
Three rounds of meetings of the joint study group were held last year to pave the way for last week's formal launch of the negotiation.

Bangladesh is in talks with major trading partners to pen pacts such as the Free Trade Agreement (FTA), the Preferential Trade Agreement (PTA), the Comprehensive Economic Partnership Agreement, and the EPA to retain the zero-duty benefit on exports after the graduation of the country from the group of least-developed countries (LDCs) in November 2026.

Bangladeshi products will be subject to up to 18 percent duty in the Japanese market from the current zero-duty benefit if the EPA is not signed.

Bangladesh risks losing $8 billion in exports annually in the post-LDC era if the trade preference ends in all markets. Currently, 73 percent of the country's shipments enjoy LDC-linked benefits.

Japan is Bangladesh's 12th largest trading partner in exports and seventh-largest in imports. It is the lone country in Asia where Bangladesh's exports crossed the $1-billion mark nearly a decade ago on the back of the duty benefit.

The export of merchandise, especially garment items, to the Far East nation stood at $1.90 billion in the last fiscal year of 2022-23 while imports amounted to $2.02 billion, data from the commerce ministry showed.

About 85 percent of the local and Japanese companies with operations in both nations want their governments to sign an FTA, according to a survey of the Japan Bangladesh Chamber of Commerce and Industry in 2021.
About 15 years ago, textile and logistics industries from Japan began to expand their footprint in Bangladesh thanks to its abundant and inexpensive labour force.

In recent years, firms such as motorcycle manufacturers, major telecommunication companies and IT companies have invested in the country to tap the business potential in the fast-growing consumer market of 17 crore, the joint study group report said.

The number of Japanese companies operating in Bangladesh has tripled over the past decade to nearly 350. The stock of foreign direct investments from the country was $533.66 million in December 2023.

More investments are expected through the Bangladesh Special Economic Zone, which partially opened in December 2022. Located in Narayanganj, it is the first zone developed by a Japanese company in partnership with the Bangladesh Economic Zones Authority.

Both sides have targeted to conclude the negotiation by December 2025. In December 2020, Bangladesh signed a PTA with Bhutan to safeguard the duty benefit, its first bilateral trade deal with any nation.

Source: thedailystar.net– May 28, 2024

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NATIONAL NEWS

Red Sea crisis: Government must come to the rescue of MSME exporters

Logistics cost has serious implications on the country's manufacturing sector, export competitiveness and global positioning. The Red Sea route, which is shorter and faster, was the preferred choice for most shipping companies. Ships transporting goods from major Indian ports like Mumbai and JNPT navigated through the Suez Canal into the Mediterranean Sea to reach various European ports depending on their destinations.

India was heavily reliant on this route for trade and energy imports and due to the disruptions; exporters here now have to diversify their trade routes. Since the security situation in the Red Sea has started getting worse, it has resulted in higher insurance rates and more travel time for the exporters.

Major shipping companies like Equinor and Maersk have increased their costs which is hitting the Indian companies very hard. Disruption in freight services consequent to the deluge and almost a 50 per cent increase in air freight charges have affected the export of perishable goods like vegetables, flowers, fruits, and eggs to the UK, the US and among other parts of the world.

Exporters are keeping their fingers crossed due to the significant jump in freight costs at present. India's exports will surely be impacted due to the increase in freight costs.

In the year 2023-24, Indian exports had a big increase in terms of volume as well as money. The total exports for the financial year were worth nearly $450 billion and MSMEs had played a major role in the exports.

The Indian research and information systems has estimated that higher container shipping rates and delayed shipments due to change in the route could cause a significant drop in Indian exports in the coming year. The global supply chains have suffered as vessels have to take long routes for exports and imports. The immediate ripple effects are seen in increased freight costs and small and medium Industries in India will be its major victim.

The entire world is in a credit crisis and may possibly not be in a position to take this hit. Government agencies need to come to the rescue of MSME sector to keep up the growth engine and also to reach a $5 trillion economy. Especially for the perishable goods, new markets need to be sourced in the Asian and the far eastern regions.

Control over the export container pricing could also be thought about with some incentive mechanism on an immediate basis that could help turn the tide. Since the seasonal perishable goods could be the first casualty, an urgent solution from the economic luminaries within the government should be forthcoming.

