

NEWS LETTER

APRIL - MAY 2022

Vol. No. : 1



HANDLOOM EXPORT PROMOTION COUNCIL
(Ministry of Textiles, Government of India)

HEPC Calendar of Events

Sl. No.	Name of the event	Country	Dates
1	Special Sourcing Show - Bhagalpur	India	20-22 July 2022
2	HGH Fair – Delhi	India	12-15 July 2022
3	Pure london, UK	UK	17-19 July 2022
4	India Tex Trend Fair , Tokyo	Japan	20-22- July 2022
5	India Home Furnishing Fair, Osaka	Japan	13-15 July 2022
6	Special Promotional Event	Bangladesh	July 2022
7	Big Ticket Event in India	India	Aug 2022
8	Sourcing at Magic, Las Vegas	USA	7-10 Aug 2022
9	Buyer Seller Meet	Sweden & Denmark	Aug 2022
10	Who's Next, Paris	France	2-5 Sept 2022
11	Maison & Object, Paris	France	8-12 Sept 2022
12	Heimtextil Russia, Moscow	Russia	20-22 Sept 2022
13	All Fashion Sourcing (Formerly ATF), Capetown	South Africa	26-28 Sept 2022
14	IHGF,Delhi - EPCH	India	Oct 2022
15	Special Promotional Event	Singapore	Oct 2022
16	High Point Market, USA	USA	22-26 Oct 2022
17	China Import & Export Fair (CANTON) Phase III	China	31 Oct - 4 Nov 2022
18	Buyer Seller Meet	Chile	Nov 2022
19	International Sourcing Expo, Melbourne	Australia	15-17 Nov 2022
20	Special Promotional Event	Malaysia	Nov 2022
21	Special Promotional Event	Dubai	Dec 2022
22	Special Sourcing Show - NER	India	Dec 2022
23	AFL Artigiano in Milan - NER	Italy	Dec 2022
24	Heimtextil, Frankfurt	Germany	10-13 Jan 2023
25	Domotex, Frankfurt	Germany	12-15 Jan 2023
26	Who's Next, Paris	France	20-23 Jan 2023
27	Ambiente 2023, Frankfurt	Germany	3-7 Feb 2023
28	Spring Fair, UK	UK	5-8 Feb 2023
29	Sourcing at Magic, Las Vegas	USA	13-16 Feb 2023
30	Reverse Buyer Seller Meet at Chennai/Delhi (ITSF)	India	Mar 2023

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HANDLOOM EXPORT

Newsletter of Handloom
Export promotion council
April - May 2022

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Chairman's Column

Dear Members,

On behalf would like to thank the Union Government for the support extended to the industry through policy interventions and various support schemes to compete with the global market. With the complete support of Hon'ble Minister of Textiles, the Country has recorded highest textile export in financial year 2022 i. e. over 44 billion exports in 2021-22 with 41% growth over 2020-21.

The recent removal of import duty for cotton would definitely pave the way for the sustainability of the yarn price. Further, Government of India has signed historical free trade agreement with the potential market for textile industry such as Australia and UAE. The physical interface with the authorities has been reduced as part of ease of doing business and now every license and export benefits are being issued through online.

After a long break happened in organising physical events due to COVID 19 pandemic, a much-awaited Heimtextil, Frankfurt is going to happen in June 2022. I hope you all preparing for the event and the whole home textile sector is looking forward to this event.

I would like to thank all member exporters of the Council and executive committee members for electing me as Chaiman of the Council andfor given me an opportunity to serve for the home textile industry.

I would like to take this opportunity to thank Shri T.V.Chandrasekaran, immediate past Chairman for his efforts towards the growth of the Council and Industry.Also, I request the members exporters to send their comments/suggestions for the betterment of the hometextile industry



Best Regards

A handwritten signature in black ink, appearing to be 'P. Gopalakrishnan', written in a cursive style.

P. Gopalakrishnan
Chairman

Report

Global Sources Online Show 2021-2022

In this COVID-19 pandemic situation, our Exporters are reliant on Virtual platforms for marketing their products since all the physical events around the world are yet to launch in full scale. To meet our exporter's requirement, HEPC has been undertaking activities in providing opportunities for its member exporters through series virtual events across different regions around the world to help the exporters to sustain their marketing activities and also tap the new market opportunities.

HEPC Participation

In such a scenario, Council identified a virtual platform of Global Sources, which is an internationally recognized B2B sourcing platform. Global sources online is a B2B virtual trade event organised by Global sources Hong Kong – a firm known for organising trade shows and publishing for many years. The company connects authentic buyers and verified suppliers worldwide with tailored solutions and market intelligence through trade shows, digital platforms and magazines.

In this e-commerce platform HEPC organised virtual participation for 10 member

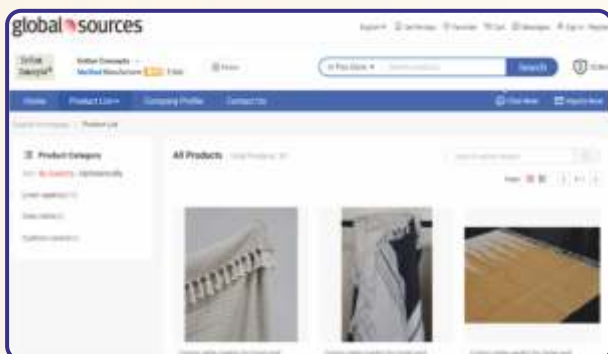
exporters under Global Sources Lifestyle & Fashion, Home & kitchen categories from 20th February to 31st March 2022. The event was organised under Market Access Initiative scheme of the Minister of Commerce & Industry, Govt. of India, New Delhi.

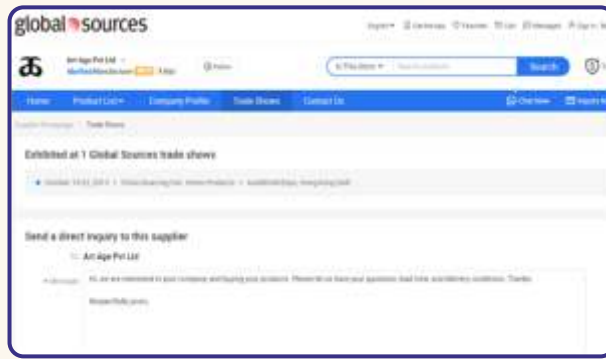
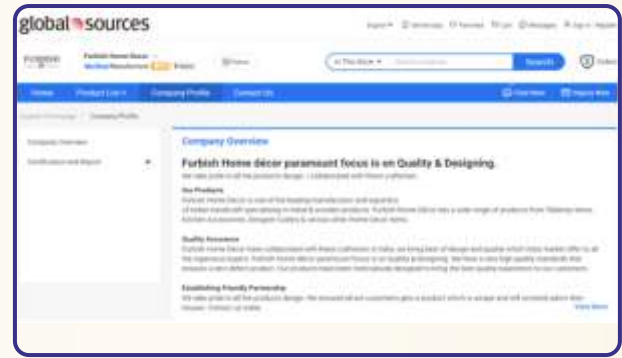
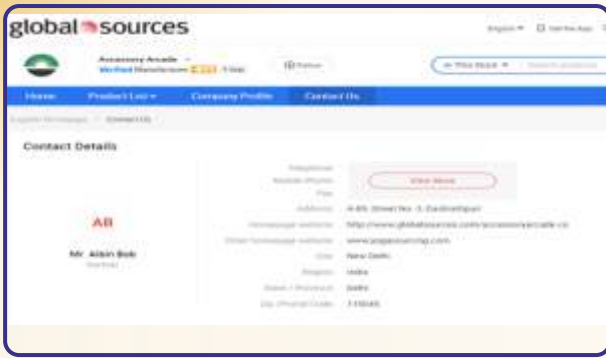
The exporters were explained with the features and processes involved in the online event. Each exporter was provided with a unique username & password to access their webpage where they could upload their company profile, products and features

The online platform featured the following.

