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NEWS CLIPPINGS –02-02-2019

Textile industry welcomes pension scheme	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/textile-industry-welcomes-pension-scheme/article26157892.ece

The textile industry here has welcomed the pension scheme announced in the interim budget on Friday for workers in the unorganised sector.

However, it wanted the government to revise upward the allocations for Amended Technology Upgradation Fund Scheme (ATUFS) and the Remission of State Levies Scheme (ROSL).

Chairman of the Southern India Mills' Association P. Nataraj said, in a press release, that the pension scheme would benefit weavers in the power loom and handloom units and those employed in the small and micro textile units.

Similarly, the announcement of Rs. 6,000 a year for farmers having less than two hectares would benefit millions of cotton farmers. However, the budget allocation for two major schemes of the Textile Ministry would have a serious impact on the industry.

Issues in ATUFS

The government should sort out procedural issues in the ATUFS and increase allocation under the scheme.

It should also hike the ROSL rate and include cotton yarn exports for MEIS and IES benefits, he said.

According to Raja M. Shanmugham, president of Tirupur Exporters' Association, the Income Tax benefit for individuals, monthly pension scheme for unorganised sector workers, and Rs. 6,000 for farmers are all welcome measures.

Allocation

The knitwear industry hoped the government would revise upwards the allocation in the regular budget later this year for schemes of the Ministry of Textiles.

Allocation for textiles reduced	The Hindu https://www.thehindu.com/todays-paper/tp-national/allocation-for-textiles-reduced/article26157684.ece

Sector concerned over quantum being lower by Rs. 1,000 cr.

Allocation for the textiles sector in the Interim Budget has been reduced by over Rs. 1,000 crore.

According to the revised estimates for 2018-19, the textile and clothing sector gets Rs. 6,943 crore. For 2019-20, the Budget proposes an allocation of Rs. 5,831 crore.

Two major schemes implemented by the Ministry of Textiles — the Amended Technology Upgradation Fund Scheme and the Remission of State Levies — have seen lower allocation for 2019-20. For Amended Technology Upgradation Scheme (ATUFS), it is Rs. 700 crore for the next financial year and for the current year, the revised estimate is Rs. 622 crore. Earlier, for 2018-19, the allocation for ATUFS was Rs. 2,300 crore. In the case of Remission of State Levies (ROSL), the allocation for next fiscal is Rs. 1,000 crore. For the current year, it is Rs. 3,663 crore as against the initial allocation of Rs. 2,163 crore.

“The lower allocations are disappointing and worrisome,” said Sanjay Jain, chairman of the Confederation of Indian Textile Industry. The amount allocated to Cotton Corporation of India for MSP operations (cotton procurement) has gone up. But that depends on how cotton prices move. There are arrears pending for payment to industries from ATUFS. With lower provisioning for next year too, “we will be grossly under-provided,” he said. The industry had been asking for higher ROSL, he added.

A. Sakthivel, vice-chairman, Apparel Export Promotion Council, said the industry expected an announcement on reimbursement of embedded taxes with duty drawback and ROSL. “This is an Interim Budget. So, we expect our demand will be addressed in three or four months,” he added.

Economic growth to benefit industries	The Hindu https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/economic-growth-to-benefit-industries/article26157893.ece

But it lacks measures to boost MSMEs, says the industry; separate package for MSMEs sought

The interim budget presented on Friday is expected to increase consumption by the public, leading to economic growth and higher demand for industries, according to industrial associations here. However, the industry is also disappointed with the budget as it lacks measures to boost the MSMEs.

Chairman of Confederation of Indian Industry, Coimbatore Zone, M. Ramesh, and convenor of its taxation panel here, G. Karthikeyan, told presspersons that the budget had a lot of measures for job creation. The low income and middle income segments would benefit from the announcements. “People should have more money and if they start spending, it will lead to growth,” said Mr. Ramesh. The online system for verification of IT documents was a welcome measure, added Mr. Karthikeyan. R. Ramamoorthy, president of Coimbatore District Small Industries Association, said the fiscal deficit had been controlled, indicating the economy would start improving. “We welcome the announcements for the agriculture sector and the MSMEs. But the MSMEs need a separate package,” he said. These units did not need waivers. What they required were subsidies to support growth.

