Apparel INDIA

YR 22 ISSUE 10

APPAREL EXPORT PROMOTION COUNCIL MAGAZINE | OCTOBER 2022 | RNI NO. HARENG/2012/45083 ₹ 100

Australia - Focus Market

Australia- India ECTA to thrust Apparel Trade

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Seller Meet (BSM) at Copenhagen, Denmark

7th - 8th November, 2022

(under MAI Scheme)

The last date for submission of application with payment is 10th October, 2022

For seeking more details, please contact:-

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Dear Friends,

In spite of various constraints faced by the apparel sector last year, the sector was able to do exports of US$ 16.01 billion in 2021-22 registering a growth of 30.4%. We are happy to share that Indian RMG exports have been able to register a growth of 10.8% during April-September 2022 against 2021 wherein 50% of the total set export target for 2022-23 has already been achieved by the end of Sep 2022. However, the Indian garment industry has to be ready for the recessionary fall in overall consumer demand in most of the prominent markets.

September saw a decline in our exports slowdown which is a reflection of the toughening conditions of the global trade facing demand slowdown on account of high inventories, rising inflation, economies entering recession, high volatility in currencies and geopolitical tensions.

Good news is the recent amendment made in RoSCTL which will provide much needed relief to the garment sector and ensure maximum refund of RoSCTL benefits. This would help exporters meet their working capital requirements thereby boosting exports. AEPC and DG Systems jointly organized a Pan India Webinar on Rebate of State & Central Taxes and Levies (RoSCTL) Scheme and related Issues. A large number of garment exporters from across the country joined the webinar and resolved their queries during Q&A session. An extension of FTP by further six months will also provide policy continuity which was needed in this pressing time. AEPC thanks the government for continued support.

Another comforting factor is cotton prices have stabilized for the moment; however, global production is badly hit by climate change and other natural disasters, we are keeping the government posted on the possible price rise in future, so that the raw material security is ensured with timely interventions.
As part of our continued effort to provide support to the industry, AEPC has written to the Textiles Ministry for extension of the ATUFS scheme and also made our submission on PLI -2 scheme for textiles sector to make it inclusive in terms of scope.
AEPC has also signed a MoU with the Ministry of Micro, Small & Medium Enterprises (MSME) which will reimbursement of 75% of Registration-cum-Membership Certificate (RCMC) charges/fee paid by the first time MSME Exporter to provide International Marketing Opportunities.

AEPC has been approaching the Gujarat and Maharashtra government for revising and extending their respective Garment & Apparel Policy, considering these two to be critical states for the garment exports from India.

AEPC received a large number of queries from

members as to whether product 'Apparel' will be covered under the suspension list of the European Union vide Rules of Execution (EU) 2022/1039 of the Commission of June 29, 2022 and whether Apparel products will be subjected to normal MFN duties (Applied) of 12%. Trade may note that there shall not be any effect of the issuance of the European Union's Rules of Execution. Apparels will continue to get preferential tariff for GSP countries – 9.6% as S11b products are not in the suspended tariff preference list. Only Textile materials (S-11a) - Chapter 50 to Chapter 60 have been suspended as per the aforesaid regulation.

As part of our export promotion initiative, AEPC will be focusing upon Australia to establish trade and investment relationships on account of the liberalized trade after signing of Australia- India ECTA to thrust garment exports. AEPC will also be organizing BSM Denmark (8th -9th November, 2022), and also participating in the International Sourcing Expo Australia (15th – 17th November, 2022). I wish everyone a good business deal out of these participations.

Considering the importance of substantiality in these emerging markets, AEPC will be kick starting its drive on sustainability through organizing a 'Sustainability Conclave' on 2nd November 2022, to help our industry embrace circularity and other environmental and social compliance.

Wishing you all a very happy festive season, stay safe!

Please keep sharing your valuable suggestions at chairman@aepcindia.com

Mr Naren Goenka
Chairman AEPC

EVENTS CALENDAR

AEPC'S PROPOSED OVERSEAS EVENTS FOR THE FINANCIAL YEAR 2022-23

5-6 October, 2022

India Apparel & Accessories fair, Madrid, Spain (BSM)

7-8 November, 2022

BSM Denmark (Copenhagen)

15-17 November, 2022

International Sourcing Expo Australia (ISEA), Melbourne, Australia

28-30 November, 2022

International Apparel and Textile Fair (IATF), Dubai, UAE

16-18 January, 2023

Sao Paulo Pret-a-Porter, Sao Paulo, Brazil

17-20 January, 2023

Intermoda, Mexico

30-31 January, 2023

BSM, Germany

13-15 February 2023

Sourcing at Magic, Las Vegas, USA

February 2023

Ready to show fair, Milan, Italy

March 23

BSM, Netherlands

Apparel INDIA

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INDIA'S READY-MADE GARMENT (RMG)

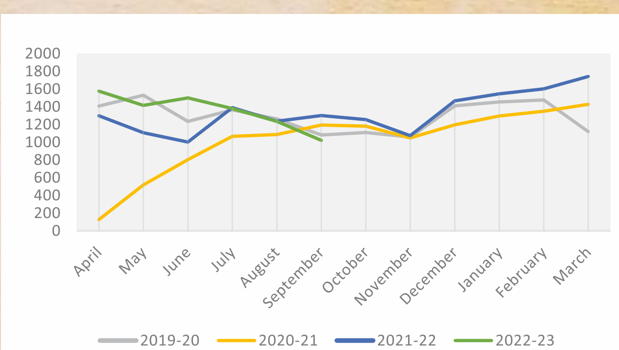
RMG exports were to the tune of USD 1020.8 million in September 2022 showing a decline of -21.6 % against September 2021; a decline of -14.4 % against September 2020 and decline of -5.5% against September 2019.

Cumulative RMG exports for the period Apr-Sep, 2022-23 is USD 8127.3 mn. showing a growth of 10.8% over 2021-22; a growth of 69.6% over 2020-21 and a growth of 3.1% over 2019-20.

INDIA'S RMG EXPORT TO WORLD

Month	(In US$ Mn.)						MoM Growth (%)						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2018-19 Over 2017-18	2019-20 Over 2018-19	2020-21 Over 2019-20	2021-22 Over 2020-21	2022-23 Over 2019-20	2022-23 Over 2020-21	2022-23 Over 2021-22
April	1749.9	1351.8	1408.8	126.8	1297.8	1575.9	-22.7	4.2	-91.0	923.2	11.9	1142.4	21.4
May	1607.4	1339.4	1530.1	517.0	1107.3	1415.3	-16.7	14.2	-66.2	114.2	-7.5	173.7	27.8
June	1550.1	1358.8	1233.5	804.3	1001.8	1500.9	-12.3	-9.2	-34.8	24.6	21.7	86.6	49.8
July	1275.7	1275.4	1365.8	1065.7	1389.2	1380.9	0.0	7.1	-22.0	30.4	1.1	29.6	-0.6
August	1338.2	1293.2	1261.9	1085.6	1237.8	1233.6	-3.4	-2.4	-14.0	14.0	-2.2	13.6	-0.3
September	1663.4	1104.7	1080.6	1192.9	1301.3	1020.8	-33.6	-2.2	10.4	9.1	-5.5	-14.4	-21.6
October	830.3	1132.1	1108.9	1180.1	1255.7		36.3	-2.0	6.4	6.4	-	-	-
November	1036.6	1131	1058.5	1047.1	1072.9		9.1	-6.4	-1.1	2.5	-	-	-
December	1337.5	1376.7	1409.5	1196.9	1466.6		2.9	2.4	-15.1	22.5	-	-	-
January	1397.3	1528.2	1453.5	1296.4	1547.0		9.4	-4.9	-10.8	19.3	-	-	-
February	1440.9	1546.4	1477.9	1349.5	1601.0		7.3	-4.4	-8.7	18.6	-	-	-
March	1491.6	1718.4	1120.5	1427.3	1741.4		15.2	-34.8	27.4	22.0	-	-	-
Total	**16718.9**	**16156.1**	**15509.5**	**12289.7**	**16019.9**	**8127.3**	**-3.4**	**-4.0**	**-20.8**	**30.4**	**3.1**	**69.6**	**10.8**

Note- 1) Data for the month of September, 2022 are preliminary data released on PIB by Ministry of Commerce on 03.10.2022
2) Sum of the value for (Apr-Sep) 2020-2021 is USD 4792.4 mn and (Apr-Sep) 2021-22 is USD 7335.3 mn. and (Apr-Sep) 2022-23 is USD 8127.3 mn.



Indian garment exporters need to brace up for more struggle in the coming days, RMG exports of September 2022 showed a decline of -21.6 % against September 2021. Our exporters are already facing the fallout of a deceleration in global demand.

WTO also warns of a 'darkened' trade outlook which could deteriorate further 2023. As per the fresh estimates, the world merchandise trade volume growth is likely to slow to 1 per cent in 2023, down from the previous forecast of 3 per cent made in April this year. This is due to multiple shocks including the Ukraine war, high energy prices, inflation, and monetary tightening, etc.

The slowdown in exports is a reflection of the toughening conditions of the global trade facing demand slowdown on account of high inventories, rising inflation, economies entering recession, high volatility in currencies and geopolitical tensions.

On positive note, the Indian RMG exports have been able to register a growth of 10.8% during April-September 2022 against 2021 wherein 50% of the total set export target for 2022-23 has already been achieved by the end of Sep 2022. However, the Indian garment industry has to be ready for the recessionary fall in overall consumer demand in most of the prominent markets.

INDIA'S TEXTILE & READY-MADE GARMENT (RMG)

India's Textile & Ready-Made Garment (RMG) Update for Index for Industrial Production (IIP) for the month of July of the FY 2022-23

Month	Manufacture of Textiles		MoM Growth Rate (In %)	Manufacture of Wearing Apparel		MoM Growth Rate (In %)
	2020-21	2022-23	2022-23/2021-22	2020-21	2022-23	2022-23/2021-22
April	114.6	114.1	-0.4	83.4	130.4	56.4
May	105.3	111.8	6.2	83.8	142.5	70.0
June	111.3	108.1	-2.9	110.0	156.9	42.6
July	117.8	107.7	-8.6	116.8	134.5	15.2
August	120.2	-	-	144.1	-	-
September	121.4	-	-	158.7	-	-
October	125.6	-	-	163.6	-	-
November	117.9	-	-	133.8	-	-
December	124.9	-	-	161.8	-	-
January	122.6	-	-	154.7	-	-
February	113	-	-	155	-	-
March	118.5	-	-	199.6	-	-
Cumulative Index (Apr-Jul)	**112.3**	**110.4**	**-1.7**	**98.5**	**140.8**	**42.9**

Source: CSO,2022
* Figures for July 2022 are Quick Estimates
# The growth rates over corresponding period of previous year are to be interpreted considering the unusual circumstances on account of COVID 19 pandemic since March 2020

- **Manufacturing of Textiles** Index for the month of July, 2022 is 107.7 which has shown a decline of -8.6% as compared to July, 2021.
- Manufacturing of Textiles Index for the financial year April-July, 2022-23 is110.4 which has shown a declineof -1.7% as compared to the financial year April-July, 2021-22.
- **Manufacturing of Wearing** Index for the month of July, 2022 is 134.5 which has shown a growth of 15.2% as compared to July, 2021.
- Manufacturing of Wearing Apparel Index for the financial year April-July, 2022-23 is 140.8which has shown a positive growth of 42.9% as compared to the financial year April-July, 2021-22.

SINGAPORE ON THE RISE AS INNOVATION CENTER

ENTERPRISE IS FLOCKING TO THE BUSINESS-FRIENDLY ISLAND NATION, PARTICULARLY THOSE WITH AN ENVIRONMENTALLY-CONSCIOUS FOCUS.

The Global Fashion Summit is heading there in November. So is the Sustainable Apparel Coalition for its upcoming annual meeting. The British Fashion Council's Institute of Positive Fashion is eyeing it for its global innovation showcase, possibly next year. Singapore, it seems, is suddenly having a sustainable fashion moment.

Part of this has to do with the draconian quarantine measures that have dogged Hong Kong, which shares a "zero-Covid" strategy with mainland China. Bristling under the travel restrictions, the foreign businesses that once flocked to the expat-friendly financial center are now heading for the exits. A survey conducted in March by the European Chamber of Commerce in Hong Kong found that 25 percent of European companies planned to relocate in the next 12 months, while another 24 percent intended to do so at least partially. Most of them cited the coronavirus curbs that have triggered a wave of executive departures and throttled the recruitment of fresh talent. The numbers bear this out: In the first half of 2022, the city's total population plummeted by 110,000, nearly twice the rate as the entire year before.

"Operating out of Hong Kong has become a nightmare," said Ashok Mahtani, co-founder and chairman of Alpine Group, a Gap and Under Armour supplier whose sprawling textile innovation and manufacturing network spans Bangladesh, China, Egypt, Jordan, Turkey, Singapore and Vietnam. "Traveling has been a hassle. Meeting people has been a hassle. And that's really got people rethinking Hong Kong."

Political strife is another pain point. Following the pro-democracy clashes in 2019, Beijing introduced a broadly defined national security law designed to quash dissent. The Biden administration has warned businesses that foreigners in Hong Kong have been "unjustly" interrogated and detained by Chinese officials for alleged violations of the law. Authorities can also electronically surveil companies without warrants or compel them to surrender corporate and

customer data. Last July, Secretary of State Antony Blinken cautioned that the "many legal, financial, operational, and reputational risks long present in mainland China are now increasingly prevalent in Hong Kong" as it sheds its autonomy and comes to heel. The State Department has issued Hong Kong with its penultimate travel advisory level: Reconsider travel.

So if not Hong Kong, then where? In February, the American Chamber of Commerce in Hong Kong asked its members which city posed the biggest threat to the former British colony's once-vaunted position as the world's "gateway to Asia." There was practically no contest: 80 percent of respondents chose Singapore, pointing to its "strategic location and pro-business approach." A diminutive city-state of 5.7 million in the middle of maritime Southeast Asia, Singapore has obvious commercial luster. Another remnant of the once sweeping British empire, it employs English as a first language. Its infrastructure, education and healthcare system are world-class. The World Bank estimates that setting up a business in the island nation takes 1.5 days, or 17 times faster than the regional average.

Earlier this year, the Heritage Foundation named it Asia-Pacific's freest economy for its open and corruption-free business environment, prudent monetary and fiscal policies, business-friendly legal and tax structure and high degree of transparency and government accountability. Perhaps as important, travel is quarantine-free in an out of the country's famously efficient and customer-service-centered airport. Like Hong Kong, Singapore has precious little room for massive manufacturing facilities. What it offers, however, is ready proximity to Bangladesh, Cambodia, Vietnam and other contenders for China's "world's factory" crown. If Hong Kong's constraints don't relax any time soon, there's a sense that Singapore could supplant it not only as a corporate convening power but also as Asia's sustainable innovation nerve center, particularly when it comes to fashion. "I think there's been a shift in the tides," Clare Woodford, who runs Alpine Group's marketing and sustainability operations in Singapore, said. It was Woodford who heard members of the British Fashion Council speak about Singapore "as a sort of prominent location from a fashion industry perspective."

Singapore shows signs of playing catch-up. September saw the inauguration of the RGE-NTU Sustainable Textile Research Center, a five-year research collaboration between viscose giant Royal Golden Eagle, whose head office is based in the country, and Nanyang Technological University, a local college. The facility will home in on new technologies that can recycle textile waste in dense urban settings—much like Singapore—creating a "next generation" of sustainable fibers that can be readily exported.

"This is a fairly compelling model given that we are seeing more countries banning the cross-border import of textile waste," said RGE executive director Perry Lim, referring to tightening waste-import restrictions in countries such as China, India and Indonesia, where some of the world's largest waste processors can be found. The partnership's end goal is a proof-of-concept textile recycling plant capable of processing 10 to 24 tons of textile waste per day. Working with NTU made sense, he said, pointing out the strength of Singapore's R&D ecosystem. Its research-oriented universities aside, the country boasts an Agency for Science, Technology and Research, or A*STAR, a statutory board under the ministry of trade and industry dedicated to supporting R&D. "I think Singapore as a research hub is very well established," he said "We get a lot of government support and government funding." Lim pointed out that RGE's efforts also dovetail with the Singapore government's broader sustainable development strategy, specifically its 2030 Green Plan to tackle climate change and whittle waste.

AEPC PITCHES FOR PLI-2, EXTENSION OF ATUFS., RAW MATERIAL SECURITY, ADVANCE AUTHORIZATION ON SELF DECLARATION BASIS, ETC. FOR GARMENT SECTOR IN BOT MEETING TO THRUST RMG EXPORTS

Shri Piyush Goyal chairs the first meeting of the newly reconstituted Board of Trade. The inaugural ceremony saw the participation of Ministers of State for Commerce and Industry, Shri SomParkash and Ms. Anupriya Patel, Commerce Secretary, Shri BVR Subrahmanyam, Revenue Secretary, Shri Tarun Bajaj, Director General of Foreign Trade, Shri Santosh Sarangi, Secretary Dpt of Financial Services, Sanjay Malhotra, Member Customs, Rajiv Talwar and other senior officials and members of Indian industry.

The meeting was attended by Various State Ministers and other senior officials of key line ministries and States, all major trade and industry bodies, Export Promotion Councils and industry associations.

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today said that exports have been one of the most defining features of the government's efforts to make India a developed country by 2047, a vision articulated by PM Shri Narendra Modi, in his Independence Day address to the nation this year. Shri Goyal said this in his opening remarks at the meeting of the reconstituted Board of Trade in New Delhi.

The Minister said that global confidence in India's prospects for growth were truly immense and called on the domestic industry to overcome all weaknesses when it comes to grabbing the plethora of growth opportunities available to the nation. The world is already looking at India as a super power, he added.

Shri Goyal highlighted that in the last few years there has been an attempt for foundational transformation in India which has hastened India's march to be a developed nation. Calling for transparent, consistent, honest policies, the Minister said that government's policies must be robust enough to deliver what was promised to the people.

Shri Goyal also spoke of the need to find ways to encourage people to comply and bring in transparency and ease of doing business. India should become an honest country, he added.

Stating that Trade is a strong pillar to achieve the five vows that Prime Minister Narendra Modi spoke of on 15th August, Shri Goyal expressed confidence that today's meeting reflects the

collective belief of all of us in working towards achieving a developed India.

Shri Goyal stressed on the need to enter into more FTAs with developed nations. He urged participants of the Board of Trade meeting to focus on the possibilities each sector has in FTAs.

Concluding his address, Shri Goyal said all the issues raised by the participants will be addressed and the suggestions made by them in the Meeting today will be considered.

Shri Naren Goenka, Chairman AEPC, in the first meeting of the newly constituted Board of Trade, which was Chaired by the Union Minister of Commerce and Industry, Shri Piyush Goyal, pitched for PLI-2, extension of ATUFS., raw material security, advance authorization on Self declaration basis and deletion of condition of making transferee liable and making this applicable to existing scrips under the RoSCTL for garment exports in BOT meeting, held yesterday. There were 29 new non-official members who were also invited for the first time in this Board of Trade meeting.

Chairman AEPC, Shri Goenka said, "In spite of various constraints faced by the apparel sector last year, specifically the increase in price of raw material, the apparel sector was able to export of US$ 16.01 billion in 2021-22 registering a growth of 30.4%. In this year also, from April – August 2022-23, apparel exports registered US$ 7501.06 million of exports compared to April – August 2021-22, which was US$ 6034.0 million, registering a growth of 17.8%." AEPC is sincerely grateful to the Government of India for providing continuous support to the Apparel export sector, he added.

Further Chairman stated, "AEPC feels that with the Government intervention on regulating export of raw cotton/cotton yarn appropriately and thereby ensuring continuous availability of raw material at the competitive price, Industry will be able to achieve the export target of US$ 17.2 billion for the year 2022-23, in spite of the recessionary trend being felt in most of the garment importing countries. In our meetings with International Buyers, they have been emphasizing on the need for availability of raw-material at competitive prices and to avoid fluctuations, so that our prices with the international buyers also do not fluctuate."

The other AEPC EC members included who attended the meeting included Dr ASakthivel, currently, President FIEO and Shri Harish Ahuja, the Managing Director of Shahi Exports.

On the steps needed to be taken to improve export performance, AEPC made following submission.