- 200 products Upload
- Company profile
- Product Profile
- Company Video – 1
- Message Centre
- Verification tag to helps buyers identify quality suppliers
- Buyers have access to send 1:1 enquiry to specific suppliers and bulk product enquiries to multiple suppliers
- Secured message centre allowing suppliers to get enquiries and respond to

Some of the exhibitor's web pages are given below,





Visitors of our participants

Visitors for the event are worldwide and in different needs of products. The categories of visitors comprised of Buying Groups - Importers, distributors and traders with large purchasing power in apparel & accessories, gifts & household products, hardware & building materials, electronics and other industries. Retailers - Retail chains, supermarkets, concept stores, brand merchants, E-commerce buyers - Online stores, retailers, import business groups, SMEs - Local and regional small and medium-sized purchasing companies, importers, distributors, traders, channels and agents

Upto 31st March 2022, Council's exporters have reported that they have received a good footfall of visitors numbering around 200 visitors related to their products and the event as an online platform had generated good business turn Over

The event participation drew Trade enquiries worth **Rs.50.52 Lacs** and spot order worth **Rs. 53.74Lacs** during the virtual event. With the online presence being extended, the participants are very optimistic in securing orders from the buyers in due course of time as the webpage of each participant will be live for global visitors/buyers through-out this year.

District as Export hub -Focus@75 - Updates

- ❖ Executive Director and Joint Director attended the virtual meeting of Districts as Export Hubs Meeting with DGFT - Focus@75 under the chairmanship of Shri. Santosh Kumar Sarangi, DG, DGFT on 28.04.2022 to further discuss the plan of action and way forward for executing the pilot for 75 districts.
- ❖ Executive Director and Joint Director attended the meeting regarding phase I of District as Export hub - Focus@75 organised by Director General of Foreign Trade (DGFT) through VC on 11.05.2022 to review and revise existing district export action plans as per the guidelines and to invite stakeholder consultation for finalization of interventions required in the districts, interventions to be taken up at SEPC and resolutions of issues at district and state levels.
- ❖ Executive Director attended the meeting through VC proposed by Nodal officer Smt. Dona Ghosh, Joint DGFT O/o Addl DGFT Kolkata - DEH Scheme to discuss on the initiative, course of action, and adoption of Plan (Odisha) on 19.05.2022.

Embassy Meeting *Virtual meeting with Indian Mission Abroad on Analysis of Handloom Export*

In order to promote exports, council has analyzed the exports of Handloom Products for the last 5 years focusing Top 20 countries in which the trend is decreased comparing 2017-18, 2018-19 & 2019-20. In this regard, council have organised a virtual meeting with Indian Mission abroad to focus on the issues and various reasons for decreasing trend with most potential markets and to formulate the apt strategy to increase handloom exports.

Few Photographs of the Virtual meetings

Embassy of India, Italy - 26.04.2022



Embassy of India, France – 27.04.2022



Embassy of India, Spain – 28.04.2022



**Consulate General of India,
Johannesburg, South Africa – 09.05.2022**



Embassy of India, Abu Dhabi – 11.05.2022



Embassy of India, Sao Paulo, Brazil – 27.05.2022



FTA - India-UAE & India - Australia



INDIA UAE
COMPREHENSIVE ECONOMIC
PARTNERSHIP AGREEMENT
(CEPA)



INDIA AUSTRALIA
ECONOMIC COOPERATION
AND TRADE AGREEMENT
(ECTA)

Newly inked India - UAE CEPA and India - Australia ECTA opens up huge opportunities for exporters in UAE and Australia. Hon'ble CIM led back-to-back business delegations to UAE and Australia, the delegations helped the exporters to gauge the business opportunities and make efforts towards to unlock them. In specific, UAE and Australia are the top importing destinations for Indian textile products.

The details of India - UAE Comprehensive and Economic Partnership Agreement & India – Australia Economic Cooperation and Trade Agreement are as follows:

Background of Bilateral Relations

India-UAE

- **For India, UAE is**
 - **3rd largest trading partner** – Bilateral trade in goods of US\$ 59 billion in FY2019-20
 - **2nd largest export destination** - Exports of US\$ 29 billion for FY2019-20.
- **For UAE, India is**
 - **2nd largest trading partner** for the year 2019 &
 - **1st largest export destination for the year 2019.**
- UAE is the **9th largest investor** in India with an FDI of US \$ 11.38 billion for the period April 2000-June 2021.
- UAE, a **strategic partner of India**, also pledged to invest around US\$ 75 billion in India in various sectors.
- **Indian nationals (about 35 lakhs)** comprise over 1/3rd of the UAE population of 95 lakhs. They remit over **US\$ 20 billion** annually to India.

India-Australia

- Both nations are part of the **Commonwealth**.
- Similar legal systems, parliamentary democracies.
- Australia is an important **strategic partner** of India.
- Bilateral Trade in Goods stood at **US\$ 22 billion** in 2021
 - India's exports to Australia – US\$ 6.9 billion
 - India's imports from Australia – US\$ 15.1 billion
- Australia is the 17th largest trading partner of India and India is Australia's 9th largest trading partner.
- At almost **700,000, Australia's Indian diaspora**, makes a significant contribution to Australia's society and economy.
- Indian diaspora are the **second highest taxpaying diaspora**, behind the British.