According to V. Krishnakumar, president of the Southern India Engineering Manufacturers Association, the Association is disappointed with the budget as there is no tangible growth vision for the MSMEs, especially those in the manufacturing sector. However, the enhanced spending on agriculture sector will boost sales of agricultural pumpsets, benefiting the manufacturers in Coimbatore.

President of the Indian Chamber of Commerce and Industry, Coimbatore, V. Lakshminarayanasamy, said there was big push for renewable energy and data processing. And, the budget was positive on employment generation. The announcements would promote expenditure thus expanding the market for industries. But, there was no announcement or measure to promote investment by industries. J. James, president of Tamil Nadu Association of Cottage and Tiny Enterprises, said the budget was disappointing as even at this juncture when the current government was completing its term, there was no specific measure to boost growth of micro units.

According to S. Ravikumar, president of Coimbatore Tirupur District Micro and Cottage Entrepreneurs Association, the budget does not give any relief to the cottage industries. It has not met the demands of the tiny units. Kovai Power Driven Pumps and Spares Manufacturers’ Association president K. Maniraj has said, in a press release, that according to the budget announcement, the tax collection has doubled under GST. But the micro units have been hit by the tax. It also said that Rs. 7.23 lakh crore has been disbursed under Mudra loan. Micro units continue to struggle to get collateral-free loan under the scheme.

S. Surulivel, president of the Coimbatore SIDCO Industrial Estate Manufacturers’ Welfare Association, said the budget is disappointing to the MSMEs. The 2 % interest subvention should be extended to all MSMEs and not just the GST registered units. It should create more awareness among industries on the Government e-market place.

Welcoming the announcements, Coimbatore Compressor Industries Association has said that the budget is expected to revive agriculture, rural industry, fisheries, and equipment manufacturing sectors.

Manufacturing PMI rises to 53.9 in January	**The Hindu** https://www.thehindu.com/todays-paper/tp-business/manufacturing-pmi-rises-to-539-in-january/article26157592.ece

Factory orders rise fastest since Dec. 2017

The country’s manufacturing sector activity edged higher in January as companies continued to scale up production and employment, driven by the fastest rise in factory orders since December 2017, a monthly survey said on Friday.

The Nikkei India Manufacturing Purchasing Managers’ Index (PMI) increased from 53.2 in December to 53.9 in January, indicating stronger improvement in the health of the goods producing sector.

This is the 18th consecutive month that the manufacturing PMI remained above the 50-point mark. In PMI parlance, a print above 50 means expansion, while a score below that denotes contraction.

According to the survey, the increase in factory orders was the strongest seen in 13 months. Besides, favourable economic conditions, strengthening demand and sales growth also picked up in January.

Interim Budget 2019: Higher allocations for ROSL to boost textile sector	**Business Standard** https://www.business-standard.com/article/interim-budget-2019/interim-budget-2019-higher-allocations-for-rosl-to-boost-textile-sector-119020101271_1.html

The textile and apparel industry is also set to gain from an overall farmer- and consumer-centric budge

The government's decision to increase allocation for the Remission od State Levies (ROSL) is set to boost textile sector, experts said.

The Union Finance Minister Piyush Goyal in the interim Budget 2019 announced an increase in the ROSL scheme from Rs 2,164 crore to Rs 3,664 crore for 2018-19. The Budget has also allocated Rs 1,000 crore for this scheme for the fiscal year 2019-20.

"The increase in the budget allocation for the ROSL scheme is a step in the right direction. We urge the government to include cotton yarn and fabrics also under the ROSL scheme," said K V Srinivasan, Chairman, The Cotton Textiles Export Promotion Council (Texprocil) .

Apart from the ROSL benefit, the textile and apparel industry is also set to gain from an overall farmer- and consumer-centric budget.

Increase in personal income rax and rebate limit would certainly raise disposable income of the middle class people of which a portion would come to textile and apparel sector. Consumption and consumer spend of middle class and rural India is expected to go up thanks to the Budget proposals and hence benefit the Apparel and Textile Industry," said Rahul Mehta, President, Clothing Manufacturers Association of India (CMAI).

Confederation of Indian Textile Industry (CITI) chairman Sanjay Jain said, "The Budget will increase purchasing power of the middle class, farmers and lower tiers of society and will drive textile and clothing consumption in a big way. The Budget also helps MSME in textile sector in a big way."