Need for Stabilizing raw material prices and ensuring sustainable availability

There is a continuous increase in the raw cotton prices. Jan 2022 raw cotton prices which were around 127cents/lb increased to as high as 155.8 and 164.6 by the end of May this year.

This rise in prices of cotton is further expected to rise considering the global shortage of cotton. An estimated 40-45% of Pakistan's cotton crop (which is 5th largest cotton produce) has been ravished by storms and floods. The heavy drought has affected America's cotton business. Brazil, another one of the largest exporters, is battling extreme heat and drought that has already reduced yields by nearly 30%. The drought there has already reduced the cotton supply by an estimated 200,000 metric tons. The U.S. ban on China's Xinjiang cotton has already disrupted supply chains across the globe.

Request for Production Linked Incentive Scheme (PLI- 2) for the Apparel Sector

The Production Linked Incentive (PLI) scheme for the apparel sector is helpful in reducing dependency on imported fabrics over time and increasing investment and employment. However, the present PLI Scheme has not received many applications from the apparel sector as the requirement of minimum investment of Rs. 100 cr. Or Rs. 300 cr. was very high. Capacity development in the apparel sector is the need of hour. Hence, AEPC had suggested that PLI – 2 should be brought out for the apparel sector.

Amendment in Paragraph 4.04A (i) of FTP for allowing Special Advance Authorization for exports of Apparels under Self Declaration basis: AEPC requests that paragraph 4.04A (i) of FTP, which allows Special Advance Authorization based on SION OR prior fixation of norms by the Norms Committee, may be amended to allow Special Advance Authorization on Self-declaration basis as well. This facility is already provided to other Advance Authorizations in Para 4.07 of Handbook of Procedures. This will help in avoiding delay in issuance of Special Advance Authorizations. In any case, even when the Special Advance Authorization is issued based on Self-declaration basis, the norms will have to be approved by the SION Committee subsequently.

Request for Extension of ATUFS

The Technology Upgradation Fund Scheme (TUFS) announced in 1999, has been helpful in the modernization and technology upgradation of the textile industry in the country. Since the ATUF expired on 31st March 2022 and the TTDS scheme has still not been notified, AEPC requested for the extension of ATUFS applicable from 1st April 2022, so that there is no black out period.

The Board of Trade meeting focused on export target setting, the new Foreign Trade Policy (FTP) (2022-27), and the strategies and measures to be taken in order to take forward domestic manufacturing and exports. Board of Trade (BOT) has been constituted by merging Council for Trade Development and Promotion with Board of Trade vide notification No. 11/2015-20 dt 17th July 2019. The Board of Trade, inter alia, advises the Government on policy measures connected with the Foreign Trade Policy in order to achieve the objectives of boosting India's trade.

It provides a platform to state governments and UTs for articulating state-oriented perspectives on Trade Policy. It also acts as a platform to Government of India for appraising State Governments and UTs about international developments affecting India's trade. It is an important mechanism for deliberations on trade related issues with industry bodies, associations, export promotion councils, and state and UT governments.

There were 29 new non-official members who were also invited for the first time in this Board of Trade meeting.

During the Board of Trade meeting, presentations were made on a variety of subjects such as India's Import/ Export Performance, restructuring of the Department of Commerce, FTAs and way forward, States export performance, District as Export Hubs, new proposed Foreign Trade Policy, trade remedial, trade facilitation measures undertaken by customs, Government e-Marketplace etc.

Ministers from states made interventions in the meeting, giving their state-specific suggestions, and also expressed their support to the central government initiatives in promoting the external trade.

INTERVIEW WITH MR. ABHISHEK KUMAR SRIVASTAVA, DIRECTOR ENEN

Q 1. How ENEN Green Services Pvt. Ltd. is helping India's Industry embrace the Sustainability Standards and meeting of the Environmental Compliances for the garment trade?

Reply: ENEN Green has been working in the domains of climate change and sustainability for the past 8 years with a moto to Enact and Ensure climate action for a greener future. Our team has experience of consulting and delivering over 250 climate change projects of various scales and sectors in 11 countries across the globe. Our clients range from MNCs to Large Industries to SMEs. We have helped numerous businesses from several sectors to offset their emissions and become carbon neutral. We also help them to set forth sustainability commitments and strategize action plans to achieve their goals. Our services include carbon accounting, carbon offset project development, energy and water audit, waste management, green fund facilitation and sustainability reporting. We strictly follow International Standards and Disclosures such as GRI (Global Reporting Initiative), SBTi (Science Based Targets initiative), ISO (International Organization for Standardization), CDP (Carbon Disclosure Project) and SASB (Sustainability Accounting Standards Board) to deliver services to our clients.

Recently, there has been a rise in demand for sustainable products and services both in domestic and international markets which has pushed many businesses to rethink their actions. The demand is more evident in the Textile and RMG sector where it is coming from both the client side and consumer side of the market. Indian Textile and RMG manufacturers are facing a lot of trouble because of this due to lack of awareness and practical knowledge. We have helped several Textile and RMG manufacturers understand their sustainability impacts and assisted them to effectively comply with Environmental Regulations and Compliances (National and International) by bringing in changes in their business actions.

Q 2. Is there an Energy and Water Management unit in your Company? How do you help the Companies in auditing and optimizing their Energy and Water usages?

Reply: ENEN Green has a panel of accredited Energy and Water Auditors who conduct WalkThrough as well as Detailed Audits in various industries. The audits help in identifying gaps and opportunities to minimise operational and financial losses. Our auditors work alongside the company management to make them aware of the situation and recommend solutions. The recommended solutions often need some investments for implementation where most industry owners shy away but they tend to ignore the longterm benefits. This is where Indian Textile and RMG sector falls behind when compared to other countries. Textile and RMG sector is one of the most energy and water intensive sector and thus we need to understand that efficient use of energy and water will not only help in reducing costs but will also help in minimising impact on the environment.

Q 3. What kind of reporting an International Buyer asks for in Energy, Water and Chemical as compliances in a garment factory? Please list a few of them for our industry.?

Reply: In our experience, most International Buyers ask for Triple Bottomline Disclosures and Sustainability Reports to understand the position and assess the risks of a Textile and RMG manufacturer. These disclosures/reports essentially cover environmental, social and economic aspects of a company which helps an International Buyer to decide before making a move. Majority of the International Buyers prefer reports to follow the standards of GRI, however, there are other standards and frameworks that a

Buyer or a Seller can opt for, depending upon the need. Each standard has its own set of focus areas.

For example, GRI is the most widely used standard across all sectors, so it is very generic while SASB is much more industry specific. Similarly, while SBTi focuses on the emission reduction targets, GOTS (Global Organic Textile Standard) focuses on sustainable textile production. Hence, the right kind of reporting depends on the company's climate commitments, buyer side demand and regulatory compliances.

Q 4. How does Carbon Credit help in doing ethical trade and in making apparel companies future ready? Where are we placed currently?

Reply: Firstly, let us understand what a carbon credit is. In simple terms, a carbon credit certifies reduction/removal/avoidance of GHG gas emissions. 1 carbon credit is equal to 1 ton of CO_2 equivalent. Carbon credits are generally used to offset one's emissions or trade the credits for revenue. This benefit encourages companies to adopt technologies to generate carbon credits and it is being practiced by many companies worldwide.

When we compare this with Indian companies, there are very less companies who are aware of carbon credits and take benefit of it. In fact, there are only a handful textile companies in all of India who have adopted technologies to generate carbon credits. So, this leaves a huge portion of the market that is yet to be explored for carbon credits.

Q 5. What are the challenges that you see for Indian Industry adapting & adopting to the Global Sustainable Standard considering the majority of them to be MSME?

Reply: Today as it has been observed, sustainability is no longer just a "fancy word" or a concept that needs an explanation, at least to the MSMEs involved in exports. The MSME sector and especially the SME segment is trying to keep up with the regulatory changes and increasing buyer demands on sustainability standards. The variety and complexity of the standards and the reporting structures are overwhelming for a regular MSME unit. And this has led to the low adoption and adaptation of these standards. The lack of highly educated resources in the MSME Sector has further aggravated this problem.

Another major challenge is the willingness of the MSME unit owners. For the most part of the time, the Indian MSME sector has been operating with the mentality of "Why change if not compulsory?". This has caused the stagnation of innovation and advancement of the sector. Majority of the sector is still operating in a traditional manner which needs to be addressed at the earliest. New technologies, new business models and new operational policies needs to be adopted to succeed in the current market.

On the flip side, progressive enterprises have started taking steps, by implementing mitigation actions but it is evident that it is not embedded as a part of the combined strategy for the overall development of the businesses. They are mostly executed as standalone project with a very linear and pin-pointed approach for example to reduce carbon emissions or a water treatment plant or some social initiative. The sector needs to develop actions with multi-faceted outcomes which not only shall compliment their business but present them as a sustainability conscious brand.

ENEN Green has started a movement "Conscious and Continuous Change Towards Net Zero" wherein we are joining forces with SMEs to spread awareness on various climate actions and help SMEs in implementing those actions. Our objective is to make Indian SME sector Net Zero.

Q 6. What are the Solutions you prescribe for the Garment Industry to be ready for the future in terms of the environment and social compliances?

Reply: One of the biggest problems we face while dealing with Indian Industries is the lack of awareness. There are very few companies who understand the impact of economic, environmental and social factors can have on their businesses. Companies need to educate themselves on the importance of economic, environmental and social factors. These factors showcase a company's ability to adopt to the market and ensures survivability which in turn attracts investments.

For example, a company's zero corruption transparent finance and strong accountability of the management shows that the company has stable economy. Carbon accounting, emission reduction measures and waste management facilities show that the company has effective environmental goals. Equitable workforce, worker benefits and labour law adherence show that the company has sound social policies in place. These are few of the ways how a company can ready itself and withstand the ever-changing business scenarios.

Q 7. How Indian Industry can take business to the next level by reducing the Carbon Footprint and utilize the concepts such as Carbon Credits, Net Zero, and ESG, etc.

Reply: Indian Industries can easily take their businesses to the next level by following the cycle of Measure, Act and Warrant. Measure each aspect of their business. Be it economic, environmental or social. Put in place a strong data collection and storage system. Measurement of various aspects helps the company understand their current position, helps in strategizing actions to improve their position and act accordingly. Taking the example of carbon footprint, if a company decides to measure its carbon footprint and finds it to be on higher side then it can put in place a carbon reduction action plan to reduce its footprint and act upon it. It can either offset its carbon footprint by opting for carbon credits or can itself develop a carbon offset project.

Likewise, no action is fruitful if there is no warranty of the action. The companies need to warrant each action plan they put in place and ensure that it fulfils its objective. Every company should develop a roadmap in terms of their economic, environmental or social goals for the coming years and how they are going to achieve it and adhere to that plan.

These steps showcase a company as a conscious and responsible one and hence, attracts International Investors and Buyers.

Q 8. How addition to these best practices help in optimizing the business by cost cutting and regular audits? Cite a few examples.

Reply: The discussed practices have presented exemplary results in any sector around the world. These practices have helped companies grow on all the three fronts of the business i.e. economic, environmental or social. One such example is Saivana Garments of Delhi. They expressed their ambition to become carbon neutral in 2018 and ever since, ENEN Green has supported them in cutting down on their emissions by measuring their carbon footprint year over year. This has helped them showcase themselves as a brand who is actively working towards becoming a carbon neutral company. In addition, they follow the Triple Bottomline Disclosure and report their financial, environmental and social standings on various parameters. With this initiative, they have made a name for themselves in the European Designers fraternity who import garments into the European market from Saivana.

Another example would be Mangal Textiles of Gujarat who transited from oil fuelled boilers to biomass fuelled boilers in their plant. They utilize available renewable biomass residues (saw dust and waste wood) effectively for their thermal energy requirements (process steam generation and thermic fluid heating) by replacing/avoiding fossil fuel usage. This helped the unit generate carbon credits which they use to offset their other emissions and also trade credits for generating revenue for their business.

Indian Textile Industry has a huge potential to become a leader in the world. All it needs is a little push to outperform itself in terms of innovation and advancements. Every great mission starts with a small step and one such small step is to become accountable for our action towards our businesses, environment and society at large. We urge our SME leaders to Measure (your climate impact), Act (to reduce your impact) and Warrant (the success of your action) from today.

NEED FAST RESOLUTION FOR TRADE EDGE

Quick disposal of commercial disputes: A reform to unlock the full value of all other reforms

Authored by – Shri Ajay Srivastava, a former Indian Trade Services officer who writes on technology and trade issues. He can be contacted at ajaydgft@gmail.com

A Department of Justice(DOJ) report mentions that the time taken in settling business disputes at the commercial courts in Mumbai and Delhi has come down by 50 percent. From 1445 days in 2020 to 626 days now for Mumbai and 744 days for Delhi.

The report, "Reduction in Time Taken for Trial and Judgment in Dedicated Commercial Courts" available at the DOJ website calls for celebration. It also calls for a resolve to better the results.

We know that delays in settling business disputes at the courts increase costs and deter investors. But, we show with the example of the Indian textiles sector that delays have a much worse effect. They stunt the growth of the industry and prevent it from adopting global best practices.

In the late 1980s, India and China exported less than $5 billion of textiles and apparel. Today, with exports of $320 billion, China has captured half the world trade in the sector, while India struggles at $40 billion. Weak contract enforcement is one of the crucial reasons for this disparity. Here is how it happened.

In the 1980s, Europe and America were the largest buyers of textiles. But they used to buy limited quantities through a country-specific quota system. The system changed in 1995 when developed countries agreed to phase out quotas in the next ten years. India, China, and other developing countries were now free to export as much as possible.

As completion intensified, a new business model took shape where timely enforcement of contracts was paramount. European and American firms did not want to deal directly with Indian and Chinese textile firms. They worked through the intermediaries known as buying agents. The buying agents would collect orders from European and American firms and distribute these to the sourcing agents located in the supplier countries. The sourcing agents would distribute orders to local firms for textiles and apparel making.

The system worked on three contracts. Contracts between (i) buyer and buying agent, (ii) buying agent and sourcing agent, and (iii) sourcing agent and production firms. The success of this system required timely deliveries of agreed quality products as specified in the contracts. In case of any dispute, the courts must settle the dispute quickly. And this was our weak point.

Without efficient contract enforcement and long delays at the court, the sourcing agents could not enforce the quality and service levels of the production firms. The word was soon out-keeping big global agents away, preventing the buying and sourcing agents' ecosystem growth in India. The results were disastrous.

The garment firms had to contact buyers directly. But they could only reach a limited number of buyers. Most were unwilling to deal with unknown firms.

The absence of an agent ecosystem not only hurt exports. It also increases imports. In a garment value chain, fiber is converted into Yarn, Yarn into the fabric, and fabric into garment. With lakhs of firms for each stage, a garment maker may not know the supplier producing the desired quality fabric. Such matchmaking is the task of agent/aggregators. But since we did not have an efficient contract enforcement system, the ecosystem could not develop.

The result. The fabric makers don't buy yarn as they do not get orders for the supply of fabric from garment makers. So we export Yarn, and our garment makers import most fabric. With idle fabric makers, the supply chain remains fragmented.

While India dithered in according priority to commercial disputes, China mastered the new rules. Chinese textile's rapid growth in the 1990s is attributed to mastering the agent-aggregator system.

Textiles' story applies to many other sectors. Indian electronics sector remains fragmented internally due to a lack of agents and match-makers.

Need for urgency.

More than one crore commercial cases are pending in courts. Over 40 lakh economic cases pending in 5 major High Courts alone. Over 2 lakh cases are pending in appellate tribunals that deal with high-stakes business issues. The key tribunals relate to Telecom, Environment, Electricity, Income Tax Consumer Disputes, Customs Excise, and Service Tax areas.

How was time cut in the disposal of cases?

The digital transformation of commercial courts made this possible. The amendment in the Code of Civil Procedure, 1908 by the Commercial Courts Act, 2015, provided the legal basis.

The new system allows for online filing of cases, e-payment of court fees, and issuance of e-summons. It also allows random allocation of cases to judges, hearing and Pre-Trial conferences, and the use of Electronic Case Management. Adjournments delayed the cases. These have been limited to three for a case.

What more can be done?

• Work to reach global benchmarks. Singapore (164 days), and S. Korea (229) days).

• Adopt a computer-compatible model contract format. This will cut time and cost. Today, the aggrieved party spends one-third of the claim value on the lawyer, court fees, etc.

• Publish data for all commercial courts. Today, data is available for Mumbai and Delhi only.

Calcutta transformed from a sleepy village to a prosperous trading city in the mid-18th century when the British East India Company set up fast-track commercial courts for quick disposal of contract disputes. This attracted the most prosperous local and international traders to set shop in Calcutta.

Cutting the time taken in the filing of a case to obtaining a judgment and enforcing a contract in India from 1445 days to 700 showed that the Government got the strategy right. Textiles' example tells that we have a long way to go.

India must go all out to improve the contract enforcement system. It will be a reform to unlock the full value of all other reforms.

GARMENT INDUSTRY CONTRIBUTES TO MAKE IN INDIA GO GLOBAL- FOUR HANDMADE TEXTILES OF NE MAKE TO UNESCO REPORT

Four handmade traditional textiles from North East India have found a mention in a UNESCO report titled 'Handmade for the 21st Century: Safeguarding Traditional Indian Textiles'. The report is a representative sample of 50 Indian textile crafts from across the country that merits special consideration.

The four handmade traditional textiles from the North East India include the Lasing Phee and SapheeLanphee from Manipur, Lepcha weaving from Sikkim and the Risha textile weaving from Tripura.

"Handmade textiles appear to be fast dwindling in the face of the demands of modernity.

The painstaking process of their creation can take months, if not years, from ideation to execution, and simply cannot compete with industrial competitors," the report says.

It further says their circle is thus shrinking, with many crafts seriously endangered and a few lost forever.

"In this context, it is absolutely essential that handmade textiles are taken stock of, and that they are properly mapped in all their diversity," the report stated.

The Lasing Phee from Manipur is a quilt stuffed with cotton batting, handwoven on the loom by weavers of Cachar district in Manipur.

It is extraordinarily warm and soft as the Lasing Phee double-layered weaving has an inner lining of cotton, which is inserted as a stuffing between parallel strips of weft cloth at regular intervals, which creates the quilting.

The handloom industry is largely in the hands of the women of the Meitei community, which is Manipur's largest community.

The Lasing Phee quilt differs from usual cotton quilts in one respect.

Unlike cotton quilts that are stitched, these are woven on a fly-shuttle loom.

"As new quilted products, lower priced and easily available, come into the market, they are replacing the Lasing Phee.

Lack of contact with either domestic markets beyond Manipur or with international markets has kept the quilted textile limited to the State. It is important, therefore, to provide the weavers with adequate market links," the report stated.

UNESCO says with concrete efforts being made by the Government of Manipur and National retailers to source Lasing Phee textiles and create better market linkages, it is hoped that weavers will gain new and wider markets for their products.

This unusual technique with its historic links needs active sustenance.

SapheeLanphee is a traditional shawl that is both woven and embroidered by the women of the Meitei community of Manipur. Only a few weavers and embroiderers of the SapheeLanphee shawl continue the practice, although the shawl retains respect for what it represents to the Meitei community.

"There is a demand for the SapheeLanphee shawl in the wider market, and it is being replicated in much simpler forms for use in home furnishings, as a shawl or scarf, or stitched into coats, bags and other accessories.

Due to the small number of weavers and embroiderers, however, it remains hard to source," the report said.

"The tradition of SapheeLanphee has been handed down from generation to generation, orally and through practice.

As fewer women were engaging in the practice of weaving and embroidery, the Government of Manipur has ensured that training programmes for local women carry forward their legacy and preserve this age-old craft" the report added.

In Lepcha weaving of Sikkim, Lepcha weaves are characterized by intricate and colourful motifs patterned in stripes and woven on the back-strap loom. Now woven from yarns of cotton and wool, these were earlier made of nettle plant fibres and raw silk.

Lepchas are a community indigenous to Sikkim, with a small population of about 75,000 spread across Sikkim state and Darjeeling district.

The Lepcha weave is a versatile fabric used to make a range of products such as blankets, dhurries, bags, belts, furnishings and the Lepchas' traditional coats and clothing.

The Directorate of Handicrafts and Handloom (DHH) has advanced the use of frame looms for weaving Lepcha textiles.

Weavers who move away from the traditional back-strap loom are sent for further training to Assam, where they learn to use the frame loom. The traditional back-strap loin loom is now confined to training centres and village households, and very few practitioners of this technique remain.