Macroeconomic & Trade Indicators

	Indicators	India (2019)	UAE (2019)	Australia (2019)
1	Population	1.36 Billion	9.77 Million	25.3 Million
2	GDP	US \$ 2.87 Trillion	US \$ 417.22 Billion	US \$ 1.39 Trillion
3	GDP Per Capita, PPP (US \$)	US \$ 6,997	US \$ 71,150	US \$ 51,748
4	Global Merchandise Exports	US \$ 324 Billion (World Rank 13)	US \$ 280 Billion (World Rank 15)	US \$ 272 Billion (World Rank 19)
5	Global Merchandise Imports	US \$ 484 Billion (World Rank 8)	US \$ 262 Billion (World Rank 14)	US \$ 214 Billion (World Rank 24)
6	Total Trade in Goods and Services with World	US \$ 1200 Billion	US \$ 687 Billion	US \$ 629 Billion

Source: World Bank and WTO

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India-UAE Trade

Year	UAE's Import from India	UAE Exports to India (% of Total Exports)				Total Trade
		Crude Petroleum**	UAE's direct Non-Oil Exports	UAE's Re-Exports	Total exports	
2017	20,245.80	6,538.51 (31.02%)	5,253.56 (24.92%)	9,287.41 (44.06%)	21,079.48	41,325.28
2018	23,082.83	8,899.89 (40.90%)	4,874.34 (22.40%)	7,986.02 (36.70%)	21,760.25	44,843.08
2019	26,753.52	9,868.84 (40.20%)	6,527.72* (26.59%)	8,149.82 (33.20%)	24,546.38	51,299.90

• During 2019-20, India exported US\$ 2,932.34 million to UAE and imported US\$ 6,086.40 million services from UAE.
 • UAE is the 9th and 4th largest export and import market for India respectively in trade in Services.
 • *Out of which, Gold exports are valued at US\$ 3,008.76 million while other direct exports are US\$3,518.96 million.

Source: UAE's Federal Competitiveness and Statistics Centre Website; ** From DGCIS, India

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India-Australia Trade

Trade (US \$ Billion)	Goods*	Services**	Total
India's Exports to Australia	6.9	3.6	10.5
India's Imports from Australia	15.1	1.9	17.0
Total	22.0	5.5	27.5
Deficit(-)/Surplus(+)	-8.2	+1.7	-6.5

**DGCIS, **RBI Data estimated for services for CY 2021*

- **India's imports** from Australia
 - primarily (96%) of **Raw materials & Intermediate Goods**
 - **highly concentrated**, primarily in **Coal (74%** of Australia's exports to India) out of which 71.4% is coking coal
- **India's exports to Australia:**
 - are broad-based and dominated by **finished products** (consumer goods)
 - India spends \$ 4 bn approx. each year on **education** of students in Australia

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Scope of the Agreements

Full and deep Agreements, largely covering all areas of economic cooperation including :

Common in Both Agreements:

- **Trade in goods; and Trade in Services;**
- **Rules of origin;**
- **Technical Barriers to Trade; and Sanitary and Phytosanitary Measures;**
- **Customs Procedures & Trade Facilitation;**
- **Trade Remedies; and Dispute Settlement;**

India-Australia ECTA:

- **Temporary Movement of Natural Persons;**
- **Transparency;**

India-UAE CEPA

- **Digital Trade;**
- **Government Procurement;**
- **Intellectual Property;**
- **Investment and Trade;**
- **Micro, Small and Medium-Sized Enterprises (SMEs);**

India-UAE CEPA & India-Australia ECTA: Trade in Goods

- Likely to benefit about US\$ 32.9 billion worth of Indian products subjected to import duty by UAE and Australia.
- Immediate market access at **zero duty** accounting for
 - **90% of India's exports** in value terms to **UAE**
 - **98.3%** of tariff lines accounting for **96.4% of India's exports** in value terms to **Australia**
- Overall, **duty elimination on**
 - **Over 97%** of its tariff lines accounting for **99% of Indian exports** to **UAE in value terms.**
 - **100%** of its tariff lines exported to **Australia**
- Immediate Duty free access covers all labour-intensive sectors such as
 - **Gems and Jewellery; Textiles and Apparel; Agricultural and Fish products,**
 - **Leather, Footwear, and Sport goods; Pharmaceuticals and Medical devices, Engineering products.**
- Main products in **Exclusion category** :
 - **Agricultural products, especially Dairy, Tea, Coffee, Rubber, and Tobacco products; Most Jewellery and Medical devices**
 - **Most Automobiles; Plastics; Footwear, Sports goods ; TVs & picture tubes;**
- India offered tariff concessions on lines of interest to partner countries mostly with TRQs
 - UAE – dates, Petroleum products (crude, LPG, Naptha etc.), Petrochemicals (PE/PPE/PVC), Metals (Aluminium, Copper, Iron & Steel etc.), minerals
 - Australia – Some Agri products, metals, minerals, wine, coking and thermal coal

Benefits-Trade in Services

India-UAE CEPA

- Market access commitments **by the UAE in 111 out of total 160 sub-sectors.**
- Substantial gains in **India's key areas of interest such as Computer Related Services, Audio visual services, Education services, Health Services, Tourism & Travel related services, professional services** (Nursing, engineering, accountancy etc.), and Other Business Services.
- Market access offered for **Business Visitors, Intra Corporate Transferees, and Contractual Services Suppliers** from India.

IndAus ECTA

- Australia has committed its schedule in **negative list** and has made wide ranging **commitments** in around **135 sub sectors** with **MFN** in around **120 sub-sectors**
- **Annual Quota** of **1800** for **Yoga teachers** and **Indian Chefs.**
- **Post study work visa (18 months – 4 years)** for Indian students. Will benefit more than 100,000 Indian students.
- **Work and Holiday Visa** arrangement for young professionals.
- Commitment to pursue **Mutual Recognition Agreements(MRA's) in professional services** in 12 Months.

Key Features in the Agreements

- **Stringent rules of origin criteria** that reflect the requirement for substantial processing
 - **Up to 40% for most of the products and Wholly obtained criteria for agricultural products – India-UAE CEPA**
 - **Value Addition of 35% + Change in Tariff Sub Heading (CTSH) – India-Aus ECTA**
- **Condition of "melt and pour" as Product Specific Rule for Steel products for first time in Indian FTAs**
- **Bilateral Safeguard Mechanism in case of surge in imports**
 - **Permanent in India-UAE CEPA; Available for 14 years in India-Australia ECTA**
- **India-UAE ECTA: Special clause on Compulsory time bound Review: to enable either country to request Review parts of Agreement after 15 years**
- **Mutual Recognition Annex on Pharmaceuticals is there to facilitate automatic registration and marketing authorisation of Indian generic medicines.**
 - **Within 90 days in case of India-UAE CEPA**

India - UAE CEPA Sectoral Gains – Immediate Duty Free Access

	Sector	Ref. yr Exports from India to the UAE (US\$ million)	Projected Additional Increase in Exports over 5 year horizon (US\$ million)	Projected Incremental Employment Generation (Direct & Indirect)
1	Gems & Jewellery	9,433	~ 4,500	~ 400,000
2	Engineering Goods	4,424	~ 4,800	> 100,000
3	Plastic products	418	~ 1,274	> 100,000
4	Agri. products	1,820	~ 850	> 100,000
5	Textiles and Apparel	1,170	~ 2,000	> 200,000
6	Automobiles	164	~ 160	~ 10,000
7	Leather & Footwear	130	~ 130	~ 15,000
8	Pharmaceuticals	321	~ 680	~ 25,000
9	Other Sectors			~ 50,000
Total expected Employment Generation				10 Lakhs

