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**NEWS
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Currency Watch	
USD	82.86
EUR	87.72
GBP	99.51
JPY	0.64

INTERNATIONAL NEWS	
No	Topics
1	Pakistan: Cotton arrivals plunge to 4.6m bales
2	Pakistan: Production cuts continue in industrial sector
3	Bangladesh: Apparel export earnings hit highest \$4.66 bn in December
4	Vietnam textile exports seen rising to more than US\$45bil

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NATIONAL NEWS	
No	Topics
1	'India, Australia trade pact to open new biz avenues'
2	Fiscal boost: State launches Textile Incentive Scheme 2022
3	UP signs MoUs of Rs 18,590 crore with six companies from UAE
4	India's \$200-billion textile sector is facing the blues as major markets US and Europe cut back on spending
5	Demand for South India's cotton yarn improves; export orders up
6	Thousands without jobs as recession hits Surat's synthetic textile industry
7	India's cotton being competitively priced to match global levels



INTERNATIONAL NEWS

Pakistan: Cotton arrivals plunge to 4.6m bales

LAHORE: Pakistan records over 4.6 million bales of cotton production during the calendar year 2022 against more than 7.3m bales produced during the previous year, a massive shortfall of 37.23 per cent.

Market observers put heavy monsoon rains and river floods, which washed away standing crops, particularly in the cotton belts of Sindh and Punjab, as the main reason behind the decline in cotton yield.

Both provinces could not also meet the cotton sowing target as the crop had been planted only on 2.01m hectares against the target of 2.53m hectares this season.

The data released by the Pakistan Cotton Ginners Association (PCGA) on Tuesday revealed that 4,612,687 cotton bales arrived by Jan 1, 2023, while the figure stood at 7,312,537 bales on Jan 1, 2022. The white lint output even fell short by 0.2m bales than the estimates of 4.8m bales made by the industry a month ago.

Cotton arrivals in Sindh have been reported at 1,850,400 bales this year against 3,508,602 bales last year, a decline of around 47pc. The drop in output in Punjab has been estimated as 28pc as the province harvested 2,762,287 bales this year as compared with 3,838,808 bales last year.

This means the country will need to import more than 9.4m bales of cotton to meet the demand of 14m bales of the local textile industry as per the estimate of the All Pakistan Textile Mills Association (Aptma). Whereas the foreign exchange reserves position is so weak that letters of credit (LCs) of even the pharmaceutical industry are not being opened.

In a letter to the prime minister on Dec 23, Aptma leaders warned that the textile industry was already working at less than 50pc of its installed capacity and a large number of workers had already been retrenched and many more employees would lose their jobs if immediate steps were not taken to keep the textile units running.

They held the unavailability of lint, liquidity crunch and energy shortages as the reasons behind falling textile exports.

Concerned about falling local cotton production, Aptma is already approaching the countries, including the USA, China, Brazil and Turkiye, which have developed new cotton varieties with better yields to improve the local cotton seeds. It is also establishing a 'cotton secretariat' for focused work on the crop.

Source: dawn.com- Jan 04, 2023

[HOME](#)

Pakistan: Production cuts continue in industrial sector

KARACHI: Another textile maker joined on Tuesday the steadily growing list of industrial units that've either scaled back or suspended operations citing unfavourable economic conditions.

Crescent Fibres Ltd is curtailing production by up to 50 per cent owing to "widespread demand destruction," it told shareholders on Tuesday.

Earlier, Suraj Textile Mills Ltd announced it was bringing down its production by 40pc. Nishat Chunian Ltd also announced its partial shutdown because of poor business conditions. Similarly, Kohinoor Spinning Mills Ltd temporarily shut down production partly because of a high production cost and low demand.

The industry-wide production halts are reflective of a rising cost of doing business locally coupled with unfavourable conditions that are prevailing in the global market, analysts said. The trend is already apparent in foreign trade numbers as textiles constitute the main source of the country's export proceeds.

Speaking to Dawn, Pakistan Apparel Forum Chairman Jawed Bilwani said the clothing industry in Pakistan is currently operating at "50-55pc" below its optimum capacity.