Budget 2019: Mixed industry reactions from Coimbatore belt	**Deccan Chronicle** **https://www.deccanchronicle.com/nation/current-affairs/020219/budget-2019-mixed-industry-reactions-from-coimbatore-belt.html**

Industry response in the western region of Coimbatore to the Interim union budget 2019 presented by Mr. Piyush Goyal in Parliament was a mix of elation and disappointment.

While knitwear and garment industry broadly hailed the interim budgetary announcements, small scale manufacturers put on a long face, saying they expected far more measures to boost industrial activity.

Mr. Raja M Shanmugham, president of Tirupur Exporters Association (TEA), broadly welcoming the budget said, "the announcement of Rs 6,000 per annum to the Small and Marginal farmers and increasing the income tax exemption limit from Rs 2.5 lakh to Rs 5 lakh to individuals, and a monthly pension for unorganised sector workers are considered as better measures."

However, he urged the centre to allocate adequate funds for textile and knitwear sectors. He said, "the total allocation to the textile industry is Rs 5,831 crore and out of this, allocation to Amended Technology Upgradation Fund Scheme (ATUFS) and Rebate on State Levies (ROSL) scheme are Rs 700 crore and Rs.1,000 crore respectively. The ROSL allocation is lower since the apparel exports per annum is hovering around Rs 1,10,000 crore. With the existing ROSL rate at 1.70 per cent, the amount required would be Rs 1,700 crore. The allocation may be revised upwards in the regular Union Budget 2019-20." The increased allocation for the 'interest equalization scheme' from Rs 2,600 crore to Rs 3,000 core was also welcome to the MSMEs', said Raja Shanmugham.

Mr. K V Srinivasan, chairman, The Cotton Textiles Export Promotion Council (Texprocil) termed the budget as growth oriented. Hike in the taxable income threshold, increase in standard deduction to Rs 50,000 are measures that would leave more disposable income in the salaried class, leading to more consumption including textiles, he said. This would have a positive impact on the economy, he said, and urged inclusion of cotton yarn and fabrics under ROSL scheme.

The president of Indian Chamber of Commerce and Industry, Coimbatore, V Lakshminarayanasamy, hailed the budget's focus on two major reliefs including for farmers and general tax payers.

The general secretary of the South Indian collar shirts and Inner wears Small scale Manufacturers Association (SISMA), K S Babuji, said, "small scale industries are expecting the Centre to increase the cash transaction limit from Rs. two lakh, but the interim budget disappointed us. There is no adequate fund allocation and scheme for industrial development."

Similarly, Mr. Ravikumar, president of Coimbatore Tirupur District Micro and Cottage Entrepreneurs Association, said, "Though several announcements brings cheer to the public and big industrialists, the small scale industries are not happy with the interim budget, which did not considered the demands of the SSI sector."

Echoing the same sentiment, K Maniraj, president of Kovai Power Driven Pumps and Spares Manufacturers Association, said small scale industries' expectations such as GST rates reduction, subsidised and collateral free loans for SSIs' did not figure in the interim budget.

Interim Budget will boost textile consumption: CITI	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/textile-news/interim-budget-will-boost-textile-consumption-citi-247141-newsdetails.htm

The Interim Budget 2019-20 presented by finance minister Piyush Goyal today will give major impetus to the textile and apparel consumption by increasing the purchasing power of middle class and farmers, Confederation of Indian Textile Industry (CITI) has said. The allocation for A-TUFS & ROSL—the flagship programmes of the textile ministry, has been reduced.

"The present budget has focused on empowering the rural India and the middle class of the economy. The new announcements have highlighted the commitments of the present government to improve the overall socio-economic condition of the country by touching upon the healthcare sector, infrastructure, ease of doing business, more beneficial schemes for low income strata of the society by enhancing their purchasing power, protecting them through pension scheme, minimum income through MNREGA, etc," CITI chairman Sanjay K Jain said in a press release.

Jain pointed out that the announcement of 2 per cent interest subvention for micro, small and medium enterprises (MSMEs) loans with a ticket size of ₹1 crore has given a big thrust to MSMEs to boost employment and economic growth. "A few banks exiting PCA, relaxation for MSMEs on funding and interest rates will benefit 80 per cent of the textiles and clothing industry which falls under MSMEs," he said.

