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INTERNATIONAL NEWS

China no longer top clothes exporter to US as Vietnam gains market share

US apparel imports from China, by value, dropped from almost 30 per cent in 2019 to 20 per cent in the first half of 2020, now on par with Vietnam after the Southeast Asian nation improved its market share from 16 per cent over the same period, according to the US Department of Commerce.

The erosion of the Chinese position in the US fashion supply chain partially reflects growing tensions, as American fashion firms are forced to reduce their exposure to Chinese suppliers in response to the trade war, the coronavirus pandemic and deteriorating bilateral relations.

A survey by the United States Fashion Industry Association, which polled 25 executives from leading fashion companies in the second quarter, found that while most imported from a mixture of countries, including China and Vietnam, 29 per cent said they sourced more from Vietnam than China this year, up from 25 per cent last year.

Data released this week by the office of textiles and apparel under the US Department of Commerce showed that in terms of quantity, China still contributed at least 30 per cent of US apparel imports in the first half of the year.

But, crucially, this was at much lower prices than average, as most Chinese manufacturers and traders reduced their prices heavily to maintain overseas orders and survive weak demand.

The unit price of the US apparel imports from China dropped from US$2.25 per square metre equivalent last year to around US$1.88 in the first half of 2020, a decline of 16 per cent that was much larger than the average 3 per cent price drop of all apparel imports.

Prices offered by Chinese suppliers have been around 30 per cent lower than other Asian countries this year.

As of July, around US$30 billion of US textile, apparel and home textile product imports from China, or 90 per cent of the total, were subject to a 7.5 per cent tariffs on top of normal tax duties due to the trade war.

“Should US-China trade tensions

continue to escalate, it is likely that US fashion companies will substantially cut their China sourcing further, even if it is not a preferred choice economically,” said Sheng Lu, associate professor of fashion and apparel studies at the University of Delaware.

Concerns over forced labour within the clothing manufacturing industry in China’s far western Xinjiang Uygur Autonomous Region has been the latest obstacle holding back US imports of apparel and other textile goods from China.

An executive surveyed by the fashion industry association said they had “cancelled orders and shipments; shifted production away from the region completely”, while another said they had “worked with third-party auditors to ramp up audit efforts” to ensure their imports were not made with forced labour.

The worsening ties between the US and China has also accelerated the move already underway by Chinese manufacturers and exporters to shift some productions out of China to nearby countries to take advantage of lower labour costs and avoid American import tariffs. However, the shift has been slowed this year due to travel restrictions caused by the pandemic.

“Foreign investments have truly played a critical role in helping Vietnam develop and expand its garment production capacity,” added Lu from the University of Delaware.

Over the past three decades, foreign direct investment flowing into Vietnam’s textile and garment industry totalled US$19.5 billion, with South Korea being the top source, followed by Taiwan, Hong Kong and China, according to the Ministry of Planning and Investment in Vietnam.

In recent years, China has been exporting fewer finished clothes and more textile materials to other countries, where they are made into garments. In the first seven months of the year, China’s exports of textiles increased by 31 per cent, while shipments of apparel and accessories fell by 16 per cent, according to China’s General Administration of Customs.

“It is important to recognise that China is playing an increasingly critical role as a textile supplier for many apparel-exporting countries in Asia,” Lu said.

Measured by value, more than half of textile imports into other Asian countries came from China last year, compared with 37.2 per cent a decade earlier.

While US fashion firms have been reducing their reliance on Chinese productions for several years, it will remain a key base for sourcing in the near future, particularly after the coronavirus pushed many firms to cut costs dramatically.

Around 70 per cent of respondents to the fashion industry association survey expected to decrease their sourcing from China through 2022, down from 83 per cent last year.

“It is difficult for our company, and the [product] price point that it serves, to source outside of China,” one executive said. “Even with the tariffs, we cannot access the proper fabrics, prices and volumes in other regions. Other regions must develop the capacity for us to leave. Therefore, we are looking at all cost-cutting measures.”

Source: scmp.com– Aug 07, 2020

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Japan-UK FTA to be mutually beneficial: GlobalData

With the completion of the final post-Brexit transitional period around the corner, the United Kingdom is scrambling to secure multiple trade deals this year. The Japan-UK free trade agreement (FTA) holds significance in boosting investments and diversified supply chain mechanism for both sides with market growth opportunities, according to data analytics firm GlobalData.

The investor-state dispute settlement (ISDS) provision, which enables the countries to settle disputes with foreign investors, was mutually excluded from the negotiation talks with an aim to reach the desired deal at the earliest, through a digital platform, amid the COVID-19 pandemic.

Japan is focused on defending the interest of its automobile industries, by seeking favorable tariff terms or the rate agreed in the European Union (EU) agreement last year, whereas the United Kingdom is envisaging the dream of becoming Global Britain by seeking high-powered trade deals with the countries covering 80 per cent of the UK market, according to a GlobalData press release.

Prachi Gupta, economic research analyst at GlobalData, states: “The UK has been the business hub of Japan for long and a gateway for the European market. The unfavorable future trade deals between the UK and EU could give rise to uncertainties for the Japanese businesses, regarding the supply chain disruptions towards the manufacturing and exports of automobiles in the region. The FTA will help Japanese industries in curbing the trade disruptions arising, after the end of transition period.”

The FTA is to set forth the steppingstone for Japan in becoming the full member of the ‘Five Eyes plus’ framework to strengthen the intelligence alliance, that shares the information on North Korea and China through its advanced technologies as the sixth eye. Moreover, the UK’s membership to the Comprehensive and Progressive Agreement of Trans-Pacific Partnership (CPTPP) will benefit Japan in counteracting China’s influence over the region and luring the US at the negotiations, GlobalData said.

According to the UK Department for International Trade (DIT), UK-Japan trade is expected to boost by $18.1 billion in the coming years, with the signing of the FTA.

The FTA is expected to benefit the various aspects of Japan and the UK’s economies such as the recognition of professional qualifications by the respective countries, with the lowered tariff rates in the textile, leather, automobiles and agriculture sector.

The trade deal is also expected to pave the way for free flow of data, leading to the development of technologies, artificial intelligence and advanced digital trade, London-based GlobalData added.

Source: fibre2fashion.com– Aug 08, 2020

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China export boom

External demand improved in July

The 7.2%YoYj ump in exports was unexpected. The consensus was looking for -0.6%YoY. Looking at the details of exports by item, we see that there is an overall improvement in exports in July from June, not just medical supplies which had previously been the main contributor to export growth.

Back in June, we already saw some monthly improvement in demand for textiles and garments. This July data shows that there have also been improvements in electronic parts, handsets, computers, clothing, and automobiles.

One item that did not increase on a monthly basis was exports of baggage, which reflects the ongoing difficulties faced by international travel.

But the jump in external demand in July may not last long because some Covid-19 clusters have emerged since late July, as caution was relaxed too early in some places.

Imports were brought down by commodities

China imported less crude oil and fewer agricultural items. For crude, this was not a big surprise to us since China had piled up a large stock of crude inventories in previous months.

But we had not expected China to import less grain and soybeans in July compared to June because China's flood should have cut some local food supply. It could be that inventories of agricultural items were more than sufficient for China to survive through the flood.

Trade surplus will continue to support GDP growth

The July trade surplus amounted to $62.33 bn, which is the second-highest since October 2015, the highest was recorded this May. In May the trade surplus increased due to a big fall in imports of -16.6%YoY but the surplus in July was the result of a big jump in export growth.

The different reason behind the trade surplus implies that the global economy may now be showing signs of recovery.

Source: think.ing.com– Aug 07, 2020

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The great trade unwinding

TikTok is the go-to social media app for American teens, the place where they post their latest dance videos, slam dunks, or — in the case of those who used it to try to thwart US president Donald Trump's June rally in Tulsa — conduct their political activism.

It has also become the centre of the US-China decoupling story, one that began with equipment and chipmakers like ZTE and Huawei and is now centred on TikTok's Chinese owner, ByteDance, which is being forced to sell the app to a US tech company, Microsoft.

All of this supports the idea that technology trade and investment patterns are likely to shift in the future. So far, that story has mostly been more rhetoric than reality. Despite headlines about trade wars, between 2014 and 2017, only around 7 per cent of global trade routes shifted, according to a McKinsey Global Institute analysis of UN Comtrade data. But according to a new MGI report on supply chains, changes are likely to speed up dramatically.

Thanks to myriad risks — from fractious politics to climate change and pandemics, or the growing number of cyber attacks and financial crises — shocks to global trade are becoming more frequent. Companies can now expect month-long disruptions to supply chains every 3.7 years. That means that over the course of a decade, companies can expect to lose the equivalent of 40 per cent of a year's profits, the report says.

MGI also estimates that up to 26 per cent of global goods exports, worth some $4.6tn, could move to new countries over the next five years. And that is a conservative estimate, based on what is economically feasible right now. Politics may, of course, force changes that are not in a country's economic interests but instead represent the desires of electorates or autocrats.

Part of this story is about a pendulum that swung too far over the past few decades toward concentration in supply chains, both geographically and economically. Hyper-concentration of low-value supply chains in Asia produced businesses that were efficient, but not necessarily resilient, particularly when hit by natural disasters or unexpected political events.

Covid-19 has exposed the fragility that results when China and India produce the bulk of the world's pharmaceutical ingredients. Indeed, the MGI report finds 180 key tradable products for which a single country accounts for more than 70 per cent of exports. Concentration is highest in mobile and communications equipment, one of the most politically contentious areas right now. It is also common in lower profile industries such as textiles and apparel.

That underscores another development: we are now living in a world in which two superpowers with very different political and economic systems, the US and China, are both major producers and consumers. Rising wages in China have increased the buying power of Chinese consumers but also made it much more likely that production of lower-value goods such as furniture or clothing will move to other countries.

At the same time, the rise of China and its ringfencing of strategically important areas, including the technology sector, have contributed to the inherent friction of having "one world, two systems". That problem was then exacerbated by Mr Trump's go-it-alone trade policies.

Over the past 20 years, China has become a much richer country. It has not only got a huge industrial base, but also richer consumers who are increasingly buying homegrown brands — such as Xiaomi phones over Apple. When the US makes it tough for Chinese sellers to do business in America, they move elsewhere.

One Chinese fintech group I spoke to recently, which serves more than 600,000 mostly small and midsized sellers in China, says that there has been a notable shift in client business, away from purchasers in the US over the past two years, and towards Europe, which now represents roughly half of trade flows on the platform. It is possible to imagine that two entirely separate consuming and producing ecosystems might emerge, one centred around the US, and another around China — even if getting there will be a painful and bumpy process.