"In addition to low international buying, the country's apparel makers are suffering because of a host of domestic issues. There's a shortage of dollars to import raw materials. Machinery imports are in limbo. Utility rates have gone up so much that we've become uncompetitive versus Bangladesh," he said.

Bangladesh is still growing its monthly exports by around a quarter on an annual basis even in the middle of a downswing in the global markets. "Bangladesh's exports are growing because its products are cost-effective but ours aren't," he said.

According to Pak-Kuwait Investment Company Ltd Head of Research Samiullah Tariq, the sector-wide downswing is mainly caused by a low demand in export markets coupled with a bad cotton crop, rising utility rates and unusually high interest rates that've increased the overall cost of doing business. Proceeds of textile sales in the international markets

dropped 18pc in November to \$1.42 billion on a year-on-year basis. The annualised decline in the first five months of 2022-23 remained 5pc.

High living on borrowed dollars

Speaking to Dawn, development economist Kaiser Bengali said the central bank made an “unintelligent decision” of restricting the imports of industrial inputs to save dollars. “Imports of consumer items, however, are still going on under one pretext or another,” he said while holding the policymakers responsible for the collapse-like situation in the textile industry.

He said the government should suspend the local assembly of vehicles while immediately introducing the rationing of petroleum products. “One car should get a quota of 150 litres of petrol per month,” he said.

Even though automakers have also observed production shutdowns in recent months, Dr Bengali shows little sympathy for the industry that operates on “borrowed dollars”.

“We pay dollars to import car engines. We pay dollars to import petrol. We pay those dollars out of the foreign loans we take out so liberally,” he said. Pakistan imported petroleum products worth \$1.6bn in November, down 25pc from a year ago but up 39pc on a month-on-month basis.

Curbing petrol imports and the local assembly of vehicles will result in layoffs in related sectors, he says, but the move will free up the resources to create jobs in export-oriented segments like textiles.

Source: dawn.com- Jan 04, 2023

[HOME](#)

Bangladesh: Apparel export earnings hit highest \$4.66 bn in December

Bangladesh readymade garment (RMG) export earnings hit the best-ever \$4.66 billion in December 2022 – the highest apparel export in a single month ever logged. According to recently published data by the Export Promotion Bureau (EPB), apparel export achieved 15.56% growth in December which was \$4.37 in November.



Bangladesh’s garment sector has always played a major role in the record of export trade. As per EPB data, in December, apparel export earnings contributed a staggering 97% of the country’s total export earnings.

Among the sub-sectors of apparel – knitwear products exports fetched \$2.54 billion – with 17% Month-on-month growth in December 2022. While woven products exports fetched \$2.11 billion – with 13.43% Month-on-month growth in December 2022.

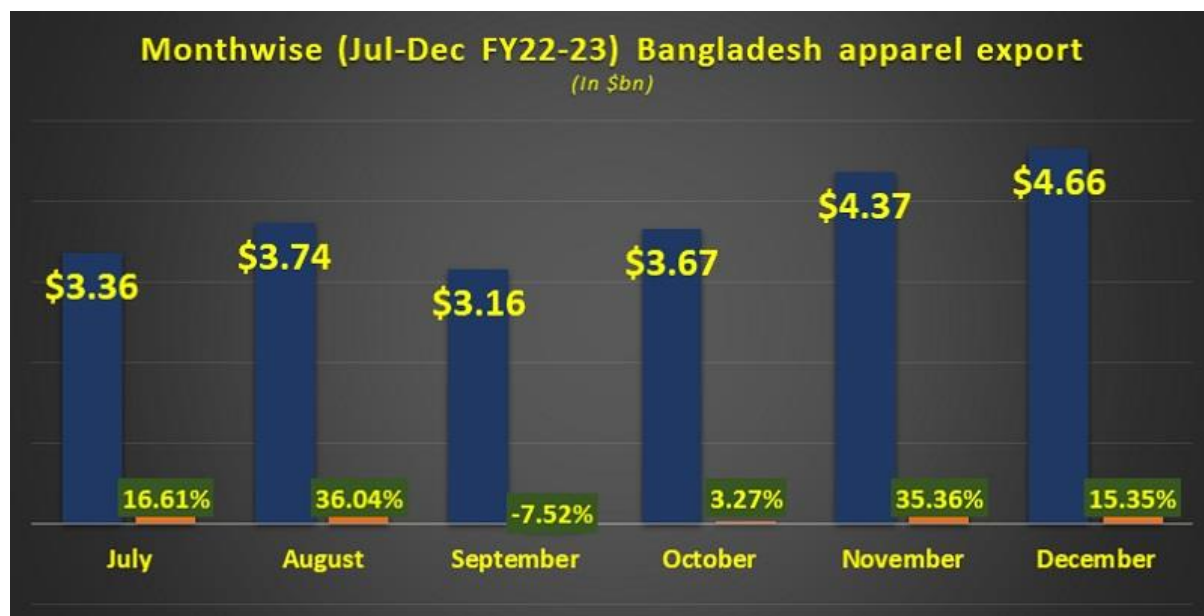
Faruque Hassan, President, BGMEA, the apex organization of RMG industry owners, told the media, “Because of the war, the economy of Bangladesh, like many countries in the world is under a lot of pressure. Reserves fell below \$34 billion. In this situation, increasing the export earnings was very necessary. Now the reserves will increase again. It will

