LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

18th

JANUARY
2023

News Highlights

NATIONAL

RED SEA CRISIS: COMM DEPT ASKS FINMIN TO MAINTAIN CREDIT FLOW TO EXPORTERS

The commerce department and the finance ministry on Wednesday discussed maintaining credit flow to Indian exporters grappling with higher trade costs due to the crisis in the Red Sea, said a senior government official.

The discussion took place during an inter-ministerial meeting chaired by the Commerce Secretary Sunil Barthwal and aimed at finding measures to tackle the impact on trade due to the crisis.

"There were discussions on how things can be improved in this area. We have told DFS (finance ministry's department of financial services) to monitor to ease bank credit and credit flow is maintained to the exporters," said the official.

That apart, the shipping ministry was asked to monitor the volume of trade at major ports.

"We are closely monitoring the situation. We are closely monitoring the inputs from relevant ministries," the official said.

While the defence ministry will focus on improving surveillance in the Red Sea region, the external affairs ministry is holding diplomatic negotiations with Iran on the crisis.

Indian officials believe that the situation isn't "alarming" as of now, although ships taking a longer route than the Red Sea has escalated freight costs.

The commerce department on Monday said that attacks by Houthi rebels, who have previously been linked to Iran, on commercial shipping vessels in the lower Red Sea has resulted in a combined impact of higher freight costs, insurance premiums, and longer transit times. The impact can make imported goods "significantly more expensive".

The Red Sea is vital for 30 per cent of global container traffic and 12 per cent of global trade. As much as 80 per cent of India's merchandise trade with Europe passes through the strait.

Almost 95 per cent of vessels have rerouted around the Cape of Good Hope in recent weeks, adding 4000 to 6000 nautical miles and 14 to 20 days to journeys.

Home

Cooperatives will have a big share in Indian economy: Amit Shah

Union Minister Amit Shah on Wednesday said the aim is to ensure the cooperative sector has a big share in the Indian economy, which is projected to be $ 5 trillion by FY28, as the cooperative movement did not grow at the desired pace in the last 75 years.

Shah, the Union Cooperation Minister, was addressing after inaugurating the new office of Central Registrar of Cooperative Societies (CRCS) spread over 41,000 square feet at the World Trade Centre, Nauroji Nagar in South Delhi. The building has been developed by state-owned NBCC.

Shah said the new office has been acquired for Rs 175 crore.

The minister highlighted that the government has taken 60 major initiatives in the last 30 months for the growth of the cooperative movement. The Cooperation Ministry was set up in July 2021.

Shah said there are success stories of cooperatives since independence but the sector did not grow at a fast pace.

"Now we have decided that in Modiji's USD 5 trillion economy, cooperatives will have a big share and the cooperative sector will advance into the 21st century directly from the 19th century," Shah said.

To strengthen the cooperative movement, the minister highlighted that the government has amended The Multi-State Co-operative Societies Act and brought model bye-laws to strengthen PACS (Primary Agricultural Credit Societies) and scheme to undertake computerisation of PACS.

He said the government has set a target to establish 2 lakh multipurpose PACS/ Dairy/ Fishery Cooperatives in the next five years and informed that 12,000 new PACS have been formed.

Shah stressed the need to open more banks in the co-operative sector and asked multi-state credit societies to convert themselves into banks.

He highlighted that the registration of multi-state co-operative societies stood at 102 in 2023, a 10-fold jump from 10 in 2020.

Shah also highlighted IFFCO's new innovative products nano liquid urea and nano liquid DAP (di-ammonium phosphate) and expected the demand for these products will pick up in the coming years. He said PACS are providing drones to farmers to spray nano urea and nano DAP.

Home

Production Linked Incentive Schemes for 14 key sectors aim to enhance India's manufacturing capabilities and exports

Keeping in view India's vision of becoming 'Atmanirbhar', Production Linked Incentive (PLI) Schemes for 14 key sectors have been announced with an outlay of Rs. 1.97 lakh crore (over US$26 billion) to enhance India's Manufacturing capabilities and Exports.

The 14 sectors are: (i) Mobile Manufacturing and Specified Electronic Components, (ii) Critical Key Starting Materials/Drug Intermediaries & Active Pharmaceutical Ingredients, (iii) Manufacturing of Medical Devices (iv) Automobiles and Auto Components, (v) Pharmaceuticals Drugs, (vi) Specialty Steel, (vii) Telecom & Networking Products, (viii) Electronic/Technology Products, (ix) White Goods (ACs and LEDs), (x) Food Products, (xi) Textile Products: MMF segment and technical textiles, (xii) High efficiency solar PV modules, (xiii) Advanced Chemistry Cell (ACC) Battery, and (xiv) Drones and Drone Components.