"Changing tastes have led to declining interest in traditional dresses, which has adversely affected the craft.

Extensive scholarly documentation of the traditional technique of Lepcha weaving and its design vocabulary and cultural significance is needed," the report added.

In the Risha textile weaving of Tripura, the patterning, colours and motifs of Risha textile weaves are differentiated according to the clan or the tribe for whom they are made.

The tribal women of Tripura, especially the southern part of Tripura, weave the Risha cloth using a loat home at home.

The skill is passed on from mothers to daughters.

They weave motifs inspired by nature and daily objects. Each tribal community has its own motifs.

The colour combinations of motifs are different in each community .

"Older tribal women and those living in rural areas continue to wear their customary clothing and prefer its designs, material, style and colour.

"The lack of markets outside the state has prevented skilled Risha artisans from selling their products to a wider consumer base.

However, the Government of Tripura is working towards promoting Risha as Tripura's signature garment.

Designers, too, are using the weave in their clothes" the report says.

UNESCO says textiles are made by hand across the length and breadth of India and are a source of primary and supplementary income for many Indians.

"While many historic traditions have thrived in modern times, innovating to adapt to changing tastes and technologies, others lie on the margins between vulnerability and endangerment.

Many facets of the hand skills sector remain largely unacknowledged, resulting in a gap between policy formulations and ground realities" it says.

TIME TO INVOICE OIL TRADE IN RUPEE

As a large consumer, India has the bargaining power enter into rupee deals with oil suppliers

The world economy is passing through a very uncertain and volatile global trading environment. This has unleashed supply-chain disruptions with domino effects, leading to catastrophic consequences for the world economy. India is not cushioned from these developments. To deal with these ever-proliferating and interconnected episodes of economic disruption, India has pursued a calibrated strategy of protecting "national interests".

A series of economic sanctions on Russia by the developed world has created severe supply-chain disruptions in energy products, ultimately contributing to higher energy prices and creating inflationary pressure on the world economy. Recognising this problem, the Reserve Bank of India has allowed invoicing, settlement and fund transfer in local currency by opening a 'special Vostro account' with the bank(s) of corresponding trade partner(s).

India has successfully leveraged Russia for securing cost-effective supplies of crude oil, natural gas, coal, fertilisers and other essential resources. Taking this journey forward, India is working with Saudi Arabia on settling trade in local currency (rupee-riyal) and also with Bangladesh (rupee-taka) in the context of the falling forex reserves of that country.

With the changing global energy dynamics due to economic sanctions, energy security has become an utmost priority for oil-importing countries such as India.

India's decision to promote trade transactions in rupees will not only help its trade partners bypass economic sanctions but also provide an opportunity for India to explore the options to promote its currency for international trade transactions.

It is an opportune time for India to take this journey forward, from the transactional de-dollarisation or trading in local currencies, to the next level. One way of doing so is to negotiate future oil contracts is in rupee — that is, petro-rupee. China and Saudi Arabia have formalised the energy trade in petro-yuan.

Similarly, India, being the third largest energy buyer in the world, has good bargaining power to propose petro-rupee for energy trade. With growing economic size, India's energy demand will grow manifold and the country should leverage it as a bargaining chip to negotiate rupee contracts with suppliers like Iraq, Saudi Arabia, Russia, the UAE and Nigeria.

All these leading suppliers are looking at India, which is expected to be the major driver of future growth in oil demand, as the oil consumption in Western countries is flat or declining. The other suppliers like Kuwait, Indonesia, Oman and Qatar can be courted in the next stage as the Indian energy market grows even larger.

For petro-rupee trade to materialise, an enabling ecosystem needs to be developed. The commodity exchanges in India can play a vital role in bringing the buyers, sellers and speculators at one place, thus helping both producers and consumers explore the actual price and hedge their risks.

This can be easily done with digital trade as physical trade is a thing of the past. In the short run, Indian commodity exchanges can introduce the exchange trade funds for oil contract, thus engaging both local as well as international traders in the initial phase. It is similar to bringing an investor to the equity market via a systematic investment plan of a mutual fund.

Derivative instruments

In the long run, the commodity exchanges can introduce other forms of derivative instruments — for instance, long-dated futures and forward contracts for larger traders and a choice of 'options' for small traders. This will develop an entire business ecosystem of exploring the fair energy prices of oil and gas which are reflective of 'India's trade basket'.

With large storage capacity being created both by large suppliers (Aramco, ADNOC and now Rosneft) and the government of India, it enables a facilitative value-chain for trade in Indian rupee.

The weaponisation of financial instruments and commodities have led to mistrust of unprecedented degree at the global level. The geo-economic events of the recent past have not only shaken us all, but stirred our mind to think far beyond. In the evolving geo-economic landscape, India should not remain merely a 'rule-taker' but should evolve into a 'rule-maker'.

For instance, with its rising economic clout, Indian oil companies, gradually and in a foreseeable future, should explore the price discovery of oil from Indian exchanges not from the Western benchmarks like Brent and West Texas Intermediate (WTI).

China already has established a new exchange in Shanghai, the International Energy Exchange (IEE), which has attracted a large number of speculators from financial markets.

India with its transparent and rule-based market system, rising energy imports with ever-growing demand, and cordial and harmonious relations with leading oil suppliers is better placed to emerge as an Asian exchange for price discovery of oil. This will create a roadmap for petro-rupee trade, which has become a need for India with the weaponisation of almost all financial instruments.

Lastly, India's quest for trade in local currencies and ultimately to transactional and financial de-dollarisation is not triggered by global geo-economic ambitions but by the web of economic sanctions. Also, it is aimed at creating a multi-polar, inclusive and sustainable global order both for developing and developed countries. India, in order to protect its national interest, should explore all avenues of trading in local currencies and even beyond.

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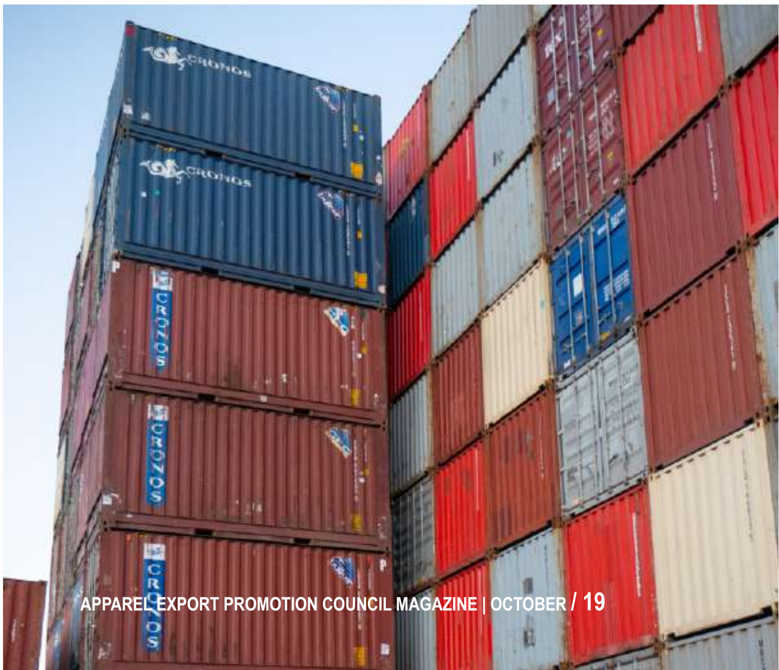

RoSCTL Scheme|Recent updates|How to get secure in transfer process

A. Widespread of knowledge of the incentive and its transfer process is required:

Most of the exporters are aware about the RoSCTL scheme of the Government. But despite, this it can not be denied that many exporters loose this benefit due to unawareness and this is the case specifically with MSME sector. Thus, a great widespread knowledge about this scheme is required among exporters. Here I can brief some of important points of the scheme.

RoSCTL Scheme stands for "Scheme for Rebate of State and Central Taxes and Levies on Export of Garments and Made-ups". All exporters of garments/Apparels and made-ups manufactured in India are eligible to take benefit under this scheme. This rebate is issued in form of transferable duty credit scrips. These scrips are generated electronically on Customs automated system in electronic duty credit ledger.

To get the benefit of RoSCTL scheme, it is mandatory for an exporter to specify his claim for RoSCTL in the shipping bill. The claim has to be made by the exporter in the EDI shipping bill by using specific scheme codes for drawback exports, at the item level.

There is no government fee required for claiming the benefits under RoSCTL Scheme.
The time limit for filing the RoSCTL application is within one year from the LEO date of the shipping bill.

Duty credit scrips issued under RoSCTL scheme are transferable to any other person having a valid IEC and valid ICEGATE Registration.
The duty credit issued under the RoSCTL scheme is available in the electronic duty credit ledger and shall be used for payment of Basic Customs Duty.

The Scheme provides that the rebate under RoSCTL would not be dependent on the realization of export proceeds at the time of claim of rebate. However, the rebate is allowed subject to receipt of sale proceeds within the period allowed under the Foreign Exchange Management Act, 1999.

Once the RoSCTL scroll is generated, the duty credit amount allowed will be available within the RoSCTL Credit Ledger Account created for the IEC holder (or exporter) in their ICEGATE login to claim and convert it into duty credit scrip.

Transfer of duty credit in e-scrip shall be allowed within the customs automated system from the ledger of a person to the ledger of another person who is a holder of an Importer-exporter Code Number.

Any user who has created an e-scrip account can transfer a scrip to another user. The user to which the scrip is to be transferred also needs to have a valid IEC andE-scrip account.

B. Recent updates in RoSCTL scheme:

1. Transferee not liable:

As per the original Notification of the scheme of RoSCTL, which is mentioned in Notification No. 77/2021-Customs (N.T.) dated 24thSeptember 2021, the transferee of the scrip was also liable to the Government if exporter has obtained this wrongfully or export proceeds are not realized within the time period allowed under FEMA 1999. The impact of this provision was that importers were in worry about the future liability if any arises on them due to the wrong doing or error on part of exporters. This leads the scrips prices tovary. Exporters were losing a huge amount because selling at higher discounts which ranges between 10 to 25%.

But Government has issued a Notification no. 76/2022-Customs (N.T.) dated 14th September, 2022by which transferee is not liable now. This will improve the prices of scrips for exporters.

2. Two years validity:

As per Electronic Duty Credit Ledger Regulations 2021, which arementioned in Notification No. 75/2021-Customs (N.T.) dated 23thSeptember 2021, validity of scrips was one year from the date of generation of scrip irrespective of transfer to another user.

But now as per recent amendment in these regulations, Notification No. 79/2022-Customs (N.T.) dated 15thSeptember 2022, this validity period has been extended to two years.

C. Risk factors in transfer process and how to safeguard from these:

There is no organized market to sell the scrips. Exporter has to find the buyers through personal links or via brokers who charge brokerage fee for facilitation. Despite of this there are many risks factors which exporters have to take care like price variation, surety of the payment, documentation etc. I briefly explain here the best prevailing practices so that transfer risks can be minimized.

When your deal is finalized, you must get advance payment of the scrips against transfer letter copy. When you get the entire payment in your bank account, then only transfer the scrip online through ICEGATE login. Although Transfer letter copy is to be shared with the buyer before getting the payment but, the advance payment is a well-established practice in this scrips trade market.

There are two ways to sell the scrips, first one is directly to the personally known importers and second is through brokers/agents working in this unorganized market.While going through brokers, it must be ensured that they are well established, professionals working in this field and have good track record.

Ensure yourself that you are transferring scrips to the same person from whose bank account you got the payment in advance.

If you are getting a very low price then better to wait for some days. But still too long wait is not advisable as you will be losing on part of opportunity cost of cash availability for working capital.

D. Below are the steps for online scrip transfer: First of all, you shall have activated ICEGATE id and E-scrip account. There after scrip transfer process is as below: -

Step 1: From the E-scrip Home page of ICEGATE login, you can select the “Scrip Transfer” tab to transfer a particular scrip to any other user.

Step 2: It is mandatory to select a scheme, RoDTEP/RoSCTL in order to select the scrips to be transferred. After that, the you can select the scrip to be transferred. The list of the generated scrips is available in the drop-down menu under “Scrip available”.

Step 3: After scrip selection which is to be transferred, you can view scrip amount and enter ICEGATE ID of the user to which the scrip is to be transferred. These details, of the IEC holder to whom you want to make transfer, can be entered in the textbox alongside “Transfer To” option.

Step 4: OTP is generated and sent to your registered mail id and registered mobile number who has initiated the transfer. It has to be entered by you to transfer the scrip successfully.

Step 5: After successfully transferring the request, Scrip will be viewed on the same page. You can cancel the request at this stage using the cancel button.

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ENVIRONMENTAL LEGISLATION OR TRADE PROTECTIONISM?

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Since the EU Commission announced the introduction of a carbon border adjustment mechanism (CBAM) within the European Green Deal, debates intensified on its effectiveness for climate action, adhering to WTO regulations. We argue that the implications of the EU CBAM for affected countries, especially in the Global South, have been underrepresented so far.

The CBAM is conceived as a measure against the risk of carbon leakage, a policy whereby companies move their production abroad to avoid the costs of complying with stringent environmental standards domestically or import cheaper foreign products that were not subject to a carbon price in their country of production.

The European Union fears that its increased climate ambitions and the rapidly increasing price of carbon under its domestic emissions trading scheme, having reached nearly 90 EUR/tonne CO_2 in December 2021, may exacerbate the risk of carbon leakage and undermine the competitiveness of its domestic industry. This is where CBAM comes into play. By pegging the price of CBAM certificates to the price of emission allowances auctioned under the EU Emissions Trading System.

The CBAM aims to ensure a level playing field for both domestic and imported products by making sure that they bear comparable CO_2 costs and thereby prevent domestic producers from relocating their production abroad.

Earlier this year, the EU had pledged to cut carbon emissions by at least 55% by 2030 as compared with 1990 levels and eventually reach a net zero target by 2050. In order to attain this, the EU is imposing some measures on both domestic and international producers. Therefore, the EU Parliament adopted a resolution to implement CBAM. However, the proposal is yet to be approved by the European Council, and the European Parliament.

From 2023-25, they will monitor the information on emissions and once they have calculated the carbon footprint, they will introduce this tax. So, the modalities have to be worked out.

Through this tax, the 27-member block aims to create a level playing field between imports and domestic production. Other countries such as the UK & the USA are also mulling similar policies.

The CBAM will initially apply to products from a limited number of sectors, namely cement, electricity, fertilizers, iron and steel, and aluminum. Before imposing the tax on imports from other countries, the EU also plans to engage third world countries, whose trade is going to be impacted by this tax. So, countries like India, China & Russia that have industries like steel, cement, and aluminium, which cause a lot of carbon dioxide emissions& export them to the EU.

As a major emerging economy, India is likely to be significantly impacted by the implementation of the CBAM as EU is a big export market for India. While India has raised its concerns on the implementation of the CBAM with the EU, Indian exporters of the products covered by the CBAM should familiarize themselves with how the CBAM operates and take appropriate steps to mitigate the risk of losses arising from its implementation.

The European Union is a key export market for India and is India's third largest trading partner. India's exports to the EU were worth EUR 33 billion in 2020 alone, with an average of EUR 36 billion in the last three years. Of particular importance to India are the exports of aluminum, iron and steel. The total exports from India to the European Union of base metals and minerals, including iron, steel and aluminum, accounted for approximately 10.4 percent of all exports in 2020. According to the CBAM impact assessment conducted by the Commission, India was the eighth largest exporter of iron and steel and the twelfth largest exporter of aluminum to the European Union in 2019. Further, Italy and Belgium emerged as the two top destinations for India's finished steel exports in 2021.

An important question that arises is whether CBT is enough to cut down on carbon emissions? It is not clear yet how this emission reduction will be achieved. So, on that ground, there is a concern. From the trade point of view, the concern is whether this is going to be another big non-tariff barrier that countries like India face while exporting to regions like the EU?

Piyush Goyal, Commerce and Industry Minister recently said at the United Nations Trade Forum, that countries such as India have not really contributed to the problem of climate change in the first place and there should be differentiated responsibilities when it comes to the less developed or developing world and the developed countries. He also stressed that trade policy and green goals should be decoupled.

This is the time for us to calculate the carbon emissions, carbon intensity and how this move will impact our different industries. There are other questions that also need to be asked. For instance, will this move help developing countries in accessing greener technologies?

MC12's “Outcome Document” emphasises the need for WTO's reform, including reviving its dispute settlement function. It also notes the interlinkages of environment and sustainable development with the multilateral trading system.

India will need to forge alliances with other developing countries to ensure that these discussions account for “sustainability” for all, with due regard for the balance of rights and obligations under multilateral environment agreements. This is particularly relevant in the context of the EU's carbon border adjustment measures which mandate imported products to meet the same level of emission norms that the EU implements.

AUSTRALIA

♦ ECONOMIC OVERVIEW:

Australia is an open market with minimal restrictions on imports of goods and services. The process of opening up has increased productivity, stimulated growth, and made the economy more flexible and dynamic. Australia's free trade agreement (FTA) with China entered into force in 2015, adding to existing FTAs with the Republic of Korea, Japan, Chile, Malaysia, New Zealand, Singapore, Thailand, and the US, and a regional FTA with Association of Southeast Asian Nations (ASEAN) and New Zealand.

Australia continues to negotiate bilateral agreements with Indonesia, as well as larger agreements with its Pacific neighbors and the Gulf Cooperation Council countries, and an Asia-wide Regional Comprehensive Economic Partnership that includes the 10 ASEAN countries and China, Japan, Korea, New Zealand and India.

Over the past two decades, Australia had benefited from a surge in its terms of trade. As export prices increased faster than import prices, the economy experienced continuous growth, low unemployment, contained inflation, very low public debt, and a strong and stable financial system.

♦ ECONOMIC INDICATORS:

Indicators	Value (in USD)
Real GDP (Purchasing Power Parity), 2020 est	1,250.90 Bn.
GDP (Official Exchange Rate), 2019 est.	1,390.79 Bn.
Real GDP (Per Capita), 2020 est.	48,700
Real GDP (Growth Rate), 2019 est.	1.84%
Inflation Rate, 2019 est.	1.6%
Source: The World Factbook– CIA 2022	

♦ EXCHANGE RATE

Indicators	Value (in USD)
Australian Dollars (AUD) per US Dollar	1.489522
Australian Dollars (AUD) per Indian Rupees	0.018608
Source: X-Rates 2022(September 2022 average)	

♦ CLIMATE:

Generally arid to semiarid; Temperate in south and east; Tropical in North

Prepare for outfits near the beach and coastal areas which often consist of bathing suits or surf board shorts with printed shirts. Also direct sun calls for market for hats. Aussies who call this region home live in shorts, t-shirts, tank tops, and flip-flops (we call them "thongs"). Your best bet will be to avoid clothes with synthetic materials; stick to cotton.

♦ AVERAGE TARIFF FROM INDIA:

Australia's average tariff for India is 4.8 %.