be easier for the government to deal with the pressure and will gain confidence.”

In this regard, Commerce Minister Tipu Munshi told the media, “This is really surprising information. I did not think that our export sector will do so well in these difficult times. What was needed at this time was done. We will turn around by relying on this export income. The new year will be the year we turn around.”

July to December FY2022-23 performance

EPB data also showed that Bangladesh exported \$22.99 billion worth of garments to various countries in the first 6 months (July to December) of FY2022-23, which is 15.56 percent higher than \$19.99 billion in the same period of FY2021-22.



EPB statistics showed that knitwear exports during the current fiscal year from July to December reached \$12.66 billion, which is 13.42 percent higher than last fiscal year. Exports of oven cloth during this period amounted to \$10.33 billion, which is 18.29 percent higher than the same period last year.

Mohammad Hatem, the executive president of BKMEA, an association of garment exporters, said that despite the lack of purchase orders for export in the last two months, the highest amount of exports in the history of Bangladesh has been recorded, which shows the light of hope for

industrial owners. Although our condition is not good, it is a good sign for us.

Those related to the sector said that this success of the export sector is surprising. Because of the shortage of gas and electricity in the country from September, production was feared to decrease. But the opposite happened. Economists and exporters say that the economy of Bangladesh will turn around based on this jump in export income.

Calendar year performance

considering the data in the calendar year, Bangladesh marked a new milestone in RMG export in 2022. As per the analysis of BGMEA, Bangladesh's RMG export reached \$45.70 billion in 2022 with 27.64% growth compared to 2021. The export earnings from the knitwear sector was \$24.71 billion while the earnings from the woven was \$20.99 billion both registering 26.11% and 29.48% year-on-year growth respectively in 2022.

Other textile and allied sub-sector exports

In the first 6 months (July to December) of FY2022-23 period, the home textile sector earned \$715 million. Observing a 16.02% negative year-on-year growth.

Specialized textile products earned \$193.33 million with 37.54% negative growth. While terry towel products earned \$24.45 million. Observing a 23.93% year-on-year negative growth.

Special woven fabric products earned \$15.07 million and witnessed a 17.58% growth in the July-December FY2022-23 period.

Knitted fabrics exports earned \$146.44 million. Witnessing a 53.91% negative growth in July to December of FY2022-23 period.

Source: textiletoday.com.bd– Jan 03, 2023

[HOME](#)

Vietnam textile exports seen rising to more than US\$45bil

The Vietnam Textile and Apparel Association (Vitas) forecasts garment exports to reach more than US\$45bil (RM198bil) in 2023, higher than last year's US\$44bil (RM194bil), driven by opportunities provided by new free trade agreements (FTAs).

Vitas president Vu Duc Giang said that although difficulties would remain for textile and garment exports in the first half of 2023, there were factors it could pin hopes on in the second half.

The United States and European Union (EU) markets were expected to warm up in the second half of 2023, together with the opportunities provided by new FTAs, Giang said.

For example, under the EU-Vietnam FTA, many products exported from Vietnam would enjoy zero tariffs as of 2023.