Confidential

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IndAus ECTA Sectoral Gains-Immediate Duty Free Access

S. No	Sectors	India's Global Exports (US\$ Million)	India's exports to Australia (US\$ Million)	Share of Dutiable exports in Total (%)
1	Minerals and Metals	97,249	890	62.6%
2	Chemicals	63,694	682	21.7%
3	Textiles	23,835	333	70.2%
4	Clothing	15,205	273	97.1%
5	Transport Equipment	24,712	261	88.4%
6	Non-electrical machinery	24,307	239	81.2%
7	Electrical machinery	18,426	191	47.3%
8	Leather, footwear etc.	9,373	179	94.1%
9	Cereals and preparations	14,397	124	32.4%
10	Other Sectors			
Total Expected Employment Generation ~ 10,00,000 in 5 years Additional Exports of \$ 10 bn in 5 years				

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Inclusive FTA Negotiation Process

- Whole of Government Approach – Inter-Ministerial Involvement in the FTA Negotiation Process
- Extensive and multiple Industry Consultations
- Focus on consensus building
- Incorporation of Learnings from anecdotal evidences and experiences from earlier FTAs

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Social Media Highlights April - May 2022



Inauguration function by Smt. Darshana Jardosh, HMOS with ED-HEPC, WSC & NIFT at Chennai.



Meeting with Hon'ble Minister of State for Textiles, Smt. Darshana Jardosh at the Weavers Service Center, Chennai during her visit on Apr 2, 2022. to visit the display at NESAVU 2022, a handloom expo presented by CCIC in Chennai to promote Indian handlooms products and the spirit of craftsmanship.



**Handloom Export
Promotion Council**



Interactive session with Stakeholders of Tamilnadu Textile Sector at Chennai.



Shri P. Gopalakrishnan, Chairman, HEPC and Shri N. Sreedhar, ED, HEPC with **Hon'ble Minister of State for Textiles, Smt. Darshana Jardosh** at the interactive session with key stake-holders of the Textile Sector and Principal Secretary of Tamil Nadu Shri Thiru. Dharmendra Yadav in Chennai on Apr 2, 2022



Handloom Export Promotion Council



Export Target Meeting under the Chairmanship of HMOT at Mumbai.



Shri P. Gopalakrishnan, Chairman, HEPC and Shri N. Sreedhar, ED, HEPC attended a meeting with **Hon'ble Minister of Commerce & Industry & Textiles, Shri Piyush Goyal Ji** at Mumbai on Apr 15 to discuss the Export target for the year 2022-23.



Handloom Export Promotion Council



Customary Visit of Officials at MOT, Udyog Bhawan, New Delhi.



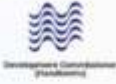
Shri. Upendra Prasad Singh, Secretary of Textiles

Shri. Vijoy Kumar Singh, Additional Secretary of Textiles

Smt. Shubhra, Trade Advisor

Shri. Sanjay Rastogi, Development Commissioner of Handlooms

Shri P. Gopalakrishnan, Chairman, HEPC, Shri Lalit Kumar Goel, Vice Chairman, HEPC & Shri N. Sreedhar, Executive Director, HEPC had a meeting with Shri Upendra Prasad Singh, Secretary of Textiles, Shri Vijoy Kumar Singh, Additional Secretary of Textiles, Smt. Shubhra, Trade Advisor & Shri Sanjay Rastogi, Development Commissioner of Handlooms on Apr 22 at Udyog Bhawan in New Delhi.



Felicitation Function

May 9, 2022 | The Residency Towers, Coimbatore



Shri P. Gopalakrishnan, Chairman, HEPC participated & delivered Vote of Thanks in the Felicitation function of **Smt. Nirmala Sitharaman, Hon'ble Minister of Finance & Corporate Affairs**, by all textile associations.

 Handloom Export Promotion Council



STAKEHOLDERS OUTREACH PROGRAM

May 10, 2022 | ITC Grand Chola, Chennai



Shri N. Sreedhar, ED & Shri M. Sundar JD, HEPC Participated in the 'Stakeholders Outreach Programme' on India-JAE Comprehensive Economic Partnership Agreement (CEPA) and India-Australia Economic Cooperation & Trade Agreement (ECTA) in Chennai. **Smt. Nirmala Sitharaman, Hon'ble Minister of Finance & Corporate Affairs** was the Chief Guest.

 Handloom Export Promotion Council



VAYD service @ HEPC Premises for HEIMTEXTIL 2022.



HEPC thanks the German Consulate in Mumbai and VFS Team, Chennai for VAYD service organized at HEPC premises in coordination with Messe Frankfurt India for about 70 participants of Heimtextil June 2022

 Handloom Export Promotion Council



Tweet by Shri Piyush Goyal, HMOT" Greetings to Handloom Export Promotion Council on their Foundation Day. The beautiful craftsmanship of our weavers & relentless efforts of our exporters is scripting the Aatmanirbhar Textiles story.



Shri N.Sreedhar, ED and Shri M.Sundar,JD interacted with DGFT, FIEO & EEPC regarding OPOP - District Level Stakeholder Consultations (Focus@75 Districts).



Meeting and honoring Shri. U. P. Singh Ji, Secretary (Textiles) by Kerala Textile Exporters Organisation



Shri N. Sreedhar, Executive Director, HEPC welcoming Shri. U. P. Singh Ji, Secretary (Textiles)





EARLY SPRING | SHUTTERSTOCK.COM

HOME TEXTILES GROWTH TRAJECTORY POST COVID-19

Home textiles segment had a fantastic run last year, or just after COVID-19 related restrictions were lifted across the globe. The economic conditions lower inflation, higher savings, expectations of higher growth, less supply bottlenecks in China led to both demand and supply growing at tremendous rates in this market. Current factors in the economy are extremely opposite and therefore, hint at slow movement in the market for home textiles. An overview.

FIBRE2FASHION

As people were forced to be at home during the thick of the COVID-19 pandemic, spending on home furnishing goods initially fell as supply side was an issue, but eventually jumped tremendously to record highs. The most important aspect of the pandemic and the resultant economic shock was that the worst impact was only concentrated to three months (March-May 2020) in many economies, especially in the US. This is evident from the fact that retail sales in the US declined y/y only in these three months (Figure 1) and

since then US has seen unprecedented growth in consumption, primarily due to government support that helped cushion the economy on the downside. Similarly online sales have also kept up pace after the three months of impact and a large beneficiary of this trend has been the home furnishing and home textiles market.

Home furnishing retail sales in the US were more dormant than overall retail sales for the entire 2020 and picked up dramatic pace only in 2021. For full year 2021, monthly home textile retail sales in

the US grew an average of 31.5 per cent y/y. Even if we exclude the three months of March-May 2021 (outlier growth in these months due to base effect), the average y/y growth in 2021 was still 11.3 per cent, unprecedented by historic standards.