But trade is getting bumpier anyway. The MGI report notes that "as a new multipolar world takes shape, we are seeing more trade disputes, higher tariffs, and broader geopolitical uncertainty. The share of global trade conducted with countries ranked in the bottom half of the world for political stability, as assessed by the World Bank, rose from 16 per cent in 2000 to 29 per cent in 2018. Just as telling, almost 80 per cent of trade involves nations with declining political stability scores."

The tectonic plates of trade are shifting in ways that will reshape economics and politics. In the US, lawmakers from both parties are once again supporting industrial policy, a no-go area for decades, and advocating public intervention in private markets in strategic areas including semiconductors. In China, supply chains that once churned out cheap clothes and assembled devices to sell to richer consumers in the west are now increasingly serving domestic markets.

In this sense, perhaps the biggest trade shift of all is the way in which the two superpowers are trading places.

Source: ft.com– Aug 09, 2020

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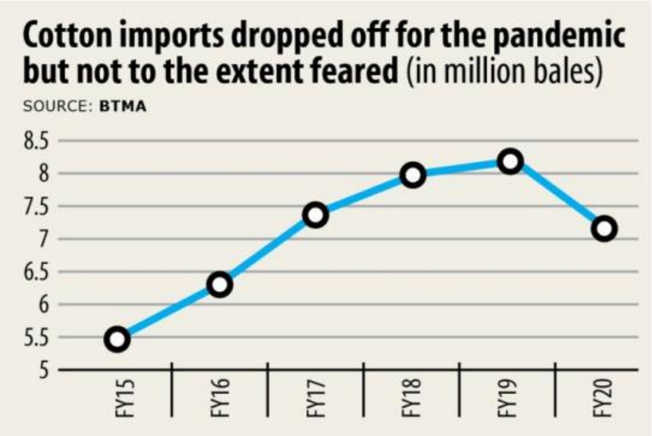
Bangladesh: Cotton imports tipped to return to pre-pandemic levels by year-end

Cotton imports witnessed a slump for the first time in over a decade last fiscal year due to a fall in demand from local mills amid a stunning drop in apparel work orders for the global coronavirus pandemic.



In fiscal 2019-20, Bangladesh imported 7.1 million bales of cotton, down 13.4 per cent from a year earlier, according to data from the Bangladesh Textile Mills Association (BTMA).

As in previous years, cotton imports were on the rise up until February due to the high demand for yarn and other fabrics from garment exporters.

However, imports crashed from then onwards as most garment factories were shut down after the government declared a two-month 'general holiday' on 26 March aimed at curbing the spread of coronavirus.

As a result, most spinning and weaving mills were also shuttered during the March-June period.

When the nationwide lockdown eventually came to an end on May 30, most mills resumed operations with previous stocks of cotton rather than importing more despite the significant fall in price for the cellulose fibre at international markets.

Cotton is now trading at between $0.62 to $0.64 per pound in the New York Futures markets, down from the previous range of $0.70 to $0.75 during pre-pandemic times.

Almost all of Bangladesh's domestic demand for cotton is met through imports as local growers can only supply less than 3 per cent of the country's annual demand.

Both the import and consumption of cotton in Bangladesh had risen steadily for the past decade as the country's thriving garment sector has led to the formation of many strong backward linkage industries.

The garment sector has seen tremendous growth over the years as Bangladesh's status as a least-developed country allows its apparel products to enjoy duty-free access to many developing and developed nations.

"Since last month, the consumption of cotton started growing as garment factories resumed production after about three months," said Khorshed Alam, managing director of Little Group, a leading cotton importer and consumer.

Typically, Alam imports nearly 33,000 bales of cotton each year. One bale equals 480 pounds. Millers used their previous stocks of cotton after reopening their factories following the lockdown.

Besides, many importers delayed releasing cotton shipment from the port amid the coronavirus outbreak. Textile millers also faced other issues, such as having to preserve unsold stocks of yarn and other fabrics.

However, the previous inventory of such materials has emptied significantly due to the return of demand from garment manufacturers. "So now, we will start importing cotton again," Alam added.

The pandemic is the sole reason for the declining trend of cotton imports, said Razeeb Haider, managing director of Outpace Spinning Mills. "I am very much hopeful that cotton imports will rise again soon as the demand for yarn and other fabrics has been increasing gradually," he added.

Most garment factories in Bangladesh are now running at 75 per cent of their total production capacity and this indicates that work orders are coming back. The demand for various fabric materials could go even higher after September if the international retailers continue to source their products from Bangladesh at the current pace, he added.

Echoing the sentiments of Alam and Haider, BTMA President Mohammad Ali Khokon said that more than 50 per cent of the annual sales target for fabrics had been met by July. "I hope sales recover by more than 75 per cent by September and fully by the year-end."

By January next year, sales should return to its previous growth rate, Khokon added. Of the $8 billion invested in the primary textile sector, Tk 20,000 crore has already been lost to the coronavirus fallout, according to numerous millers.

About 11,000 micro, small, medium and large spinning, printing, dyeing and weaving mills were unable to produce any goods in March and April for fear of coronavirus contagion.

As a result, the millers missed two mega sales events, Pahela Baishakh and Eid-ul-Fitr.

Currently, there are about 450 spinning mills in the country while total investment in the sector stands at Tk 40,000 crore. Besides, Tk 30,000 crore has been invested in the weaving and dyeing sectors.

Source: thedailystar.net– Aug 10, 2020

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Bangladesh: Pandemic triggers big job losses in BD's RMG sector: WTO

Import of textiles from the global market by Bangladesh declined by around 6.80 per cent in the last year, according to the latest statistics of the World Trade Organization (WTO).

It showed that Bangladesh imported textiles worth US$ 9.91 billion in 2019 which was around $11.0 billion in 2018. The country remained the fifth largest exporter of textiles having 3.10 per cent share in the global import market of textile.

World Trade Statistical Review 2020, released by the WTO in the last week in Geneva, unveiled the figures.

It also showed that the combined import of textiles by top-10 global importer declined to $169 billion in the last year from $183 billion in 2018.

China was the largest exporter of textiles globally and also the second largest importer of textiles while European Union (EU) remained the top importer of textiles.

The textiles include textile yarn, cotton fabrics, woven man-made fibre fabrics etc., according to Standard International Trade Classification (SITC).

The annual statistical review of the WTO looks into the latest developments in world trade and provides a detailed analysis of the most recent trends for trade in goods and services.

Source: thefinancialexpress.com.bd– Aug 08, 2020

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EU retail trade volume level returns to pre-COVID level

In June 2020, a month marked by some relaxation of COVID-19 containment measures in many member states, the seasonally adjusted volume of retail trade increased by 5.2 per cent, compared with May 2020, in the EU. This means that retail trade volume has returned to the levels recorded in February 2020, before the start of containment measures.

In the euro area comprising 19 EU member states, the seasonally adjusted volume of retail trade increased by 5.7 per cent in June 2020 over May 2020, according to estimates from Eurostat, the statistical office of the European Union. In May 2020, the retail trade volume increased by 20.3 per cent in the euro area and by 18.3 per cent in the EU.

In June 2020 compared with June 2019, the calendar adjusted retail sales index increased by 1.3 per cent in both the euro area and EU.

In June 2020, compared with May 2020, among the EU member states for which data are available, the highest increases in the total retail trade volume were registered in Ireland (+21.9 per cent), Spain (+16.5 per cent) and Italy (+13.8 per cent). Decreases were observed in Austria (-2.5 per cent) and Germany (-1.6 per cent), the Eurostat data showed.

In June 2020, compared with June 2019, among the EU member states for which data are available, the highest yearly increases in the total retail trade volume were registered in Ireland (+10.2 per cent), Estonia (+6.6 per cent) and Denmark (+6.5 per cent). The largest decreases were observed in Bulgaria (-18.1 per cent), Malta (-8.4 per cent) and Luxembourg (-7.7 per cent).

Source: fibre2fashion.com.– Aug 10, 2020

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Seizing Investment Opportunities in Vietnam's Garment and Textile Industry

The garment and textile industry is one of the key industries in Vietnam with the second-largest export turnover in the country. In 2019, the industry's export value contributed to 16 percent of total GDP. In the past five years, the textile industry has continuously grown at an average rate of 17 percent annually.

In 2019, Vietnam's garment and textile industry earned US$39 billion from exports, a year-on-year increase of over 8.3 percent, according to the Vietnam General Statistics Office.

Garment manufacturing accounts for the majority of businesses, at 70 percent. Major factors driving the growth of the market are low labor costs and growing textile exports to the EU, the US, Japan, and South Korea.

Industry overview: 3 sub-sectors

Vietnam's garment and textile industry consist of 3 sub-sectors: upstream sector (fiber production), midstream sector (fabric production and dyeing), and downstream sector (garment manufacturing).

Sub-sectors that produce fibers or fabric are mainly used for domestic consumption because of the low quality. Downstream sector of garment manufacturing accounts for around 70 percent of the total apparel and textile sector in Vietnam with Cut-Make-Trim (CMT) models being the main activities. In 2019, CMT accounted for about 65 percent of total exports, while the more advanced business models, like Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM) accounted for only 35 percent.

The US, Europe, Japan, and South Korea are the main export destinations of Vietnam's textile and garments products. Although Vietnam has a huge potential for cotton cultivation and production, the textile industry imports most of the cotton inputs.

In 2019, Vietnam imported up to 89 percent of fabrics, of which, 55 percent were from China, 16 percent from South Korea, 12 percent from Taiwan, and 6 percent from Japan.

Growth factors – increased market access and low labor costs

Increased market access through free trade agreements (FTAs_ and technology are major growth drivers for the garment and textile industry. Vietnam's bilateral and multilateral FTAs continue to provide Vietnamese manufacturers access to new markets, minimizing the effect of growing trade protectionism.

With new FTAs in effect such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Vietnam-EU FTA (EVFTA), new markets will lead to higher exports and push manufacturers to develop the industry's supply chain so that they can take full advantage of the preferential tariffs and increase the competitiveness of their products.

Further, manufacturing shifts from China to Vietnam due to their labor cost advantage and skilled workers will also help expand the textile and garment industry.

Going forward, market access alone will not be enough to generate growth and Vietnamese manufacturers would also need to invest in technology – especially Industry 4.0 technologies – to increase productivity, and quality to remain competitive.

Foreign direct investment

According to the United Nations Conference on Trade and Development (UNCTAD), in the first 11 months of 2019, Vietnam attracted FDI capital to the garment and textile industry with a value up to US$1.55 billion for 184 projects. Investments were led by Hong Kong (US$447 million), Singapore (US$370 million), China (US$270 million), and South Korea (US$165 million).