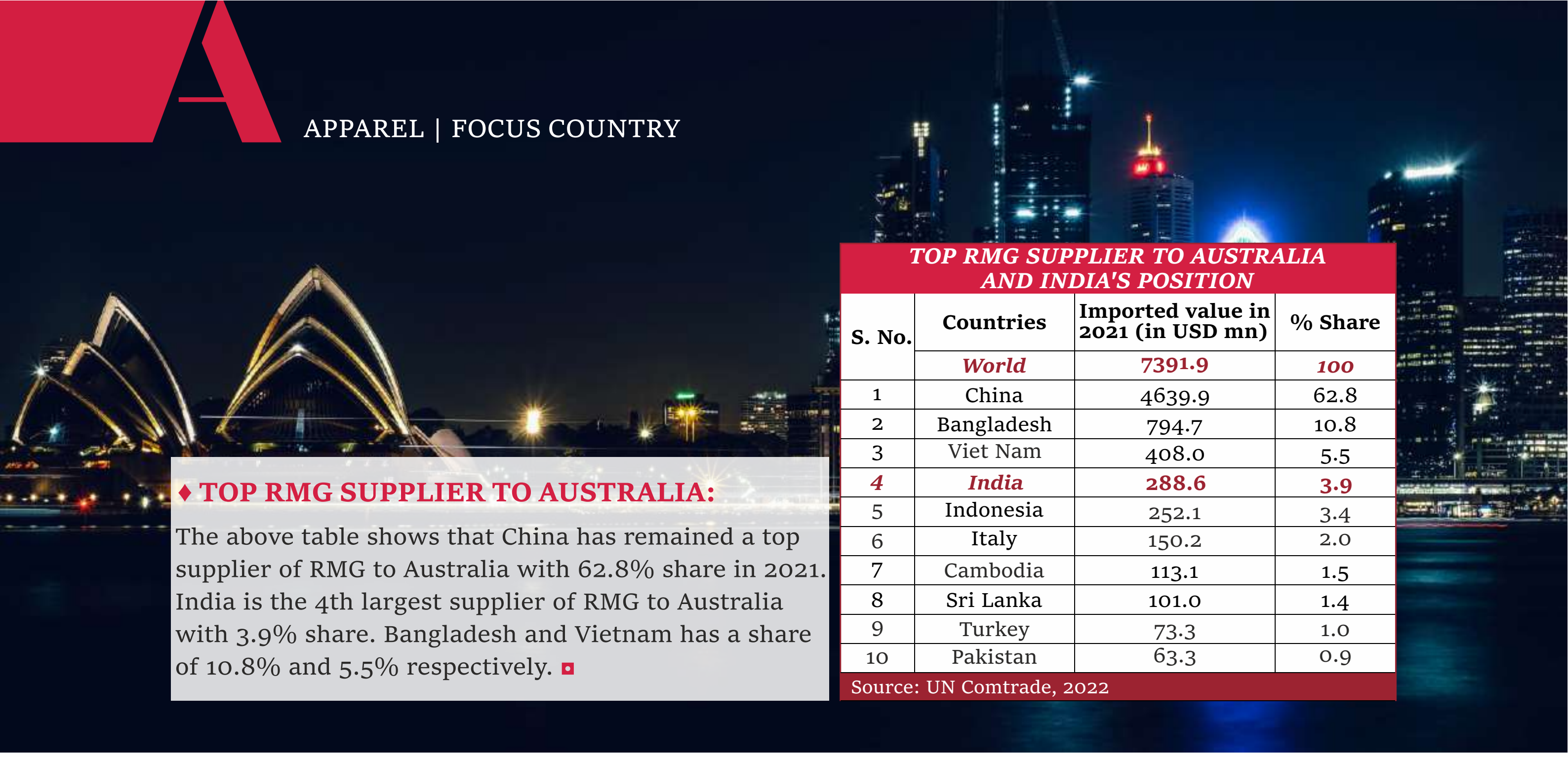
♦ FOREIGN TRADE AGREEMENT (FTA):

India-Australia FTA expected to ratified by November 2022

♦ AUSTRALIA'S APPAREL TRADE:

AUSTRALIA'S RMG IMPORT FROM WORLD AND INDIA				
	2019	2020	2021	% Change
Australia's RMG imports from World, (In USD Mn.)	6598.5	6310.7	7391.9	17.1
Australia's RMG imports from India, (In USD Mn.)	236.2	203.3	288.6	41.2
India's Share in Australia's RMG imports from World, %	3.6	3.2	3.9	20.5
Source: UN Comtrade, 2022				

The above table shows that Australia's RMG import from the World were to the tune of USD 7391.9mn in 2021 showing a growth of 17.1% as compared to 2020. RMG import from India has also increasedto USD 288.6mn,registering a growth of 41.2% as compared to 2020. India's percentage share in Australia's RMG import from the World has remained very low s3.9% in 2021.



TOP RMG SUPPLIER TO AUSTRALIA AND INDIA'S POSITION			
S. No.	Countries	Imported value in 2021 (in USD mn)	% Share
	World	7391.9	*100*
1	China	4639.9	62.8
2	Bangladesh	794.7	10.8
3	Viet Nam	408.0	5.5
4	*India*	288.6	3.9
5	Indonesia	252.1	3.4
6	Italy	150.2	2.0
7	Cambodia	113.1	1.5
8	Sri Lanka	101.0	1.4
9	Turkey	73.3	1.0
10	Pakistan	63.3	0.9

Source: UN Comtrade, 2022

♦ TOP RMG SUPPLIER TO AUSTRALIA:

The above table shows that China has remained a top supplier of RMG to Australia with 62.8% share in 2021. India is the 4th largest supplier of RMG to Australia with 3.9% share. Bangladesh and Vietnam has a share of 10.8% and 5.5% respectively. ◘

♦ AUSTRALIA'S TOP 10 RMG PRODUCTS IMPORT FROM WORLD VS INDIA'S SHARE:

TOP 10 RMG PRODUCTS IMPORTED BY AUSTRALIA FROM WORLD					
S. No.	HS Code	Product label	Imported from World in 2021 (in USD mn)	Imported from India in 2021 (in USD mn)	India's Share in %
		Total RMG	**7391.9**	**288.6**	**3.9**
		Sum of Top 10	**2965.5**	**94.1**	**3.2**
1	'610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	574.4	48.6	8.5
2	'611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	406.9	10.5	2.6
3	'620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	368.6	5.3	1.5
4	'611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted ...	336.8	0.6	0.2
5	'620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...	317.0	8.7	2.7
6	'610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	200.3	1.6	0.8
7	'610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, ...	199.6	0.9	0.5
8	'621210	Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or ...	192.4	2.0	1.1
9	'620520	Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	190.4	8.7	4.6
10	'620443	Women's or girls' dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	179.1	7.0	3.9

Source: UN Comtrade, 2022

The above table shows Australia's top 10 RMG products imported from the World vis-à-vis from India and India's % share in those top 10 products. The top 10 products imported from the World were to the tune of USD 2965.5mn. in 2021 and import from India of these top 10 products were to the tune of only USD 94.1mn. India has 3.2% share in Australia's top 10 products import from the World.

The top products imported by Australia from the World includesT-shirts, singlets and other vests of cotton, knitted or crocheted; Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted; Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton; Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted; Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton. ◘

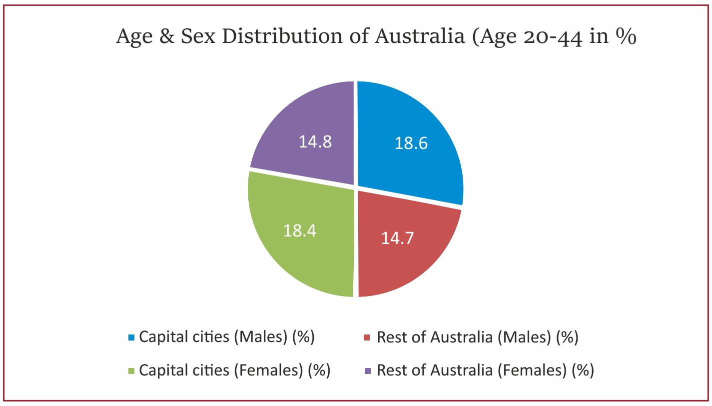
♦ AUSTRALIA'S TOP 10 RMG PRODUCTS IMPORT FROM INDIA:

TOP 10 RMG PRODUCTS IMPORTED BY AUSTRALIA FROM INDIA				
S. No.	HS Code	Product label	Australia's Import from India, 2021 (in USD mn)	% Share in 2021
		Total RMG	288.6	100.0
		Sum of Top 10	163.9	56.8
1	'610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	48.8	16.9
2	'620442	Women's or girls' dresses of cotton (excluding knitted or crocheted and petticoats)	25.9	9.0
3	'611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	19.4	6.7
4	'621142	Women's or girls' tracksuits and other garments, n.e.s. of cotton (excluding knitted or crocheted)	10.9	3.8
5	'610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted ...	10.7	3.7
6	'620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excluding knitted or crocheted ...	10.7	3.7
7	'611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	10.4	3.6
8	'620449	Women's or girls' dresses of textile materials (excluding of wool, fine animal hair, cotton ...	9.6	3.3
9	'620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...	8.8	3.0
10	'620520	Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	8.8	3.0
Source: UN Comtrade, 2022				

The above table shows Australia's top 10 RMG products imported from India. Australia's top 10 products imported from India were to the tune of USD 163.9mn with 56.8% share in Australia's total RMG import from India.
The top products imported by Australia from India includesT-shirts, singlets and other vests of cotton, knitted or crocheted; Women's or girls' dresses of cotton; Babies' garments and clothing accessories of cotton, knitted or crocheted; Women's or girls' tracksuits and other garments, n.e.s. of cotton; Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted.

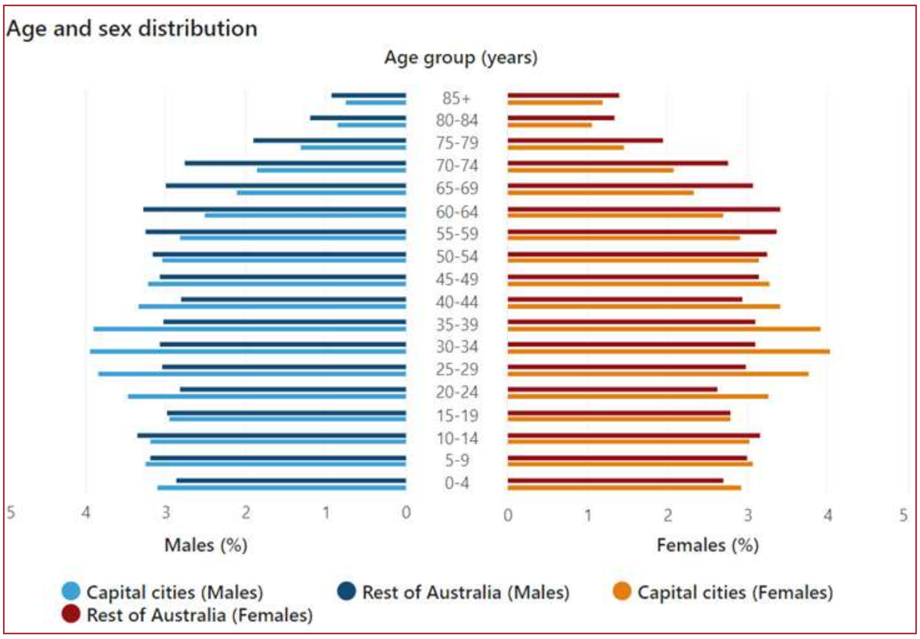
♦ AGE, SEX DISTRIBUTION& APPAREL:

The median age for 8 major capital cities in Australia is 37.1 years. People aged 20 to 44 years made up 37% of the combined major 8 capital city population, compared with 30% of the population in the rest of Australia. The sex ratio in the combined 8 major capital cities was 98.2 males per 100 females, compared with 99.2 for the rest of Australia, indicating a higher share of females in the capitals. These 8 capital cities are – Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, Darwin and Canberra (Source: Australian Bureau of Statistics 2022).



♦ THIS INDICATES THAT GARMENTS FOCUSING ON FOLLOWING THREE SEGMENTS SHOULD BE PROMOTED –

(i) younger population, (ii) working group population, and (iii) female population of capital cities.

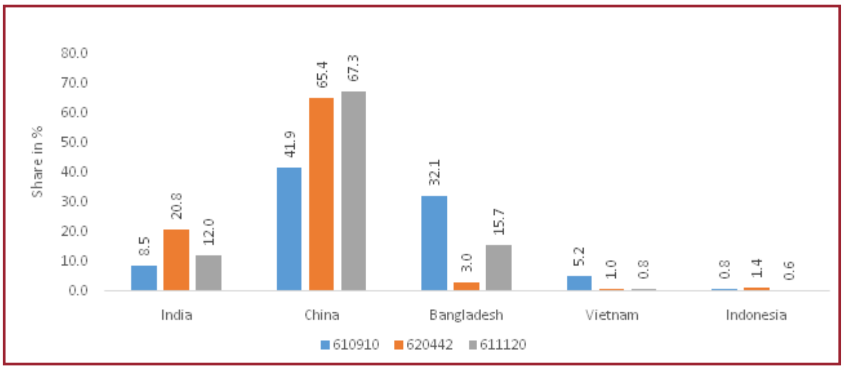


A 2019 report of Vogue Magazine which has interviews of 21 famous fashion designers of Australia pointed out that the Australian dressing style is relaxed, laid-back lifestyle and effortless inspired by their unique environment. They tend to have a high summer and resort approach to their dressing which is casually elegant, can take them anywhere, unpretentious and always in natural fibres (quality natural fabrics, well cut and classic pieces) with a hint of the beach, desert or bush in an outfit.

♦ FUN TIP:

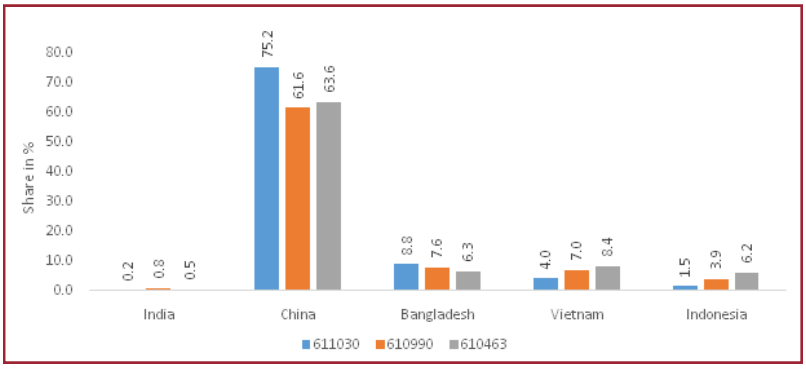
Indian garment manufacturers can always check the Instagram pages and dressing of famous American models and TV personalities Kendall Jenner and Hailey Bieber whose stylists are Australian and they are often seen flashing Australian dresses.

♦ TOP 3 EXPORTED RMG PRODUCTS OF INDIA TO AUSTRALIA VIS-À-VIS OTHER EXPORTING COUNTRIES



As the above-mentioned graph, it is clear that even in there 3 products (610910, 620442, 611120) China & Bangladesh are far ahead and India needs to further focus more on these products.

♦ COMPARISON OF PRODUCTS IN AUSTRALIA'S TOP IMPORT, WHEREAS INDIA'S SHARE IN LESS THAN 1%



As the above-mentioned graph shows the products in Australia's Top import, whereas India's share in less than 1%, China, Bangladesh and Vietnam they have a significant higher share and India can improve on this.

AVOIDING PITFALLS IN TRADE

Hohenstein Services for the Australian Market

The free trade agreement made between India and Australia in spring 2022 is expected to simplify the import and export of textiles. Existing regulations on exports to Australia must, however, still be observed. Here you will find general information on the regulations and recommendations in force there in relation to textiles. Our Hohenstein Textile Testing Laboratory in Gurugram, India, offers a tailored testing and service portfolio for the individual requirements of your products.

Despite the changes brought about by the free trade agreement concluded in spring 2022, anyone seeking to sell clothing and textiles from India in Australia is still confronted with a wide range of obligatory requirements. These include safety standards for children's clothing, specifications for the labelling of textiles as well as laws regulating the use of chemicals.

Information regarding the existing regulations as well as restrictions and bans and current recall incidents is provided by the Australian Competition & Consumer Commission (ACCC). In addition, the ACCC also issues recommendations that you can follow on a voluntary basis, thereby establishing a basis of trust to pave the way for long-term cooperation with your business partners.

Chemical concerns

Chemicals are used in all production processes undergone by textiles, from the fibre to the finished product. But which chemicals are banned by Australian chemical regulations and which are allowed?

Particularly high-risk and therefore banned

substances include asbestos and softeners such as polychlorinated biphenyls (PCBs) and phthalates in various chemical compositions. However, there are also chemicals that are allowed in Australia despite being classed as high-risk – provided certain conditions are met. This involves tests that must be performed in accordance with Australian standards as well as limit values that must be observed.

The ACCC has listed these substances in its Safety guidance on concentration of particular chemicals in certain consumer goods. They include aromatic amines that can be released from azo dyes in clothing, textiles and leather goods through chemical reactions. The list also provides guidance with regard to formaldehyde and dimethyl fumarate in leather and textiles.

However, even if a product did not violate any of the Australian requirements when first assessed, the ACCC can still reject it if there are any safety concerns whatsoever. To avoid a product recall and the associated costs and reputational damage, you should inspect your products proactively and stay up to date on all ACCC guidelines and developments at all times.

Which labels are mandatory?

In accordance with applicable labelling requirements, the brand name, size or dimensions of the piece, care instructions, fibre content and – if applicable – the country of origin must all be present on textiles in Australia. For some products, the flammability rating, known as the fire hazard classification, must also be specified. The labels must be durable, printed in English, and attached to clothing, household textiles and furniture in specific positions. The labelling regulations for imported textiles can be read in the Commerce (Trade Descriptions) Regulation 2016.

Detailed specifications on care labelling can also be found in the Australian Consumer Protection Notice No. 25 of 2010. The correct terminology and symbols can be found in Standard AS/NZS 1957:1998 Textiles – Care labelling. Furthermore, NZS 2621:1998 – Textiles – Guide to the selection of correct care labelling instructions from AS/NZS 1957 provides information on the correct care instructions, basic requirements and test methods applied in each case.

A peculiarity of the Australian system is that, apart from in the state of New South Wales, there are no nationally defined standards relating to the specification of the fibre composition. It is generally recommended to list the materials in descending order together with their respective proportional percentages. You can find more information on this in Standard AS/NZS 2622:1996 – Textile products – Fibre content labelling. Standard AS/NZS 2450:1994 – Textiles – Natural and man-made fibres – Generic names provides information on the correct designation of natural and man-made fibres.

The ACCC does not require any information regarding the country of origin. However, if this information is provided, it must be accurate. The exact formulation here depends on whether the product was made completely or partly in Australia or whether it was imported.

The aforementioned fire hazard classification is subject to particular scrutiny. This classification categorises the flammability of children's nightwear and certain categories of children's daywear. Standard AS/NZS 1249 specifies four categories of flammability. For categories 1–3, a permanent label stating low fire hazard must be positioned in a prominent location. For category 4, the label must state high fire hazard. Pieces of clothing from the relevant product groups that do not meet the conditions cannot be sold in Australia.

How are children protected from danger?

Relevant children's products in sizes 00 to 14 are tested for flammability. Tests must comply with Standard AS 2755.2-1985 (R2013) Textile fabrics – Burning behaviour measurement of flame spread properties of vertically oriented specimens.

Drawstrings on children's clothing present a risk of strangulation. The ACCC does not issue any mandatory guidelines regarding the properties, length or attachment of drawstrings, but recommends compliance with the obligatory European standard EN 14682 and the optional US standard ASTM F18163.

The testing of small, pointed and sharp-edged accessories such as clasps, trims and other fittings is also voluntary. It is recommended here to perform the tests on the original backing material to obtain a reliable result. Information on this can be found in Standard AS/NZS ISO 8124.

Service on an equal footing and across all levels

Hohenstein is a solutions provider and will work with you on equal terms to help you comply with all applicable Australian regulations. All tests mentioned above can be performed in our Hohenstein laboratory in Gurugram, India, which works according to the same high standards as all Hohenstein laboratories around the world – whether it be in our German headquarters or in our branches in Bangladesh, Hong Kong or Hungary.

Detailed information at:

www.hohenstein.com
www.hohenstein.in

A WIN-WIN TRADE DEAL

Authored by- ADARSH SHARMA

India-Australia FTA serves both nations well

India's foreign trade policy has seen a significant shift in recent years which can be seen through the signing of two crucial trade agreements with the UAE and Australia.

Both these agreements had been in the offing for quite some time, but Delhi has been able to make significant developments that are expected to be beneficial for the Indian market.

Many of the previous FTAs were disproportionate in benefiting the bilateral partner. With the India-UAE CEPA and the India-Australia ECTA, this trend seems to be reversed.

India and Australia signed an early harvest free trade agreement or the Economic Cooperation and Trade Agreement (ECTA), on April 2, 2022.

This is considered a watershed moment for India and Australia's bilateral relations. Being the first free trade agreement that India has signed with a developed country in more than a decade, the deal is aimed at benefiting a range of sectors in both countries.

In a nutshell, Australia will provide 100 per cent market access for all Indian goods over five years and lower duty on 95 per cent of Indian goods.

The current duty of 5 per cent imposed on Indian goods from labour-intensive sectors like gems and jewellery, leather and footwear, and textiles would be waived, thereby offering zero-duty access to the Australian market.

India, too, would lower the import duty on more than 70 per cent of Australian imports, which would grow to include 85 per cent of Australian goods in 10 years.

The complementarities

This agreement has been sensitive to the needs of both economies.