The Budget reduces the total outlay for the textile sector from the revised estimate of ₹6,943.26 crore to ₹5831.48 crore. For A-TUFS, the budget allocation has been steeply decreased from ₹2,300 crore to ₹700 crore. "Last year only about 30 per cent of the budget could be used due to low disbursements, however, to clear the carried forward obligations, a much higher allocation will be needed. The budget for ROSL has also been reduced significantly which is a cause of great worry to the industry as this could lead to working capital blockages and delay in ROSL receipts. Further the industry has been expecting upward revision in ROSL rates which would need more funds," Jain said.

The budgetary allocation for procurement of cotton by CCI under Price Support Scheme has been increased from ₹924 crore to ₹2,018 crore. "This move of the government to doubling the income of the farmers is well appreciated by the industry. However, our request to the government is to introduce Direct Subsidy System for the cotton farmers as it will ensure no direct impact on cotton prices," said Jain.

CITI has also welcomed that increase in allocation for Central Silk Board.

"Though the textiles and clothing industry is expected to be a major gainer due to the extra funds which flow into the hands of the section of the society where incremental marginal expenditure on clothing is very high, the industry hopes for greater allocation of funds for the two flagship programmes of the textile ministry – A-TUFS and ROSL," Jain said.

Budget 2019: India to become $5 trillion economy in 5 years, $10 trillion in 8 years thereafter	**Economic Times** https://economictimes.indiatimes.com/news/economy/indicators/budget-2019-india-to-become-5-trillion-economy-in-5-years-10-trillion-in-8-years-thereafter/articleshow/67791575.cms

Finance Minister Piyush Goyal on Friday said the country is poised to become a USD 5-trillion economy in the next five years and aspires to become a USD 10-trillion economy in the next 8 years thereafter.

Presenting the Budget 2019-20 in the Lok Sabha, Goyal also said the past five years of Prime Minister Narendra Modi-led government have witnessed a wave of next-generation structural reforms, which have set the stage for decades of high growth.

We are poised to become a 5-trillion dollar economy in the next five years and aspire to become a 10-trillion dollar economy in the next 8 years thereafter," Goyal said.

Stating that India is solidly back on track and marching towards growth and prosperity, he said the last five years have seen India being universally recognised as a bright spot of the global economy.

"The country witnessed its best phase of macro-economic stability during this period," Goyal said.

He further said India is the fastest-growing major economy in the world and that the GDP growth in the past 5 years had been higher than under any previous governments.

From being the 11th largest economy in the world in 2013-14, we are today the 6th largest in the world," he said, adding that besides generating high growth rate, the government contained double-digit inflation and restored fiscal balance.

Surat textile and diamond industry ‘Income tax rebate helpful, but GST issues not resolved’	**Indian Express.com** https://indianexpress.com/article/cities/ahmedabad/surat-textile-and-diamond-industry-income-tax-rebate-helpful-but-gst-issues-not-resolved-5565600/

The demand for sarees is going down. The government should have announced some subsidy or schemes for garment package as Surat has potential in it,” he added.

The interim budget announced on Friday garnered a mixed response from the diamond and textile industry experts. While the one-time tax rebate for those with a taxable income of up to Rs 5 lakh annually and the businesses with annual turnover less than Rs 5 crore being allowed to file quarterly GST returns has been welcomed by the industry, the absence of any announcements regarding Input Tax Credit has left them waiting for the next GST council meeting.

“We welcome the interim budget announced by the finance minister, as the tax rebate on annual income of Rs 5 lakh is excellent. The provision that an industry with annual turnover less than Rs 5 crore can file GST returns quarterly instead of monthly will also benefit the industry. Over 60 per cent of the textile traders will get covered in this. Textile traders are happy with the budget but our GST issues have not been looked into. We hope that it will be covered in upcoming GST council meeting,” said Manoj Agrawal, president of the Federation of Surat Textile Traders Association (FOSSTA).

The demand for sarees is going down. The government should have announced some subsidy or schemes for garment package as Surat has potential in it,” he added.

“Over all the textile industry will benefit indirectly from the interim budget. The people will start purchasing more clothes. For the 2 per cent interest subvention for MSMEs for loans up to Rs 1 crore, we are yet to see if it is on working capital or bank loans,” said Ashish Gujarat, secretary of the Federation of Gujarat Weavers Association.

“We are satisfied with the relaxation given to the middle classes and farmers. We hope to see an increase in business opportunity in terms of jewellery business with such relaxations. However, we are disappointed that our proposal to decrease the import duty on raw materials like gold, silver, cut-polished diamonds and coloured gems stones were not considered. We hope that it will be covered in the final budget,” Gujarat Gems and Jewellery Export Promotion council Chairman Dinesh Navadia said.