The purpose of the PLI Schemes is to attract investments in key sectors and cutting-edge technology; ensure efficiency and bring economies of size and scale in the manufacturing sector and make Indian companies and manufacturers globally competitive.

These schemes have the potential of significantly boosting production, employment and economic growth over the next five years or so.

PLI Schemes for all 14 Sectors have been notified by the concerned Ministries/ Departments after due approval. These Schemes are in various stages of implementation by the implementing Ministries/ Departments.

The PLI scheme is expected to have a cascading effect on the country's MSME ecosystem. The anchor units that will be built in every sector are likely to set a new supplier/vendor base in the entire value chain. Most of these ancillary units are expected to be built in the MSME sector. Out of the 733 applications selected under various PLI

Schemes, 176 MSMEs are among the PLI beneficiaries in sectors such as Bulk Drugs, Medical Devices, Pharma, Telecom, White Goods, Food Processing, Textiles & Drones.

All the approved sectors identified under PLI Schemes follow the broad criteria of focusing on key technologies where India can leapfrog and multiply employment, exports and overall economic benefits for the economy. These sectors were approved after vetting by NITI Aayog and after detailed deliberations with concerned Ministries/ Departments. As on date, Union Cabinet has not approved any proposal to add any new sectors under PLI Schemes.

This information has been provided by the Union Minister of State for Commerce and Industry, Shri Som Parkash in a written reply in the Lok Sabha today.

Home

PLI: Rs 4,415 cr disbursed, system in place to facilitate beneficiaries' visa applications

Read more at:
https://economictimes.indiatimes.com/news/economy/indicators/pli-rs-4415-cr-disbursed-system-in-place-to-facilitate-beneficiaries-visa-applications/articleshow/106933884.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Home

Bandi Sanjay seeks CM's intervention to deal with Sircilla textile crisis

BJP national general secretary and Karimnagar MP Bandi Sanjay Kumar has appealed to Chief Minister A. Revanth Reddy to immediately release funds to clear pending bills related to Bathukamma sarees and place fresh bulk orders for weavers to help the textile industry in Sircilla surmount the present crisis.

In a letter addressed to the Chief Minister, Mr. Sanjay said that around 20,000 power loom workers are facing severe financial constraints due to the closure of power looms in Sircilla mainly due to lack of orders, high cost of production and piled up stocks of unsold polyester cloth.

He said, “The policies of the previous BRS government and the present Congress governments are responsible for the present crisis in the textile industry in Sircilla.”

The erstwhile BRS regime had failed to clear dues to the tune of ₹220 crore to power loom weavers under the Bathukamma sarees scheme, he alleged, urging the Chief Minister to immediately intervene to mitigate the crisis.

It is imperative to modernise the power looms in Sircilla and set up a mega power loom cluster in the textile town, he said, citing the long pending demands of local weavers. If the State government comes up with the proposal for the mega power loom cluster, I will strive to get speedy approval from the Central government, he added.

Home

Textile Units To Get Treated Wastewater

Read more at:
http://timesofindia.indiatimes.com/articleshow/106942731.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Home

Indian Industry Proposes Domestic Shipping Line For Stable Freight

Indian industry has proposed the establishment of an Indian shipping line with global repute, so that current shipping lines cannot exert undue pressure during times of crisis. The recent surge in freight charges following the Red Sea crisis has alarmed Indian industries and exporters. They presented this proposal to Piyush Goyal, the minister of textiles and commerce and industry, during a Board of Trade meeting held on Tuesday.

The suggestion for an Indian shipping line was made in response to the skyrocketing shipping charges resulting from the ongoing Red Sea crisis. This situation has adversely affected India's trade with Europe, the US East Coast, and parts of West Asia and Africa. Indian exporters have previously made this suggestion several times, but it has become more critical due to the unprecedented crisis in the global logistics sector.

Currently, Indian exporters are dependent on foreign shipping lines, which indiscriminately increase freight charges at any opportunity. Amidst the current crisis, freight rates have risen not only for the Red Sea route or the detour via the Cape of Good Hope but for all routes. The industry has informed the government about this crisis.