Source: financialexpress.com– May 26, 2024

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Banks should not hold up crediting exporters money due to fault of ICEGATE

We have received a system generated email from the DGFT alleging non-fulfillment of export obligation (EO) against many of our advance authorisations and EPCG authorisations issued between 2002 and 2007. We do not have any pending EO against these authorisations. It is too difficult to retrieve records in respect of authorisations issued 15-20 years back. We understand that we are required to preserve records only for 2-3 years from the date of redemption. So, please let us know how the government can demand such records and what we should do.

The government officers have the powers that they use or misuse depending on various factors/situations and there is no accountability in such matters. So, I suggest you better focus on compliance. You are right that the records pertaining to such authorisations need not be preserved after 2-3 years of redemption but you must and I think you would have preserved the EODC issued by the JDGFT. You may submit the same to the JDGFT and request closure of the matter.

You may also refer to the DGFT Trade Notice no.1 dated April 6, 2023 asking the regional authorities to update the EODC issued in the EODC online monitoring system for advance/EPCG authorisations and asking the exporters to verify the EODC status in the online system and submit the EODC details of redeemed authorisations to the JDGFT for updating. Apparently, EODCs issued manually have not been updated in the online system.

For two of our shipments which went through the regular process in Delhi, our bank is saying that the shipping bill is not reflected in the EDPMS. In the absence of this they are not giving us credit for the payment which has been received from our customer. Our customs broker approached the Customs who said that they cannot do anything as the problem appears to be with the ICEGATE. We have been writing to the ICEGATE helpdesk for the last two weeks but no resolution is found. How to resolve this issue?

Many other exporters have also told me that they are facing the same problem but in their cases, their bankers did not hold up the credits to their accounts. On the outstanding EDPMS entry you can't do much except follow up with ICEGATE. But, I don’t think your bank is correct in holding up your money. If they are stubborn at the operating levels, you may approach the higher authorities in the bank or its Ombudsman or even RBI for getting your money.

We refer to the DGFT Trade Notice no.3 dated May 10, 2024 clarifying that the notification no.71 dated March 11. 2024 will apply for advance authorisations issued after the date of that notification. Can we get exemption from QCO orders for imports under advance authorisations issued before that date?

Yes, in accordance with the DGFT Policy circular no.40 dated February 2, 2001. The conditions prescribed in the said notification 71 will not apply in such cases.

Source: business-standard.com– May 27, 2024

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Cotton: Entangled in a web of double-edged MSPs

The government of India fixes the maximum sale price (MSP) for cotton seeds to the industry and the minimum support price (MSP) for raw cotton to the farmers year after year, making both unhappy. This is because the cotton farmers and the seed industry are staring at pests developing resistance to Bt cotton, increasing the cost of cultivation, rapidly decelerating cotton yield, declining export, and increasing import. The situation is such that the cotton farmers and seed industry are in a doldrum and have nowhere to go.

On the other hand, subdued cotton production has been forcing the textile industry to vouch for imported raw cotton, which increased to 21.1 lakh bales worth ₹10,353.96 crore in 2021-22 nearly bringing back the situation that existed before the introduction of the Bt technology.

The flip-flop relaxation in import duty structure in recent years has aggravated the balance of trade in cotton, which remained favourable over the last two decades. The situation on cotton export has gradually dimmed. It peaked at 116.96 lakh bales worth ₹23,153.24 crore in 2014-15 and has been declining year-on-year to 15.5 lakh bales worth ₹5,021 crore in 2022-23.

What is the fuss about MSP?

Ironically, cotton is the only commodity for which the government announces the maximum sale price (MSP) for cottonseeds since 2015. The government also announces minimum support price (MSP) for seed cotton (kapas) to the farmers, which is announced annually by the Government based on the recommendations of the Commission for Agricultural Costs & Prices (CACP) since 1985.

Unfortunately, the cotton sector is entangled in a double-edged MSP from the seed to the kapas. In its recent announcement, the government fixed cotton MSP at ₹6,620 per quintal for medium staple cotton for the 2023-24 season (October-September). The irony is that MSP for kapas is an indicative market price where Govt's intent is to safeguard farmers against the price volatility by time-to-time procurement of cotton by the Cotton Corporation of India.

