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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	Cotton Highlights from January WASDE Report
2	UK manufacturers positive about 2022 despite Brexit, inflation: Survey
3	Bangladesh eager to sign FTA with Eurasian Economic Union
4	Vietnam's rising goods exim turnover to create logistics demand
5	Container handling by 17 Bangladesh's dry ports grew by 16% in 2021
6	Remove trade barriers in Japan, demands BGMEA

	NATIONAL NEWS
1	Textile sector exports increase by 41% in April- December 2021 as compared to last year
2	India wants South Korea to lower non-tariff barriers for textiles, pharma, rice, engineering, steel
3	Shri Piyush Goyal appeals to the industry to prepay MSMEs for their services to boost employment and growth
4	Shri Piyush Goyal calls upon Startups to help micro-entrepreneurs in rural areas, leverage technology to grow their businesses and encourage farmers, weavers & artisans etc. to use digital platforms to sell their products
5	Goyal interacts with industry to discuss growth opportunities amidst pandemic
6	Union Budget for FY23 will face some constraints: ICRA
7	QUICK ESTIMATES OF INDEX OF INDUSTRIAL PRODUCTION AND USE-BASED INDEX FOR THE MONTH OF NOVEMBER, 2021 (BASE 2011-12=100)
8	U.K. launches FTA negotiations with India
9	India, South Korea set $50 billion bilateral trade target before 2030
10	Gauging the impact of Omicron on the country's GDP though the MPC lens
11	Indian cotton yarn & fabric exports increased in August-November 2021
12	Credit growth visible across sectors: SBI research report

INTERNATIONAL NEWS

Cotton Highlights from January WASDE Report

U.S. 2021/22 cotton ending stocks are projected lower this month with lower production and a slight increase in domestic consumption more than offsetting lower exports.

Production is 660,000 bales lower at 17.6 million bales – largely due to revised Texas yields – and U.S. mill use is 50,000 bales higher at 2.55 million bales, based on faster than expected gains through November.

Exports are reduced with a lower U.S. crop, continuing logistical issues in the United States and elsewhere, and a decline in projected world trade. Exports are reduced 500,000 bales to 15.0 million, and 2021/22 ending stocks are 200,000 bales lower relative to last month, at 3.2 million bales or 18% of use. The projected upland season-average price received by U.S. farmers is unchanged this month at 90 cents per pound.

Changes in the global 2021/22 balance sheet are relatively small this month, led by a 608,000-bale reduction in world production. Projected world production is reduced as lower U.S. production and a 500,000-bale decline in India's crop more than offsets increases for China, Australia, and Pakistan. The 2021/22 world cotton trade forecast is 385,000 bales lower this month.

A 500,000-bale decline in China's expected imports more than offsets a 200,000-bale increase for Pakistan, and smaller changes elsewhere. Exports are projected lower for the United States and Burkina Faso, but higher for Australia and smaller Franc Zone exporters.

The 2021/22 global consumption forecast is virtually unchanged as a 500,000-bale decline in China's cotton use is offset by gains for India, Mexico, and Pakistan. Global ending stocks for 2021/22 are down 726,000 bales this month at 85.0 million bales – 3.4 million bales lower than in 2020/21.

Source: cottongrower.com– Jan 12, 2022

HOME

****

UK manufacturers positive about 2022 despite Brexit, inflation: Survey

British manufacturers are optimistic about business conditions and productivity improving in 2022 despite most saying they have been hurt by Brexit and rising costs, according to an industry survey released recently by trade body Make UK and accountants PwC. About 73 per cent believed conditions for the sector would improve and 78 per cent foresaw at least a moderate rise in productivity in 2022.

Two-thirds of companies, however, said Brexit had hampered their business in the nearly two years since Britain left the EU, while retaining staff and rising input costs linked to inflation also presented a challenge.

"It's testament to the strength of manufacturers that they have emerged from the turbulence of the last couple of years in such a relatively strong position," said Stephen Phipson, chief executive of Make UK.

"To build on this we now need to see a government fully committed to supporting the sector," he said, adding that the government needed a longer-term vision for the economy.

More than a third of the respondents said they would reshore some operations within the next two years, while just over half said they did not intend to move any of their production back to the United Kingdom, a global newswire reported.

Make UK forecast that manufacturing would grow 6.9 per cent in 2021, and predicts growth of 3.3 per cent for 2022.

The survey of 228 companies was conducted between November 8 and November 29.