For the first time, India has signed a deal that enforces 'country of origin', preventing items from other countries entering through the FTA route.

Also, Delhi has been able to safeguard its interests by excluding sensitive sectors such as agriculture and dairy from the agreement.

Similarly, Australia has also been able to tackle the 'China problem' by diversifying its import and export baskets in sectors like automobiles, coal, and wines.

With the ECTA, Indian companies will get access to the relatively untapped $27-billion automobile industry of Australia.

A similar situation can be observed with respect to Australia's coal exports. By leveraging the Chinese ban on Australian coal imports, India has been able to capitalise on the opportunity and Australia has emerged as a cheaper alternative to South American and Indonesian coal.

Movement of people

India had always been hesitant about the prospect of the international movement of its people. However, with the ECTA, India is seen to move on from this scepticism and pave the way for new opportunities for its skilled workforce.

From Indian chefs and yoga teachers who now have the right to relocate to and practice in Australia under a work visa permit for four years to Indian students studying in Australia being granted leeway to extend their stay post completion of their courses, the trade agreement further cements India's trust in Australia and strengthens their relationship.

Future course of action

Through the ECTA, leaders of both nations have been able to create a balanced trade agreement with far-reaching positive consequences for both the nations as well as essential for geopolitical security.

Previous experience of early harvest agreements with nations like Thailand and Sri Lanka have not been able to graduate to full-scale FTAs.

Thus, it is essential to keep the conversation between the nations going, to ensure a speedy signing of the full-fledged free trade agreement.

The writer is Managing Director, Investment Realisation, Primus Partners, New Delhi

HOW THE APPAREL INDUSTRY CAN ADAPT TO INFLATION

Authors- Jad Hamdan, Claus Heintzeler, Jesse Nading, and Emily Reasor

High inflation is a challenge, but ADAPTing an agile pricing strategy can help retailers and brands control costs, protect margins, and retain customer loyalty.

Key takeaways :

Apparel companies are getting squeezed between rising supply chain costs and falling consumer confidence.

To cope with inflationary pressures and protect their margins, brands and retailers may need an approach that includes action on pricing, merchandising, and supply chains.

The ADAPT model offers a five-component approach to reset margin structures with bold, deliberate actions that could yield competitive advantages in a persistently inflationary environment.

As we head into the second half of 2022, apparel firms are getting clobbered. Industry leaders see higher-than-expected operational costs impacting margins as inflation continues to escalate. Across the sector, what began with a difficult May earnings season has continued with the reality of persistent inflation, a more fragile consumer, and the prospect of more turbulent economic conditions as the Federal Reserve attempts to harness inflation. Prices are rising across the value chain, from commodities to transport to labor and more. In the United States, for example, inflation hit 9.1 percent in July, signaling the largest 12-month increase in more than 40 years.

Historically, price realization in the apparel industry has lagged well behind inflation rates and household income growth. From 2010–19, for instance, US apparel prices rose at a CAGR of just 0.4 percent, lagging both the total consumer price index (CPI; CAGR 1.8 percent) and median household income (CAGR 3.8 percent). That gap has recently narrowed, but in the United States, price gains are still trailing CPI growth by about one percentage point In this environment, apparel retailers and brands are getting squeezed. Not only do they face rising costs on everything from manufacturing inputs and freight to fuel and wages, but they must also deal with a slowing growth environment and falling consumer confidence. Indeed, the percentage of consumers who reported feeling optimistic in our May Consumer Pulse survey fell to 38 percent, from 44 percent in October 2021. The drop in optimism was sharpest among high-income consumers; consumer confidence also fell sharply in the eurozone during the latter half of 2021 and the first months of 2022 as inflation heated up.

Now we see consumers starting to adopt more value-conscious shopping behaviors. The Consumer Pulse survey found that more US consumers reported switching brands and retailers in 2022 than at any time since the pandemic began, and most of them say they intend to keep switching, primarily to find lower prices. Among those who switched, slightly more than one-third opted to buy private-label products.

To cope with inflationary pressures and changing consumer purchasing behaviors, apparel brands and retailers may benefit from comprehensive action on pricing, merchandising, and supply chains. Even as they seek to protect their margins, apparel companies may have to act surgically to avoid alienating customers who are already contending with recent price increases. In our survey, more than three-quarters of respondents said they had noticed prices going up, including in the apparel and fashion industries.

Some apparel companies could consider passing on their costs to consumers, either through higher ticket prices or fewer promotions. But given the discretionary nature of the apparel sector and the potential for long production cycles, others have tried to absorb higher costs while holding the line on prices and promotions to win or retain near-term market share.

Meanwhile, in the face of a global supply-chain shock, upstart brands have been disrupting the known paradigms of fast fashion and apparel retailing. Companies like Shein are rapidly growing to own the Gen Z and “masstige” (mass-produced goods marketed as luxe) consumer bases.6 Accordingly, established brands and retailers can balance the need to preserve margins and mitigate inflation without pricing out their growing core-consumer segments.

Apparel brands and retailers may be best served by a holistic approach that aims to both protect margins and drive value for consumers. In this article we detail how apparel retailers can use the vFive ways to ADAPT pricing to inflation to reduce the risks associated with inflation and best position themselves for long-term success.

AMENDMENT MADE IN ROSCTL WILL HELP RMG INDUSTRY MEET ITS WORKING CAPITAL REQUIREMENT AND THRUST GARMENT EXPORTS: CHAIRMAN AEPC

AEPC thanks government for considering the request of RMG sector positively

AEPC expressed its gratitude to the government for considering the pending request for deletion of provision of making the transferee liable from the RoSCTL conditions.

Speaking on this development Chairman AEPC Shri Naren Goenka said, "The Government of India's Rebate of State and Central Taxes and Levies (RoSCTL) Scheme has benefitted the Apparel and Made-up Sector. AEPC had been requesting that the transferee clause as given in the Notification No. 77/2021 dated 24.09.2021 of DoR, making transferee liable in the case of non-realization of the exporter proceeds should be deleted. I am thankful to the government for considering our request positively."

"The amendment will provide much needed relief to the garment sector and ensuring maximum refund of RoSCTL amount will help exporters meet their working capital requirements. Further, it will give impetus to the garment sector to perform better at a much faster pace," Chairman added.

For ensuring continuity, the Government had already provided the benefit of the Scheme till March, 2024. However, since the operationalization of the RoSCTL Scheme, the exporters have been facing various issues in the implementation of the Scheme.

Even though the RoSCTL aimed to reimburse the taxes paid by the exporters to the Central or State Governments, under RoSCTL the rebate was not directly transferred to the exporters in cash, but this was granted to exporters of Garments and Made-ups in the form of freely transferable duty credit scrips. Exporters can either use these scrips to pay Basic Custom Duty (BCD), on their own imports or they can sell the duty credit scrips to other importers. RoSCTL scrip has limited usage as it could be used only for payment of BCD.

In September 2021, an additional condition was notified for the RoSCTL Scheme that allowed the Customs Authorities to recover from the subsequent buyers of the scrip (transferees) amounts due for the non-realization of the sales proceeds by the exporters to whom the scrip was originally issued. This was resulting into the exporters selling these scrips in the open market at discounts, extending up to 20%.

Under the RoSCTL Scheme, maximum rate of rebate for Apparel is 6.05% while for the made-ups it is 8.2%. However, with the exporters who were selling these scrips in the open market at discounts up to 20%, the primary implication is that the actual rebate allowed to the exporters varies between 4.8% to 6.4%. This also means that the taxes up to 1.2% to 1.6% of export value was not actually rebated and it remained embedded.

AEPC AND MSME SIGNED A MOU

Ministry of Micro, Small and Medium Enterprises (MSME) and Apparel Export Promotion Council (AEPC) signed a MoU on 20.09.2022. AEPC is now implementing agency for the Sub-Component II of Capacity Building of first-time MSE Exporters (CBFTE) under the International Cooperation Scheme of the Ministry of MSME i.e Reimbursement of Registration-cum-Membership Certificate (RCMC) charges/fee paid by the first-time exporter to related EPCs.

Ms. Mercy Epao, Joint Secretary MSME and Dr. L B Singhal, Secretary General AEPC singed this MoU.

The MoU was signed in presence of Shri B B Swain, Secretary MSME and Shri Shailesh Kumar Singh, Additional Secretary MSME.

AEPC PARTICIPATES IN WHO'S NEXT FAIR, PARIS IN FRANCE

Mr Deepanshu Khurana, Second Secretary, Economic and Commercial wing, Embassy of India, Paris, France, inaugurated the Indian Pavilion at Who's Next Fair, Paris in France on xx in presence of exhibitors and buyers.

After the inauguration, Mr. Khurana tooks a round of the pavilion, interacted with the exhibitors and asked about the market and business opportunity.

Paris Expo Port de Versailles, Paris, France held from 02 to 05 September, 2022.

AEPC participated in the show with 15 exhibitors (the total size of 15 booths was 135 Sq. Mtrs.). The major items of exhibits included Readymade Fashion Garments (Men's, women's & Children's) & Accessories. The price range of exhibits were between USD 5 to USD 50.

The value of orders booked/negotiated was USD 15.9 lacs and a good number of quantities are under negotiation.

Indicated products of interest included; Ladies Tops, Blouses, Dresses, Skirts, Men's Shirts, Children's Shirts, Pants, T-shirts, Shawls & Scarves, bags and accessories etc.

GAP INC. SENIOR OFFICER VISITS ATDC-NHO

Gap Inc. Mr. Gaurav Shah, Head Strategy, Chief of Staff, CEO, Hong Kong & Mr. Deepak Kini, Sr. Director Finance, Gap International Sourcing (India) Pvt. Ltd. visited ATDC Head Office, Gurgaon on 30th August 2022. Mr. Gaurav Shah was pleased to understand ATDC Industry linkage is supporting students at various level -operators, mid- supervisory & supervisory in the skill ecosystem of industry and take up employment in the Industry. He shares that Gap Inc. is looking for new strategies to explore utilization of their established logistics facilities to the Indian exports fraternity.

He further mentioned that he was pleased to know the thrust given by Indian Govt. to SME's participation in the economy of India. The challenges faced by SMEs especially the logistic part in the export can be mitigated with the support of Gap Inc. with a laid logistic supply chain in the US. Hence, this can be taken as an advantage by the upcoming export oriented SMEs in their business.

During their visit to ATDC, training initiatives for the apparel sector and the new-skilling areas were discussed in the presence of Shri Vijay Mathur, DG & CEO, ATDC & Ms. Neera Singh Parihar, Director, ATDC. It was an enriching exchange of the future apparel supply chain, IOT based manufacturing & the logistic support to enhance the performance of the apparel supply chain.

Gap Inc. India office is supporting female meritorious students from economically weaker sections to pursue higher education by enrolling in 1 Year Diploma program in Apparel Manufacturing Technology (AMT), Fashion Design Technology (FDT) & Production Supervisor Sewing (PSS) in select 15 ATDC Centres. In the year 2021-22 Gap Inc. office of Delhi & Hyderabad supported 221 girls / women from economically weaker sections / BPL to take up the Diploma Program. The training is supported by Gap International Sourcing (India) Pvt. Ltd. & Gap IT Services Pvt. Ltd. Hyderabad is supporting in empowering women to become earning members of the family. Ms. Deepak Kini, also shared great interest in the Diploma & Degree Courses of ATDC that are employment oriented & provide decent salary packages to students in the Industry. Mr. Vijay Mathur thanked them for their visit & the support extended to supporting women candidates to take higher education with the Gap "Merit-cum-Means" Scholarship ". Ms. Neera Singh Parihar, brief about the ATDC Skill development initiatives in various domains of apparel sector. ATDC is committed to empower women to join the formal sector of the apparel industry of employment & take entrepreneurial careers to contribute to India's growing economy.

CENTRE CLEARS 23 STRATEGIC PROJECTS WORTH RS 60 CRORE IN THE AREAS OF SPECIALTY FIBRES, COMPOSITES, SUSTAINABLE TEXTILES, MOBILTECH, SPORTECH AND GEOTECH SEGMENT

The Ministry of Textiles cleared 23 strategic research projects worth around INR 60 crores in the areas of Specialty fibres, Sustainable Textiles, Geotextiles, Mobiltech and Sports textiles under the chairmanship of Union Minister of Textiles, Shri Piyush Goyal, on 14th of September 2022. These strategic research projects fall under the Flagship Programme 'National Technical Textiles Mission.'

Among these 23 Research projects, 12 Projects of Speciality Fibres having application areas in Agriculture, Smart Textiles, Healthcare, Strategic Application and Protective gears were cleared. 4 Projects from Sustainable Textiles having application area in Agriculture and Healthcare Sector were cleared. Also, 5 projects from Geotextile, 1 from Mobiltech and 1 from Sportech were cleared.

Member NITI Aayog (Science & Tech) & Principle Scientific Advisor (PSA) provided inputs pertaining to Technical Textile for the meeting along with Line Ministries. Various leading Indian Institutes including IITs, Government Organizations, and Eminent Industrialists, among others participated in the session which cleared projects strategic for the development of Indian economy and a step in the direction of Atmanirbhar Bharat, especially in the Healthcare, Industrial and Protective, Energy Storage, Agriculture and Infrastructure.

While addressing the esteemed group of Scientists and Technical Technologists, Shri Piyush Goyal said, "Industry and Academia connect is essential for the growth of research and development in the application areas of Technical Textiles in India. Building convergence with Academicians, Scientists and Researchers is the need of the hour."

Shri Piyush Goyal emphasised on the importance of contributions of technology and segment experts, scientists and academicians to India's technical textiles future growth.

Shri Piyush Goyal highlighted that the technological gap in the country needs to be addressed in the field of technical textiles. Identification of the area of research in technical textiles with industry interaction and promotional activities like conferences, exhibition, and buyer-seller meet to promote the use of Technical Textile in the country and to increase the exports to be the key focus areas. ◘

'MAKE IN INDIA' COMPLETES 8 YEARS, ANNUAL FDI DOUBLES TO USD 83 BILLION

Make in India, the flagship program of the Government of India that aspires to facilitate investment, foster innovation, enhance skill development, and build best-in-class manufacturing infrastructure, completes 8 years of path-breaking reforms on 25th September 2022. Launched in 2014 under the dynamic leadership of the Hon'ble Prime Minister Shri Narendra Modi, 'Make in India' is transforming the country into a leading global manufacturing and investment destination. The initiative is an open invitation to potential investors and partners across the globe to participate in the growth story of 'New India'. Make In India has substantial accomplishments across 27 sectors. These include strategic sectors of manufacturing and services as well.

To attract foreign investments, Government of India has put in place a liberal and transparent policy wherein most sectors are open to FDI under the automatic route. FDI inflows in India stood at US $ 45.15 billion in 2014-2015 and have since consecutively reached record FDI inflows for eight years. The year 2021-22 recorded the highest ever FDI at $83.6 billion. This FDI has come from 101 countries, and invested across 31 UTs and States and 57 sectors in the country. On the back of economic reforms and Ease of Doing Business in recent years, India is on track to attract US$ 100 Bn FDI in the current FY.

Production Linked Incentive (PLI) scheme across 14 key manufacturing sectors, was launched in 2020-21 as a big boost to Make in India initiative. The PLI Scheme incentivises domestic production in strategic growth sectors where India has comparative advantage. This includes strengthening domestic manufacturing, forming resilient supply chains, making Indian industries more competitive and boosting the export potential. PLI Scheme is expected to generate significant gains for production and employment, with benefits extending to the MSME eco-system.

Recognising the importance of semiconductors in the world economy, the Government of India has launched a USD 10 billion incentive scheme to build a semiconductor, display, design ecosystem in India.

To strengthen Make in India initiative, several other measures have been taken by the Government of India. The reform measures include amendments to laws, liberalization of guidelines and regulations, in order to reduce unnecessary compliance burden, bring down cost and enhance the ease of doing business in India. Burdensome compliances to rules and regulations have been reduced through simplification, rationalisation, decriminalisation, and digitisation, making it easier to do business in India. Additionally, Labour reforms have brought flexibility in hiring and retrenchment. Quality control orders have been introduced to ensure quality in local manufacturing. Steps to promote manufacturing and investments also include reduction in corporate taxes, public procurement orders and Phased Manufacturing Programme.

To promote local industry by providing them preference in public procurement of Goods, Works and Services, the Public Procurement (Preference to Make in India) Order 2017 was also issued pursuant to Rule 153 (iii) of the General Financial

Rules 2017, as an enabling provision. The policy aims at encouraging domestic manufacturer's participation in public procurement activities over entities merely importing to trade or assemble items. The policy is applicable to all Ministries or Departments or attached or subordinate Offices or autonomous body controlled by the Government of India and includes Government companies as defined in the Companies Act.

Further, the National Single Window System (NSWS) has been soft-launched in September 2021 to improve the ease-of-doing-business by providing a single digital platform to investors for approvals and clearances. This portal has integrated multiple existing clearance systems of the various Ministries/Departments of Government of India and State Governments to enhance the investor experience.

The Government has also launched programme for multimodal connectivity to manufacturing zones in the country, called the Prime Minister's Gatishakti programme, which will ensure logistical efficiency in business operations through the creation of infrastructure that improves connectivity. This will enable faster movement of goods and people, enhancing access to markets, hubs, and opportunities, and reducing logistics cost.

The One-District-One-Product (ODOP) initiative is another manifestation of the 'Make in India' vision for facilitating promotion and production of the indigenous products from each district of the country and providing a global platform to the artisans and manufacturers of handloom, handicrafts, textiles, agricultural and processed products, thereby further contributing to the socio-economic growth of various regions of the country.

Prime Minister, Shri Narendra Modi, during his Mann ki Baat broadcast in August 2020, expressed a desire to establish India as a global toy manufacturing hub and to strengthen domestic designing and manufacturing capabilities.

The Toy Industry in India has historically been import dependent. Lack of raw-material, technology, design capability etc. led to huge imports of Toys and its components. In 2018-19, Toys worth USD 371 Mn (Rs. 2960 cr.) were imported into our country. A large proportion of these toys were unsafe, substandard, counterfeit, and cheap.

To address the import of low-quality and hazardous toys and to enhance domestic manufacturing of toys, several strategic interventions have been taken by government. Some key initiatives include increase of Basic Custom Duty from 20% to 60%, implementation of Quality Control Order, mandatory sample testing of imported toys, granting more than 850 BIS licenses to domestic toy manufacturers, development of toy clusters etc. Several promotional initiatives including The India Toy Fair 2021, Toycathon 2021, Toy Business League 2022 were conducted to promote indigenous toys to encourage innovation and new-age design to suit global requirements.

Complimented by sincere efforts of domestic toy manufacturers, the growth of Indian Toy industry has been remarkable in less than 2 years despite Covid-19 pandemic. The import of toys in FY21-22 have reduced by 70% to USD 110 Mn (Rs. 877.8 cr.). There has also been a distinct improvement in quality of toys in domestic market. Simultaneously, the efforts of the industry have led to an export of 326 Mn USD (Rs. 2601.5 cr.) of toys in FY21-22, which is an increase of over 61% over 202 Mn USD (Rs. 1612 cr.) of FY18-19. India's export of toys registered tremendous growth of 636% in April-August 2022 over the same period in 2013.

There are several trends that mark a shift in Indian manufacturing, which includes increase in domestic value addition & local sourcing, a greater focus on R & D, innovation and sustainability measures.

The Make in India initiative has been striving to ensure that the business ecosystem in the nation is conducive for investors doing business in India and contributing to growth and development of the Nation. This has been done through a range of reforms that has led to increased investment inflows as well as economic growth.

With this initiative at the forefront, the businesses in India are aiming that the products that are 'Made in India' are also 'Made for the World,' adhering to global standards of quality.

INDIA HAS A $1.2 TRILLION PLAN TO SNATCH FACTORIES FROM CHINA

In India, half of all infrastructure projects are delayed, and one in four run over their estimated budget. Prime Minister Narendra Modi believes technology is the solution to these perennial and notorious bottlenecks.

Under a 100-lakh-crore-rupee ($1.2 trillion) mega project called PM Gati Shakti -- Hindi for strength of speed -- Modi's administration is creating a digital platform that combines 16 ministries. The portal will offer investors and companies a one-stop solution for design of projects, seamless approvals and easier estimation of costs.

"The mission is to implement projects without time overrun and cost overrun," Amrit Lal Meena, special secretary of logistics in the ministry of commerce and industry, said in an interview in New Delhi. "Global companies choosing India as their manufacturing center is the objective."