In the meeting, the Federation of Indian Exporters Organisation (FIEO) also emphasised the need to develop an Indian shipping line. It highlighted that the government has initiated steps to facilitate container manufacturing in the country, aiming for self-reliance.

The Indian government has set a goal to increase exports to $1 trillion by 2030, which will boost the demand for shipping services for the transport of increased consignments. It is imperative to develop a large-sized shipping line in India, foreseeing a thriving logistics market in the coming decades. Exporters expect that with an Indian shipping line, global shipping liners will not be able to arbitrarily increase freight charges. An Indian shipping line could help contain soaring freight charges during times of crisis in vessel movement.

The presentation to Goyal suggested that Indian private players could be engaged to develop such shipping lines, which would also reduce the influence exerted by foreign shipping lines, particularly on Indian MSMEs.

There are estimates that if Houthi attacks continue and shipping movement remains disrupted, Indian exports could decline by $30 billion. Shipping charges have almost doubled on many routes, and various steep surcharges are being applied, such as peak season surcharges, Red Sea surcharges, and contingency surcharges, as reported by exporters in the meeting.

Piyush Goyal Announces Trade Connect EPlatform For Indian Exporters

The initiation of the Trade Connect ePlatform has been announced by Piyush Goyal, Indian minister of commerce and industry, at the second meeting of the reconstituted Board of Trade at Bharat Mandapam in New Delhi. This innovative platform aims to enhance the connectivity of Indian exporters and entrepreneurs with international trade stakeholders.
The ePlatform, expected to be operational in 3-4 months, will provide new and aspiring exporters with crucial information on market regulations, sector trends, and benefits under free trade agreements (FTAs). Additionally, it offers access to sector-specific events and facilitates trade-related queries with expert advice from government officials and related entities, the ministry of commerce and industry said in a media release.

Minister Goyal emphasised the significance of leveraging FTAs for India's benefit, particularly for startups and MSMEs, to expand their export activities. He highlighted the importance of internationalising goods and services to improve quality and achieve economies of scale, making exports a collaborative effort involving the states, centre, and industry.

The meeting focused on reviewing export performance towards achieving the ambitious $2 trillion export target by 2030. Discussions included the priorities identified in the new Foreign Trade Policy (FTP) 2023 and strategies to enhance export growth. The reconstituted Board of Trade serves as a platform for regular discussions and policy advisement, involving state governments, UTs, industry bodies, and Export Promotion Councils.

Key topics discussed during the meeting included India's import/export performance, leveraging FTAs, trade facilitation measures, and reforms in the patent system. State ministers also provided their suggestions and expressed commitment to fostering an environment conducive to external trade growth.

The meeting was attended by minister of state for commerce and industry, Anupriya Patel, commerce secretary Sunil Barthwal, special secretary Sumita Dawra, director general of foreign trade Santosh Sarangi, and various state ministers, senior officials, and members of Indian Industry.

GLOBAL

Expectations On Italy's Jan-Mar Economic Situation Unfavourable: Study

The assessments of the general economic situation of Italy and the expectations on operating conditions of companies from January to March this year remain unfavourable overall, according to a survey conducted by the country’s central bank between November 22 and December 14 last year.
Some improvement was, however, observed compared to the previous survey.

The slight recovery in opinions was contributed to by a moderate recovery in domestic demand and less negative conditions for investing, especially in services, which are accompanied by the stability of expected investment spending.

At the end of the year, the worsening of opinions on access to credit for all sectors eased and nine out of ten companies declared their liquidity conditions to be at least sufficient. For the first quarter of 2024, businesses expect employment growth to continue, the central bank said in a release.

The price dynamics charged by companies has continued to weaken and is expected to weaken further over the next 12 months.

Around two thirds of companies expect an increase in the hourly wages of their employees in the next 12 months and almost a third declare that they have already taken into account any future salary increases in their price lists during 2023.

Consumer inflation expectations have fallen sharply across all time horizons, settling just below 2.5 per cent on short-term horizons and just above 2 per cent on long-term horizons.

An overwhelming portion of respondents in the survey still saw a small or no likelihood of a cyclical upturn over January to March this year, broadly in line with the previous quarter.

The improvement in sales was driven by domestic demand, while foreign demand remained weak.

The gap between firms planning to hire and those expecting to reduce their staff widened slightly from the previous survey—from 8 to 11 percentage points.

In the fourth quarter, the share of firms reporting difficulties associated with energy prices held stable in industry excluding construction and in services. However, the portion of firms planning to raise selling prices in the following quarter in response to high energy costs fell from the last survey, with a significant decline year on year.