Tay Ninh, (US$464 million, 16 projects), Quang Nam (US$107 million, 10 projects), Nghe An (US$210 million, 3 projects), and Thua Thien Hue (213 million, 2 projects) are localities that attracted most FDI in 2019 due to government incentives and their proximity to major economic hubs in the Southern and Central parts of Vietnam.

FDI firms made up 70 percent of total garment and textile exports in 2019. In recent years, foreign investment has shifted from mainly CMT activities to more upstream sectors such as fabric productions and dyeing. In 2019, more than 80 percent of FDI in the industry consisted of manufacturing fabrics and raw materials projects.

Besides capital, these FDI firms have provided competition pressure and spill-over benefits that stimulate innovation and growth of domestic producers, as well as help scale-up the industry ‘s capacity in the past three decades.

COVID-19 and Vietnam’s garment and textile industry

With a supply chain that heavily relies on a few key partners, Vietnam’s garment and textile industry is among the country’s hardest hit by the COVID-19 pandemic.

Since January, the suspension of the industry’s input production in China has resulted in a raw material shortage in Vietnam. Meanwhile, a crash in demand from the US and European markets has led to order cancellations as well as revenue and job losses for domestic manufacturers.

According to the Vietnam Textile and Apparel Association (VITAS), garment and textile exports in the first four months fell 6.6 percent year-on-year to US$10.64 billion. Meanwhile, the total import value was US$6.39 billion, down 8.76 percent compared to the same period last year. Exports of fibers, clothes, and garments fell between 6 to 22 percent in the first four months of this year as compared to the same period of 2019.

As per VITAS, 80 percent of garment manufacturers started reducing shifts and rotating workers since March. By June 2020, the estimated loss to the industry was about US$508 million.

Despite this severe, yet temporary setback, Vietnam’s garment and textile industry’s fast response and government policy support are reasons for investors to be optimistic about the industry’s future post-pandemic.

Source: vietnam-briefing.com– Aug 07, 2020

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Bangladesh most suitable place for investment: Chinese entrepreneur

Bangladesh is the most suitable place for investment for global enterprises as it has a large population and huge market potential, said Xu Xiaochu, Chairman of Chinas Yabang Investment Holding Group Company Limited.

The firm is one of the top 500 Chinese companies, has already inked a land lease agreement with Bangladesh Economic Zones Authority (BEZA) for 100 acres land to set up textile and other chemical industries in Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) at Mirsarai, Sitakundu and Sonagazi upazillas under Chattogram and Feni districts.

"It is the most suitable place for investment for global enterprises, especially for traditional industries. Now it is offering a historic opportunity for transferring the traditional industries from the world factory, (China)," Xu said at a recent function.

He said the investment by Yabang Corporation in Bangladesh is a necessary choice as per the laws of global economic development.

Ten years ago, the top executives of Yabang Group visited different countries and regions, including Southeast Asia, South Asia, Africa and North Korea, to choose investment and development bases for the second entrepreneurship of the enterprise.

Five years ago, the company set its goal in Bangladesh and permanent staffs were sent to set up an office, said Xu.

He said Bangladesh has a large population and huge market potential which is politically democratic and has good-neighbourly friendship.

"Its economy is developing rapidly. People aspire to live and work in peace and contentment. The country enjoys various economic policies' support from the UN and countries with developed economies. The government and its people are united in their efforts and wish for development.

"However, the supporting production capacities of weaving, printing and dyeing are seriously insufficient.

"In particular, there is almost no dye production. The investment by Jiangsu Yabang Dyestuff Corporation Limited, a concern of the Yabang Investment Holdings Group Co Limited, in Bangladesh, has a great competitive advantage and advantage for development, both in providing the support for domestic needs in Bangladesh, promoting better and greater development of Bangladesh's garment industry and in creating foreign exchange via export and increasing people's employment," Xu added.

Source: daijiworld.com.– Aug 08, 2020

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Pakistan: High energy tariffs SMEs on verge of collapse

Hundreds of small and medium enterprises (SMEs) – acting as indirect exporters – are virtually on the verge of collapse because of the highest energy tariff.

These SMEs are in extreme distress due to the exorbitant power tariffs. If the government failed to extend regionally competitive power tariff at 7.5 cents per unit and RLNG at $6.5 per MMBTU, they will surely be shut down, a senior official at commerce and textile ministry told The News.

“We are receiving reports that many small industrial units (SMEs) are getting closed just because of the high tariffs.” The official said if the government extended to the SMEs the regionally competitive tariff, then exports with this decision alone would increase by $3 billion in a year.

Prime Minister Imran Khan trying from pillar to post to put economy on track wants to generate maximum jobs in the country, but delay in issuance of regionally competitive tariff will cause a huge dent to the exports.

The official said some days back, Prime Minister Imran Khan phoned the respective ministers of the divisions and ministry concerned with regard to expediting the process to ensure as soon as possible the notification of regionally competitive tariff for export industry to give jump start in exports, but the Power Division and commerce ministry were yet to submit their summaries to the Economic Coordination Committee for notification of regionally competitive tariff for export industry.

The government extended in last financial year the regionally competitive electricity tariff of 7.5 cents per unit and RLNG at 6.5 cents per unit for the export-oriented sector, but for the current finical year the notification has not yet been issued despite announcement in the budget 2020-21 for continuation of regionally competitive tariff.

The official also disclosed that the Power Division did not factually sustain any loss by extending the competitive tariff to export industry, as the true cost of service to industrial consumers as per CPPA (Central Power Purchase Agency) and NEPRA stands at 7.5 cents per unit which is equal to Rs11.91 unit, but right now export industry is getting the electricity bills based on Rs24 per unit against the agreed tariff at 7.5 cents per unit and this is being done because of no notification issued by the government about tariff at 7.5 cents per unit for current financial year.

As far as the propaganda that there is no increase in exports despite giving the regionally competitive tariff to export sector is concerned, the official said pre-COVID-19 textile exports increased by 4.2 percent to $10.413 billion in 2019-20 during July-March period if compared with the exports of $ 9.989 billion in same period of 2018-19, but Bangladesh showed negative growth of 5.09 percent in exports in the same period, India came up with negative 8.5 percent growth in exports in the same period. However Vietnam showed positive growth in exports of just 0.75 percent.

This shows that the regionally competitive tariff worked well. The official further said the declining worldwide electricity tariff implies that Pakistan's industry and economy will further face a relatively higher cost of production even if our electricity rates remain the same as today.

Similarly, due to the current COVID-19 crisis, electricity prices in India have dropped by 16 percent, reduction from 8 cents to 6.7 cents, whereas Vietnamese government has given a 10 percent electricity price discount from 8 cents to 7.2 cents.

Source: thenews.com.pk– Aug 10, 2020

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Pakistan: Importers for withdrawal of duty on spun yarn

Textile importers have urged the government to withdraw the 2% regulatory duty imposed on spun yarn, arguing it can substantially hurt the textile industry as well as exporters.

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Standing Committee on Imports Chairman Khawar Noorani requested Prime Minister Imran Khan to withdraw the regulatory duty on polyester spun yarn in order to protect the textile industry from disaster.

"If relief is not provided by the government to deal with the severe economic crisis in the wake of Covid-19 pandemic, we fear that the textile industry will reach the brink of collapse, and traders and industrialists will go bankrupt," he said in a statement on Thursday.

Noorani added that the textile sector relied on imported polyester spun yarn to continue production activities because local manufacturers were unable to meet the demand of industries. Currently, according to him, the local industry meets about 30-35% of total yarn demand of Pakistan while the remaining 65-70% is covered through imports.

"Despite this, local yarn manufacturers have created a monopoly and they continue to take full advantage of the lack of government supervision by setting arbitrary prices for yarn," he said. He regretted that by imposing regulatory duty on yarn import, the government had jeopardised the entire textile sector while local yarn manufacturers continued to benefit.

Local manufacturers were taking full advantage of the imposition of taxes on imported raw material, he added. "Textile sector is facing mammoth losses due to exorbitant taxes on the imported raw material," he said. "While the entire sector has plunged into a severe crisis due to the Covid-19 outbreak, the imposition of regulatory duty on polyester spun yarn will completely destroy the textile sector."

Noorani requested the prime minister to withdraw the regulatory duty on spun yarn in order to save the textile industry from complete devastation. "If textile factories close down due to excessive taxes and high production costs, thousands of workers will lose their jobs," he cautioned.

Source: tribune.com.pk– Aug 06, 2020

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NATIONAL NEWS

Signs of recovery? Export contraction just 5% in August: Piyush Goyal

Merchandise exports are down by only 5% year-on-year so far in August, and the outbound shipments of core products (excluding oil and gems and jewellery) have, in fact, grown by 10% so far this month, suggesting the worst is well behind us, commerce and industry minister Piyush Goyal said on Saturday.

If the momentum improves in the coming days, it could be the first time since February that exports will grow in a month. Speaking at a CII event, Goyal said the fall in export in July also narrowed to just about 9% from a year before.

Exports had witnessed a record 60% crash in April following a Covid-induced nationwide lockdown, although the contraction narrowed to 37% in May and 12% in June, as the shutdown curbs were lifted last month.

Goyal, who also holds the railways portfolio, said, over the past 11 days, freight trains have doubled their speed and moved larger volumes of goods. The average speed of such trains is 46 km per hour, against just 23 km a year before.

This has enabled the railways to move 4% more goods, year-on-year, in the past 11 days.

While highlighting the lofty goals of the Atmanirbhar Bharat initiative and the role of the government as an enabler of sound business environment, Goyal asked industry to stop relying on 'crutches of subsidies'.

Instead, it should come out with its own solutions to correct what they think is wrong, based on their own strength. That would mean industry has to try to improve competitiveness and self-reliance.

Goyal's emphasis on industry's self-reliance comes at a time when he is in talks with the finance ministry for an 'early resolution' of the issue of a massive cut in benefits under the Merchandise Export From India scheme (MEIS) by the revenue department.

The revenue department has capped the outlay for the MEIS at just Rs 9,000 crore for the April-December period, which means exporters may be deprived of over two-thirds of the benefits they usually get under this scheme.

The MEIS outgo was about Rs 40,000 crore in FY19 and Rs 45,000 crore in FY20. For this fiscal, the budgetary allocation was to the tune of Rs 27,000-30,000 crore, according to industry sources, although there is no official word on it.

Source: financialexpress.com– Aug 09, 2020

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India may need stimulus on demand side as growth begins to pick up: Arvind Panagariya

As India's economic growth begins to pick up, the country is going to need perhaps 'a little bit of stimulus' on the demand side, noted economist and former Niti Aayog Vice-Chairman Arvind Panagariya said on Saturday.

Panagariya also said that imposing import licensing will be a violation of WTO norms that India has signed.