The visit of Prime Minister Pham Minh Chinh to Europe would also open up significant opportunities for attracting investment in the garment and textile industries, especially in the production of raw materials.

The Vietnam National Textile and Garment Group (Vinatex) said its members were surprised by some developments in 2022, such as the Russia-Ukraine conflict and surges in oil prices, inflation and interest rates, which caused demand to nosedive.

Vinatex estimated its 2022 revenue at over 19.53 trillion Vietnamese dong (RM3.6bil), up 15% on the year prior, and 8% higher than the target, and a consolidated profit of more than one trillion Vietnamese dong (RM186.97mil), up 14.6% on the target.

These figures are viewed as encouraging amid numerous market difficulties.

Pointing out three scenarios, Vinatex chairman Le Tien Truong said in the best-case scenario, the global economy will become stable and geopolitical conflicts will be over by the end of the second quarter, meaning exports in 2023 may go up 4% to 5% on 2022.

In a middle-case scenario, instabilities will linger, inflation will remain, and interest rates will increase until the third quarter, where exports may stay unchanged compared to last year.

In the worst-case scenario, where the world economy will enter a recession, 2023 revenue may be about 5% lower than that of last year. Meanwhile, Vitas forecast its export revenue last year to stand at nearly US\$44.5bil (RM195.93bil), up 10% from 2021.

Source: thestar.com.- Jan 04, 2023

[HOME](#)

NATIONAL NEWS

‘India, Australia trade pact to open new biz avenues’

The India-Australia Economic Cooperation and Trade Agreement (IA ECTA) is set to open new avenues for business and co-operation. According to Jodi McKay, National Chair, Australia India Business Council, the ECTA will bring both the countries closer, but it will take efforts from both sides to raise awareness and build momentum.

“As National Chair of Australia’s leading business Chamber responsible for the country’s trade relationship with India, I am eager to see early results from the historic trade agreement between India and Australia which came into effect on December 29, 2022,” she said in an official note. Ever since the pact was struck in April last year, Australia hosted eight ministers of the Modi government in comparison, to only three ministers who formerly visited Australia in five years prior to that.

“As a business chamber, we have been overwhelmed by the enthusiasm on the Indian side for early business wins. As well as Ministers, we have hosted many sector delegations and state governments- all keen to secure business and investment outcomes,” she said. The challenge, according to her, would be to see that eagerness is replicated on the Australian side.

PMs visit

“With the visit to India in March by Australian Prime Minister Anthony Albanese and this year’s Australian visit by the Indian Prime Minister Narendra Modi, we are confident more Australian companies will realise the enormous benefits now available to them,” she said.

Acknowledging the widely growing Indian diaspora in Australia, she hoped that Australian businesses will realise the immense business and employment avenues the deal can unfold in the years to come. The Indian government has set a target of growing the two-way trade with Australia from the current \$27 billion to \$100 billion by 2030, in addition to creating a million jobs in India.

Source: thehindubusinessline.com - Jan 03 2023

[HOME](#)

Fiscal boost: State launches Textile Incentive Scheme 2022

KOLKATA: The state MSME department has launched West Bengal Textile Incentive Scheme (WBTIS), 2022, intending to extend fiscal incentives to textile sector industries across the entire value chain starting from fibre to stitched garments, to set up and expand such units in the state. An eligible textile Industry in the state will be entitled to state capital investment subsidy for its approved project which will vary from a maximum of Rs 20 crore to 50 crore and there will be a 100 per cent waiver of electricity duty for 5 years from the date of commencement of production subject to a maximum of Rs 100 lakh per year.

An eligible textile Industry under WBTIS 2022 for its approved project will be entitled to a power subsidy on electricity consumption for 5 years from the date of commencement of production from any licensee power supplier on a reimbursement basis. For garment manufacturing units the subsidy will be to the tune of Rs 50 lakh per annum for 5 years while in types of various manufacturing activities like spinning (short staple and long staple), weaving and knitting, circular knitting, dyeing and processing of fibers, yarn, fabric and garment, technical textile (Agrotech, Buildtech, Indutech, Geotech, and Medi-tech) and non-woven fabric manufacturing, polymerisation, texturising and twisting the upper limit of subsidy will be Rs 1 crore per annum for five years. It will be entitled to reimbursement of 100 per cent of the stamp duty and registration fee paid by it as well as a 100 per cent waiver of fees for conversion and mutation of the land as approved in the project.