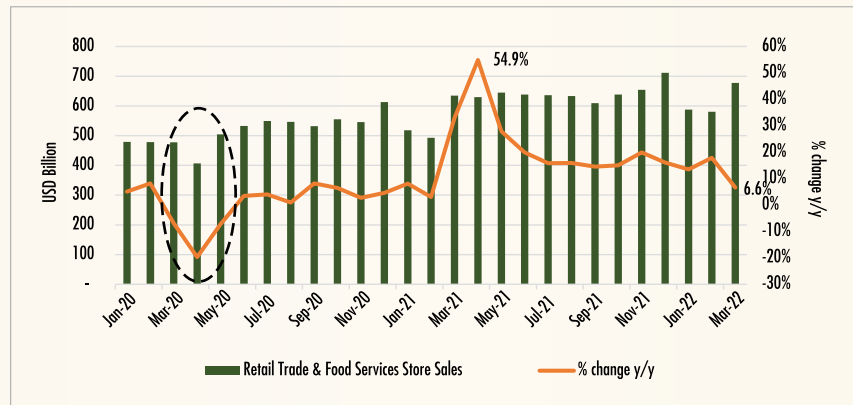
Similarly, demand for home textiles in several other countries grew tremendously in 2021. The closest proxy to demand, global imports of home textiles products, saw a sharp rise over the last six quarters. Imports in October-December 2021 quarter were up by 11.9 per cent y/y, 78.2

per cent up from the lows of pandemic in April-June 2020 quarter and 23.2 per cent up from the July-September 2019 quarter, the peak of 2019 (Figure 2). All major economies saw tremendous growth in home textiles imports post-pandemic as reflected in Figure 3. The top five importers of home textiles (excluding US) have seen more than 72.7 per cent growth in imports in December 2021 compared to the lowest levels reached in June 2020 quarter. Over pre-pandemic peaks as well, these set of countries have seen an average growth of 19.7 per cent in the December 2021 quarter.

Product category-wise as well, those goods that cater primarily to home décor have seen tremendous growth over pre-pandemic levels. Take for instance, bed & other linens (depicted in Figure 4). Imports of bed & other linens in September-December 2021 quarter reached \$5.70 billion compared to \$4.50 billion in the same quarter of 2019, which was the peak of 2019. The category also saw a 12.6 per cent y/y jump for the September-December 2021 quarter. On the other hand, the fifth largest category, blankets & travelling rugs (Figure 5) saw imports grow to \$1.50 billion from the peak of 2019 at \$1.17 billion in July-September 2019 quarter. The latter category also saw an impressive 27.0 per cent y/y growth in imports in September-December 2021. Curtains & blinds, another key category of home décor, saw imports grow much faster in 2020 than in 2021. Imports of curtains & blinds in December 2021 were at \$1.3 billion, up by 14.2 per cent from peak of 2019 but down by 1.3 per cent y/y.

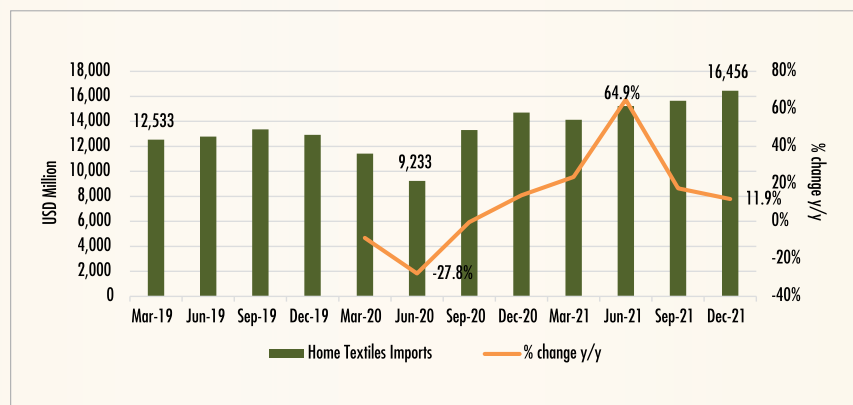
To the extent that stay-at-home restrictions remain in several countries, demand for home textiles is going to continue to be robust. However, it is reasonable to expect that the pace of demand in this segment might get slower as people get back to offices, and the urge to connect with the living space might get lesser. On the other hand, a generally increasing demand could keep demand for home textiles up as well. But, as we will discuss in detail below, there are also dampening factors to demand that show more prominence currently. Let us look at some of these factors that will impact the market for home textiles products going forward. It is evident that the robust demand trends in the US may likely slowdown in the coming months, while supply in the market continues to be challenged.

FIGURE 1 RETAIL STORE SALES IN THE US



SOURCE: US Census Bureau

FIGURE 2 GLOBAL IMPORTS OF HOME TEXTILES PRODUCTS



SOURCE: TexPro



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All major economies saw tremendous growth in home textiles imports post-pandemic. The top five importers of home textiles (excluding US) have seen more than 72.7 per cent growth in imports in December 2021 compared to the lowest levels reached in June 2020 quarter.

INFLATION

As we have seen that the largest markets or at least the largest importers for home textiles products are the US and EU, a

large part of the consumption might get hindered by the increasing inflation in these economies. US and EU have both seen historical inflation levels,

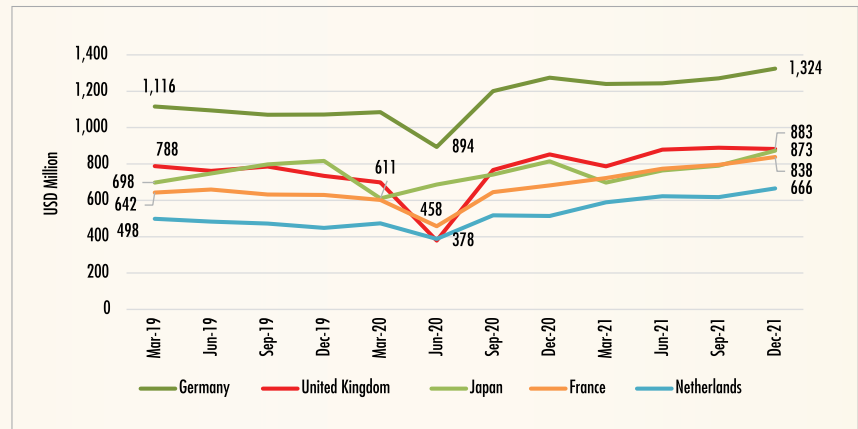
predominantly in consumer prices as manufacturers pass much of their increased costs to the consumers. Prices of all commodities from raw materials to finished goods have been on a dramatic rise due to supply chain bottlenecks and the Russia-Ukraine war that has put pressure on the logistics sector once again. General inflation aside, price rise in the textile and apparel industry has been historic and could dissuade demand going forward. However, until now demand has maintained its pace. Just as an illustration, inflation in the home textiles segment in the US is now at record highs. Figure 6 shows that the price rise in this segment was at 6.2 per cent y/y in March 2022 as compared to an average inflation of 1.0 per cent between 2016 and beginning of 2020. This is in striking contrast to the first half of last year when demand was booming at the back of negative inflation in this segment.