In the last two decades, the market price of cotton remained above the MSP except in 2008-09, 2019-20 and 2023-24, is a classic example and thus the farmers' demand for a legalize MSP to ensure the remunerative price realisation to the cotton farmers (Figure 1).

Contrarily, the prices of cotton seeds are regulated as maximum sale price (MSP) by the Central Government which gazettes MSP of cotton seeds every year before March 31 for the subsequent season. It is so embarrassing that a decision for maximum sale price (MSP) for cotton seeds is annually taken by a committee headed by a joint secretary after the so-called stakeholder's consultation to determine whether the GOI should increase cotton seeds price by ₹5-10 per packet.

Interestingly, the fixation of cottonseed prices has been going on for the last 10 years under the Cotton Seeds Price (Control) Order, 2015 (CSPCO) notified by the Ministry of Agriculture and Farmers' Welfare on 7th December 2015. Originally, the CSPCO, 2015 was gazetted keeping in view the so-called demand from the stakeholders to regulate prices of genetically modified (GM) cotton seeds such as BG-I and BG-II seeds of Bt cotton.

Over the last decade, the CSPCO 2015 has been used as a legislative means by the bureaucracy to deliberately scuttle the trait fee (royalty) to zero while gradually increased the seed value and maximum sale price (MSP) to ₹864 per packet of 450g seed in 2024, which is higher than ₹800 per packet MSP of BG-II cotton seeds which included both seed value and trait fee fixed under CSPCO in 2016.

At the same time, the seed companies benefited enormously due to adoption of refuge-in-bag (RIB) in which seed suppliers need to supply 475 grams RIB seed packet containing minimum 5% and maximum 10% non Bt cotton seed instead of supplying 570 grams cotton seed per packet, thereby effectively reducing seed weight by 95 gram per packet or 17% reduction in seed weight per packet.

The hate and love of MSP

While the minimum support price (MSP) for kapas to the farmers is necessary to safeguard farmers from market-led price volatility, the fixation of the maximum sale price (MSP) for cotton seeds is to exercise absolute control over seeds as an essential commodity. Ironically, if the purpose of the CSPCO, 2015 were to regulate prices of genetically modified

(GM) cotton seeds such as Bt cotton, it has lost its purpose and has become self-defeating.

The CSPCO 2015 has become a tool to manipulate the components of the maximum sale price (MSP) of Bt cotton seeds which includes both seed value and trait fee or royalty (Figure 2). By arbitrarily fixing the market price of Bt cotton seeds in favour of seed producers and by thwarting technology fees, it has stymied R&D companies to innovate and develop new and high-yielding seed and biotech trait(s) for the cotton sector in India.

As a result, the cotton sector has not seen any new technology, pest such as pink bollworm (PBW) has developed resistance to age-old Bt cotton, majority of tech related projects have been discontinued, and no new investment in research and integrated resistance management (IRM) in the country. The breeding of new varieties of cotton is in shamble with no improved genetic and trait in the offing. The cotton seed industry both domestic as well MNCs are walking on the double-edged sword and unsure about the relevance of CSPCO, 2015. The classic case of illegal herbicide tolerant Bt seed occupying nearly 15-20 % area in Central cotton growing zone is the result of thwarting new technologies in cotton.

In a nutshell, the Order tends to become a death knell to the bioscience academia and seed and biotech industry in India. In the past, the Economic Survey 2015-16 of the Ministry of Finance rightly termed the cotton seed control order not only a regressive but also an unproductive step. In 2016, the FICCI and its member companies demanded the Government of India to revoke the controversial CSPCO 2015 and allow competition and a free and fair market for the growth of agriculture sector in India.

On June 19, 2023, the Ministry of Agriculture and Farmers' Welfare while releasing the minutes of the "Round Table Discussion on Cotton" held under the chairmanship of Member (Agriculture), NITI Aayog and Secretary (A&FW) unanimously recommended to review of cottonseed price control regulation CSPCO, 2015, and assigned the task to the seed division of the Department of Agriculture and Cooperation to review of cotton seed price control regulation. More than a year, there has been no new progress, and the policy status quo continues as MSP continues to regulate the ailing cotton sector.