"The mission is to implement projects without time overrun and cost overrun," Amrit Lal Meena, special secretary of logistics in the ministry of commerce and industry, said in an interview in New Delhi. "Global companies choosing India as their manufacturing center is the objective."

Fast-tracking projects will give India an advantage, especially with China still largely closed to the outside world and companies increasingly adopting a China-plus-one policy -- finding other countries to expand in or source from -- to diversify their businesses and supply chains. Asia's third-largest economy not only offers cheap labor, but also a talent pool of largely English-speaking workers, even though rickety infrastructure keeps many investors away.

"The only way to compete with China, apart from the fact there are political requirements of countries to move away, is to be as competitive on the cost as you can be," said Anshuman Sinha, a partner at Kearney India who leads transport and infrastructure practices. "Gati Shakti is about making it easier to have a flow of goods and manufactured components across the length and breadth of the country."

The key pillars of the project are identifying new production clusters that don't exist today, and linking those sites seamlessly to the nation's railway network, ports and airports, Sinha said. "If you peel the layers of Gati Shakti, it's made up of identifying nodes and strengthening the logistics network connecting those nodes."
Reducing red tape through technology is crucial for India to unclog its stalled infrastructure projects. Of the 1,300 projects Gati Shakti's portal currently oversees, almost 40% were delayed due to issues related to land acquisition, forest and environment clearances, resulting in cost overruns, according to Meena. At least 422 projects had some issues and the portal resolved problems in some 200 of those.

Under Gati Shakti, the government, for example, will use technology to ensure that a newly constructed road isn't dug up again to lay out phone cables or gas pipelines, according to a government agency promoting investments in India. The plan envisages modeling infrastructure projects along the lines of what Europe did after the Second World War or what China did between 1980 and 2010 to raise the nation's "competitive index," according to Invest India, the government agency.

"Today's India is committed to investing more and more to develop modern infrastructure and it is taking every step to ensure projects do not face roadblocks and get delayed," Modi said in a speech last year inaugurating the program. "Quality infrastructure is the key to kick-start several economic activities, and create employment on a large scale. Without modern infrastructure, all-round development cannot happen in India."

COMPANIES IMPORTING CHINESE GOODS VIA SOUTH EAST ASIAN COUNTRIES UNDER FINANCE MINISTRY'S SCANNER

Customs Department is likely to resume physical inspections of imports from South East Asia as importers may be flouting rules of origin norms and misusing FTA routes.

Indian companies that are importing Chinese goods through South East Asian countries are under the scrutiny of the Ministry of Finance, CNBC-TV18 reported citing sources at the Customs Department. Chinese goods are being re-routed to India from other South East Asian countries which exploits Free trade Agreements (FTAs), it further said.

Customs Department is likely to resume physical inspections of imports from South East Asia as importers may be flouting rules of origin norms and misusing FTA routes, according to the report.

Moneycontrol could not independently verify the news.

Many companies are importing finished goods under the garb of RMS and intermediates which violates norms, the Customs Department sources also told CNBC-TV18.

It further added that products such as garments, electronic goods, mechanical and mobile phone are being imported by the companies.

Imports from China have surged by 34 percent to over $78.5 billion in the first eight months of 2022, according to the CNBC TV-18 report.

THE UNION CABINET HAS APPROVED THE NATIONAL LOGISTICS POLICY

The Union Cabinet, chaired by Prime Minister, Shri Narendra Modi, has approved the National Logistics Policy. The Policy lays down an overarching interdisciplinary, cross-sectoral, multi-jurisdictional and comprehensive policy framework for the logistics sector. The policy complements the PM GatiShakti National Master Plan. While PM GatiShakti National Master Plan is aimed at integrated infrastructure development, the National Logistics Policy is envisaged to bring efficiency in logistics services, and human resources through streamlining processes, regulatory framework, skill development, mainstreaming logistics in higher education and adoption of suitable technologies.

The vision is to develop a technologically enabled, integrated, cost-efficient, resilient, sustainable and trusted logistics ecosystem for accelerated and inclusive growth.

The Policy sets targets and includes a detailed action plan to achieve them. The targets are:

i. to reduce cost of logistics in India to be comparable to global benchmarks by 2030,

ii. improve the Logistics Performance Index ranking, to be among top 25 countries by 2030, and

iii. create data driven decision support mechanism for an efficient logistics ecosystem.

The National Logistics Policy has been developed through a consultative process wherein several rounds of consultations were held with various Ministries/Departments of Government of India, industry stakeholders and academia, and takes cognisance of global best practises.

To monitor the implementation of the Policy and integrate efforts across stakeholders, the Policy will utilize the existing institutional framework i.e., Empowered Group of Secretaries

(EGoS) created under the PM GatiShakti NMP. The EGoS will also set up a “Services Improvement Group” (SIG) on the pattern of Network Planning Group (NPG) for monitoring of parameters pertaining to processes, regulatory and digital improvements in logistics sector that are not covered under the ToR of the NPG.

This policy paves way for reduction in logistics cost in the country. Focus will be on enabling adequate development of warehouses with optimal spatial planning, promotion of standards, digitization and automation across the logistics value chain and better track and trace mechanisms.

Further measures to facilitate seamless coordination between different stakeholders and speedy issue resolution, streamlined EXIM processes, human resource development to create an employable pool of skilled manpower, are also laid out in the policy.

The policy also clearly lays down an action agenda for immediate on ground implementation of various initiatives. In fact, to ensure that the benefits of this policy have maximum possible outreach, important initiatives under the policy including the Unified Logistics Interface Platform (ULIP), the Ease of Logistics Services platform, e-handbook on Warehousing, training courses on PM GatiShakti and logistics on i-Got platform, were launched along with the launch of the National Logistics Policy. Thereby indicating the readiness for immediate on ground implementation.

Also, all States and UTs have been fully onboarded. Fourteen States have already developed their respective State Logistics Policies on the lines of the National Logistics Policy and for 13 States, it is in draft stage. The institutional frameworks under PM GatiShakti at Centre and State level, which will also monitor implementation of the Policy, is fully operational. This will ensure a fast and effective adoption of the Policy across all stakeholders.

This policy supports enhancing competitiveness of Micro, Small and Medium Enterprises, and other sectors such as agriculture and allied sectors, fast moving consumer goods and electronics. With greater predictability, transparency and reliability, wastages in supply chain and need for huge inventory will reduce.

Greater integration of global value chains and higher share in global trade besides facilitating accelerated economic growth in the country, is another outcome envisaged.

This is expected to reduce logistics cost to achieve global benchmarks and improve country’s Logistics Performance Index ranking and its global positioning. This policy lays down a clear direction for transforming India’s logistics sector, improving logistics efficiency, reducing logistics cost and improving global performance.

GLOBAL FIBRE PRODUCTION ALMOST DOUBLES TO 113 MILLION TONNES IN 2021

Global fibre production increased again to a record 113 million tonnes in 2021, after a slight decline due to COVID-19 in 2020. In the last 20 years, global fibre production has almost doubled from 58 million tonnes in 2000 to 113 million tonnes in 2021 and is expected to grow to 149 million tonnes in 2030 if business as usual continues. The share of recycled fibres slightly increased from 8.4 per cent in 2020 to 8.9 per cent in 2021 —mainly due to an increase in bottle-based polyester. Still, less than 1 per cent of the global fibre market was from pre- and post-consumer recycled textiles in 2021. The production of fossil-based synthetics raised from 60 million tonnes in 2020 to 63 million tonnes in 2021.

The report summarises the following key takeaways and projections for textiles:

Cotton: The market share of 'preferred' cotton — defined by a list of recognised programmes — decreased from 27 per cent of the total cotton production in 2019-20 to 24 per cent in 2020-21 after years of growth. The reasons consist of a variety of factors, including weather variations, changes in the Better Cotton programme, market conditions, and socio-political challenges.

Polyester: The production volume of polyester fibres increased from 57 million tonnes in 2020 to 61 million tonnes in 2021. With a market share of 54 per cent of the global total fibre production in 2021, polyester continues to be the most widely produced fibre. The market share of recycled polyester fibres slightly increased from 14.7 per cent in 2020 to 14.8 per cent in 2021.

Polyamide: Polyamide had a market share of 5 per cent of the global fibre market in 2021. Due to technical challenges and low prices for fossil-based polyamide, the market share of recycled polyamide is only 1.94 per cent of all polyamide fibre. As the second-most used synthetic fibre, polyamide offers significant impact potential by transitioning to recycled and biobased polyamide. Most recycled polyamide is made from pre-consumer waste; some are from discarded fishing nets and carpets. Increasing the use of post-consumer textiles is needed.

Manmade Cellulosics: Production of manmade cellulosic fibres (MMCFs) including viscose, lyocell, modal, acetate, and cupro increased from 6.5 million tonnes in 2020 to 7.2 million tonnes in 2021. The market share of FSC- and/or PEFC certified MMCFs increased from around 55-60 per cent in 2020 to around 60-65 per cent of all MMCFs in 2021. In March 2022, FSC and PEFC announced their decision to suspend Russian and Belarus wood certification. This equals a ban of around 18 per cent of all FSC- and/or PEFC-certified forests. The market share of 'recycled MMCFs' increased to an estimated 0.5 per cent.

Wool: Global wool fibre production was relatively unchanged at around 1 million tonnes in 2021. Conventional wool accounts for the vast majority of the wool market but the market for non-mulesed and preferred wool programmes is increasing. The market share of wool produced according to the Responsible Wool Standard (RWS), ZQ, and SustainaWOOL GOLD and GREEN reached around 3 per cent in 2021.

Mohair: Global mohair fibre production in 2021 was around 4,320 tonnes of greasy fibre. The Responsible Mohair Standard (RMS), covering both animal welfare and responsible land use criteria, was launched in March 2020. Its market share reached 20 per cent in 2020, its first year of existence, and increased to 35 per cent of all mohair produced worldwide in 2021.

Alpaca: Global alpaca fibre production was around 6,000 tonnes in 2021. In April 2021, Textile Exchange launched its Responsible Alpaca Standard (RAS) with animal welfare and responsible land use criteria. The first groups in Peru have been certified to RAS, but the certified alpaca fibre is already committed to specific supply chains.

Cashmere: Global cashmere production was around 26,344 tonnes of greasy fibres in 2021. The market share of the cashmere programmes — AVFS, Good Cashmere Standard, Responsible Nomads, SFA Cashmere Standard, and WCS combined — significantly increased from 6.6 per cent of all cashmere produced worldwide in 2020 to 17.4 per cent in 2021.

Down: Global down production volume was estimated at around 0.57 million tonnes in 2021. Awareness of animal welfare issues has led to successful growth in the use of standards such as the Responsible Down Standard (RDS) with a market share of 3.2 per cent and Downpass with a market share of around 1.2 per cent of the total down production.

Leather: Leather—measured in terms of fresh hides of cattle, sheep, goat, and buffalo, had a global production volume of around 12.5 million tonnes in 2021.

THE RADICAL POWER OF SEWING: THE ARTIST TURNING TEXTILES INTO ACTIVISM

A Los Angeles exhibit by Aram Han Sifuentes shows the connection between fabric and her passion for political action

Sewing and textiles have always been a part of the artist Aram Han Sifuentes' life. Her South Korean immigrant parents operated a dry cleaning business, and she mended her own clothing from a young age.

But it wasn't until she began learning more about immigrant justice and social justice, while making art on the side, that she saw the connection between textiles and her passion for political action. She turned her interests into a career, using textile tools and materials, along with communal workshops, to put that intersection in the spotlight.

The radical power of sewing is the subject of a new exhibition in Los Angeles, on view through 4 September. The show, titled Talking Back to Power: Projects by Aram Han Sifuentes, will include works by the artist such as a sculpture comprised of safety pins; quilts made from clothing scraps that she gathered during interviews with immigrant garment workers; and conversation-sparking protest banners made of fabric.

The exhibition comes as the fashion world grapples with issues from worker exploitation to environmental harms. Sewing is often dismissed as a feminine and domestic act, but the reality is that garment workers – often immigrant women, people of color or those who are incarcerated – power a billion-dollar global industry. Sifuentes said she sees a clear "absence of an acknowledgment about who's doing the sewing and the garment work right now in this country", and hopes her work can shift that.

For example, her US Citizenship Test Sampler Project, a project first established in 2015, turns the classic embroidery sampler, a traditional tool for teaching needlework, into a method of empowerment and critique. Non-citizen participants created samplers during workshops and some of these pieces are in the exhibition, with information on who created them and in what year. The samplers sell for $725, the price of a US citizenship application fee, and the proceeds go to the person who created the piece.

Talking Back to Power also includes works that build on Sifuentes's themes by exploring the historical experiences of immigrant garment workers. In one gallery, Skirball curator Laura Mart said, a 1990s Hamish Amish Immigration Quilt by the Hamish Amish Quilters references "immigration stories of Jewish Americans as made by their descendants". Many Jewish immigrants who came to the US in the late 19th and early 20th centuries worked in the garment industry, Mart said, and the quilt's placement across Sifuentes' work makes a clear connection to her work.

In addition, "Yiddish-speaking Jewish immigrants, and women activists, were really important in advocating for unionized workplaces in the garment industry," Mart said, referencing the 1911 Triangle Shirtwaist Factory fire and subsequent formation of the International Ladies' Garment Workers' Union (ILGWU).

Sifuentes' work ultimately connects the political with the personal: Safety Pins, a piece that took years to produce, is made up of found items and scraps from her parents' dry cleaning business, stitched into a mandala (a reference to the artist's Buddhist culture).

"Of course I'm going to use this medium because at the very core, for me, and my personal lived experience, this is about my identity as an immigrant of color," she said.

Sifuentes is known for making her political art interactive and the Skirball show includes an ongoing project titled Protest Banner Lending Library, which invites people to come together to design fabric banners adorned with political slogans.

Under Sifuentes' guidance, participants learn new techniques with tools such as sewing machines and irons on hand. They can keep their banners or donate them to the library for someone else to use. Visitors to the Skirball exhibition can check out a banner, returning it when they're done using it at a protest or demonstration. Monthly workshops will also take place.

During a recent member preview, one museum-goer checked out a banner protesting against the war in Ukraine. He wrapped it around himself, like a cloak, and walked around the space with it for the rest of his visit.

"With Aram's work, what is so interesting is that the artwork itself is really more than the object," said Mart. "It's the experience. It's the participation aspect of it. It's the activism aspect of it. And it's the community aspect of it."

In past versions of the lending library, Sifuentes said that people exchanged information on future protests and shared what their chosen slogan meant to them. The banners take on a life of their own once they leave the space, encouraging participants to consider marginalised groups and re-imagine the act of sewing as a tool for speaking out.

"We can come together, have our voices heard, and have these banners available for people to check out and sort of be allies or co-conspirators," said Sifuentes. "[They can] carry the voices of the vulnerable communities and people who don't necessarily feel safe attending a protest."

LESS THAN 1% OF DISCARDED TEXTILES ARE RECYCLED BACK INTO CLOTHING

In South Africa, only about 13% of textiles are recycled at all, while less than 1% is recycled back into clothing, environmental services company Pinpoint Sustainability director Nicola Jenkin revealed during a presentation to textile sector stakeholders of findings and recommendations set out in nonprofit economic research institution Trade and Industrial Policy Strategies' (Tips') 'Designing Climate-Compatible Industrial Strategies for South Africa: The Textiles Value Chain' research report.

Speaking on September 22, Jenkin said "consumer throwaway culture" was responsible for "frightening" waste statistics in the sector, which she attributed to the concept of "fast fashion" and the constant desire among consumers to have new clothes.

Offcuts produced in the processing stage, as well as manufacturing damages, were also cited as major sources of waste.

Jenkin noted that the minimisation of production and manufacturing waste alone could result in as much as 24-million tonnes of greenhouse-gas emissions savings globally.

She proposed that proper recycling guidelines be drawn up for the textiles sector, and that a textile waste recycling target of about 25% should be set, while a reduction of 15% in clothing to landfill and incineration should be achieved.

Jenkin also proposed that textile products should be introduced and recognised in the Extended Producer Responsibility Regulations drawn up by the Department of Forestry, Fisheries and the Environment.

The research aims and objectives were to look at the long-term future for the textiles sector to ensure that it is climate compatible and environmentally sustainable, which feeds into the development of an industrial strategy for the textiles value chain.

Although more recent statistics were difficult to acquire, Jenkin determined that the textiles sector contributed about R70-billion to South Africa's gross domestic product in 2016 – about 3% – and employed about 210 000 people in 2020, although this number had certainly declined since.

However, these figures did not factor in the extended value chain in terms of agriculture or petrochemicals, for example.

Although the sector is trending towards greater local production owing to the South African Retail-Clothing, Textile, Footwear and Leather (R-CTFL) Masterplan, which was signed in 2019, the sector remained predominantly export focused, with about 56% of textiles, 54% of clothing and 61% of footwear sales coming from exports.

The Covid-19 pandemic also contributed to an increase in online clothing and footwear sales, along with a significant increase in the second-hand clothing market.

Jenkin highlighted how the textiles industry was a major contributor to climate change and created significant environmental impacts through resource depletion, air and water pollutants, energy consumption and chemical use. She noted that the cost of upgrading machinery and buying new technology to make better use of recycled content was prohibitive for many in the sector.

Additionally, challenges relating to accessing more environment-conscious feedstock owing to costly logistics networks was also a concern.

Of significant concern to manufacturers was the expected reduction in the production output if textiles' longevity was increased as consumers would buy less.

She said it was pertinent for manufacturers to take the lead in assessing their current wastage rates and identify opportunities to minimise and recycle in-factory, as well as to procure fibres and textiles containing recycled content as much as possible.

Jenkin said those companies that imported textiles, including retailers, should stipulate a minimum level of recycled content, recyclability and repairability in the products they procured. This would involve the identification of suitable suppliers.

In terms of government's role, Jenkin believed that the challenge of waste reduction needed to be better addressed in the R-CTFL masterplan.

Moreover, the government needed to facilitate the development of a design for recyclability and longevity guidelines, as well as better incentivise recyclability.

"Recyclability and longevity guidelines already exist overseas; could they maybe be adapted?" Jenkin asked.

IKEA IS PUTTING TOGETHER A CIRCULAR FUTURE

THE $42 BILLION FURNITURE PURVEYOR IS AIMING TO BETTER ITS CLIMATE FOOTRPRINT, AND THE WAYS IT'S PERCEIVED.

The words "circularity" and "Ikea" haven't always been synonymous. Seen by many as a pioneer in the "fast furniture" category—inexpensive, fashionable and easy to assemble/disassemble items—Ikea didn't have a reputation for sustainability or longevity of product use. But that's changing. In 2020, the furniture behemoth—which counts 458 stores worldwide and more than $42 billion in global revenue annually—announced its "People and Planet" initiative, a focus on improving the company's sustainability and social responsibility.

"In the world of finite resources, we have recognized the need to change our approach to how and where we meet our customers, how and what products and services we develop, how we source materials and develop the Ikea supply chain," said Ikea's Range and Supply team via a statement to Sourcing Journal. And a major component of that change of approach is circularity. Ikea has announced its intention to become a fully circular business by 2030. But after years of being seen as a fast-furniture purveyor, how will Ikea change not only its business model, but how the company and its products are perceived?

FACING THE FAST FURNITURE FIASCO

Like fast fashion, which has come under fire in recent years for filling landfills with cheaply made, trend-focused apparel designed to last a season or two, fast furniture has become a scourge for those concerned about the state of the environment. According to the Environmental Protection Agency (EPA), an estimated 12.1 million tons of furniture is thrown away each year. Of that, a small portion is recycled or combusted for energy recovery, but the majority—more than 9 million tons—remains in landfills. And much of this furniture is designed to end up in the trash. Furnishings made with particle board or other inexpensive composites covered with a laminate finish are nearly impossible to repair as opposed to solid wood furniture, which can often be sanded or refinished. Cheap sofas constructed of inexpensive foam and upholstery that fades or frays are easier to replace than repair once they reach the end of their lifecycle. And like fast fashion, the proliferation of fast furniture in the marketplace has been fueled by a need for affordable furnishings for people with lower incomes or young people outfitting their first apartment, who often cannot afford pieces that are built to last.