High inflation in segments of discretionary spending generally causes a decline in demand, more often than the articles of necessity. Tremendous demand for home furnishing goods came at a time when people were working from home, spending less on commute, fuel, and other large chunks and therefore saving more. To support this, the price shock in all categories was also helpful. Home furnishing was preferred, as people cared more about hygiene and spending on goods which were more readily available and which could make their living space better. Now, with the unemployment allowances in the US gone, even though less people are unemployed, the higher inflation of necessities has eaten and continues to eat into peoples savings. It is not so much as the preference for home furnishing, but the macro surroundings which might prevent a continued growth in demand for home textiles going forward.

SUPPLY ISSUES IN CHINA

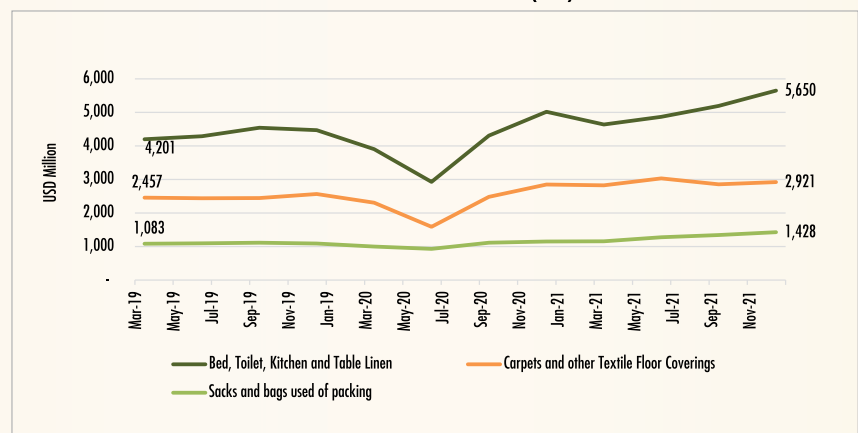
Apart from the logistical challenges arising out of the Russia-Ukraine war, supply issues in China is perhaps the biggest concern facing the world economy right now. COVID-19 infections in China have continued to erupt in different pockets of large port cities and manufacturing hubs. But more importantly, the zero-COVID policy of the

FIGURE 3 TOP 5 (EX US) IMPORTERS OF HOME TEXTILES



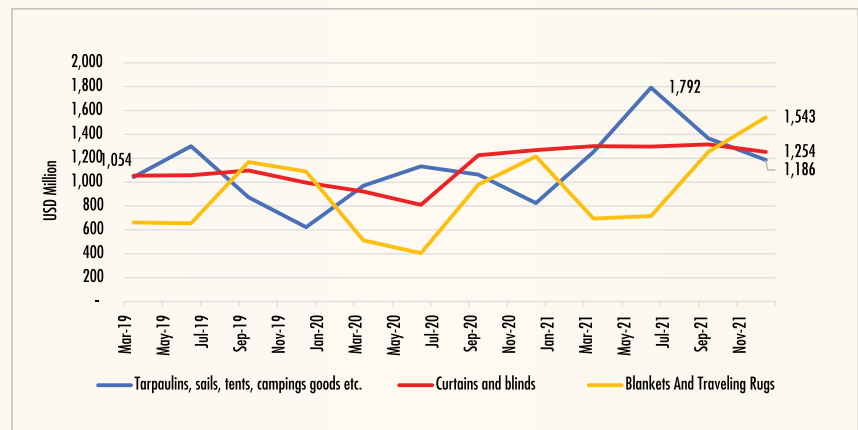
SOURCE: TexPro

FIGURE 4 PRODUCT-WISE IMPORTS OF HOME TEXTILES (1/2)



SOURCE: TexPro

FIGURE 5 PRODUCT-WISE IMPORTS OF HOME TEXTILES (2/2)



SOURCE: TexPro

administration has kept China's economic prospects uncertain when the rest of the global economy opened up tremendously well from the harsh COVID-19 restrictions last year. Due to the COVID-19 related restrictions, there have been heavy disruptions to the manufacturing activity in China. PMI for April 2022 in China

came at 47.4, lowest in several years leaving out the peak of the pandemic back in February 2020, when production was halted at several facilities. Manufacturing activity in China in April 2022 declined at the steepest rate since 2004, with the only exception in February 2020. This can also be seen in exports of home textiles

goods from the top five supplier locations globally. Figure 7 posits that exports in the most recent months have dropped from other suppliers as well in addition to China, due to reasons we shall discuss shortly.

China's exports of home textile goods in the January-March 2022 quarter dropped by 10.8 per cent y/y while for the month of March 2022, exports were lower by 34.4 per cent, compared to last year (Figure 7). Restrictions in China have impacted the textile and clothing trade most heavily as both factory activity and transportation movement was stopped. There are reports of some improvement in early May 2022 at Shanghai and other ports, however shipment volumes were still significantly lower than the numbers in March 2022, i.e., before the recent lockdown measures. There are huge delays at all port terminals in China, which if persist, could further increase the inflationary pressures in other parts of the world.

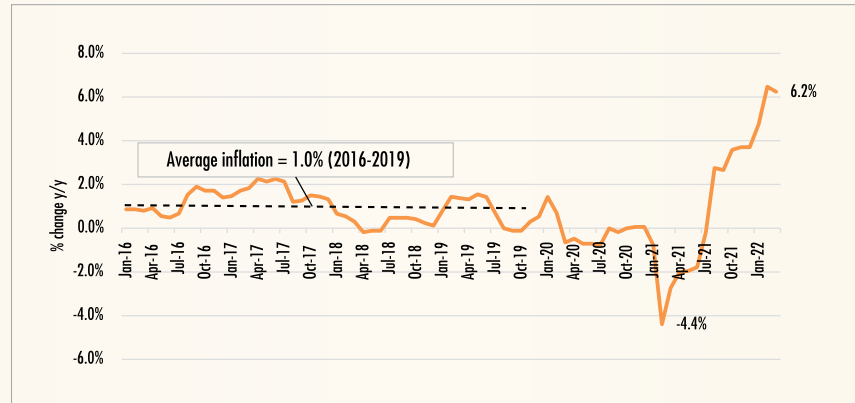
COST OF INPUTS AND SUPPLY DISRUPTIONS IN OTHER COUNTRIES

From Figure 7, it is very clear that not only China but other major suppliers of home textiles products are also facing the heat. Exports from the second largest supplier, India, were also down in the month of March 2022 by 27.8 per cent y/y, while Pakistan, Turkey and Germany also saw significant decline in exports compared to the previous year. One of the prominent factors in this has been the rising prices of cotton and other raw materials, while demand concerns have also risen for many of these countries. Export demand, as reflected in the latest PMI survey, has slowed down for many economies.