"The focus is on accelerated and focused development of the textiles sector across the state and to maximize the utilisation of resources, generate new employment and widen the area of operation to make the state emerge as the preferred destination for investment in the textile sector," a senior official of MSME department said.

The WBTIS 2022 for textiles shall generally apply to industries in the manufacturing and processing of textiles, apparel and technical textiles products which have started production on or after April 1, 2022. However, textile units in the MSME sector will have the option to apply either under this scheme or under the existing "Banglashree" Scheme, 2020, unless notified otherwise.

An eligible textile industry will be entitled to a reimbursement of 50 per cent of the cost of an energy audit undertaken by a certified agency for its approved project.

The reimbursement will be made after the implementation of the recommendations with an upper limit of Rs 2 lakh.

Source: millenniumpost.in- Jan 4, 2023

[HOME](#)

UP signs MoUs of Rs 18,590 crore with six companies from UAE

India's Uttar Pradesh (UP) state government recently signed memoranda of understanding (MoUs) with six UAE-based companies worth ₹18,590 crore ahead of the Global Investors Summit to be held in Lucknow in February. Two UAE-based firms, the Sharaf Group and Hindustan Ports, will invest ₹1,300 and ₹210 crore respectively in logistics parks in the state.

The first series of MoUs will help create over 20,000 jobs, according to the statement released by the state government. The Sharaf Group and Hindustan Ports will generate 1,500 and 1,000 jobs respectively.

Astha Green Energy Venture and Shree Siddharth Infratech and Services will invest ₹4,480 and ₹8,000 crore respectively in renewable energy to create 2,560 and 4,800 jobs.

The Lulu Group will invest ₹4,500 crore in retail and food processing sectors, creating 10,000 jobs, a news agency reported.

Ahead of the summit, eight state government teams visited 16 countries, receiving investment proposals worth more than ₹7.12 lakh crore. The largest share of such proposals worth ₹4 lakh crore was received from the United Kingdom and the United States.

Source: timesofindia.indiatimes.com - Jan 3, 2023

[HOME](#)

India's \$200-billion textile sector is facing the blues as major markets US and Europe cut back on spending

Aashish Vij, Group Director of Pan Overseas, a Panipat-based seller of floor coverings and chenille bedspreads, has seen a 35-40% drop in his textile export business this year. Vij, who gets 80% of his business from the US market, attributes this to a number of reasons, including higher grocery bills in US, soaring raw material prices, high inventory levels and a cut back in discretionary spends.

“Immediately after the pandemic crisis abated in 2021, the market really boomed. But it has slowed in this financial year. The next six months will be very important. We have to wait and watch. If things keep going on at this pace, many of us will have to exit our business,” he says.

The exporter's views are reflective of the problems hurting India's \$200-billion textile industry. The segment is grappling with a situation where big markets such as the US and Europe are tightening their purse strings amid high inflationary pressures. This seems to have had a large impact on textiles.

Though the Indian economy remains relatively strong and is an outperformer among the major economies, the textile sector is a notable exception, says a Reuters news report. Order flow suggests the downturn will continue well into 2023, raising the risk of layoffs in an industry that employs more than 45 million people. “Exports, which constitute about 22% of the industry, have fallen for five months in a row — declining over 15% year-on-year in November to \$3.1 billion,” the report adds.

With discretionary spending down and buyers spending only on essentials, textiles are not getting as much of a preference as earlier. Also, more focus on cotton textiles over the years has created a dent in demand as newer segments have come up.

The textile and apparel sector is integral to India's export growth as it has about 10.33% share in the export basket, according to official statistics. Therefore, the dismal numbers paint a bleak picture. What is making textile exports from India lose their competitiveness?