Source: fibre2fashion.com– Jan 12, 2022

HOME

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Bangladesh eager to sign FTA with Eurasian Economic Union

Bangladesh has formally conveyed to the Eurasian Economic Union (EAEU) its intent to sign a free trade agreement (FTA) as the country prepares for a socioeconomic status change. The proposal was made recently amid a cue from the Eurasian Economic Commission (EEC), which could seek concurrence of its member-states—Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan.

These five Eastern European countries have over $1.5 billion annual bilateral trade with Bangladesh, which, Bangladesh commerce ministry officials think, can rise manifold if an FTA is inked.

Bangladesh and the EEC signed a memorandum of cooperation in Moscow in May 2019 to take forward bilateral trade. Later, a working group was formed to enhance trade and economic cooperation in 19 sectors.

The first meeting of the working group was held in November last in Moscow, with the Bangladesh side led by commerce ministry additional secretary Noor Mohammad Mahbubul Haq while the EEC side headed by its board member Sergey Glaziev.

In the meeting, Bangladesh expressed interest in concluding an FTA with the EAEU and the EEC suggested sending a formal proposal in this regard, according to Bangla media reports.

In fiscal 2019-20, Bangladesh exported goods worth $398 million to EAEU member states while imports from there were worth $1.106 billion.

Source: fibre2fashion.com– Jan 12, 2022

HOME

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Vietnam's rising goods exim turnover to create logistics demand

Vietnam's goods import and export turnover will continue to grow in 2022, creating demand for logistics services, according to the ministry of industry and trade (MoIT). Its total import and export turnover is expected to reach a record level of more than $660 billion in 2021. In 2021, many logistics enterprises grew in revenue and profit, most with double-digit growth, MoIT data showed.

More than 4,000 logistics enterprises are operating international logistics services in Vietnam where their operation has increasingly improved due to increasing digital transformation applications and better business processes, especially ones providing services to European, American and Chinese markets.

According to the MoIT's Vietnam Logistics Report 2021, in the first nine months of 2021, the number of newly registered transport and warehousing enterprises increased by 4.61 per cent, and capital increased by 43 per cent over the same period in 2020.

The volume of goods transported by road and waterways in the first 10 months of 2021 significantly improved compared to the same term of 2020.

The total tonnage of ships increased sharply by 22 per cent over the same period. The economic situation in the main export markets of Vietnam also recovered.

Vietnam's logistics efficiency index is currently ranked 39 out of 160, up 25 places compared to 2016, which is third among ASEAN countries. However, logistics costs in Vietnam were still much higher than throughout the world.

High logistics costs push up the cost of import and export goods of 2020 data, which loses its competitive advantage compared to other countries in Asia such as China, Thailand, the Philippines and Indonesia, according to a report in a Vietnamese daily.

Source: fibre2fashion.com– Jan 13, 2022

HOME

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Container handling by 17 Bangladesh's dry ports grew by 16% in 2021

Overall container handling by 17 private depots (dry ports) in Bangladesh grew by around 16 per cent in 2021 over the previous year to cross 1 million TEUs for the first time.

The growth is at least 3 percentage points higher than the Chittagong Port container handling last year. The private depots handled a total of 709,196 TEUs of exports and 303,016 TEUs of imports in 2021.

Their export-cargo handling grew more than 25 per cent in 2021 in a robust rebound after the opening up of the economies in Europe and North America. Import handling shows a negative growth by nearly 2.3 per cent, according to a report in a Bangladesh newspaper.

The 17 depots handle almost cent per cent exports of Bangladesh.

Source: fibre2fashion.com– Jan 12, 2022

HOME

****

Remove trade barriers in Japan, demands BGMEA

Faruque Hassan, President, Bangladesh Garment Manufacturers and Exporters Association, has demanded removal of trade barriers in Japan to boost apparel shipments to the East Asian nation.

He expressed willingness to initiate communication between businessmen in Bangladesh and Japan, particularly those who are involved in the fashion industry.

Hassan also sought cooperation from the Japan's envoy to increase garment exports to the nation. He urged ITO Naoki, Japanese Ambassador to Bangladesh to encourage Japanese businessmen to make investments in potential sectors in Bangladesh, especially in the non-cotton textile sector.

The Japanese envoy hinted at extending incentive facility to apparel factories inside export processing zones against their exports to new markets.

He also urged Bangladesh to work more for ease of doing of business to attract Japanese investment.