"Down the road, as the economy is continuing to open up, if we see that inventories are accumulating rapidly then that would be a clear sign that there is a demand deficiency problem. At that point, I think stimulus would be very useful," he said at CII's India@75 virtual event.

Panagariya pointed out that even with the current level of intervention, India is staring at debt-to-GDP ratio rising from 72 per cent to about 85 per cent at least by the end of the current year.

"And we are going to need perhaps a little bit of stimulus on the demand side as the economy begins to pick up," the eminent economist said.

The government in May announced nearly Rs 21 lakh crore stimulus package to help the nation tide over the economic crisis induced by the coronavirus and subsequent lockdowns.

Panagariya, a professor of economics at Columbia University, said the country's economy was in stress even before COVID-19 hit it. India's economy grew at 4.2 per cent in 2019-20.

He opined that a large fiscal stimulus in India would not have produced result as it has not given results in the US or Europe.

"Large stimulus could help if the supply curve is positively sloped," he argued.

Talking about the government's 'Aatmanirbhar' programme, Panagariya said Aatmanirbharata (self-reliance) does not require that you got to produce everything that you consume.

"Import substitution is not a good idea.. What worried me actually, is turn in the policies that has happened three years ago and trend has not reversed itself," he said.

Panagariya noted that he does not think that the talk of 'Aatmanirbharata' accelerated the process of import substitution policies.

"I don't think since the talk of Aatmanirbharata, this has accelerated…I have heard some talk about import licensing, somebody has told me that import licensing has come back, I have not seen any reports of actual import licences having been imposed," he said.

"Of course that (import licensing) will be complete violation of WTO norms agreement that we have ourselves signed," he added.

Panagariya also said that he was more worried about the general trend of rising import tariffs in India.

He also noted that India is facing a strategic challenge from China because India's economy is much smaller than China's.

Source: financialexpress.com– Aug 08, 2020

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'Music to ears for those worried about recovery': India's export has grown in July, says Piyush Goyal

The world is looking for trusted partners where there is rule of law, transparency in systems, strong judiciary and democratic traditions, and India can become a key player in global supply chains as it provides all of these, Commerce and Industry Minister Piyush Goyal said on Saturday.

He said India has to engage with the world with competitive prices, high quality products, large scale economies of manufacturing, high productivity levels, but "not on the crutches" of government subsidies.

The world is "looking for trusted partners...who have a rule of law, who have transparency in the system, who have a court of appeal, which have vibrant media, strong judiciary and democratic traditions. These are the type of partners the world is looking for and India provides all of these and can become a trusted partner in global supply chains," the minister said in a CII webinar.

Talking about the performance of the country's exports, Goyal said the current numbers of outbound shipments are reflecting signs of significant improvement. He said exports last month reached about 91 per cent level as compared to July 2019.

"In fact, in the last 10 days of August, we are at over 95 per cent export level. If you remove oil based and gem and jewellery exports, , we have actually grown in July and in the last 10 days of July, we have grown by above 10 per cent and I think that should be the music to ears for all the analysts who are worried about whether it will be 'U' shape or a 'V' shape recovery.

"But at the same time, we cannot rest on our laurels. This is a short term phenomenon, we all need to work harder to institutionalise this," he added.

The minister also said that for the last 11 days, Indian railways have been running the freight trains at twice the speed of what they were running one year ago.

"So from about 23 km/hr, freight trains today are running at 46 km/hr," he said adding for the first time in the history of Indian railways, rather than industry coming to railway and pleading that their material be given priority, today railway is reaching out to industry to get more freight.

In the last 11 days, the minister said, Indian railways have moved 4 per cent more freight than they did in the same 11 days of 2019.

Goyal also said many people wondered earlier why India had imposed restrictions on export of medicines.

He said the restrictions were never meant to stop supply of medicines, they were rather imposed to ensure an equitable distribution across the globe, otherwise in the period of crisis, a few nations would have cornered all the available pharmacy and medical stocks and the poor, and less rich countries would have remained deprived of adequate medicines.

Further he said that “when we talk of a STRONG India, we are talking of India where ‘S’ stands for ‘sabka saath, sabka vikas, aur sabka vishwas’ , ‘T’ is for total focus on goal of a self-reliant India, ‘R’- resilient India, ‘O’ for opening up ourselves to new horizons, ‘N’ stands for nationalism and ‘G’ stands for gearing up for a better tomorrow.”

Speaking in a separate webinar, Goyal said the government is working towards using the current crisis to strengthen the economy and make India a self-reliant country.

He said the government announced an Aatmanirbhar Bharat package, several initiatives were taken and “many many more that are on drawing board, will be unfurled in the days and months to come”.

Addressing the convocation ceremony of Meghnad Desai Academy of Economics, he said Aatmanirbhar Bharat does not mean looking inwards or closing doors for the world.

“There will be products where we will have to continue to import, India is not against imports per se, India is not closing its doors to global engagement, India is expanding it wider,” he added.

Source: financialexpress.com– Aug 09, 2020

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What lies ahead for the rupee?

The factors favouring the Indian currency's appreciation outweigh the negatives at this juncture

The rupee was quite stable in 2019, ending the year with a loss of 2.6 per cent, but 2020 has been quite eventful for the Indian currency.

The Covid-19 pandemic that has the world in a vice-like grip has had a debilitating effect on all economies, impacting currencies as well. The rupee was largely stable in the beginning of 2020, moving between 70.5 and 72 against the dollar. This was the range that had shackled the Indian currency in 2019 as well.

Despite the slowing growth last year, the rupee was steady thanks to robust dollar inflows in the form of foreign direct investments (FDI), foreign portfolio flows and higher external corporate borrowings.

But the scales turned dramatically in March this year as financial markets hit the panic button, leading to large-scale selling in all asset classes. Currency markets were also hit in this risk-off trade, with the rupee crashing nearly 9 per cent from the January peak to hit a low of 76.91 in April.

Since then, the domestic unit has gradually recovered and is now hovering around 75, with the year-to-date loss at 5.1 per cent.

Going ahead, the fortunes of the rupee are tied closely with the spread of the pandemic and further stimulus infused by central banks. The impact this has on foreign portfolio flows and the dollar will be the main determinants of the rupee's trajectory over the next year.

Easy monetary policies to the aid

Responding to Covid-19, central banks worldwide have been flooding their respective economies with massive stimulus funds.

For instance, the US Federal Reserve has announced liquidity injection of over $3 trillion so far, European Central Bank has launched stimulus measures amounting to €1.35 trillion ($1.6 trillion), Bank of Japan has committed over 110 trillion yen ($1.03 trillion) and Bank of England has announced asset purchases worth £745 billion ($975 billion).

At least a part of this huge dose of money is likely to find its way to the financial markets.

Empirical data show a strong link between central bank stimulus and stock price movement. This is because the expansionary monetary policy helps contain the damage to the economy, thus helping corporate earnings and stocks. Also, rock-bottom interest rates leads to carry-trades with loans being taken in countries with zero or negative interest rates to invest in riskier assets such as emerging markets.

Being one of the largest emerging economies, this money supply is expected to chase financial assets in India, too. This is already being witnessed in the increased inflows by way of foreign portfolio investments in the recent months, particularly in the equities market. As incoming dollars are converted to rupees, the demand for the domestic currency gets a boost.

Most of the central banks intend to pursue the stimulus measures as long as it takes; a few central banks have already announced extensions. Going by the Fed’s latest decision to stretch the facilities through December 2020, the monetary infusion is likely to be prolonged at least till mid-2021. Until then, the upward pressure on the rupee backed by foreign flows is likely to continue.

Dollar’s decline strengthens rupee

Another factor that rupee-watchers need to track closely is the movement of the dollar. It’s the weakness in the greenback that has been buttressing the rupee in recent months, due to the inverse correlation between the two.

The search for a safe haven drove the dollar higher in March, when the SARS-CoV-2 outbreak was labelled a pandemic. As dollar demand surged that month, the dollar index — a measure of the value of the greenback relative to a basket of currencies — rallied sharply and registered a fresh three-year high of 102.99.

But once the magnitude of the pandemic became apparent and the Fed decided to throw the kitchen sink at the economy, the dollar could not hold its ground.

The Fed’s asset purchases and loans at an unprecedented scale impacted the dollar in two ways. On one hand, it resulted in increasing the supply of the dollar, and on the other hand, it improved the risk sentiment, lowering the appetite for safety.

Also, the interest-rate advantage of the dollar over other major currencies such as the euro and the yen have now diminished following the aggressive rate cut by the Fed. This led to a depreciation in the dollar index — it dwindled by about 10 per cent to 92.5, between March 20 and July 31, 2020.

As the Fed looks set to continue pumping in easy money at least till December 2020, there can be a consistent downward pressure on the USD till the end of the year. Consequently, the dollar index might move towards a five-year low at 88.25. Any extension or expansion of the stimulus measures can also expose the dollar to more downside, thus helping the rupee.

Mixed picture on foreign flows

Following a strong 2019, when foreign portfolio investors (FPIs) poured in $19.4 billion (equity and debt combined), FPIs have remained net sellers in 2020 with a net outflow of $13.5 billion till the end of July, thanks to an extensive outflow of $15.9 billion in March alone.

The equities and debt segments were equally hit in March with outflows of $8.35 billion and $8.1 billion, respectively. However, as the Indian stock market recovered and central banks began pumping liquidity into the system, FPIs turned net buyers in Indian equities after March. Their net purchases since April in equities amount to $4.9 billion.

These flows can, however, turn erratic if volatility resurfaces in equity markets.

FPIs remain net sellers in Indian debt, pulling out $5.2 billion since the beginning of April. The reduction of about 155 bps in Indian interest rates since March, coupled with high inflation, seems to have rendered Indian debt unattractive to foreign investors.

Net FDI inflows, a more durable form of foreign capital, was up 40 per cent to $43 billion in FY20. But FY21 can turn out to be tepid because of the Covid-19 onslaught. The United Nations Conference on Trade and Development (UNCTAD) expects global FDI to drop by 40 per cent in 2020 and by 5-10 per cent in 2021, thus impacting FDI flows into India as well.

This can negatively impact the rupee as FDI was the major contributor to the rupee's strength last year.

Flows through external commercial borrowing (ECB) by Indian corporates have also been strong in recent times ever since the RBI announced a framework in January 2019 that broadened the pool of eligible borrowers. Also, the very low external interest-rate regime helps corporates raise fund at comparatively lower rates.

ECB flows were hit by the pandemic. While the inflows in January-March 2020 was $19.29 billion, it declined to $3.5 billion — a 11-quarter low — in April-June 2020. However, going ahead, as the global interest-rate environment is expected to stay low in the perceivable future, corporates are expected to continue to depend on ECB as a source of fund-raising, and these flows can continue to support the rupee until the spread of borrowing rates across India and other countries narrows.