Change of mindset

Atul Gupta, Partner, Deloitte India, says textiles have not really helped in pushing our exports up; in fact, its share in the export basket has just reduced over the years. One of the main reasons is the thought process that cotton textiles alone will get us through. “The world has moved on to man-made fibre (MMF). That is one area where we don’t have a distinct advantage. We don’t have a big share in technical textiles, home textiles, fabrics, etc, compared to yarn and readymade garments where we have a bigger hold,” he says.

The MMF segment accounts for 70% share in global fibre consumption, with demand for it steadily increasing in the world market.

Gupta emphasises that India’s product mix needs to be realigned with global market demand. Only then will the textile sector see some changes for the better. “That is where innovativeness, superior design and value addition is more substantial. There is no point in fulfilling the cotton fibre demand of the world without any superior quality. Cotton yarn is an ‘also-ran’ product. We are competing with everyone in that segment,” he says.

Incidentally, the Production Linked Incentive (PLI) Scheme for textiles in 2021, with a budgetary outlay of Rs 10,683 crore, is seeking to fill this gap by promoting domestic production of high-value MMF fabric, garments and technical textiles. “The incentive structure has been so formulated that industry will be encouraged to invest in fresh capacities in these segments. This will give a major push to growing the high-value MMF segment, which will complement the efforts of cotton and other natural fibre-based textiles industry in generating new opportunities for employment and trade,” a Press Information Bureau release had stated.

Gupta says that while these are steps in the right direction, these alone won’t help make India a leading textile exporter. “Even for textile machinery, we are dependent on overseas manufacturers and suppliers. Our top exporters don’t even use any Indian machinery. They use imported ones. We are still a rudimentary market. We need to get out of the mindset that textiles, as an industry, has to be labour intensive. Instead, a focus on modernisation and digitisation should be the key so that our products are superior in quality and get better visibility,” he adds.

More value addition

Industry experts are of the view that India also has an opportunity to scale up in categories that have traditionally not been our forte. KK Lalpuria, Executive Director and CEO, Indo Count Industries, a Kolhapur-based maker of cotton yarn and knitted products, draws attention to higher value-added products that can hold India in good stead. “India is not doing well in certain categories of exports such as swimwear, lounge wear, athletic wear, leisure wear. We are not participating in those categories but more in basics like t-shirts and other simpler products in apparel. Our presence has been more in low-hanging fruits. Now there is an opportunity to achieve the numbers China had done in the past by participating in the relevant categories. We have a chance to gain much more market share,” he says.

Maspar Chenille Yarn - Factory, Screen printing and Weaving Machine. Reflecting on the recent trend in the textile sector, Lalpuria says that it is evident that the trajectory has been on a downward curve. This despite the fact that it is the holiday season — traditionally the time for robust sales in stores. “November showed more of a downward trend than September or October. In the quest to liquidate inventory, retailers came up with discounts from October onwards and everyone finished shopping before the season itself. However, on the bright side, we are hearing that the inventory pipeline of brands and retailers is drying up. If that is the case, things should start normalising post holiday season,” he adds.

Anomalies in export

But besides such factors, there are other aspects as well that don't make it a level playing field for India's textile exports. Lalpuria refers to the anomalies in export, which make it difficult for industry players to compete with international counterparts on an equal footing. “For instance, Bangladesh, Vietnam and Pakistan have duty-free access to Europe and the UK, whereas India is paying a 9.6% duty. Once FTAs (free trade agreements) with the EU, the UK and Canada are implemented, Indian textiles will have the opportunity to gain further market share. These should be signed quickly as time is of essence. India should not lose out on that,” he says.

Factory of Indo Count Industries, a Kolhapur-based maker of cotton yarn and knitted products.

The FTA with the UK is expected to give a fillip to Indian exports in a range of labour-intensive sectors such as leather, textile, jewellery and processed agri-products. It also aims to double bilateral trade between India and the UK by 2030.

Affirming such views, Gupta of Deloitte India says that FTAs can help the sector to a great extent as the country suffers on custom duty rates. “FTAs or bilateral trade treaties will help in doing away with the uncompetitiveness that we face vis-a-vis the competing economies. That is why FTAs are important,” he says.