Consumer price inflation expectations fell sharply across all time horizons, returning to the same levels as in the second half of 2021 and just above 2 per cent.

The average consumer price inflation rate is expected to be 2.4 per cent six months from now, down from 5.1 per cent in the previous survey, 2.3 per cent in 12 months (from 4.7 per cent earlier), 2.1 per cent in two years (from 4.2 per cent earlier) and 2.1 per cent over the three- to five-year horizon (from 3.8 per cent earlier).

Home

Cotton Dropped As World Consumption In 2023/24 Is Forecast 1.3 Million Bales

Cotton Candy prices experienced a decline of -0.54%, settling at 55,300, driven by factors influencing global supply and consumption dynamics. The world consumption forecast for 2023/24 decreased by 1.3 million bales compared to the previous month, primarily due to reductions in India, Indonesia, Pakistan, Uzbekistan, and Turkey. The 2.0 million bales increase in ending stocks for 2023/24 is attributed to higher beginning stocks and production coupled with lower consumption.

Uzbekistan's reduced consumption in 2022/23 contributes to the higher beginning stocks for 2023/24. Global production witnessed a rise of 260,000 bales, with increased cotton crops in China and Argentina, but a decrease in U.S. production. Despite this, world trade remained relatively stable, as an increase in China's projected imports was offset by reductions in Indonesia, Pakistan, and several smaller countries. The Cotton

Association of India (CAI) maintained its estimates for domestic consumption of the fibre crop at 311 lakh bales for the 2023-24 season. The pressing estimates for the same period were retained at 294.10 lakh bales. CAI's observations are based on inputs from members of 11 cotton-growing state associations and other trade sources. The total cotton supply until the end of the cotton season 2023-24 is projected at 345 lakh bales. Brazil witnessed a historic high in cotton production during the 2022-23 season due to expanded cultivation and productivity. In the major spot market of Rajkot, prices ended at 26,454.3 Rupees, reflecting a decrease of -0.2%.

From a technical standpoint, the market is currently undergoing long liquidation, marked by a 1.92% drop in open interest to settle at 204, with prices down by -300 rupees. Cotton Candy is finding support at 55,160, and a break below this level could test 55,020. Resistance is likely at 55,420, with a move above potentially leading to prices testing 55,540.

Home

ICA's International Trade Event Set For Liverpool In October 2024

Leading cotton trade organisation International Cotton Association (ICA) has announced the return of its international trade event and gala dinner to Liverpool. Scheduled for October 16-17, 2024, the event will be hosted at the Crowne Plaza Liverpool and the illustrious St George’s Hall. This prominent gathering is anticipated to draw over 500 delegates from across the global cotton community.

The two-day event will feature keynotes from leading industry speakers and informative sessions under the theme ‘Cotton Connected’. Attendees will have numerous opportunities to network with professionals from various sectors of the industry, fostering connections and collaborations, ICA said on its website.

The event will kick off with a 'Welcome' cocktail party on Tuesday, October 15, setting the stage for the main event. The highlight will be the Gala Dinner on Thursday, October 17, held in the St George’s Hall.

Home

“Collective efforts required for development of society’s backward sections”

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan said collective efforts are essential for the development of the backward sections of the society, especially the marginalized sections.

Faruque Hassan said these at the foundation stone-laying ceremony of the expansion building of Community Based Resource Center (CBRC) in Syedpur on January 15.

He said that marginalized people are constantly facing various socio-economic challenges and appropriate initiatives should be taken for them, which are not possible through individual efforts or initiatives.

He further said that it is the collective responsibility of the government, businessmen and all the people of the society to come forward to face the challenges of the most vulnerable people in the society.

The BGMEA president visited the Community Based Resource Center and observed the ongoing activities of the Centre, especially the education and skill training programs for marginalized groups, especially women.

Faruque Hassan said that one of the main means of social development is education and skill development. Investing in education and skills development opens doors of opportunities and possibilities for marginalized people, empowering them with the skills and knowledge needed to break the cycle of poverty.

Notably, the Community Based Resource Center (CBRC) established by Manabik Shahajya Sangstha (MSS) provides education and skill training to marginalized groups, especially women.

Md. Fashiullah, Executive Vice Chairman of Microcredit Regulatory Authority and Sharmin Hasan Tithi, Director of Giant Group were present on the occasion along with others.

Home