Revocation of the CSPCO, 2015

The CSPCO, 2015, has turned out to be an apocalypse for India's cotton seed industry and farmers. By regulating the maximum sale price of cotton seeds, both the breeding and biotech seed industries have not introduced new and high-yielding seed and biotech traits fearing market price control resulting in rapidly declining cotton yield, and loss of almost 100 lakh bales per year from the peak of cotton production at 390 lakh bales in 2013-14, before notification of CSPCO, 2015.

Ironically, the cottonseed price control has gone beyond the Government's mandate to fix MSP on cottonseed under the Essential Commodity Act 1955 and seems to interfere with the fundamental rights to sign confidential agreements between individual parties. The Order impinges on intellectual property rights, contractual agreements and imposes the licensing guidelines and format for all the GM technology licensing agreements, and thus discourages R&D and the flow of new technologies in the cotton sector.

Cotton in a 'Catch-22' paradox

The revocation of the draconian CSPCO, 2015, is the first step to unshackle the cotton sector from the bureaucratic control and license raj to ensure the availability of high-quality cotton seeds to the farmers at fair, reasonable and affordable prices. CSPCO drew its power and became a reality because cotton seed was again brought under the purview of the Essential Commodity Act 1955 in December 2010.

In the past, the cotton seed has been included and removed from the provisions of the ECA 1955 as the "raw cotton, whether ginned or unginned and cottonseed" is listed under the Concurrent List (List-III) of the Seventh Schedule of the Constitution of India, which empowers both Centre and State(s) to do so. As a result, both the Centre and State(s) have the power to make laws on cotton seeds.

If the Centre revokes CSPCO 2015, many cotton growing State(s) can make laws to regulate cotton seed prices which will make it impossible for the cottonseed industry to comply. The cottonseed industry is in a "catch-22" paradox to rightfully demand the revocation of CSPCO, 2015 as it can trigger price control from States.

The only solution to this peculiar problem is that our lawmakers must seriously look into the possibility of removal of “cotton seed” from the Concurrent List of the Seventh Schedule of the Constitution of India, which would enable our smallholder farmers to be productive and our cotton seed and biotech industry to be globally competitive.

Source: thehindubusinessline.com– May 27, 2024

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Govt must be pro-competition rather than pro-business

At the annual business summit of the Confederation of Indian industry (CII) earlier this month, BVR Subrahmanyam, chief executive officer (CEO), Niti Aayog, called for lower tariffs on imported goods and meeting global labour, environmental and technical standards besides making some more telling points.

Subrahmanyam's call for lower import duties is significant because it is contrary to the present government's policy of giving more and more protection to domestic producers. Arvind Panagariya, former chief, Niti Aayog has also been advocating lower tariffs because the protectionist policies lead to inefficiencies, which make us globally uncompetitive.

Subrahmanyam emphasised that to be a part of global value chains, we need low tariffs and low procedures. He also cautioned that we look back and get very happy about our performance but if we look left and right, we see that our performance can be much better. That was a much needed warning against getting carried away with our own feel-good propaganda.

In another refreshing change from the official line of thinking, CEO of Niti Aayog said that non-tariff barriers such as Carbon Border Adjustment Mechanism (CBAM) in Europe should not be seen as a hindrance for developing economies.

"If you want to sell a product in a particular location, you have to meet the standards of that place. I don't think these barriers are put up to cut off trade because they apply equally to local as well as foreign, which means it's a local standard," he said. It is time to realise that non-tariff barriers are not barriers; labour, environment, and other issues are a part of society and if a society imposes conditions there, industry has to adjust and that's the only way to be competitive, he said. He also called for Indian technical and other standards to be on par with global ones.

Stressing the need for diversification of export products mix, Subrahmanyam said that the bulk of India's exports are in those products which constitute about 30 per cent of world trade, which means that we don't export the stuff which is widely traded in the world, and that means very limited upside because in 70 per cent of the goods that are traded, we have no presence. This was quite an eye opener for the business leaders present at the conference.

While the other ideas like building a financial sector that has the muscle to service Indian firms not just in India but across the world, getting more private investment for building the infrastructure, greater synergy between academia, industry, and the research institutions etc are best dealt with by business entities exercising their commercial judgment, the government is best placed to lower the tariffs and bringing Indian standards on labour, environment and other issues at par with international standards, as suggested by Subrahmanyam.