Narrowing trade deficit

India's current account deficit (CAD) more than halved in FY20 to $24.6 billion as trade deficit narrowed (because imports fell faster than exports) by $22.8 billion to $157.5 billion and invisible receipts increased by $9.8 billion to $132.9 billion. The drop in CAD has helped the rupee stay afloat. Trade deficit continues to narrows even into FY21 — it significantly contracted to $9.1 billion in the first quarter of FY21 against $45.9 billion in the corresponding period last year.

According to the International Monetary Fund (IMF), world trade volume is projected to de-grow by 11.9 per cent in 2020 and grow by 8 per cent in 2021. Considering this, trade deficit is expected to shrink further, which is conducive for the Indian currency.

Crude oil is the biggest import component of India and therefore its price has an inverse relationship with the rupee. Because of the collapse in the Brent crude price, the import bill tumbled 66 per cent from $9.5 billion in January to $3.2 billion in June.

Crude prices declined from $66 a barrel in January to as low as $16 in April before recovering to $45 by July-end. These circumstances played out in favour of the rupee.

Based on a forecast by the US Energy Information Administration (EIA), excess production capacity and high inventory levels are expected to limit price increase of crude in 2020. The price can possibly increase in 2021 once inventory levels decrease and demand normalises. The forecast average price of $37.5 in 2020 and $45.7 in 2021 is still considerably low, much to the benefit of the rupee.

Robust foreign reserves

Strong dollar inflows on account of record FDI investments, FPI inflows and external borrowing of Indian companies have led to a $59.5-billion increase in forex reserves in FY2019-20.

It has already swelled by $56.8 billion to a record $534.6 billion for the current fiscal, significantly improving India's position with respect to external obligations.

For instance, the current level of reserves can comfortably cover 13.4 months of imports, and the short-term debt (residual maturity) stands at 49.5 per cent of the total reserves.

These metrics indicate India's strong reserve position, which is a big plus for the rupee. Also, FX reserves is an effective tool in controlling wild swings in exchange rate.

Looking ahead

The IMF has slashed the global growth rate for 2020 and 2021, and forecasts the global trade volume to tumble. Likewise, UNCTAD projects a sharp dip in FDI, which has been the largest contributor of inflows to India. However, it might not be all bad news for the rupee.

While the slowdown can hit exports, low prices of crude oil can help stabilise India's current account balance. Similarly, the ultra-loose monetary policy and monetary stimulus announced by the central banks can result in more inflows into domestic financial markets in the coming months.

And, though there could be a temporary dip in ECB, the corporates are expected to continue to tap foreign loans as rates are cheaper. The downward pressure on the US dollar is also favourable to the rupee.

However, even with substantial inflows, the RBI might not be willing to let the rupee appreciate, as has been the case in recent times.

The reserve bank seems to be redirecting incoming dollars to foreign exchange reserves, which, as a result, has increased to historic highs.

While doing this, the central bank is able to inject rupee liquidity into the system as well as contain the Indian currency from appreciating sharply so as to maintain competitiveness in the global market.

With increasing reserves, the RBI has enough ammunition at its disposal to contain a potential downside as well.

Therefore, the factors favouring rupee appreciation outweigh the negatives at this juncture. However, the RBI's actions are likely to limit the upside.

The RBI might want the exchange rate to be stable in a range and that makes us believe that USDINR may trade between 74 and 77 over the next year.

Rupee to remain range-bound

After marking an all-time low of 74.48 in October 2018, the rupee gradually recovered and largely traced a sideways path in 2019, ending the year with a loss of 2.6 per cent.

But the bears came haunting the rupee back in March 2020, bolstered by the Covid-19 pandemic. As selling pressure mounted, the rupee depreciated sharply and marked a fresh lifetime low of 76.91 towards April-end.

Major trend

Just before the global financial crisis in 2008, the domestic currency witnessed its best performance. Between January 2002 and December 2007, it appreciated by nearly 20 per cent, from 49.1 (its 2002 low) to 39.7 (its 2007 peak).

But the trend reversed and the rupee declined to 52.1 — a fresh lifetime low then — by March 2009, losing 31 per cent from its prior peak. Subsequently, there was a corrective rally.

However, the bears took charge again in 2011 and ever since, the Indian unit has been continuously forming lower lows. Thus, the major bear trend which began in 2008 seems to be continuing as the Indian currency recorded its new low — 76.91 — in April 2020.

Dollar index

The dollar index, which ended 2019 on a flat note, has looked more volatile since the beginning of this year. In March, it witnessed a sharp rally and marked a new three-year high of 102.99 on the back of safe-haven demand. But the trend reversed abruptly as dollar supply increased and the index tumbled to form a fresh two-year low of 92.53 last week.

Going forward, even though there might be corrective rallies, the trend remains bearish, and so the index is likely to head lower to 89. A fall below this level can mount significant selling pressure on the dollar, possibly dragging it to 85.

Outlook

Even though the major trend of the rupee is downward against the greenback, over the short to medium term, it can chart a different path. As we can notice, the rupee recently firmed up from its lifetime low and has been tracing a sideways trend.

Going ahead, despite favourable conditions such as a weak dollar, the rupee is likely to stay flat for the next one year, possibly between 74 levels — the 38.2 per cent Fibonacci retracement level of the previous downtrend — and 77.

The Indian currency is likely to align with the major trend in the long term, and can even gradually weaken towards 80.

Source: financialexpress.com– Aug 09, 2020

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Union Minister of Textiles and Women & Child Development, Smt Smriti Zubin Irani extends greetings on the occasion of the 6th National Handloom Day

On this occasion, Smt Smriti Irani launched the Mobile App & Backend Website for Handloom Mark Scheme (HLM). The Minister said that the Handloom Mark is being promoted to provide collective identity to the authentic handloom products.

Textiles Committee Mumbai has developed the Mobile App with a backend web portal to completely digitise the process of registration. The App is in English and 10 Indian languages and will enable the weavers located at any corner of the country to apply for Handloom Mark registration through the comfort of their homes by click of a button on their mobiles. This app helps ascertain the genuineness and originality of the product through unique and dynamic QR code labels affixed on each handloom product.

The Union Minister of Textiles also launched the “My Handloom” portal for individual weavers as well as other organizations for applying for various benefits under the various handloom schemes like Block Level Clusters, Handloom Marketing Assistance and Awards. Inaugurating the portal, she thanked Prime Minister Shri Narendra Modi for launching the “India Handloom” brand in 2015 on the occasion of the 1st National Handloom Day. She said that till now, 1590 products have been registered under this brand, which has more than 180 product categories.

The portal with a single “sign-in” is to act as One-stop shop for information on all handloom schemes which will retain information, and will ensure transparency and provide real-time status update on applications under National handloom Development programme, as also the information on various schemes/interventions such as Mudra Loan Scheme, Weavers’ Insurance, Yarn Supply, distribution of looms and accessories, number of trainings, etc. An Online lottery System for transparent allotment of stalls for various events such as melas, Dilli Haats, etc. has been introduced. The portal will be linked to e-office and DBT portal.

The Union Minister of Textiles also inaugurated the virtual Indian Textile Sourcing Fair 2020. In the face of the unprecedented Covid-19 pandemic, and inability to hold conventional marketing events such as exhibitions, melas, etc. the Government is providing online marketing opportunities to weavers and handloom producers. By taking a step towards realizing

"Atmanirbhar Bharat", Handloom Export Promotion Council is organizing the Virtual Fair. The fair will connect more than 150 participants from different regions of the country showcasing their products with unique designs and skills. The Indian Textile Sourcing Fair will be open on 7, 10 and 11th August 2020. The show has already attracted considerable attention of the International Buyers.

A presentation was made on Craft Handloom Village, Kullu, being established in association with District Administration, Kullu. Speaking on the occasion, Chief Minister of Himachal Pradesh, Shri Jai Ram Thakur expressed gratitude at being able to showcase the handlooms of Himachal and said that handlooms are a symbol of the state's traditional and ancient heritage. He said that the state is making efforts to implement One District-One Product scheme so that the both the districts and products are able to carve out a distinct identity of their own.

To mark the occasion and to instil pride of workmanship of handloom weaving amongst citizens, a two-week social media campaign has been launched for the handloom weaving community. Smt Smriti Irani has appealed to the all Hon'ble Ministers in the Council of Ministers, Lieutenant Governors, Hon'ble Chief Ministers of States and Hon'ble Members of Parliament of Lok Sabha and Rajya Sabha and eminent Industrialists with friends and family to express solidarity with the weaving community through their social media accounts so as to motivate others to do the same.

Ministry of Textiles has extended a similar request to Secretaries to the Govt. of India and equivalent level officers. Besides, all the Secretaries of the States, Exports Promotion Councils, Sister Textile Bodies like Central Silk Board, National Jute Board have been requested to amplify the Social Media Campaign under the common hashtag and inspiring associates and employees to embrace handloom fabric. The e-commerce entities, Retail Companies and Designer Bodies have also been requested to promote and amplify the efforts of Ministry of Textiles to promote Handloom products.

Further, to promote Handloom under media campaign with common hashtag #Vocal4Handmade has been started to promote Handloom, Handloom Products, information about high end handloom products of various regions of the country, their manufacturers, encouraging weavers/artisans to tweet and to publicize and promote the sector amongst common people.

Secretary (Textiles) Shri Ravi Capoor and Development Commissioner (Handlooms) Shri Sanjay Rastogi were also present for the function. The function was widely participated from different corners of the country. Handloom Clusters from across the country, all 28 Weavers' Service Centres, 6 Indian Institutes of Handloom Technology, National Handloom Development Corporation, Handloom Exports Promotion Council & NIFT's Campuses across India were connected. Also, Craft Handloom Village at Kullu and Textiles Committee at Mumbai were connected for the function.

To promote Handlooms in a big way, Ministry of Textiles has undertaken many new initiatives. Steps have been taken to on-board weavers/producers on Government e-Market place (GeM) to enable them supply handloom products directly to Central Govt. Departments.

Ministry of Textiles is also facilitating formation of Producers Companies across the country in the handloom sector as a thrust area with the objective to extend the benefits of various handloom schemes to the weavers/workers, in particular to those who are either working independently or in the fold of Self-Help Groups/Producer Groups.

Source: pib.gov.in– Aug 07, 2020

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Making exports a hassle-free experience

Streamlining the Customs process is among steps needed to ensure that our exports cross borders with least hindrance

The post-Covid normal would lead to greater competition for export markets as the size of the pie gets smaller due to income shock and rising protectionism. Covid has also expedited trends towards greater use of robotics and automation and therefore in-sourcing of goods in more advanced economies.