Hassan hoped, Japan would continue providing its cooperation to Bangladesh in its march towards more prosperity.

Source: fashionatingworld.com– Jan 12, 2022

HOME

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NATIONAL NEWS

Textile sector exports increase by 41% in April- December 2021 as compared to last year

Textile sector has continuously maintained trade surplus with exports manifold higher than imports. In FY 2020-21 there was a deceleration in textile exports due to pandemic disrupting the supply chain and demand.

However, signs of recovery are visible in 2021-22. During April-December, 2021 the total Textiles & Apparel including Handicrafts exports was US$ 29.8 billion as compared to US$ 21.2 billion for the same period last year. This implies robust growth of approximately 41% over last year. Growth signals an economic rebound.

Even compared to pre-pandemic year i.e. 2019-20 export for textile sector (Textiles & Apparel including Handicrafts) increased by 14.6% from April-December 2021 as compared to April-December 2019. Textiles exhibited an increase in export of 31%, Cotton Yarn/ Fabrics/ Made-ups, Handloom products etc. exhibited an increase of 43% and Jute products exhibited an increase of 33% from April- December 2021 as compared to April-December, 2019.

Government has set the target of $44 billion for Textiles & Apparel including Handicrafts and approximately 68% of annual target has already been achieved. The last quarter of FY always has higher activity than the earlier quarters. Hence industry is hopeful that targets will be duly met.

Source: pib.gov.in– Jan 12, 2022

HOME

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India wants South Korea to lower non-tariff barriers for textiles, pharma, rice, engineering, steel

India has asked South Korea to do away with non-tariff barriers (NTBs), such as mandatory local certification, bio-equivalence tests and other export hurdles, for at least six items, including textiles, mangoes, steel, engineering goods, pharmaceuticals and rice, to improve market access for Indian businesses and bridge the wide trade deficit.

The matter was taken up at a bilateral meeting headed by Commerce & Industry Minister Piyush Goyal and his Korean counterpart Yeo Han-koo in New Delhi on Tuesday, according to a source close to the development.

Fast-tracking negotiations

The two Ministers also agreed to fast-track negotiations on the up-gradation of the bilateral Comprehensive Economic Partnership Agreement (CEPA) which, India believes, has delivered disproportionately more benefits to the South Koreans. The CEPA was implemented in 2010.

"India made it clear to South Korea that while it appreciated the strengthening of trade and investment ties with the country, the large trade deficit, at over $ 8 billion in 2020-21, had to be checked and that would be partly possible by removal of identified non-tariff barriers," the source said. NTBs have been identified in the textile sector in the form of mandatory use of the Korean Certification mark (KC mark) for all textile items sold in the country indicating compliance with mandatory requirements.

Under acts for safety management of children's products, products must be mandatorily tested and inspected by local authorised Korean testing institutions. "The difficulty being faced by Indian exporters to go for local testing and certification has been taken up under the joint working group on standards under the CEPA up-gradation negotiations," the source said.

Mandatory need for local testing and certification is also making exports difficult for Indian engineering goods as it is a time consuming and expensive process. India is discussing a Mutual Recognition Agreement with Korea in the area to sort out the problem, the source pointed out.

India's pharmaceutical producers, too, are facing NTBs in Korea as the country insists on conducting bio equivalence studies in their country for drug registration. India has said that it is time consuming, expensive and completely unnecessary as it has world class bio equivalence study centres, which are accepted by stringent regulatory authorities like USFDA and Health Canada.

Exporters of agricultural products are facing their own set of issues. While pre-inspection requirement for mangoes insisted on by Korea, if not exempted permanently, could affect growth potential of Indian exports of the fruit, the tariff rate quotas in rice offered by Korea to China, Vietnam, Thailand, Australia and the US, was leaving very little export opportunity for India. "All these NTBs have to be satisfactorily resolved if Indian exports are to increase. Otherwise, the CEPA will be of not much use to India," the source said.

Trade imbalance

South Korea's exports to India increased from $8.57 billion in 2009-10, a year before the implementation of the CEPA, to $15.65 billion in 2019-20 (the pre-pandemic year). Shipments declined to $12.77 billion in 2020-21 due to the pandemic related overall slowdown. Increase in India's exports to South Korea was, however, miniscule, from $3.42 billion in 2009-10 to $ 4.84 billion in 2019-20 and $4.68 billion in 2020-21.