Getting through the crisis

In the meantime, exporters have lined up strategies to tide through this lean period. Pan Overseas’ Vij has tried some innovations to diversify its core offerings. “We provide anti-skid treatment to our bath rugs. We imported more specialised machines to improve our quality and got a good response on it. We introduced the product in more colours. This helped us get more market. Besides this, we took our floor covering capability and transformed it into making storage products — essentially baskets and containers. That has given us a tremendous response,” he says.

The exporter says they had not thought of such add-ons earlier as floor coverings were running at full capacity. “This was the time to use spare capacity towards more innovative lines. I turned my rug capacity into making baskets.”

Home furnishings brand Maspar Living is looking at geographies beyond the US and the UK to capture a wider customer base right now. “We are getting to other markets such as the UAE and Africa. We have a wider customer base across countries and we are consciously looking at that as well,” says Abhinav Mahajan, MD, Maspar Living.

With India nursing an ambition to achieve \$100 billion in textile exports by 2030, a rehaul of strategies and policies will play a pivotal role in meeting such objectives. A recovery in the sector may not be immediately visible, experts say, but there are reasons to be bullish about the next financial year. “As inflationary conditions cool off and retailers exhaust

their stocks, added by the growing preference of importers to move away at least part of their sourcing from China, Indian textile exporters should see good demand from the second half of 2023,” says Arun Roongta, MD of HGH India, a trade show platform for home textiles, home décor, houseware and gifts.

Source: economictimes.indiatimes.com- Jan 04, 2023

[HOME](#)

Demand for South India's cotton yarn improves; export orders up

South India's cotton yarn market witnessed a positive trend today due to better demand and export orders. Gujarat mills received cotton yarn export orders which strengthened the market sentiments. Fine count yarn remained bearish, while cotton yarn of coarse counts saw a price rise in Mumbai. Prices in the Tiruppur market remained steady.

Mumbai market witnessed a mixed trend in cotton yarn prices. Coarse count cotton yarn prices improved by ₹5-10 per kg, but fine count yarn eased by ₹5-8 per kg as domestic demand was weak. A trader from Mumbai told Fibre2Fashion, "There were more buyers for coarse count cotton yarn because of Chinese export orders. Coarse count of combed yarn is mostly exported. More buyers were enquiring after an increase in cotton yarn prices by spinning mills."

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,520-1,550 and ₹1,440-1,500 per 5 kg (GST extra) respectively. 60 count combed warp was priced at ₹340-345 per kg; 80 count carded (weft) cotton yarn was sold at ₹1,450-1,470 per 4.5 kg; 44/46 count carded cotton yarn (warp) was priced at ₹290-295 per kg; 40/41 count carded cotton yarn (warp) was sold at ₹282-285 per kg and 40/41 count combed yarn (warp) was priced at ₹298-305 per kg, according to Fibre2Fashion's market insight tool TexPro.

Buying of cotton yarn increased in the Tiruppur market, but prices remained stable. Traders said that buying was better at current prices and new export orders have improved buyers' confidence. Southern mills had decreased yarn prices on the first day of this year.

Today, 30 count combed cotton yarn was traded at ₹285-290 per kg (GST extra), 34 count combed at ₹300-305 per kg and 40 count combed at ₹310-315 per kg in the Tiruppur market. Cotton yarn of 30 count carded was sold at ₹255-260 per kg, 34 count carded at ₹265-270 per kg and 40 count carded at ₹270-275 per kg, as per TexPro.

In Gujarat, cotton was traded at ₹61,500-62,000 per candy of 356 kg. The prices further increased by ₹500 per candy in the last two days. According to the traders, farmers were not willing to sell seed cotton (narma) at low prices. Limited arrival and high demand from mills supported cotton prices. The higher prices of narma, which was traded at ₹1,750-1,800 per 20 kg, left ginners in disparity.

Source: fibre2fashion.com– Jan 03, 2023

[HOME](#)

Thousands without jobs as recession hits Surat's synthetic textile industry

Surat is the synthetic textile capital of India, 90 percent of the country's synthetic cloth requirement is met by the Surat industry which is now facing an unprecedented recession. A number of dyeing and processing units have shut down leaving thousands of workers jobless. The industry production level can reach a peak only if there is an increase in demand in the domestic market.

According to the Surat Textile Industries data, there were around 485 processing (dyeing and printing) units in Surat city and surrounding areas. It was giving direct employment to 4 to 5 lakh people.