It is even more imperative now that our exports cross borders with the least hindrance. Across the world, successful exporting economies have used risk management in scrutiny and inspection of export consignments as a tool to ensure that 1 per cent or less of such consignments are subjected to any hindrance at the gateway port.

Consignments move directly from factory into the port and onto vessels or aircraft. As India plans for its National Trade Facilitation Action Plan (NTFAP) 2020-22, there is need to make a commitment that by 2022, 1 per cent or less of Indian exports would undergo any processing at gateway ports. Here are some ideas to achieve that goal.

Globally, Customs departments are moving towards an ecosystem where majority of the processing of information, assessment, and decision-making is undertaken either prior to arrival of goods at the port or after the goods have left Customs jurisdiction. Indian Customs have put in the building blocks to achieve this. Advance filing of custom declarations allows Customs to undertake risk assessment well in advance of goods arriving in the Customs jurisdiction.

However, much of the assessment and verification processes are still being done after the goods have entered Customs jurisdiction at the port. All of this can be done after the goods have been exported using targeted post-export assessment. Such post-export assessment can be undertaken using randomised identification of consignments and entities to serve as a check against any attempt to misuse the facilitation being provided to trade.

Direct Port Entry (DPE) facility is limited to firms that have self-sealing permission by Customs. There is no reason why DPE cannot be extended to all exporting firms. Customs could consider developing on-site inspection near parking plazas in major ports/airports.

A random 1 per cent of consignments from firms not having self-sealing permission could be selected for physical inspection at these sites based on identified risk parameters. The rest of the shipments could go directly to port. By the time goods arrive at a port, Customs officers would already have the required information and the Let Export Order (LEO) can be generated online. This action will bring down Customs processing time at a port to near zero levels.

Customs should introduce a serial number-based physical examination system clearly mentioning that unless the same is given to the exporter/importer or their agent as a formal alert through Customs EDI, the consignment will not be allowed to be opened by their field officers. Once a serial number has been issued, the relevant officer would have to follow through with an electronic report of the results of the physical examination which would also be made available electronically to the trade or their agent.

Further, inspections are either to be carried out using field cameras or using CCTV recording in designated inspection zones. And the CCTV record must be retained for an adequate time and be made accessible to the exporter/importer and their agent. All facilities under Customs bond such as CFS or ICDs must be mandated to develop facilities sufficient to support this.

Indian Customs is already using a sophisticated risk management system (RMS). But the percentage of export shipments identified through risk assisted targeting is higher or similar to imports. This is startling given that imports represent far greater risk of revenue loss and other threats such as smuggling or such imports posing a risk to Indian health, safety or environment. The loss of foregone revenue from export incentives pales in comparison to such risks. There is therefore an urgent need to move export RMS to a level where 1 per cent or less of export consignments would be identified for further scrutiny.

Also, Customs officers occasionally reject RMS recommendations and go for further scrutiny, or even inspection of the goods. In order to drive accountability and prevent misuse of such powers, the basis of decision-making must be entered into the system, and made available under RTI with adequate anonymisation of individual shipments and their consignees, along with figures indicating to what extent in percentage terms the override led to an actual finding of non-compliance.

Customs may use this data for developing analytics tools that will further reduce RMS override by establishing guidelines for officers for making such decisions.

In addition to these facilitation initiatives there is need for focussed transparency measures to reduce regulatory complexity for exporters and therefore reduce transaction costs of being in the export business.

Customs has moved to a system of faceless assessment since September 2019. While this is welcome, an additional step towards complete transparency would be to ensure that the officer conducting the scrutiny of entry do not have access to information on who the broker and importer/exporter is. In other words, complete anonymity. This will completely eliminate the nexus between unscrupulous brokers agents and dishonest officers.

It needs to be stressed here that the old logic of 'human intelligence' based on local experience of brokers and importers were often applied by officers to make discretionary decisions to safeguard revenue and other important sovereign interests no longer applies to faceless assessment since the assessing officer can be located anywhere in the country and not from the local field formation.

Currently, an authorised officer has to individually check and clear each drawback, EPCG, and other 'incentives related' shipping bills. On average, authorised officers in major gateways have to process 400-500 such bills a day. This work overload leads to errors and delays in processing, which in turn results in hold-up of payments.

For many SME exporters, getting this cash is critical, and additional credit and processing fees required to meet their cash flow requirements arising from delayed processing can substantially reduce their overall margin of profit. There is urgent need to move to a risk based targeted system of scrutiny instead of processing each and every incentivised shipping bill to expedite payments to exporters and reduce unnecessary workload on officers.

As the government puts together NTFAP 2020-22, this commitment to making 99 per cent of exports facilitated with direct to port entry would be a true measure of ambition to make Indian exports globally competitive.

Source: thehindubusinessline.com– Aug 09, 2020

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Govt to offer production-linked incentives to man-made textiles

The government will roll out a production-linked incentive (PLI) scheme for the labour-intensive textiles and garment sector and correct its historical policy bias towards a cotton-dominated value chain, as it plans a renewed bid to reclaim India's export markets after ceding a substantial ground to Bangladesh and Vietnam in recent years.

In a recent interaction with a group of Japanese officials and investors, textile secretary Ravi Capoor said the "focussed product scheme" will incentivise the production of about 40 items with high export potential and reposition India as a major producer of synthetic fibre-based apparel. The incentive structure is being worked out.

The textiles ministry is also in talks with the finance ministry to correct a crippling indirect tax structure in the man-made textiles segment, in which goods and services tax rates remain elevated at the raw material stage and the ITC (input tax credit) process takes time, acceding to a long-pending request of the textile industry.

Decisions on GST rates, of course, are taken by the GST Council that comprises both the Centre and states. While the GST on cotton and textiles made of it stands at a uniform 5% across the value chain, the rate for synthetic fibre is 18%. Man-made filament/spun yarn is taxed at 12% and fabrics 5%. This is despite the fact that man-made textiles make up for as much as 65-70% of global demand and consequently hold immense export potential. In India, however, cotton textiles account for close to 70% of the market.

Coupled with rigid labour laws and elevated logistics costs, this distortion — caused by policy interventions for decades — has stunted the country's ability to raise garment exports exponentially. The government had rolled out a Rs 6,000-crore package to boost garment exports in 2016. But in the absence of structural reforms to correct the legacy issues, the package met with only very limited success.

After the GST Council's last meeting in June, finance minister Nirmala Sitharaman had said a decision on the inverted duty structure, especially in the textiles, footwear and fertiliser sectors, was deferred but the issue was still being examined by the Council.

Capoor also told the investors that the government would incentivise textiles machinery output under the Aatmanirbhar initiative. India meets over 70% of its annual demand through imports — which stand at about $2 billion — from countries, including Germany, China and Italy.

To tackle the problem of a lack of scale, the government would facilitate the setting up of mega integrated textile parks near ports. The major policy interventions are being planned at a time when the Covid-19 pandemic has accentuated a slowdown in exports. Textile and garment exports shrank 8.6% year on year to $33.7 billion in FY20 and saw a more dramatic, Covid-induced contraction of almost 72% during in the first two months of this fiscal.

As such, the sector's share in the overall merchandise exports has been sliding consistently in recent years, having dropped from as much as 13.7% in FY16 to just 10.8% last fiscal, the lowest in around a decade. Globally, while China remains the most dominant player by a wide margin in both textiles and garments, India has been beaten by both Bangladesh and Vietnam in recent years in apparel exports.

Hailing the government's plan, Rajeev Gopal, global chief sales & marketing officer (pulp and fibre business) at Aditya Birla Group, highlighted that the historical tax disparity has weighed down the downstream value chain (in man-made textiles), especially processing. What the country needs is a fibre-neutral tax regime.

While a refund in case of an inverted duty structure is permitted under the GST regime, the process takes time, effectively blocking the working capital of companies for months, he said. Aditya Birla Group is the country's largest producer of viscose fibre.

While a parity in the tax structure for cotton and man-made textiles has long been sought, industry executives are more optimistic about the structural change now, emboldened by the fact that the Budget for 2020-21 took a big step by ending an anti-dumping duty on purified terephthalic acid (PTA), which is used for making polyester staple fibre, filament yarn and film.

Elevated imposts on PTA imports had exerted a cost push across the value chain and undermined the pricing power of the downstream synthetic textile industry in the export market. According to OP Lohia, chairman of Indo Rama Synthetics, the GST should have a uniform rate structure for all fibres and this disparity between natural and man-made fibres must end.

When the GST was introduced in 2017, the tax incidence of 18% for man-made fibre was retained (earlier it was 17.5%, including both the excise duty and value-added tax) but it didn't bridge the gap with the cotton fibre.

Source: financialexpress.com– Aug 10, 2020

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India attracts $22 billion FDI during COVID-19: Amitabh Kant

India's FDI regime is the most liberal in the world, and even during the COVID-19 pandemic, the country has attracted over USD 22 billion worth of direct investments, Niti Aayog CEO Amitabh Kant said on Saturday.

Kant further said that almost 90 per cent plus of the USD 22 billion foreign direct investment in India during the pandemic came through the automatic route.

"Our FDI regime is the most liberal in the world. We have continued to attract huge amount of investments. During the pandemic itself, India attracted over 22 billion worth of direct investments into India," he said at CII's 'India@75' virtual event.

Kant pointed out that India has jumped up about 79 positions in the World Bank's ease of doing business. "Our hope is that this year we will get into top 50," he said.

The Niti Aayog CEO said that if India wants to transform then it needs a programme like aspirational district programme.

Aspirational districts programme, launched in January 2018, aims to transform 112 districts that have shown relatively lesser progress in key social areas and have emerged as pockets of under-development.

Source: financialexpress.com– Aug 08, 2020

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National Handloom Day 2020: Smriti Irani shares how handlooms enrich lives, urges people to share pictures of their favourite handloom product

Smriti Irani, India's Union Minister of Textiles marked the occasion of National Handloom Day by sharing how handloom can enrich our lives and surroundings, and urging people to use handmade items from their clothing to furnishings.

The former model-turned-actor took to her Instagram account and shared pictures of herself dressed in handloom, saree to mask as she stood beside handcrafted wall decor that resembled Lord Shiva. She captioned the post, "Handloom can enrich our daily lives and surrounding in many ways; from clothing to furnishing to Masks in Covid times to wall hanging. Bring home handmade in India! I take pride in celebrating India's legacy, I am #Vocal4Handmade. Are you? Share your pictures with pride in support of our weavers and artisans for we are #Vocal4Handmade."

Other than Smriti, several other celebrities including Bollywood actors including Janhvi Kapoor, Vidya Balan, Kangana Ranaut and others also took to social media to share pictures of themselves donning their favourite handloom clothing.