“It was a budget specially for common people like farmers, workers and salaried people. As it was the interim budget, there is no place for trade and industry but we are hopeful that there will be benefits of the industry in the final budget. We have also come to know that 36 commodities will be given relief on import duty, but we are yet to see what these commodities are,” said Ketan Desai, vice-president of the Southern Gujarat Chamber of Commerce and Industry.

“There is no direct benefit to the textile industry in this interim budget. The fabrics from China, Vietnam, are routed in India through Bangladesh and they are cheaper in price so the local industry faces problems in competing with them. Due to WTO (World Textile Organisation) guidelines, those fabrics exported to European countries, there is no benefit of getting duty draw back and some clarification or some solutions for this should have been included,” said Girdhar Gopal Mundra, an expert of the textile industry.

Traders, weavers oppose new GST form for fabrics	**Times of India** https://timesofindia.indiatimes.com/city/surat/traders-weavers-oppose-new-gst-form-for-fabrics/articleshow/67802282.cms

Textile Traders and Powerloom weavers have opposed GST department's decision on mandatory submission of GST invoice format for job work to avoid e-way bill of unfinished fabrics in transit with in the city limits.

Last month, GST officials had raided many industrial estates and textile markets in the city where unfinished goods in tempos were seized for not having e-way bill. When the power loom weavers opposed the action, the GST department came up with mandatory rule for submitting GST kob work form to avoid direct sale of unfinished fabrics in trnasit.

According to the new format, traders and power loom weavers will have to fill up the form with registered GST number, consigner and consignee names, distance of the good delivery, quality and quantity of the goods, value of the goods, number of the unfinished grey bundles, delivery challan number etc.

Leader of power loom sector, Mayur Golwala saidm "State GST commissioner had issued a notification in September 2018 stating that unfinished fabrics meant for job work will not have to generate e-way bill. However, the GST officials raided industrials estates and demanded e-way bull for the fabric stock meant for job work. Now they come up with a new form where traders and weavers will have to authenticate that the stock is meant for job work.

Budget 2019: Announcements for unorganised sector, ryots lauded	**Times Now News.com** https://www.timesnownews.com/business-economy/budget/article/budget-2019-announcements-for-unorganised-sector-ryots-lauded/358329

Various industries and trade bodies in the region have welcomed the union budget presented by union finance minister Piyush Goyal Friday, particularly the announcement of Rs 6,000 per year for the farmers having below two hectares of land. The scheme would benefit millions of cotton farmers, as the crop got affected in certain states and the amount announced would benefit the farmers, chairman of Southern India Mills' Association (SIMA) P Nataraj said.

Also, he welcomed the announcement of the pension scheme for the workers in the unorganised sector enabling them to receive Rs 3,000 per month as pension after attaining the age of 60. Most of such workers were in the textile sector. Nataraj said the scheme would largely benefit the weavers of handlooms and power looms and also the workers of several other small, micro units from other segments of the industry.

He welcomed the decision of doubling the income tax exemption limit and enhancing the standard deduction to Rs 50,000 which would benefit several lakhs of middle-class employees of the textile industry.

However, the substantial reduction in the budget allocation for a rebate on state levies (ROSL) and amended technology upgradation fund benefits would have a serious impact on the textile industry, he said.

President of the local chapter of Indian Chamber of Commerce and Industry Lakshminarayanasway, welcoming the interim budget, said it was focused on major relief for farmers and the taxpayers. The chamber welcomed nil tax for those with an annual income of Rs 5 lakh, increase in gratuity limit from Rs 10 lakh to Rs 30 lakh, and mega pension scheme for unorganised workers whose salary was below Rs 15,000.

The trade body, however, said the finance minister did not concede too much on the fiscal consolidation goals since the fiscal deficit for 2018-2019 was seen at 3.4 per cent of the GDP.

In a press release, president of Tirupur Exporters' Association Raja M Shanmugham termed the budget as people-oriented. He welcomed the announcement of Rs 6,000 per annum for the small and marginal farmers and increasing the income tax exemption limit from Rs 2.5 lakh to Rs 5 lakh to the individuals.