In the last three to four months at least 15 to 20 dyeing and processing units have closed down in Surat, said Jitendra Vakharia, president of the South Gujarat Textile Processors Association. He added that the industry was producing some 4.5 crore meters of cloth but is now producing just 2.5 crore meters of cloth a day.

The reason behind this is that earlier the priority of consumers was 'Roti, Kapda aur Makan', now the priority has changed. 'Roti' is followed by other needs like mobile phones, television sets etc. Earlier women were buying 7 to 8 meter-long sarees, now the demand for sarees has come down. They were buying a dupatta with every dress, now that too is out of fashion, even chudidhar pyjamas have been replaced by leggings, because of which there is a sharp drop in the demand for synthetic cloth.

That is not the only reason for the recession, claims Kamran Usmani, general secretary, Indian National Trade Union Congress- Gujarat. According to him illegal dyeing and processing houses are operating in large numbers and because they don't have to pay taxes and other charges, their production cost is quite low compared to units operating with registration with various departments. Due to this unfair competition, many units have closed down in the last few months.

Usmani estimates that at least 70,000 to 1 lakh workers have been rendered jobless, many of whom have returned to their native state. A few years ago these workers used to survive even if they got 18 to 20 days of

work, but even 24 days of work is insufficient to survive now because of inflation and increasing cost of living in Surat.

Vakharia says the industry needs the Technology Upgradation Fund (TUF) benefit but the scheme ended last year. It needs to be resumed at the earliest. So far as the consumer demand is concerned, the textile industry needs value added products and products that walk the fashion world, then there is a possibility of an increase in demand and improvement in the situation.

Source: economictimes.indiatimes.com- Jan 03, 2023

[HOME](#)

India's cotton being competitively priced to match global levels

India's domestic textile manufacturers want the Indian government to lower import duty of 11 per cent on cotton to facilitate outsourcing cotton from abroad as locally produced cotton still remains 10 to 20 per cent higher than those produced in other parts of the world. "The rate of Indian raw cotton is 10-20 per cent higher than the international cotton, including the Chinese cotton. This makes Indian spinning mills not to source cotton from India due to the higher rate. At the same time, the Government of India has imposed 11 per cent import duty. This spoils the level-playing field," K Venkatachalam, Chief Advisor, Tamil Nadu Spinning Mills Association (TASMA) said in a recent media interview.

And as per Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation (ITF), "Cotton prices have dropped globally since there has been a contraction of about 30 per cent in retail sales of global fashion companies. November-end results show major contraction to the tune of 30 per cent for some global brands in China due to Covid issues." The situation is indeed grim and the Indian government needs to act fast with stimulus packages for the entire textile industry, be it spinning, weaving, fabricating, readymade garments or home textiles.

The current price-led situation has had many manufacturing units working two to three days a week. Their efficiency now stands at 30 per cent. This price difference has also led to many textile manufacturers abandon cotton textiles for manmade fibres.

Aligning price for competitiveness

India's cotton output is estimated at around 3.44 crore bales this year and prices will fall as new crops are released in the market. With fall in prices, spinning mills in Gujarat are now working at 70 per cent capacity and the industry is expecting a revival as India's cotton prices are aligning with global rates and cotton yarn export orders are slowly increasing. Recently, China placed substantial order after nearly a whole year of silence as it grappled with its own issues. China's textile exports were valued at \$270 billion and domestic consumption at \$300 billion and for such a large player encountering challenges and stopping imports first affected the US and later, India. Vietnam and Bangladesh are expected to source Indian cotton as news of its price drop has spiked interest in these countries.

The good news for the textile industry is at that the in the real world of trading cotton, the priced quoted are at least 20 per cent higher than what is officially quoted by the Inter Continental Exchange (ICE) based in New York. At lowered prices, Indian cotton is only 10 per cent more than quoted by ICE and therefore, less expensive than it used to be in November 2022.

The cotton textile industry in India is optimistic but cautious as sustaining export orders through 2023 may be questioned as China continues to struggle with Covid, the Ukraine invasion continues with no end in sight and Europe edging into recession and the US expected to follow.

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