But with the COVID-19 pandemic disrupting and significantly impeding furniture imports—the source of much of fast furnishings products—the desire for vintage and used home goods has grown, particularly among younger consumers. A recent report by Statista found that 35 percent of Americans purchased furniture on resale apps in 2020, and 31 percent of Millennial and Gen Z consumers said the pandemic increased their interest in buying used or vintage furniture. On top of that, consumer sentiment toward sustainability has shifted.

A 2021 survey by the Sustainable Furnishings Council found that 97 percent of respondents were interested in buying environmentally responsible furnishings, and four in 10 of those said they'd be willing to spend up to 10 percent more for eco-friendly furniture. With sustainability becoming a bigger priority for consumers shopping for home goods, major furnishings brands such as Ikea have realized a commitment to the environment is not only good for the planet, but for their bottom line, as well.

COMMITTING TO CIRCULARITY

In 2017, Ikea launched its Circular Product Design Guide, a roadmap for defining how circular design can enable the company's products to be reused, refurbished, remanufactured and recycled, and what demands are placed on the product design process to achieve the company's goal of being fully circular by 2030.

The guide outlines Ikea's road to circularity through a "Four Loops" model. The first of these loops, "Reuse," is how the company defines the first consumer use of a product, including potentially adapting or maintaining the product to lengthen its life span. This loop also includes passing on products to others, either through personal relationships or secondhand markets. "Refurbishment" refers to restoring used or damaged products to like-new condition, while "Remanufacturing" is the process of taking useable parts from dismantled products and incorporating them in new items. And through the "Recycling" loop, parts from Ikea products are recycled into new raw material and then used in Ikea's own or external supply chains. This loop is utilized only when the previous three have been exhausted or ruled out.

One of the biggest moves Ikea has made to achieve its circularity goal is implementing the Buy Back & Resell program. The initiative launched internationally in multiple countries, including the U.K., which rolled the program out in May 2021. Ikea debuted the program in the U.S. in September 2021 as a pilot in 33 stores, made the initiative permanent in April and added four additional stores. "Ikea wants to make sustainable living easy and affordable for everyone, and we are continuously exploring new ways to make the things we love last longer," Jennifer Keesson, country sustainability manager, Ikea U.S., told Sourcing Journal earlier this year. "By giving our customers' product(s) a new life and a new home, we hope to make sustainability affordable and convenient for the many people." The program allows members of the Ikea Family loyalty program, which is free to join, to sell back gently used Ikea furniture in exchange for a store credit. Returned furnishings are then sold in the store's as-is section. While the program has proved popular thus far, it still has limitations.

HILFIGER AIMS TO GO FULLY CIRCULAR BY 2030

THE BRAND'S BROADER SUSTAINABILITY VISION, DUBBED 'WASTE NOTHING AND WELCOME ALL,' INCLUDES TWO DOZEN CIRCULARITY AND INCLUSIVITY TARGETS, INCLUDING CLOSING THE LOOP ON ITSELF

Tommy Hilfiger wants to become a "fully circular" brand, and it has enlisted one of the biggest online fashion resellers to move it closer to its goal. The PVH Corp-owned brand revealed this summer that it's employing ThredUp's resale-as-service (RaaS) platform, allowing its customers to clear out their castoffs or snag someone's secondhands. "This partnership is our latest step on our journey to becoming a fully circular brand," said Esther Verburg, EVP, sustainable business and innovation at Tommy Hilfiger Global and PVH Europe. "We're excited to launch this program with ThredUp, which helps us create more value out of our existing product and connect with our consumers in a new way.

The U.S. market is packed with circular potential, and together with ThredUp, we're hoping to make a long-lasting difference." Would-be sellers can include women's and children's items from any brand, although any men's products must bear the Tommy Hilfiger label. As with other ThredUp schemes, customers can download and print a prepaid shipping label from tommy. thredup.com, fill up a bag or box with the requisite goodies and drop everything off with FedEx or USPS. In exchange for any pieces that sell, or in the case of Tommy Hilfiger men's products, are eligible to sell, the customer receives a Tommy Hilfiger credit for use online or in-store. The partnership is part of Tommy Hilfiger's broader sustainability vision, dubbed Waste Nothing and Welcome All, which includes two dozen circularity and inclusivity targets, including closing the loop on itself by 2030.

As a PVH Corp. subsidiary, the brand is also a member of the Fashion Pact and the Ellen MacArthur Foundation's Make Fashion Circular and Jeans Redesign initiatives. This isn't Tommy Hilfiger's first attempt at a trade-in program. In Europe, its Tommy for Life initiative, which began in 2020, amassed 220,000 pounds of clothing until one of its partners ceased operations earlier this year. The brand wrote on its U.K. website that it hopes to be able to "resume our journey again...very soon" and that it's "ting this time to reflect and find more ways to give our pre-loved and damaged pieces a second life." Besides resale, Tommy Hilfiger has also dipped into rental with Britain's Rotaro. Announced in August, the first drop includes brightly colored festival-ready tops, bike shorts and bowling shirts, sold-out items from its fall 2021 collection with designer Romeo Hunte and pieces from the Tommy Jeans archives. "Tommy Hilfiger is an iconic and timeless brand. The brand's products are made to withstand the test of time both with classic designs and durable quality, making re[1]sale a natural fit for the company,"

ThredUp CEO James Reinhart said. "Tommy Hilfiger has made incredible strides in sustainability through their Waste Nothing and Welcome All initiatives, and we're honored to power their new resale program as they continue to make an impact." Consumers in the United States, ThredUp president Anthony Marino previously told Sourcing Journal, are embracing secondhand "in droves." Of the consumers GlobalData polled in 2021, 53 percent said they've snapped up secondhand garments during the year, an uptick of 22 points from 2020. They're also becoming sellers, with 57 percent of those surveyed profiting from their closet contents in 2021. "The U.S., in many respects, is a market where many of the earliest players got started," Marino said. "And online thrift, which is focused on these more curated assortments of products that are really easy to shop, really helps fuel consumption of thrift because you [don't] have all the friction of having to sort through the racks in the physical [world].

EURATEX HORIZON EUROP PROJECT TO AID CIRCULAR TRANSITION

The European Textiles Association (EURATEX) has joined a consortium of 27 partners to launch the Horizon Europe project (CISUTAC) aimed at supporting the transition to a circular and sustainable textile sector.

The new Horizon Europe project (CISUTAC), launched by Euratex and its partners, is working towards facilitating the circular economy transition with the aim of removing current bottlenecks.

While the production and consumption of textile products continue to grow, so does the impact on the environment caused by a lack of reuse, repair and recycle of materials. Quality, durability, and recyclability are often not being set as priorities in the design and manufacturing of garments, according to the EU Strategy for Sustainable and Circular Textiles.

CISUTAC aims to remove current bottlenecks in order to increase textile circularity in Europe. The objective is to minimise the sector's total environmental impact by developing new, sustainable and integrated large-scale European value chains.

The project will include most parts of the textile sector: comprising the two groups of fibres that represent almost 90% of all textile fibres – polyester and cotton/cellulose – and focusing on products from three sub-sectors experiencing most circularity bottlenecks (fashion garments, sports and outdoor goods, and workwear).

CISUTAC will follow a holistic approach covering the technical, sectoral and socio-economic aspects of textile value chain, and will perform three pilot phases to demonstrate the feasibility and value of:

- Repair and disassembling
- Sorting (for reuse and recycling)
- Circular garments through fibre-to-fibre recycling and design for circularity

To realise these pilots, the consortium partners will:

- Develop semi-automated workstations
- Analyse infrastructure and material flows
- Digitally enhance sorting operations (for reuse and recycling)
- Raise awareness among consumers and the textile industry

As part of the CISUTAC consortium, Euratex will facilitate the Circular Economy transition, liaise with other projects and initiatives, support the development of training and education material, including masterclasses and MOOC, raise awareness in Europe of the environmental impact of textile and provide input for policy, standardisation and certification to facilitate the transition to the Circular Economy.

Euratex last week urged more incisive action in tackling the energy crisis in Europe and said policies must be implemented without delay.

MINISTRY NOTIFICATIONS

SUB – Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes & Customs issues Circular No. 16/2022-Customs dated 29/08/2022 on Faceless Assessment – Standard Examination Orders through RMS - Phase 1, Part 1

Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes & Customs vide Circular No. 16/2022-Customs dated 29/08/2022 has developed system generated centralized examination orders for Bills of Entry (BE), in coordination with DG Systems and National Assessment Centers (NACs), based on various parameters.

Based on the inputs by NAC, National Customs Targeting Centre (NCTC) (former RMCC) has developed system generated centralized examination orders for Bills of Entry (BE), in coordination with DG Systems and National Assessment Centers (NACs), based on various parameters, which is now ready for rollout in phases. This functionality is expected to enhance the uniformity in examination, and lower the time taken in the process as well as reduce associated costs.

SUB – Trade Notice No 16/2022-23 dated 06.09.2022 extending date of uploading of e-BRC to 30.09.2022, for shipping bills, on which RoSCTL scrip has been availed from DGFT RAs

DGFT has issued a Trade Notice No 16/2022-23 dated 06.09.2022, wherein the last date for uploading of all such e-BRCs, where RoSCTL scrips have been issue for shipping bills upto 31.12.2020, has been further extended till 30.09.2022. DGFT has made it clear that no further extension would be granted after 30.09.2022 and action under FT (D&R) Act, 1992 may be initiated by the Regional Authorities.

Trade is requested to avail this opportunity and get uploaded their relevant e-BRCs on the DGFT server by their AD banks latest by 30.09.2022, failing which action as per para 4.96 of HBP, as notified vide PN 58 dated 29.01.2020 would be initiated by the jurisdictional RAs, as informed by the present Notice No.16/2022-23 dated 06.09.2022.

SUB – Department of Revenue issues Notification no. 76/2022-Customs (N.T.) dated 14.09.2022 carrying out amendments in the Principal Notification No 77/2021-Customs (N.T.) dated 24.09.2021 regarding removing certain provisions which were making transferee liable in case of non-realization of export proceeds.

Department of Revenue has issued Notification No. 76/2022-Customs dated 14.09.2022 carrying out various changes in the Notification where in the responsibility of transferee in case of non-realization of export proceeds has been removed.

SUB – Department of Revenue issues Notification no. 79/2022-Customs (N.T.) dated 15.09.2022 carrying out amendments in the Electronic Duty Credit Ledge Regulations, 2021 regarding use and validity of e-scrips and transfer of duty credit in e-scrip. The use and validity as well as transfer of duty credit in e-scrip has been extended from one year period to two years.

Department of Revenue has issued Notification No. 79/2022-Customs dated 15th September 2022 carrying out various changes in the notification wherein the use and validity of e-scrip as well as transfer of duty credit in e-scrip has been extended from one year to two years. On 23rd September, 2021, Department of Revenue had issued Notification No. 75/2021 regarding making the Electronic Duty Credit Ledge Regulations 2021 regarding regulations for use, transfer, maintenance for the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) or the Scheme for Rebate of State and Central Taxes and Levies (RoSCTL).

SUB – Department of Revenue issues Circular No 18/2022-Customs dated 10.09.2022 and Notification 74/2022 dated 09.09.2022 wherein the provision has been made for extending the time period of present 6 months by another 3 months

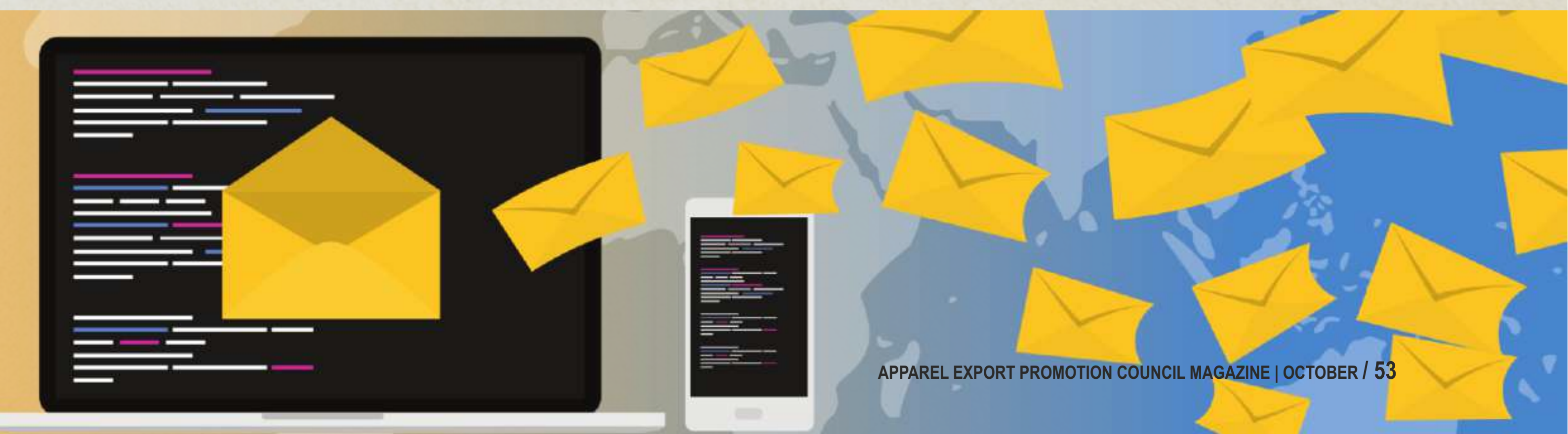
Department of Revenue has revised IGCR rules vide Notification no 74/2022-Customs (N.T.) dated 09.09.2022, superseding the existing Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017. These rules have come into effect from 10th September, 2022. It has been clarified in the Circular that the DG-System shall make necessary changes in the system and issue system advisories for guidance and ease of understanding for the trade.

SUB – DGFT issues Notification No 33/2015-2020 dated 16.09.2022 inserting Para 2.52(d) under the Foreign Trade Policy, permitting invoicing, payment and settlement of exports/imports in Indian Rupees (INR)

DGFT has issued a Notification No 33/2015-2020 dated 16.09.2022 inserting Para 2.52(d) under the Foreign Trade Policy in sync with RBI A.P. (DIR Series) Circular No.10 dated 11th July 2022 , as under: "2.52(d) Invoicing, payment and settlement of exports and imports is also permissible in INR under RBI's A.P. (DIR Series) Circular No 10 dated 11th July, 2022. Accordingly, settlement of trade transactions in INR may also take place through the Special Rupee Vostro Accounts opened by AD Banks in India as permitted under Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016", in accordance to the following procedures:

♦ Indian importers undertaking imports through this mechanism shall make payment in INR which shall be credited into the Special Vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller / supplier.

♦ Indian exporters, undertaking exports of goods and services through this mechanism, shall be paid the export proceeds in INR from the balances in the designated Special Vostro account of the correspondent bank of the partner country.



RECENT IMPORTANT UPDATES AND CIRCULARS UNDER GST

---- Authored by- CA BALKISHAN CHHABRA

The gross GST revenue collected in the month of August, 2022 is ₹1,43,612 crore of which CGST is ₹24,710 crore, SGST is ₹30,951 crore, IGST is ₹77,782 crore (including ₹ 42,067 crore collected on import of goods) and cess is ₹10,168 crore (including ₹ 1,018 crore collected on import of goods). The revenue collections for the month of August, 2022 are 28% higher than the GST revenue collections in the same month last year of ₹ 1,12,020 crore. During the month, revenue collection from import of goods was 57% higher and the revenue collections from domestic transaction (including import of services) are 19% higher than the revenue collections from these sources during the same month last year. For six months in a row now, the monthly GST revenue collections have been more than the ₹ 1.4 lakh crore mark. The growth in GST revenue till August, 2022 over the same period last year is 33%, continuing to display very high buoyancy. This is a clear impact of various measures taken by the Council in the past to ensure better compliance. Better reporting coupled with economic recovery has been having positive impact on the GST revenues on a consistent basis.

Notification No. 17/2022-Central Tax dated 01.08.2022 regarding implementation of e-invoicing.

Vide the said Notification the Central government has made e-invoicing mandatory for taxpayers having aggregate annual turnover of more than ₹10 crore (in any preceding financial year from 2017-18 onwards) with effect from 01.10.2022. At present, e-invoice is compulsory for businesses with an aggregate annual turnover of over ₹ 20 crore.

GSTN is all set to open Portal for TRAN-1 and TRAN-2 from 01.10.2022

The Supreme Court gave the finance ministry further extension of 30 days for opening of the GST common portal. It also directed the GSTN to open the portal for 60 days from October 1 so as to "give full effect" to its July 22 order that had allowed taxpayers to claim accumulated ITC accrued in the pre-GST indirect tax regime. It also gave 90 days' time period to officers thereafter to verify the claim of credit on merits and pass appropriate order after given an opportunity to the assessees. It also said that the credit must reflect in the electronic ledger and the Central Board of Indirect Taxes and Customs have been asked to issue relevant directions to its field officers.

Accordingly, CBIC issued the Guidelines for filing fresh or revised TRAN-1 or TRAN-2 from 01.10.2022 to 30.11.2022. In accordance with the directions of Hon'ble Supreme Court, the facility for filing TRAN-1/ TRAN-2 or revising the earlier filed TRAN-1/TRAN-2 on the common portal by an aggrieved registered assessee (hereinafter referred to as the applicant) will be made available by GSTN during the period from 01.10.2022 to 30.11.2022. In order to ensure uniformity in implementation of the directions of Hon'ble Supreme Court, the Board in exercise of powers conferred under section 168(1) of the CGST Act, 2017 hereby clarifies the following:

Highlights of Guidelines:

- The applicant may file declaration in FORM GST TRAN-1/TRAN-2 or revise earlier filed TRAN-1/TRAN-2 duly signed or verified through electronic verification code on the common portal. In cases where the applicant is filing a revised TRAN-1/TRAN-2, a facility for downloading the TRAN-1/TRAN-2 furnished earlier by him will be made available on the common portal.
- The applicant shall at the time of filing or revising the declaration in FORM GST TRAN1/TRAN-2, also upload on the common portal the pdf copy of a declaration in the format as given in Annexure 'A' of this circular. The applicant claiming credit in table 7A of FORM GST TRAN-1 on the basis of Credit Transfer Document (CTD) shall also upload on the common portal the pdf copy of TRANS-3, containing the details in terms of the Notification No. 21/2017- CE (NT) dated June 30, 2017.
- No claim for transitional credit shall be filed in table 5(b) & 5(c) of FORM GST TRAN-1 in respect of such C-Forms, F-Forms and H/I-Forms which have been issued after the due date prescribed for submitting the declaration in FORM GST TRAN-1 i.e. after December 27, 2017.
- Where the applicant files a claim in FORM GST TRAN-2, he shall file the entire claim in one consolidated FORM GST TRAN-2, instead of filing the claim tax period wise as referred to in sub-clause (iii) of clause (b) of sub-rule (4) of rule 117 of the Central Goods and Services Tax Rules, 2017. In such cases, in the column 'Tax Period' in FORM GST TRAN-2, the applicant shall mention the last month of the consolidated period for which the claim is being made.
- The applicant shall download a copy of the TRAN-1/TRAN-2 filed on the common portal and submit a self-certified copy of the same, along with declaration in Annexure 'A' and copy of TRANS-3, where ever applicable, to the jurisdictional tax officer within 7 days of filing of declaration in FORM TRAN-1/TRAN-2 on the common portal. The applicant shall keep all the requisite documents/records/returns/invoices, in support of his claim of transitional credit, ready for making the same available to the concerned tax officers for verification.
- It is pertinent to mention that the option of filing or revising TRAN-1/TRAN-2 on the common portal during the period from October 01, 2022 to November 30, 2022 is a one-time opportunity for the applicant to either file the said forms, if not filed earlier, or to revise the forms earlier filed.
- The applicant is required to take utmost care and precaution while filing or revising TRAN1/TRAN-2 and thoroughly check the details before filing his claim on the common portal.
- In this regard, it is clarified that the applicant can edit the details in FORM TRAN-1/ TRAN-2 on the common portal only before clicking the 'Submit' button on the portal. The applicant is allowed to modify/edit, add or delete any record in any of the table of the said forms before clicking the "Submit" button. Once 'Submit' button is clicked, the form gets frozen, and no further editing of details is allowed. This frozen form would then be required to be filed on the portal using 'File' button, with Digital signature certificate (DSC) or an EVC. The applicant shall, therefore, ensure the correctness of all the details in FORM TRAN-1/ TRAN-2 before clicking the 'Submit' button. GSTN will issue a detailed advisory in this regard and the applicant may keep the same in consideration while filing the said forms on the portal.
- It is further clarified that pursuant to the order of the Hon'ble Apex Court, once the applicant files TRAN-1/TRAN-2 or revises the said forms filed earlier on the common portal, no further opportunity to again file or revise TRAN-1/TRAN-2, either during this period or subsequently, will be available to him.
- It is clarified that those registered persons, who had successfully filed TRAN-1/TRAN-2 earlier, and who do not require to make any revision in the same, are not required to file/ revise TRAN-1/TRAN-2 during this period from October 01, 2022 to November 30, 2022. In this context, it may further be noted that in such cases where the credit availed by the registered person on the basis of FORM GST TRAN-1/TRAN-2 filed earlier, has either wholly or partly been rejected by the proper officer, the appropriate remedy in such cases is to prefer an appeal against the said order or to pursue alternative remedies available as per law. Where the adjudication/ appeal proceeding in such cases is pending, the appropriate course would be to pursue the said adjudication/ appeal. In such cases, filing a fresh declaration in FORM GST TRAN-1/TRAN-2, pursuant to the special dispensation being provided vide this circular, is not the appropriate course of action.
- The declaration in FORM GST TRAN-1/TRAN-

2 filed/revised by the applicant will be subjected to necessary verification by the concerned tax officers. The applicant may be required to produce the requisite documents/ records/ returns/ invoices in support of their claim of transitional credit before the concerned tax officers for verification of their claim. After the verification of the claim, the jurisdictional tax officer will pass an appropriate order thereon on merits after granting appropriate reasonable opportunity of being heard to the applicant. The transitional credit allowed as per the order passed by the jurisdictional tax officer will be reflected in the Electronic Credit Ledger of the applicant on the common portal.