Shanmugham expressed disappointment over the rebate on state levies allocation of Rs 1,000 crore which was lower since the apparel exports per annum were hovering around Rs 1.10 lakh crore.

He said he was happy over raising the interest equalisation scheme allocation from Rs 2,600 crore to Rs 3,000 crore, which would meet the recent increase in interest equalisation for micro, small and medium enterprises from three to five per cent.

Lower logistics cost to help boost exports by 5-8%: FIEO	**Business Line** https://www.thehindubusinessline.com/economy/lower-logistics-cost-to-help-boost-exports-by-5-8-fieo/article26138910.ece

Reduction of logistics cost by 10 per cent will help boost the country’s exports by about 5-8 per cent, exporters body FIEO said on Thursday.

Federation of Indian Export Organisations (FIEO) President Ganesh Kumar Gupta said that implementation of the

Goods and Services Tax (GST) has helped growth of the logistics sector, which is very critical in increasing international trade. High logistics cost impacts competitiveness of domestic goods in the international markets. The cost of logistics for India is about 14 per cent of its GDP and it is far high as compared to other countries.

“It is estimated that a 10 per cent decrease in indirect logistics cost can increase 5-8 per cent of exports,” Gupta told reporters here. He said this while addressing media over LOGIX-India 2019 programme. The commerce ministry is working on a national logistics policy, which is aimed at promoting seamless movement of goods across the country and reducing high transaction cost of traders.

He also said that to develop this sector in an integrated way, it is important to focus on new technology, improved investment, skilling, removing bottlenecks, improving inter modal transportation, automation, single window system for giving clearances, and simplifying processes. Talking about the programme, Gupta said logistics companies from about 27 countries are participating in the three-day show in the national capital.

“LOGIX India 2019 is an initiative to improve India’s trade with regions like Africa, ASEAN, Afghanistan, Iran, and Iraq,” he said. Over 130 International delegates representing logistics and freight forwarders professionals are attending the event.

Budget 2019: Customs authorities taking steps to improve export logistics, say Piyush Goyal	**Money Control** https://www.moneycontrol.com/news/business/budget/budget-2019-customs-authorities-taking-steps-to-improve-export-logistics-say-piyush-goyal-3470301.html

He also said that the flagship programme 'Sagarmala' along the coastal areas of the country will develop ports for faster handling of import and export cargo

Customs authorities are introducing comprehensive digitalisation of export and import transactions, and leveraging electronic tagging technology to improve export logistics, Finance Minister Piyush Goyal said on February 1.

He also said that the flagship programme 'Sagarmala' along the coastal areas of the country will develop ports for faster handling of import and export cargo.

The government, under the Sagarmala project, has set ambitious targets of port modernisation, port connectivity enhancement, port-linked industrialisation and coastal community development for phase-wise implementation until 2035.

"Indian customs is introducing full and comprehensive digitalisation of export/import transactions and leveraging RFID (radio-frequency identification) technology to improve export logistics," Goyal said while presenting the Budget for 2019-20.

Improvement in logistics helps seamless movement of goods and reduce transactions cost for traders, leading to enhanced competitiveness of domestic products in the global markets.

During April-December this fiscal, exports grew by 10.18 percent to $245.44 billion.

Since 2011-12, India's exports have been hovering at around $300 billion. During 2017-18, the shipments grew by about 10 percent to $303 billion.

Promoting exports helps a country to create jobs, boost manufacturing and earn more foreign exchange.

Further the minister said that to promote 'Make in India' initiative, the government has rationalised customs duties and procedures. "Our government has abolished duties on 36 capital goods. A revised system of importing duty free capital goods and inputs for manufacture and export has been introduced, along with introduction of single point of approval under section 65 of the Customs Act," he said.

State cabinet approves Odisha Handicrafts Policy 2019	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/handicrafts-news/state-cabinet-approves-odisha-handicrafts-policy-2019-247139-newsdetails.htm

The Odisha state cabinet recently approved the Odisha Handicrafts Policy 2019, aimed to boost the growth of the handicrafts sector. The policy also aims to empower handicraft artisans and make them lead partners in development, focus on their welfare and maximise their income-generating opportunities and enhance the state's share in export of handicrafts.

It also aims to create necessary physical and human capital, revive languishing crafts, preserve craft heritage and develop a centre of excellence at the State Institute for Development of Arts Crafts (SIDAC), an official statement from the state government.