Cost of cotton and other fibres and feedstock have jumped up significantly over the last few months. Apart from this, the already existing shortage of several key industrial raw materials has also continued. Manufacturing activity in all these supplying economies slowed down significantly in April 2022, as delays in supplies of raw materials and rising costs put pressure on the companies. Input price inflation has risen sharply across the globe.

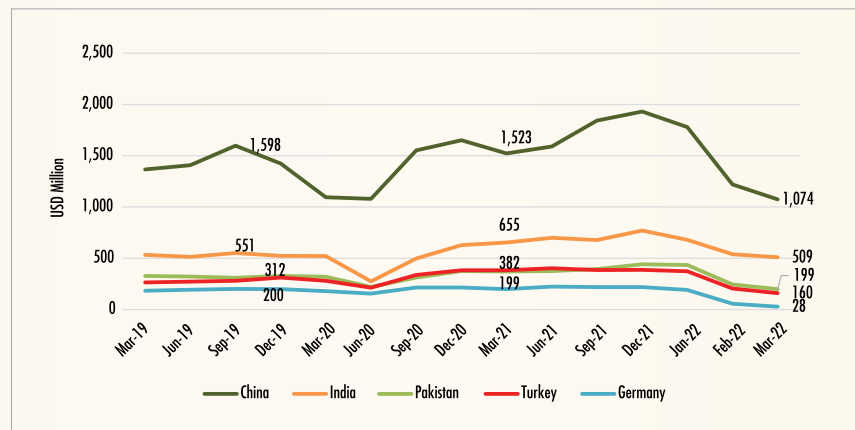
Additionally, the Russia-Ukraine war has put more pressure on the supply chains as getting hold of key raw materials is

FIGURE 6 HOME TEXTILES PRODUCTS INFLATION IN THE US



SOURCE: St. Louis Federal Reserve, US

FIGURE 7 HOME TEXTILES EXPORTS FROM TOP 5 SUPPLIERS



SOURCE: TexPro

itself becoming difficult in some cases. European countries and those nearby and (as shown in Fig 7) Germany and Turkey have seen a sharp impact to their manufacturing activity. Industrial production in Germany fell by close to 3.0 per cent both on y/y and m/m basis.¹ Expectations of future production are now down significantly while demand remains robust. Turkey also saw a slow down in manufacturing activity for five consecutive months to April 2022, and many firms in the PMI survey reported difficulties in securing new business in the most recent month.² Turkey faces domestic challenges as well. Weakening lira and historically high inflation levels have put further pressure on its economic recovery post COVID-19.

Currently, there are tremendous supply side challenges facing the world economy. Securing supply of raw materials in time, delays in production and transportation in addition to higher input costs have yet again increased the uncertainty in the global economy.

IN CONCLUSION

Both demand and supply side factors appear to be unsupportive of the kind of growth the home textiles segment saw over the last two years. Spending on home furnishing is very sensitive to income and wealth increase, and the propensity to spend on such goods is high only when the overall outlook for the economy and the future remains highly positive. Currently, the market sentiments are signalling increased uncertainty. PMI surveys indicate optimism for few of the large economies, however confidence in future business outlook and economic performance continues to weaken. On the other hand, inflation continues to rise, implying that people could cut spending on discretionary areas, and focus more on having necessities. **FF**

Source :



Trade Notification

To be published in the Gazette of India Extraordinary Part II Section 3, Sub Section (II)

Government of India
Ministry of Commerce & Industry
Department of Commerce
Udyog Bhawan, New Delhi

Notification No: 04/2015-2020

New Delhi, the 11th May, 2022

Subject: Alignment of Appendix 4R with the Finance Act, 2021 with effect from 01.01.2022

S.O.(E): In exercise of the powers conferred by Section 5 of the Foreign Trade (Development and Regulation) Act, 1992 read with Para 1.02 of the Foreign Trade Policy 2015-20, the Central Government hereby notifies an Appendix 4R which is aligned with the Finance Act, 2021. This Appendix 4R shall be effective from 01.01.2022.

2. This new Appendix 4R, with effect from 01.01.2022, containing the eligible RoDTEP export items, rates and per unit value caps, wherever applicable is available at the DGFT portal www.dgft.gov.in under the link 'Regulatory Updates >RoDTEP'.

Effect of this Notification: A new RoDTEP schedule (Appendix 4R) has been notified for implementation with effect from 01.01.2022 after aligning the earlier schedule with the Customs tariff Schedule as per Finance Act, 2021.

This issues with the approval of the Minister of Commerce and Industry.



(Santosh Kumar Sarangi)

Director General of Foreign Trade

Ex-officio Additional Secretary to the Government of India

E-mail:dgft@nic.in

[Issued from File No. 01/61/180/155/AM21/PC-3]

Handloom Export 2021-22 Overview

HS code wise Handloom Export for the period April 2021 – March 2022 vis-à-vis April 2020– March 2021