Circular no. 178/10/2022-GST dated regarding scope of the entry at para 5 (e) of Schedule II of CGST Act, 2017- reg

GST applicability on liquidated damages, compensation and penalty arising out of breach of contract or other provisions of law

The CBIC has issued circular to provide clarifications on several contentious issues such as GST applicability Liquidated Damages, notice pay recovery, compensation for non-collecting toll charges, Compensation for cancellation of coal blocks, Cheque dishonor fine/penalty, Forfeiture of salary or payment of bond amount in the event of the employee leaving the employment before the minimum agreed period, Cancellation charges, Late payment of surcharge or fee (should be assessed at the same rate as Principal supply). The matter of - Forfeiture of salary or payment of bond amount in the event of the employee leaving the employment before the minimum agreed period – is discussed hereunder in detail.

Forfeiture of salary or payment of bond amount in the event of the employee leaving the employment before the minimum agreed period

An employer carries out an elaborate selection process and incurs expenditure in recruiting an employee, invests in his training and makes him a part of the organization, privy to its processes and business secrets in the expectation that the recruited employee would work for the organization for a certain minimum period. Premature leaving of the employment results in disruption of work and an undesirable situation. The provisions for forfeiture of salary or recovery of bond amount in the event of the employee leaving the employment before the minimum agreed period are incorporated in the employment contract to discourage non-serious candidates from taking up employment. The said amounts are recovered by the employer not as a consideration for tolerating the act of such premature quitting of employment but as penalties for dissuading the non-serious employees from taking up employment and to discourage and deter such a situation. Further, the employee does not get anything in return from the employer against payment of such amounts. Therefore, such amounts recovered by the employer are not taxable as consideration for the service of agreeing to tolerate an act or a situation.

For other such contentious issues in detail, the above-mentioned circular may be referred.

No penalty for inadvertent or bonafide mistake in e-way bill: High Court

It was observed by Allahabad High Court that where the Petitioner mistakenly entered his own PIN code in the destination place, thereby software automatically picking up distance of 100 kms instead of 1,000 kms and as a result, e-way bill got expired in one day. Hence, High Court held that the mistake was bonafide as sometime occurs. The breach was technical and not real. Hence demand order set aside.

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ADVANTAGE OF AEPC MEMBERSHIP

AEPC is doing its best for its members in these difficult times of Pandemic by taking various initiatives with central & state's government. Our Team of professionals is working hard to provide all necessary support to the members in running their apparel export units smoothly and thereby enhancing apparel exports from India.

AEPC is giving support in all verticals of apparel exports domain and we would like to inform you to understand about the advantages of taking / continuing AEPC's membership.

Trade Facilitation – AEPC actively takes up exporters issues, stuck up at customs, Icegate, DGFT, ECGC and other export related organisations and facilitates in resolving the exporters issues related to risky exporters tagging, pending ROSL &RoSCTL, pending drawback etc.

AEPC's Facilitation for Risky Exporters: Since 2019, a lot of exporters were being put on Risky exporter's tag, which led to stoppage of IGST, drawback and other refunds. To address the issue of long delays in resolution of these cases, AEPC has been working closely with DGARM to understand the concerns, advice exporters on the required protocols for resolution, follow up with DGARM and get the NoCs. A dedicated facilitation desk at HO & regional offices of AEPC have been working on compiling the cases, taking them up with DGARM and getting them resolved.

AEPC's Facilitation for ATUFS: With the aim to facilitate faster resolution of the pending TUF cases, AEPC has been compiling the TUFS pendencies and is taking them up from time to time with the Textile Commissioner's office and Ministry of Textiles with regard to changes in scheme guidelines, technical issues, documentation issues and other clarifications and about their resolutions. Some of the major issues like In-Principle Bank Sanction Letter, Year of Manufacture issue, revision in repayment period of non-MSME applicable for existing cases also and issuance of Corrigendum for inclusion / modification of machines specification have been taken up by AEPC for resolution.

Capacity building for PPE Production and Exports: Badly hit by Covid-19, the Indian Apparel exporters found a good alternative in production of Personal Protective Equipments (PPE) to help fight the pandemic and also make India a hub for sourcing PPE kits over the next few years. Since April 2020, Council has been constantly working with the Government at all levels on how to ramp up the production and supplies of PPE & Medical Textiles, interaction with the testing Laboratories and the certification agencies towards export promotion of these products. Council conducted several seminars, webinars for awareness creation on technology, inputs needed for PPE production, standards and accreditation. As a result of the above, India is today the second largest supplier of PPE from not having a single manufacturing unit for PPE in March. 2020.

Apparel India magazine – AEPC publishes Apparel India magazine along with e-copy of it, which is uploaded on AEPC's website in which details of latest updates (national and global) related to textile & apparel industry, government notifications / circulars, GST updates and the important activities performed by AEPC for the benefit of industry are published. AEPC's Apparel India Magazine is widely circulated online as well as offline and is reachable to all the stakeholders such as exporters, buyers, buying agents, government officials and all other concerned.

Apparel Dossier – Updating the members through weekly Apparel dossier for weekly news, notifications and the issues that AEPC has taken up, for AEPC Members

Update on notifications – AEPC updates its members about the recent notifications/ circulars/Public notices related to DGFT, CBIC, Textile Commissioner. GST, MSME etc.

Market Access Initiative - The council gets MAI subsidy for organizing Mega shows, participation in international renowned apparel fairs and for organizing Buyer Seller Meets international. The subsidy is passed-on to the members of the council in subsidizing the cost of stall in Buyer Seller Meets and Mega shows / international fairs in overseas events. Guiding and facilitating Apparel exporters to showcase their best products at domestic fairs as well as international fairs. This also helps in Identifying opportunities for collaborations with overseas partners for up-scaling and technology upgradation with providing market intelligence for Textile and Apparel Industry

Virtual Exhibition Platform- AEPC has recently launched a Virtual Platform for organizing Export Promotion activities, in order to bridge the gap between buyer & seller during these trying times due to the worst pandemic of the century. The platform is a virtual exhibition platform to showcase products of AEPC members on 24x7x365 days format. Key features include exhibitors booths in the virtual exhibition landscape, free-flowing two-way communication between attendees/buyers and exhibitors through video / audio call and Whatsapp chat facilities, live presentation auditorium, high security features and knowledge management. Buyers can navigate through options and ensure a near-physical fair experience through high resolution exhibitor's avatars.

Data Bank – AEPC provides RMG export statistics regularly in the Apparel India magazine for the benefit of the members. Country-wise export statistics and top HS Codes selling in important countries along-with the description of the garments are also provided for the benefit of the exporters.

GST Facilitation - AEPC is facilitating GST related issues of the exporters.

Seminars/webinars & Workshops - AEPC Organizes seminars/webinars & workshops related to the apparel industry.

Market intelligence cell - AEPC has a vibrant market intelligence cell that studies and gathers relevant information, data and trends shaping up in the industry. The cell also makes submissions to the Government and advises on policy issues concerning the industry.

Compilation of DBK / RODTEP Data - Compilation and submission of datas/documents for fixation of DBK/RODTEP rates exercise is done by AEPC every year so that these benefits could be decided by the Govt., and these could be availed by the exporters.

Submission of suggestions of FTP Policy and other policy related matters - Submission of suggestions for improvement in FTP Policy and other related policies are submitted by AEPC every year for the benefit of the exporters.

Skill Assessment Cell - The Skill Assessment Cell (SAC) was established with the prime objective to drive the skill assessment initiatives in Apparel / Garment, Khadi and Carpet sectors for employment generation, economic growth and social development. The cell helps in boosting the morale, uplifting the social status of the candidates and makes the workforce a certified skill pool.

Council has been associated with Director General of Employment and Training (DGE&T) under the SDI Scheme for MES Courses, Ministry of Skill Development & Entrepreneurship assess in Apparel, Textile, Khadi and Carpet sectors, under the ISD Scheme of Ministry of Textiles for Non-MES courses to assess in Apparel & Textile sectors and then with the Resource Support Agency (RSA), Textiles Committee.

The current affiliations are with Apparel, Made-Ups & Home Furnishing Sector Skill Council (AMHSSC) for assessing the candidates under PMKVY and Non-PMKVY schemes under the Ministry of Skill Development & Entrepreneurship, with the Karnataka Skill Development Corporation (KSDC), Skill Mission at Karnataka state and with the Delhi SC/ST/OBC/Min./ Handicapped Financial & Development Corporation Ltd., Govt. of Delhi (DSFDC).

Since its inception i.e. from September 2009 till date Council's Skill Assessment Cell has assessed over 1.75 lakhs candidates.

Man Made Fabric Cell - AEPC has set up a MMF Cell to enhance the export of MMF garments and to explore the possibilities for Joint Ventures or 100% investment / technology collaboration for manufacturing of man-made fabrics in India. The Council has come up with a Compendium on MMF garments which contains the details of HS codes identified for proposed PLI scheme of Govt., of India of Rs.10683/- crores to enhance India's manufacturing capabilities of MMF segment and Technical textiles. The compendium contains the product description, images of identified garments falling under PLI HS codes, factsheet and contact details of domestic as well as overseas fabric suppliers.

The Embassy of India (EOI), Washington and AEPC has carried out a study on **Market for Indian Apparel in the United States – Trends, Potential, and Expansion Strategy** through M/s. KPMG services. AEPC also established contact with M/s SERAI, a business-to-business platform founded by HSBC on improving reach of AEPC members to overseas buyers.

The membership of AEPC is surely helping our members to achieve their professional goals & having expert knowledge of the domain. The Membership Subscription costs just Rs. 10,500/ + GST per year & can be paid online on **DGFT Website www.dgft.gov.in by clicking on login button.**

SUMIT GUPTA
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लेटेस्टली

जरुरी जानकारी | परिधान निर्यात को आरओएससीटीएल योजना में बदलाव से मिलेगी मददः एईपीसी

नयी दिल्ली, 16 सितंबर परिधान निर्यात संवर्द्धन परिषद (एईपीसी) ने कहा है कि निर्यात प्रोत्साहन योजना में किए गए बदलावों से परिधान उद्योग को कार्यशील पूंजी की अपनी जरूरतें पूरी करने और निर्यात बढ़ाने में मदद मिलेगी।

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For more details go on this link :

https://hindi.latestly.com/agency-news/change-in-rosctl-scheme-to-help-garment-exports-aepc-1511788.html

FINANCIAL EXPRESS
Read to Lead

Tweak in RoSCTL norms to help apparel exporters meet working capital requirement: AEPC

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The government has made amendments in the customs rules pertaining to the use of RoDTEP (Remissions of Duties and Taxes on Exported Products) and RoSCTL scrips by exporters. The changes will safeguard the transferee who purchased the scrip in good faith.

Under the RoSCTL scheme, all embedded state and central taxes/levies for exports of manufactured goods and garments are reimbursed to exporters.

Apparel Export Promotion Council (AEPC) Chairman Naren Goenka said the move would benefit the apparel and made-up sector.

NBT
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For more details go on this link :

https://navbharattimes.indiatimes.com/business/business-news/changes-in-rosctl-scheme-will-help-garment-exports-aepc/articleshow/86248271.cms

FF | FIBRE2FASHION

India amends RoSCTL for garment exporters; credit scrips appreciate

Indian garment exporters have got immediate relief from favourable appreciation in transferable duty credit scrips as the government has made amendment in the Rebate of State and Central Taxes and Levies (RoSCTL) scheme. Garment exporters' bodies have welcomed the government's decision stating that it was a much-needed step for the industry.

"The appreciation was noticed in last one week. The value of credit scrips increased from 90 per cent to 97.5 per cent. Exporters expected realisation of 97-98 per cent of scrips," Vimal Shah, president of Garment Exporters Association of Rajasthan (GEAR) told Fibre2Fashion. "I could not understand, why the scrips appreciated in last one week. But I came to know about the notification now," he added with happiness.

Apparel Export Promotion Council (AEPC) chairman Narendra Goenka said that the AEPC had been requesting that the transferee clause as given in the Notification No. 77/2021

JOURNEY *Line*

Tweak in RoSCTL norms to help apparel exporters meet working capital requirement: AEPC

new delhi, sep 16: Changes made in an export scheme, Rebate of State and Central Taxes and Levies (RoSCTL), will help the apparel industry meet its working capital requirement and promote garment exports, AEPC said on Friday.

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Under the RoSCTL scheme, all embedded state and central taxes/levies for exports of manufactured goods and garments are reimbursed to exporters.

Apparel Export Promotion Council (AEPC) Chairman Naren Goenka said the move would benefit the apparel and made-up sector.

"The amendment will provide much-needed relief to the garment sector and ensuring maximum refund of RoSCTL amount will help exporters meet their working capital requirements.

Further, it will give an impetus to the garment sector to perform better at a much faster pace," he said. According to the council, even though the RoSCTL aimed to reimburse the taxes paid by the exporters to the Central or State Governments, under RoSCTL the rebate was not directly transferred to the exporters in cash, but this was granted to exporters of garments and made-ups in the form of freely transferable duty credit scrips. Exporters can either use these scrips to pay Basic Custom Duty (BCD), on their own imports or they can sell the duty credit scrips to other importers. The RoSCTL scrip has limited usage as it could be used only for payment of BCD.

Under the RoSCTL scheme, maximum rate of rebate for apparel is 6.05 per cent while for made-ups it is 8.2 per cent.

"Amendment made in RoSCTL will help the industry meet its working capital requirement and thrust garment exports," he added.

For more details go on this link :

http://www.journeyline.in/newsdet.aspx?q=244261

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TEXTILES

Indian textile industry pitches at BOT meet for raw material security

15 Sep '22 • 3 min read

Pic: Shutterstock.com

Indian textile industry has urged the government to take effective steps for stabilising raw material/fibre prices. The

TEXTILE VALUE CHAIN

AMENDMENT MADE IN ROSCTL WILL HELP RMG INDUSTRY

New Delhi/ Gurugram; 15th September 2022: AEPC expressed its gratitude to the government for the considering the pending request for deletion of provision of making the transferee liable from the RoSCTL conditions.

Speaking on this development Chairman AEPC Shri Naren Goenka said, "The Government of India's Rebate of State and Central Taxes and Levies (RoSCTL) Scheme has benefitted the Apparel and Made-up Sector. AEPC had been requesting that the transferee clause as given in the Notification No. 77/2021 dated 24.09.2021 of DoR, making transferee liable in the case of non-realization of the exporter proceeds should be deleted. I am thankful to the government for considering to our request positively."

NEW DELHI | WEDNESDAY, 7 SEPTEMBER 2022 **Business Standard**

Exporters see bright spots amid global headwinds

Say India is better placed, even as exports decline

DHRUVAKSH SAHA (?)
New Delhi, 6 September

India's merchandise exports witnessed a 1.15 per cent year-on-year (YoY) decline in August, following a slowdown in external demand for engineering goods, textiles, gems and jewellery, as well as plastic products, preliminary trade data from the commerce department showed.

Industry officials and experts said geopolitical risks triggered by the Russia-Ukraine conflict are weighing on India's exports, which recovered from the Covid-19 pandemic shock and consistently remained robust for over a year.

Weak demand from India's some of the biggest export markets, such as China, the European Union, and the United States, due to a slowdown in these regions and high inflation, as well as export restrictions on some commodities, resulted in the deceleration of goods exports. Barring the gems and jewellery segment, the decline in the value of exports was driven by a fall in prices of steel, cotton yarns, and plastic, they said.

"The trend that we are witnessing is that we are receiving orders for low value products because of high inflation. Going ahead, we may see a little impact on the value of these products but volumes exported will remain intact. Stable volumes will have a positive impact on employment and job creation," said Ajay Sahay, director-general (DG) and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO).

Vipul Shah, chairman, Gem and Jewellery Export Promotion Council (GJEPC), said the slight decline in gem and jewellery exports in the past two months is due to Covid restrictions in Hong Kong. Gems and jewellery exports fell 4 per cent in August to $3.29 billion.

"Overall exports to the UAE have been on the upswing after the India-UAE Comprehensive Economic Partnership Agreement and exports of plain gold jewellery to the Middle Eastern markets increased by 29 per cent in July. We keenly look forward to the free-trade agreement with the UK; industry will also get to reap the benefits of the India-Australia Economic Cooperation and Trade Agreement. We expect growth in the coming months, especially from the Western markets, due to festive demands and the upcoming holiday season," Shah said. Engineering exports, which comprise a fourth of the value of total goods exported from India, witnessed the sharpest deceleration in August, falling 14.59 per cent YoY to $8.25 billion.

Outbound shipments declined to a 13-month low of $33 billion in August, against $33.38 billion last year. On a sequential basis, exports fell 9 per cent from $36.27 billion in July but grew 17.1 per cent YoY during April-August to $192 billion on a cumulative basis.

Commerce Secretary B V R Subrahmanyam on Saturday said that given the current global scenario, India is not in an uncomfortable position. However, there are headwinds related to what can happen to developed nations and the Christmas orders. "Exporters' order books are full but the orders are getting delayed in terms of execution. They have not been asked to ship. That uncertainty is there," he said.

While there is a moderation in demand for textile products because of recessionary trends in major developed nations, an industry official said India may be able to make up for this amid the challenging situation in Sri Lanka and Bangladesh — India's biggest competitors in this space. Disruption in these competitor nations has also affected external demand for raw materials, such as cotton yarns, the official said.

"There's an economic crisis going on in Sri Lanka; Bangladesh has a fuel crisis, while Pakistan is facing massive floods. India has its own raw material, which is still intact. We will make up for the loss by the end of the year," said Apparel Export Promotion Council (AEPC) Chairman Narendra Goenka.

India exported apparel worth $1.32 billion in August, down 0.42 per cent YoY. On a cumulative basis (April-August), outbound shipments witnessed a growth of nearly 18 per cent.

EXPORTS OF TOP 10 KEY COMMODITIES IN AUGUST*

Commodity	Value ($ million)	Share (%)	Growth (%)
Engineering goods	8,253.47	25.01	-14.59
Petroleum products	4,901.81	14.87	5.42
Gems & jewellery	3,292.64	9.98	-4.00
Organic and inorganic chemicals	2,528.68	7.66	13.35
Drugs and pharma	2,141.64	6.49	6.61
Electronic goods	1,727.46	5.24	50.68
RMG of textiles	1,232.7	3.74	-0.62
Rice	1,032.48	3.13	42.32
Cotton yarn/fabs/ handloom products, etc	881.86	2.67	-32.32
Plastic and linoleum	744.43	2.26	-4.67
Total	6,253.54	81.05	-1.53
Total exports	32,996.71	100	-1.15

*These 10 commodity groups cover 81% of total exports in August 2022
Source: Department of Commerce

APPAREL EXPORT PROMOTION COUNCIL

(Sponsored by Ministry of Textiles, Government of India)

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