Source: thehindubusinessline.com– Jan 12, 2022

HOME

****

Shri Piyush Goyal appeals to the industry to prepay MSMEs for their services to boost employment and growth

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution today asked Industry Bodies to prepay MSMEs to safeguard their viability and to boost employment and growth. He was interacting with the leaders of major Industry bodies virtually from New Delhi today.

Shri Piyush Goyal was speaking at a meeting with heads of top Business and Industry Associations of country today to seek their suggestions and inputs to ensure continuation of fast rebound of economic activities and high growth rates being achieved.

He congratulated Indian Industry for bouncing back after taking a hit due to the pandemic and for the resilience displayed while grappling with the pandemic, especially in the field of exports.

The Minister said that the growth in services exports, inspite of travel and tourism restrictions was truly commendable and said that we must aim to reach $ 250 billion services exports. He added that Indian professionals had demonstrated great success in working from home and therefore the nation had succeeded in meeting every single one of its international commitments, even during the pandemic, earning it the title of being a trusted partner to the world.

Highlighting the progress made in FTA negotiations, Shri Goyal said that the Government was striving to conclude several Early Harvest Agreements so that their benefits could reach industry soon. He said that an FTA with UAE was nearing conclusion, negotiations were at an advanced stage with Australia and that discussions with Israel were ongoing.

Referring to the relaunch of market access negotiations with Korea, Shri Goyal said that a comprehensive fast track dialogue had been initiated to address concerns arising out of the previous agreement.

The Minister said that there was an imminent need for upgradation of testing facilities and labs to improve to quality and called upon Indian Industry to extend its support in this regard. He also asks the industry to lend guidance for transformational exports growth beyond $ 400 billion.

Shri Goyal told industry leaders to be proactive in giving inputs to the government, especially in arenas like FTA negotiations. Industry should become more demanding, he added.

He urged Industry to use Single Window for business processes and approvals to the maximum extent possible and asked them to give suggestions and inputs for further decriminalization of rules and reduction of compliance burdens wherever feasible.

The Minister also asked industry to invest more and place greater emphasis upon Research and Development activities as a business and growth strategy.

Underscoring Government's commitment towards infrastructure development and capital expenditure, Shri Goyal said that the Centre would always support businesses activities. He also asked industry to use initiatives like the PM GatiShakti National Master Plan and India Industrial Land Bank to the best possible extent to expand and grow. The Minister observed that by and large economic, activities had not being impacted by the current Covid surge.

Industry representatives present in the VC included Shri Chandrajit Banerjee, Director General, CII; Shri Subhrakant Panda, Senior Vice President & Shri Sanjiv Mehta, President, FICCI; Shri Vineet Agarwal, President & Shri Deepak Sood, Secretary General, ASSOCHAM; Shri Pradeep Multani, President & Shri Saurabh Sanyal, Secretary General, PHDCCI; Shri Pradeep Sureka, President & Dr Rajeev Singh, Director General, Indian Chamber of Commerce; Shri Juzar Khorakiwala, President & Shri Ajit Mangrulkar, Director General, Indian Merchant Chamber; Shri Gopi Koteeswaran, of the Southern India Chamber of Commerce & Industry; Shri Lalit Beriwala, Senior Vice President, Merchants' Chamber of Commerce and Industry; Shri Vijay Kalantri, President, All India Association of Industries; Shri Rasesh Doshi, Vice President, Federation of Associations of Maharashtra; Shri Praveen Khandelwal, Secretary General, Confederation of All India Traders (CAIT); Shri Rakesh Chhabra, Vice President & Shri Anil Bhardwaj, Secretary General, Federation of Indian Micro and Small & Medium Enterprises; Shri Baldevbhai Prajapati, All India President, Laghu Udyog Bharati; Shri Ashish Aggarwal, Vice President & Head of Public Policy, NASSCOM; Shri Ravi Raghavan, President, Indian Machine Tool Manufacturers' Association; Shri Vinod Aggarwal, Vice President & Shri Rajesh Menon, Director General, Society of Indian Automobile Manufacturers (SIAM); Shri Sunjay J. Kapur, President, Auto

Component Manufacturer Association (ACMA); Shri Vipul Ray, President, Indian Electrical and Electronics Manufacturers Association (IEEMA) and Dr Viranchi Shah, National President, Indian Drug Manufactures' Association.