S.#	Category	HS Code	Products	Apr 2021-March 2021			Apr 2020-March 2020			% growth in terms of rupee	% growth in terms of dollar
				Qty	INR (Crore)	US \$ (Million)	Qty	INR (Crore)	US \$ (Million)		
1		50079010	Other Woven Fabrics Of Handloom	565405	62.15	8.4	738241	68.07	9.13	9.53	8.77
2		51129050	Othr Wovne Fabrics Of Comd Wool Or Comd Fine Anml Hair Of Handloom	344	0.03	0	9973	0.33	0.04	1121.08	1114.47
3		52084121	Sarees Of Handloom	372677	3.43	0.46	360276	2.71	0.36	-20.81	-21.41
4		52084921	Real Madras Handkerchiefs Of Handloom	0	0	0	0	0	0	-----	-----
5		52085920	Sarees Of Handloom	234118	2.08	0.28	542995	3.36	0.45	61.24	58.58
6	Fabrics	52091111	Dhoti,Handloom	139057	1.24	0.17	192789	2.09	0.28	68.88	66.88
7		52091112	Saree,Handloom	192543	1.15	0.15	90027	1.16	0.16	1.16	1
8		52091113	casement of handloom	200	0	0	41572	0.15	0.02	10170.77	10076.73
9		52091114	Sheeting (Takia, Leopard Cloth and Other than Furnishing), Handloom	20392	0.2	0.03	490	0.01	0	-96.77	-96.79
10		52091119	Other Fabrics,Handloom	4697251	38.26	5.18	1674335	23.78	3.2	-37.84	-38.26
11		52095111	Lungis Of Handloom	220051	2.81	0.38	453210	5.93	0.79	111.39	109.28
12		58021950	Terry Towelling And Smlr Terry Fbrcs, Handloom	64777	0.64	0.09	2276	0.08	0.01	-	-
			Subtotal	6506815	111.98	15.14	4106184	107.67	14.44	-3.85	-4.57
13		57024230	Carpets, Rugs And Mats Of Handloom	3095818	224.4	30.38	3119815	261.9	35.16	16.71	15.74
14	Floor Coverings	57050024	Cotton Durries Of Handloom (Including Chindi Durries, Cotton Chenille Durries, Rag Rug Durrie Printed Durries, Druggets)	3474788	104.53	14.16	7303503	247.61	33.19	136.88	134.39
15		57050042	Mats And Matings Including Bath Mats, Where Cotton Predominates By Weight, Of Handloom, Cotton Rugs Of Handloom	16205258	478.89	64.87	12390661	422.43	56.84	-11.79	-12.39
			Subtotal	22775864	807.82	109.41	22813979	931.94	125.18	15.37	14.42
16	Clothing	62141030	Scarves Of Silk, Handloom	650370	61.45	8.32	541993	43.91	5.88	-28.55	-29.25
17	Accessories	62160020	Gloves , Mitters And Mitts Of Handloom	23450	0.2	0.03	34128	0.27	0.04	33.92	32.51
			Subtotal	673820	61.65	8.34	576121	44.17	5.92	-28.35	-29.05
18		63022110	Other Bed Linen, Printed: Of Cotton, Handloom	45361	2.44	0.33	163970	15.8	2.1	547.32	532.49
19		63025110	Other Table Linen: Of Cotton, Handloom	410067	23.23	3.14	565211	28.87	3.88	24.29	23.37
20		63026010	Toilet Linen And Kitchen Linen, Of Terry Towelling Or Similar Terry Fabrics, Of Cotton, Handloom	278361	13.77	1.86	342346	14.95	2	8.52	7.4
21		63029110	Other Bed Linen, Table Lnen, Toilet Linen, Kitchen Linen: Of Cotton, Handloom	647940	18.2	2.46	382678	20.55	2.75	12.89	12.08
22		63041940	Bed Sheets And Bed Covers Of Cotton, Handloom	2880788	122.68	16.57	3216907	117.38	15.75	-4.32	-4.96
23		63049211	Counterpanes Of Handloom	19202	0.2	0.03	43794	0.7	0.09	249.51	239.58
24	Madeups	63049221	Napkins Of Handloom	1598959	8.15	1.11	6012733	36.84	4.96	351.9	348.77
25		63049231	Pillow Cases And Pillow Slips Of Handloom	1768263	48.05	6.51	4585029	99.64	13.42	107.38	105.98
26		63049241	Table Cloth And Table Covers Of Handloom	1054399	28.44	3.84	1355010	40.6	5.45	42.73	41.78
27		63049281	Cushion Covers Of Handloom	5651996	121.48	16.46	6439520	149.3	20.05	22.89	21.82
28		63049291	Other Furnishing Acrices Of Handloom	11087067	252.68	34.19	12842988	346.64	46.51	37.19	36.03
29		63049991	Other Furnishing Articles Of Silk: Handloom	12405	0.71	0.1	22281	1.09	0.15	53.94	53.78
30		63049992	Other Furnishing Articles Of Wool: Handloom	220293	9.92	1.34	180766	16.33	2.18	64.61	62.4
31		63071030	Floor Cloth And The Like Of Cotton, Handloom	499682	13.37	1.81	454820	15.16	2.04	13.36	12.65
			Subtotal	26174783	663.34	89.76	36608053	903.84	121.33	36.26	35.18
			Total	56131282	1644.78	222.65	64104337	1987.63	266.88	20.84	19.87

Export of handloom products (actual data received from DGCI&S) for the period April 2021 – March 2022 vis-a-vis April 2020– March 2021.

Value US\$ million and INR crore

Products	Apl 2020-Mar 2021		Apl 2021-Mar 2022		% growth	
	INR	US \$	INR	US \$	INR	US \$
A) Fabrics						
1. Real Madras Handkerchiefs	0	0	0	0	--	--
2. Lungies	2.81	0.38	5.93	0.79	111.39	109.28
3. Dhotis	1.24	0.17	2.09	0.28	68.88	66.88
4. Sarees	6.66	0.9	7.23	0.97	8.66	7.6
5. Other Fabrics	101.28	13.69	92.42	12.4	-8.75	-9.4
Total (A)	111.98	15.14	107.67	14.44	-3.85	-4.57
B) Madeups						
1. Bed linen	173.17	23.42	232.82	31.27	34.45	33.52
2. Table linen	51.67	6.99	69.47	9.33	34.44	33.5
3. Toilet & kitchen linen	13.77	1.86	14.95	2	8.52	7.4
4. Cushion covers	121.48	16.46	149.3	20.05	22.89	21.82
5. Other Furnishing Articles	263.31	35.63	364.06	48.84	38.26	37.07
6. Other Madeups	39.93	5.4	73.25	9.84	83.45	82.35
Total (B)	663.34	89.76	903.84	121.33	36.26	35.18
C) Floor Coverings						
Carpet and Floor coverings including mats & matings	807.82	109.41	931.94	125.18	15.37	14.42
D) Clothing Accessories						
Scarves, Stoles, Gloves, Mitts, Mittens etc.	61.65	8.34	44.17	5.92	-28.35	-29.05
Grand Total (A)+(B)+(C)+(D)	1644.78	222.65	1987.63	266.88	20.84	19.87

Country Wise– Handloom Export Data (Top 20) as of March 2022

S.No	Country	April 21- March 22 in INR cr.	April 21- March 22 USD mm.
1	USA	783.91	105.29
2	UK	170.45	22.9
3	SPAIN	103.67	13.91
4	FRANCE	88.11	11.83
5	ITALY	84.46	11.33
6	GERMANY	78.77	10.58
7	AUSTRALIA	69.93	9.40
8	U ARAB EMTS	44.06	5.90
9	SOUTH AFRICA	43.37	5.83
10	CANADA	42.98	5.77
11	GREECE	41.58	5.56
12	NETHERLAND	40.43	5.43
13	JAPAN	37.84	5.07
14	SWEDEN	33.95	4.56
15	CHILE	23.64	3.18
16	PORTUGAL	18.64	2.50
17	POLAND	18.50	2.48
18	ISRAEL	18.36	2.47
19	DENMARK	18.00	2.42
20	BRAZIL	17.36	2.33

• The Export of handloom products for the period April 2021 – March 2022 was Rs.1987.63 crore/US\$266.88 million as against Rs.1644.78 crore/US\$ 222.65 million for April – March 2021 registering positive growth by 20.84% in rupee terms 19.87 % in dollar terms.

• Top 20 countries account for Rs.178.01 Cr. (89.45%) of Rs.1987.63 Cr. export during Apr – Mar 2022.

• Top 10 Countries constitutes Rs.1509.71 Cr. (75.96 %) of Rs.1987.63 Cr. export during Apr - Mar 2022.

• The top 10 importing countries of Handloom products from India as of March 2022 are USA, UK, Spain, France, Italy, Germany, Australia, United Arab Emirates, South Africa and Canada.

• Among the top 10 markets, USA account for about 39% market share while European countries (Five including UK) account for about 27% market share followed by Australia (4 %), UAE (2%), South Africa (2%) and Canada (2%).

Sour ce: DGCI&S, Kolkata



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