The CEO of Niti Aayog deserves appreciation for asking the government and industry to focus on getting globally competitive. As Ruchir Sharma, a globally renowned investment analyst said, our government must be pro-competition rather than pro-business. That is possible when we expose our producers to competition through lower import duties and ask our businesses to adopt global standards. Hopefully, the new government that will come in after the elections will revisit the protectionist policies.

Source: business-standard.com– May 26, 2024

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Indo Count to produce Fieldcrest and Waverly branded products in the US and Canada

The world's largest manufacturer of home textile bed linens, Indo Count has entered into a licensing agreement with Iconix International Inc to manufacture Fieldcrest and Waverly branded products in the US and Canada. This strategic move enhances Indo Count's presence in the US market following their successful acquisition of Wamsutta.

The new licensing agreement encompasses a broad range of product categories, including sheets, fashion and utility bedding, bath, and window treatments. This expansion significantly bolsters Indo Count's brand portfolio, enabling them to better serve diverse consumer segments in the US and Canada.

This partnership aligns perfectly with the company's commitment to deliver exceptional home textile products that meet the diverse needs of consumers, says Mohit Jain, Executive Vice Chairman, Indo Count.

Fieldcrest, established in 1893, has a long history of offering bedding and bath products originating from the textile mills of North Carolina. Waverly, founded in 1923 by F. Schumacher & Co., has been a leader in prints and patterns, becoming synonymous with personal curation in home fashion.

The broad demographic appeal of Fieldcrest and Waverly allows Indo Count to effectively target various consumer segments, enhancing market penetration. These partnerships also reinforce Indo Count's commitment to expanding its value-added business, positioning the company for sustained growth in the global market.

The enriched brand portfolio from these agreements enables Indo Count to offer a wider variety of high-quality, stylish home textile products. This move also marks a significant step in their efforts to expand their B2C footprint in the US and Canada, making their products more accessible to North American consumers.

Source: fashionatingworld.com– May 25, 2024

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Surat's rapier weavers to cut production by 80% to tackle weak demand

Rapier jacquard weaving units in Surat, Gujarat, have decided to drastically cut production by up to 80 per cent to counter the slowdown in domestic market demand. The Rapier Jacquard Weavers Association of Surat has planned to reduce production to help the units cope with the current sluggish demand.

Industry experts noted that the Section 43B(H) of the Income Tax Act for micro and small enterprises (MSE) has also severely hit market demand due to a liquidity crunch amidst loss-making production compulsions.

C. K. Maniya, president of the Rapier Jacquard Weavers Association of Surat, told Fibre2fashion, “Rapier Jacquard weaving units are facing unprecedented weak demand. They are unable to recover even the cost of production. The prices of fabric for sarees and other women's garments decreased by around 30-40 per cent in the last three to four months after the payment rule.” The issue began to impact the market in February this year when buyers reduced their purchases from MSE sellers due to concerns regarding payment until the end of fiscal 2024 in March.

He explained that following the new payment rule, even in the new fiscal 2024-25, buyers are conservative in their purchasing. They do not want to build up large stock as they prefer liquidity in their hands instead of good stocks. This dried up demand during the off-peak season. April to June is typically considered a slow buying period, but the demand has been exceptionally sluggish this year due to the impact of the payment rule.

Maniya said that members of the association decided last week to maintain their average production at 80 per cent below installed capacity. This means that the units will produce only 20 per cent of their capacity.

He clarified that the association is trying to balance production and the availability of fabric with market demand and near-future requirements to prevent further price declines. Therefore, around 3,000 member units will voluntarily cut production. They can produce fabric if they have orders or if they want to build enough stocks for anticipated demand in the coming months.

Regarding the payment rule, Maniya urged the government to implement it gradually. There is a practice of credit ranging from 30 days to 120 days in various markets under certain conditions. It cannot be reduced to 45 days in one go without hurting the industry's growth.

He highlighted that the payment rule drains liquidity in the last quarter of a fiscal due to the compulsion of payments to MSE buyers. The last quarter of any fiscal is known for intense production and sales to meet targets. The first quarter of a fiscal is known for seasonal sluggish demand, which will further harm industry sentiments.

Source: fibre2fashion.com– May 27, 2024

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