Today, on August 7, India is celebrating its 6th National Handloom Day in memory of the Swadeshi Movement which was launched on the same day in 1905. On this day, India's handloom weavers, from Kanjivaram to Pashmina, are recognised for their contribution to India. The Swadeshi Movement was launched to protest against the partition of Bengal by the British Government.

Source: hindustantimes.com– Aug 07, 2020

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MSME debt restructuring allowed till March 2021

The Reserve Bank of India (RBI) on Thursday extended the existing debt restructuring scheme for stressed micro, small and medium enterprises (MSMEs) by three months to March 31, 2021, in view of the distress brought upon by the Covid outbreak. The central bank also changed the cutoff date for MSMEs to become standard accounts in order to be eligible under the scheme to March 1, 2020 from January 1, 2020.

The extension of forbearance comes amid concerns that the asset quality profile of most lenders has undergone significant deterioration, even as bad loan ratios remain unchanged due to forbearance.

"A restructuring framework for MSMEs that were in default but 'standard' as on January 1, 2020 is already in place. The scheme has provided relief to a large number of MSMEs," RBI governor Shaktikanta Das said, adding, "With Covid-19 continuing to disrupt normal functioning and cash flows, the stress in the MSME sector has got accentuated, warranting further support.

Accordingly, it has been decided that stressed MSME borrowers will be made eligible for restructuring their debt under the existing framework, provided their accounts with the concerned lender were classified as standard as on March 1, 2020. This restructuring will have to be implemented by March 31, 2021."

Industry players welcomed the move as it is expected to give additional relief to small enterprises, over and above the government guarantee-backed emergency credit scheme for them.

Microfinance industry executives said their borrowers stand to benefit from the move. Chandra Shekhar Ghosh, managing director and chief executive officer, Bandhan Bank, said, "The one-time restructuring of corporate and personal debt, including those of MSMEs, will help alleviate the stress faced by borrowers in these difficult times, while ensuring the soundness of the banking system and focus on credit culture." Ghosh added that further details on the scheme will have to be watched.

HP Singh, chairman and managing director, Satin Creditcare Network, said that the restructuring scheme will be a morale booster for the sector.

"Apart from these, it will help MFIs (microfinance institutions) create offers for their clients that will give an impetus to the expansion of borrowing and financial inclusion. With the rising stress on the lower strata of the economy, such meaningful and targeted policy support can pave the way towards quicker recovery and return to normalcy," he said.

At the same time, concerns about asset quality in the MSME segment persist and there are worries that an extension of restructuring may only aggravate matters.

According to the RBI's Financial Stability Report (FSR) released last month, 65% of system loans to MSMEs were under moratorium as on April 30. There is uncertainty around the ability of these borrowers to eventually repay. While the debt recast will help keep bad loan numbers under control through the duration of the scheme, there is danger of a spurt thereafter.

In a recent report, India Ratings and Research said that between September 2019 and April 2020, the proportion of rated mid and emerging corporates (MEC) universe in default increased to 18% from around 10%. The agency estimates that 60% of its rated MECs qualify as MSMEs under the new definition.

"Although various regulatory and centre dispensations could keep downgrades in check in the near term, a protracted economic recovery could result in a significant rise in negative rating actions post the expiry of these forbearances," the report said.

Source: financialexpress.com– Aug 07, 2020

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Gujarat chief minister announces Industrial Policy 2020

Chief minister Vijay Rupani yesterday announced the Gujarat Industrial Policy 2020 that aims to provide nearly ₹40,000 crore as subsidies to industries in the next five years. It will help lease out government land to industrialists, and offer incentives to private industrial parks and units aspiring to relocate because of the pandemic, especially from China.

"Gujarat welcomes all those industrial units who are planning to shift from China and other countries due to the pandemic. We will decide on a case-to-case basis. We have already held four meeting with Japan, three meetings with United States, one each with Germany and UK in this regard," Rupani said while announcing the policy.

The Gujarat government is yet to take a decision of hosting the biannual Vibrant Gujarat summit in January next year due to the pandemic situation. However, the new policy provides for appointment of dedicated 'relationship managers' by the Industrial Extension Bureau (iNDEXTb) that hosts the summit. These managers are meant to be the single point of contacts for investors.

Gujarat Industrial Policy 2015 came to an end on December 31, 2019. The government had extended it up to the release of a new policy or December 31, 2020, whichever is earlier.

"The success of the last policy can be gauged from the fact that Gujarat stands first in terms of number of Industrial Entrepreneurship Memorandum (IEM) filed for 2019. This is 51 per cent of all IEMs filed in India and the proposed investment promised for Gujarat is USD 49 billion," said Rupani, who also citied high foreign direct investment inflows and low unemployment rates while crediting the old policy.

The new policy also provides an average annual outlay of ₹8,000 crore, meant to provide incentives to industries. Rupani also said Gujarat will become the first state to 'delink incentives' from state goods and services tax (SGST) under the new policy, according to Indian media reports.

The new policy, which pushes for 'Aatmanirbhar Gujarat', for the first time will provide support by up to 65 per cent of the cost of acquiring foreign patented technologies by micro, small and medium enterprises (MSMEs). However, the maximum support will be up to ₹50 lakh.

For start-ups, the new policy increases the seed support from ₹20 lakh to ₹30 lakh. It also provides increased sustenance allowance and additional fiscal support.

The policy also provides incentives to private developers for setting up private industrial parks in the state. The incentive will be 25 per cent of fixed capital investment up to ₹30 crore. In case of tribal talukas, the policy will support setting up of industrial parks at 50 per cent of fixed capital investment up to ₹30 crore.

Source: fibre2fashion.com– Aug 08, 2020

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Need to look towards MSMEs in 115 aspirational districts: Gadkari

There is an urgent need to look towards improving presence of Micro, Small and Medium Enterprises (MSMEs) industry in the 115 identified aspirational districts of the country, said Minister of MSME, Nitin Gadkari, here on Saturday.

During 'India@ 75 Summit: Mission 2022' organised by Confederation of Indian Industries, Gadkari said, "Their contribution of these MSMEs to GDP is presently negligible, but if focused attention is drawn towards them, these can uplift the employment scene in a big way".

The Government is working upon a scheme for inclusion of smallest units under MSME ambit providing for their micro financial requirements, he added.

Recently, the MSME umbrella has been expanded and industry with investment value upto ₹50 crore and turnover upto ₹250 crore has been covered in the new definition of MSME. Also, the manufacturing and service sectors under MSME have been brought together by giving similar definitions to both.

"By technology upgradation, India can also look for new export avenues in MSME sector. This will help grow a large number of ancillary units," said Gadkari.

Meanwhile, Gadkari also asked CII to draft a proposal for insurance of roads which will remove requirement of Bank Guarantee.

"This will speed up financial closure of road projects and in raising finances, thereby faster project completion. He elaborated how road scenario was changing in the country which would further immensely improve with proposed 22 new green expressway projects," he added.

Source: thehindubusinessline.com– Aug 08, 2020

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What is RBI's Restructuring 2.0 all about?

The one-off resolution of stressed personal loans will be available to borrowers repaying their loans regularly as on March 1

In a bid to ease the pressure on asset quality for banks and provide relief to borrowers, the RBI has allowed one-time restructuring of loans.

Right from the 2008-09 restructuring window, to other restructuring schemes such as Corporate Debt Restructuring Scheme (CDR), Flexible Structuring under 5:25 scheme, Strategic Debt Restructuring Scheme (SDR), and Scheme for Sustainable Structuring of Stressed Assets (S4A) — past experience with such regulatory forbearances have been disappointing. Not only have these schemes failed in resolution of stressed assets, but have also led to evergreening of loans.

So will the RBI's restructuring 2.0 be any different?

Firstly, there is little debate on the need for a one-time restructuring window at this juncture. While banks have granted six-month moratorium to borrowers (until August 31), the ongoing pandemic crisis suggests that the pain would continue for businesses and individuals over the next year.

Need of the hour

Hence a one-time restructuring was imperative for both borrowers and banks. This will ensure that banks can continue to provide support to businesses hit by Covid (which would otherwise have been classified as NPAs).

The question is, how do you ensure that past mistakes are avoided and banks' stability is not compromised in the process? The RBI has constituted an expert committee which will put in place necessary caveats. While the details of this will be known in the coming months, for now let us look at the features that stand out in RBI's new restructuring avatar.

'Good' accounts

The RBI has mandated that only those borrowers that were classified as 'standard', and not in default for more than 30 days with any bank as on March 1, 2020, will be eligible for restructuring.

This straightaway weeds out chronic defaulters or highly stressed accounts. As of March 2020, 93.9 per cent of banks' performing portfolios consist of accounts that have either zero dpd (days past due) or are SMA-0 (overdue 1-30 days), according to RBI's FSR report. Of this, 47.4 per cent are rated AA and above and 26 per cent are investment grade (till A rating). This mitigates the risk of shocks going ahead.

Of course, what could be of slight concern is the fact that restructuring of personal loans — auto, credit card, housing, personal loans, education etc. — too is allowed this time around (only corporate borrowers in the past). This may require additional caveats.

Goldilocks provisioning

The key issue with the earlier schemes was the meagre provisioning requirement on restructured loans. This led to evergreening of loans. The RBI had first offered a regulatory dispensation in 2008-09, in the form of restructured loans. Here banks were allowed to treat such loans as 'standard' and make a lower provisioning of 5 per cent against the 15 per cent required for bad loans.

As data in subsequent years showed, this tool was misused by banks to a large extent. While bad loans and restructured loans together constituted 5 per cent of loans for PSBs in 2008-09, it went to about 15-16 by 2014-15.

The RBI closed the restructuring window by fiscal 2015, but allowed banks to restructure loans under Strategic Debt Restructuring (SDR) and the 5:25 scheme (which also carried paltry provisions). In 2018, (through its Feb circular), the RBI withdrew the restructuring schemes and placed them under the RBI's Prudential Framework for Resolution of Stressed Assets (revised subsequently).

Realising that it is imperative for banks to maintain adequate provisioning, the RBI under restructuring 2.0 has stated that while the accounts will remain 'standard', they will require minimum 10 per cent provisioning. This will ensure prudent provisioning and also leave enough incentive for banks to do restructuring (minimum NPA provisioning is 15 per cent).

Setting time limits

With a view to offering the leeway only for those businesses hit by Covid and to ensure a time-bound window, the RBI has mandated that the restructuring cannot be invoked later than December 31, 2020. In case of personal loans, the resolution has to be implemented within 90 days from the date of invocation, in other cases by 180 days.