Building Africa's Manufacturing Strength in the Textile and Clothing Sector	**AFDB.COM** https://www.afdb.org/en/blogs/industrialisation-and-trade-corner/post/building-africas-manufacturing-strength-in-the-textile-and-clothing-sector-18953/

The rise of the fast fashion industry in the past few years has brought in its wake a booming trade of second-hand clothing. Today, millions of people around the world donate clothes with the understanding that they will support the needy or will be resold in secondhand stores.

But are increased imports into Africa of second-hand clothing from developed countries consistent with the contemporary agenda of African economies, which is to industrialize and add value, rather than to consume? This is at the heart of the recent trade dispute between African economies, particularly those in the east, and major international exporters of second-hand clothing, such as the United States.

Today, about 62% of the continent's total exports are in primary form. With exports being largely commodity-driven, Africa is in a risky position because of price volatility and because it is dependent. Building a competitive textile value chain is an import step for the African continent to revive its import substitution industries. So the agenda to industrialize is a priority, but can the continent turn its production of textiles and clothing into a manufacturing industry when second hand exports dominate the consumer market?

What is it about second-hand clothing in Africa?

Used clothing has diverse names in the various African countries. In Rwanda, it's *chagua,* in Kenya, *mitumba*, and *salaula* in Zambia.

The global trade of second-hand clothing has a long and rugged history. It became prominent due to its affordability and to the surge in liberalization policies in the early 1990s. Second-hand clothing provides work for millions of resellers, distributors and market stall holders in developing markets, particularly in East Africa. But the decision by some countries to cut its imports of second-hand clothing in order to encourage local textile manufacturing has brought forth charges of protectionism from developed country exporters.

In an attempt to reconstruct the domestic garment industry, countries such as Rwanda are putting in place an industrial strategy to develop local textiles, apparel and leather sectors, taking a determined stance on imported second-hand clothing, which resulted in the US suspension of AGOA duty-free access to US markets. The exclusion from AGOA would affect about 3% of Rwanda's total exports to the US, that amounted to $1.5 million in 2017. Rwanda's total exports that year amounted to $43.7 million .

However, the effects of the AGOA suspension on local economies may be mixed. It may stimulate local production of new clothing and footwear for the domestic market, but it could also negatively affect consumers through higher prices and reduced availability of clothing.

The garment and clothing industry globally are expected to double in the next 10 years, generating up to $5 trillion annually. In the USA alone, $284 billion are spent every year on fashion retail through the purchase of 19 billion garments.

This presents a tremendous opportunity for Africa at various levels of the value chain. From design to production to marketing, the fashion industry is a big and profitable business. The combined apparel and footwear market in sub-Saharan Africa is estimated to be worth $31 billion.

Creating a competitive value chain

The textile and garment industry presents a unique opportunity for countries seeking to pursue industrialization. The sector helps to diversify the economy, and if geared towards exports, it can be a source of foreign exchange.

Let's look at the case of Ethiopia. The country has a target to generate $30 billion in exports from the textile and apparel sector by 2030 and the government has been building industrial parks to enhance the textile investment and productivity of the country. It's no wonder that Ethiopia has attracted textile manufacturing giants like H&M and Primark.

But African countries face a host of challenges and opportunities alike. These include a weak business environment; a scarcity of skilled and unskilled workers, high cost of production, and low-level infrastructure among other challenges.

There is an urgent need for Africa to rapidly industrialize and add value to everything that it produces, and the textile and clothing industry is dominated by small and medium size enterprises, which have the potential to create decent jobs - skilled and unskilled - for millions of Africans, especially women and youth.

African countries need to build adequate infrastructure. Information and Communications Technologies (ICTs) such as e-commerce will be key to support this growth and tap into global and regional value chains.

Opportunities for African countries to take advantage of the potential of the textile and garment industry and participate in global or regional value chains depend on the comparative advantage of each economy, the level of its regional/global integration, infrastructure, human capital, access to finance and policies.

The African Development Bank has launched the Fashionomics Africa Flagship initiative to support the development of small and medium-scale enterprises operating in the textile and clothing industry in Africa, with a focus on women and youth empowerment, by increasing access to finance and access to markets through e-commerce for entrepreneurs whilst incubating and accelerating start-ups.

Success will come in ensuring that local content and artisanry are used and properly credited in the value chain which includes industrialization. This creates the foundation for a more sustainable and faster structural transformation of African economies.