There is also a limit on the extension of the tenure of the loan under the restructuring. Banks can extend the residual tenor of the loan (with or without payment moratorium), by a period not more than two years. This will ensure that banks do not end up kicking the can down the road indefinitely.

Reaching consensus

Getting everyone on board for resolution has been a key issue with resolution in the past (as evident in JLF). Under restructuring 2.0 the RBI has mandated consent of 75 per cent of lenders (by value). This is in line with the existing framework on resolution of stressed assets (though higher than 66 per cent under IBC). The leeway to keep the account as 'standard' and the unprecedented challenges faced by all lenders may lead to better consensus this time around.

Source: thehindubusinessline.com– Aug 07, 2020

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After handloom, powerloom board scrapped by govt

After the all India handicrafts and handloom boards, the ministry of textiles has disbanded another advisory body — the All India Powerloom Board and notified a change in the status of all eight Textiles Research Associations (TRAs) — saying they now cease to be "affiliated bodies" of the ministry. The TRAs will now be "approved bodies" for conducting testing, research and developmental activities related to the textiles sector.

As per the gazette notification the decisions are cited to be in line — as was said in the case of the handicrafts and handloom boards — with the Centre's "minimum government, maximum governance" principle.

It is stated that the step reflects a vision for a "leaner government machinery and for systematic rationalisation of government bodies".

The August 6 notification on the Textiles Research Associations states that from now on, “any disposal, sale, transfer of assets created out of central government grant will require prior specific approval of the ministry of textiles.”

Also officials of the ministry in the governing bodies of these TRAs have been withdrawn. On the face of it, the move reduces government presence though any other changes in membership will need to be awaited.

The TRAs have been asked to include in their bye-laws the changes that have been notified. The eight TRAs include Northern India TRA in Ghaziabad, Ahmedabad Textile Industry Research Association, Bombay TRA, Coimbatore-based South India TRA, Synthetic and Art Silk Mills Research Association in Mumbai, Man-made TRA in Surat, World Research Association in Thane and Kolkata-based Indian Jute Industries’ Research Association.

Earlier, the notification to abolish the All India Powerloom Board was issued on August 4. As per the ministry of textiles website, the board was first constituted as an advisory board in November, 1981. It was reconstituted for a period of two years in December 2013. It had representatives of central and state governments, Powerloom Federation, associations of power loom and textile industry as its members and was headed by the Union minister of textiles as chairperson.

According to government sources, the decision to disband the boards follows an assessment that they failed to impact policy-making and became vehicles of “political patronage” with the emergence of a ‘middleman culture’ that did not help the interests of weavers.

Officials pointed out that the focus is now on field officers who have the responsibility to reach out to weavers and create links with district, state and central administrations.

Source: timesofindia.com– Aug 09, 2020

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‘Lint-based cotton trading needs legislation’

After a wait of 16 years, the Central Institute for Research on Cotton Technology (CIRCOT) again bagged the Sardar Patel Outstanding ICAR Institution Award (small Institute) from among other 100 institutes affiliated to the Indian Council of Agricultural Research (ICAR), last month. Established in 1924 by the Indian Central Cotton Committee, the latest recognition for CIRCOT came in its fifth attempt since 2014. In an interview to TOI, director PG Patil talks about the institute’s research, achievements and contribution to society.
Excerpts...

Q. What does the award stand for?

A. It is the highest honour conferred by the ICAR, which is the apex body coordinating, guiding and managing agricultural research and education in the country. The annual award is conferred during ICAR’s foundation day celebration on July 16. It has 101 affiliated institutes apart from various national research centres and 71 agricultural universities. It is one of the largest national agricultural system in the world. Institutes doing good in their mandate, contributing to research, extension and society are selected for the coveted award. This is the second time CIRCOT bagged the top award after 2004. Once an Institute receives the award, it is eligible to apply for the award only after 10 years. The 2019-20 award that came CIRCOT’s way carries a cash prize of Rs10 lakh, a citation and a plaque.

Q. Why did it take six years to win the award again?

A. We were applying but couldn’t make it as the competition was tough. We were continuously working hard and improving ourselves. The achievement is a result of the contribution from all the staff working from Mumbai headquarters, the regional Ginning Training Centre in Nagpur, units at Sirsa, Surat, Guntur, Dharwad, and Coimbatore.

Q. What is you major contribution to society?

A. CIRCOT is basically working in basic and strategic research on processing of cotton, ago residuals, development of value-added product and quality assessment of cotton and textile material. Apart from this, we are contributing in skill development programmes covering ginning, spinning, chemical and bio-chemical processing, besides specialized training programmes. We have a business incubation centre where we are honing skills and nurture new enterprise in the area of post-harvest processing of cotton and value addition to biomass. CIRCOT is a referral laboratory for textile testing in the country.

We conduct 160 tests on textile and cotton related products. Precisely, 60 technologies were developed, 17 of which have been commercialized, 20 incubates have been graduated, 200 skill development programmes were conducted for the farmers, ginning personnel, traders, industrial stakeholders, research scholars, students and academicians in the last five years. These are the highlights of the achievement for five years which is the span for performance evaluation by the ICAR committee for the award.

Q. How does it help the industry?

A. We provide research consultancy and commercial testing service for the industry and have tested more than 2 lakh samples for quality evaluation. The cotton production has increased by 2.5 times in the last 20 years. From 140 lakh bales, we are producing 360 lakh bales in 2019-20. With our assistance, the ginning industry has created the capacity to process this increased production volume. Having proper capacity to gin cotton, we can complete the season in time without any extensions. Apart from this, we signed 41 MoUs with private companies apart from international bodies. Rs6.2 crore was generated as revenue by the institute from consultancy, product development, testing and contract research.

Q. What is calibration cotton?

A. It is a standard reference material used for calibration of the high volume instruments used for fibre quality testing. Every day, before the instrument are used to test the fibre properties, they have to be calibrated. For calibration, reference material is required. CIRCOT is probably the only institute in the World after the USDA to produce and supply calibration cotton to the industry.

Q. What kind of innovations does CIRCOT work on?

A. We have developed India’s first nano technology pilot plant. It has the capacity to convert 10kg raw material, cotton as well as cellulosic biomass into nano size in one shift of 8 hours. We had been working in the research field of nanotechnology for more than a decade. It is part of our research as cotton is derived from cellulose. Nano cellulose can find its application in many industry like paper and pulp, cement, paint, etc. It is a high value product from cotton.

We are working in cutting edge technology as well as traditional research. The institute gives a special focus on value addition to the biomass. We are processing the particle board as a value added product from cotton stalks. Now, we can't say cotton stalks is a waste as we can make value added products like particle board, briquettes, pellets and convert them into eco-friendly compost, etc. We have established a pilot plant facility for preparation of the particle board, and pellet at Nagpur.

Q. Does CIRCOT work on other products?

A. We are working on other natural fibres like banana which is grown in a large area in Maharasthra. After harvesting of the banana fruit, the disposal of pseudostem is a problem. We can convert these pseudostems into fibre followed by development of biodegradable and eco-friendly moulded products like plates, cups, sapling pots, etc. Very good composite can also be developed from it for use in automobiles and for home furnishing.
Q. How was the experiment at APMC Hinghanghat?

A. It is an initiative towards lint-based cotton trading based on the objective evaluation of ginning percentage. The seed cotton coming directly from the field carries fibre as well as seed. The fibre part varies from 34 to 39%. Its cost, as compared to the seed is almost five times higher. Suppose the seed is selling for Rs20 per kg, fibre will fetch Rs120. The rates are negotiated by the traders considering the ginning percentage at 35%. Depending on the variety, there can be 39% fibre too. This means the trader would be getting 4% or 4kg more lint in every 100kg. Farmers were not getting this benefit. Hence, we have piloted a project to make it lint-based trading.

Every sample from the cotton farmer should be ginned in a small ginning machine installed in the Hinghanghat APMC to ascertain the lint percentage. Even if the lint percentage comes to 36%, the trader should pay an extra premium of Rs100 per quintal to the farmer above what he is offering. We are telling APMC to adopt this formula for the farmer's benefit. It is not mandatory, but we are pursuing it with the textile commissioner. There is a need to formulate by-laws or even a new legislation for it.

Q. What is status of the coloured-cotton trial?

A. CIRCOT entered into a three-party MoU with CICR Nagpur and PDKV Akola to promote naturally coloured cotton by increasing the production and development of value added products. Earlier, we grew it on 20 acres of PDKV land in Akola. This year, it has been increased to 50 acres in isolation as part of the large scale trial. The naturally-coloured cotton produced in the field will be processed by CIRCOT converting the fibres into yarn and fabric and further develop it into value added products to create a unique value chain for its promotion among the farmers.

Source: timesofindia.com– Aug 09, 2020

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Indian Terrain to expand with 15 new retail stores

With a vision to succeed in a new business landscape and a deeper commitment to offer best-in-class quality product, Indian Terrain, an Indian men's & boy's wear brand, is expanding its retail footprint in the country with the launch of 15 new retail stores in Tier2 and Tier3 markets including Hubli, Lucknow, Siwan, Ganganagar, Ooty and more in FY 20-21.

“While the pandemic continues to present unprecedented challenges, it is integral to adopt to the new normal and map a strategic journey that can benefit the community as a whole. To mitigate the impact of the current situation, we need to evolve and adopt newer ways of reaching out to the consumers. Indian Terrain’s passion and resilience is enhanced by Spirit of Man and the exuberance of India. Staying true to the qualities of the brand, we are currently expanding our stores in Tier II and Tier III cities across the county and further expanding our business portfolio,” Charath Narsimhan, managing director, Indian Terrain Fashions Limited, said in a press release.

“With the impetus on digital in the current situation, digital engagement has been a clear and predictable trend. Riding the wave and adapting to our consumers’ buying behaviours we have invested in our digital strategy to strengthen our e-commerce set-up and focussed on building strong strategic partnerships with marketplaces such as Myntra & Flipkart and soon with Nykaa to ensure higher visibility. The brand has also re-launched its own website enabling an enhanced user interface and omni channel experience with order fulfilment being implemented from stores,” Narsimhan said.

Indian Terrain has introduced multiple consumer centric initiatives for seamless engagement. The brand has launched a "store to door" service whereby a curated virtual catalogue is sent to the customer via WhatsApp & product is delivered at the customer's doorstep. Indian Terrain is further strengthening its delivery models for customers.

Further, keeping in mind the importance of safety & hygiene in the current situation, all Indian Terrain stores have undertaken precautionary measures to ensure customers have a safe & delightful shopping experience. Prior appointments and digital payments are encouraged. Sanitisers and masks are placed on every floor. Customers are encouraged to wear masks and follow social distancing norms. The stores including the trial rooms are regularly sanitised.

Source: fibre2fashion.com– Aug 07, 2020

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