Source: pib.gov.in– Jan 12, 2022

HOME

****

Shri Piyush Goyal calls upon Startups to help micro-entrepreneurs in rural areas, leverage technology to grow their businesses and encourage farmers, weavers & artisans etc. to use digital platforms to sell their products

Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, Shri Piyush Goyal today called upon the Startups to help micro-entrepreneurs in rural areas, leverage technology to grow their businesses and encourage farmers, weavers & artisans etc. to use digital platforms to sell products.

"Startups will help India transition from an Assembly Economy, particularly in the digital world, to a knowledge-based economy. In this digital age, technology has removed boundaries & barriers and got the limitations of our enterprises out of our minds," he said, addressing the 16th India Digital Summit, 2022 through video conference.

Pointing out that during the last year India emerged as the world's favourite Startup destination, Shri Goyal said our Startups are the agents of change as well as the pillars for making India Aatmanirbhar.

"It's been 6 years of the Startup India Mission. In six years we have already produced 82 Unicorns, the world's 3rd largest no. of Unicorns with over 60,000 Startups registered at DPIIT and with the growing recognition of our skilled people across the world with investors queuing up from around the world to come and participate in this revolution that we are seeing in this Startup ecosystem," said Shri Goyal, adding, "from 2018-21, in barely three years more than 6 Lakh Jobs were created by our Startups, in fact, in the last year alone, more than 2L jobs were created."

Noting that the Government is only acting as a facilitator, Shri Goyal said we are currently focusing on the 3 Es - Ease of living, Ease of Service & Ease of Skilling, re-skilling & up-skilling. The Minister unveiled 'LEAP' as the way forward for Startups, - "Leverage, Encourage, Access & Promote". There is always room for improvement & with Sabka Prayas we can strengthen our Startup ecosystem further, he added.

Shri Goyal said the Prime Minister's interaction with the Startups on 15th January will supercharge the courage of our innovators.

“The First-Ever Startup India Innovation week is going on as part of the Azadi ka Amrit Mahotsav this week, exhibiting our Startups to the world and multiple pitching sessions to increase international engagements. With this whole-of-Government approach, the event has been organized in collaboration with 30 Departments of the Government of India, and has had over 100,000 participants who have registered in this event,” he said.

Congratulating the Internet And Mobile Association of India (IAMAI) for arranging yet another successful edition of the Digital Summit, the Minister noted with satisfaction that the India Digital Summit, in its 16th edition, is the oldest event of the digital industry in India.

Source: pib.gov.in– Jan 12, 2022

HOME

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Goyal interacts with industry to discuss growth opportunities amidst pandemic

Asks them to pre-pay MSMEs to safeguard their viability

Commerce & Industry Minister Piyush Goyal interacted with representatives from various industry associations on Wednesday to discuss growth opportunities amidst the pandemic and asked them to pre-pay MSMEs to safeguard their viability and boost employment.

“Took detailed feedback and suggestions of industry leaders on ways to combat ongoing challenges, support affected sectors & improve ease of doing business,” the Minister tweeted after the meeting.

The Minister said that the industry should make use of the `Single Window’ for business processes and approvals to the maximum extent possible and also give suggestions and inputs for further decriminalisation of rules and reduction of compliance burdens wherever feasible, according to an official release issued by the government.

Resilient India Inc

Goyal appreciated the resilience displayed by the Indian industry while grappling with the pandemic, especially in the field of exports. He said that the growth in services exports, despite travel and tourism restrictions, were commendable the country must aim to reach $ 250 billion services exports annually.

Indian professionals had demonstrated great success in working from home and therefore the nation had succeeded in meeting every single one of its international commitments, even during the pandemic, he added.
He also asked the industry to give guidance for transformational growth in goods exports beyond $ 400 billion, the statement added.

On the progress made in the on-going FTA negotiations, Goyal said that the government was focusing on concluding several Early Harvest Agreements so that their benefits could reach industry soon. He said that an FTA with UAE was nearing conclusion, while negotiations were at an advanced stage with Australia and discussions with Israel were ongoing.

There is an imminent need for up-gradation of testing facilities and labs to improve to quality, the Minister said, and called upon Indian Industry to extend its support to achieve this.

Source: thehindubusinessline.com– Jan 12, 2022

HOME

****

Union Budget for FY23 will face some constraints: ICRA

ICRA expects the Government of India's (GoI's) fiscal deficit to print at ₹16.6-lakh crore or 7.1per centof the GDP in FY2022, overshooting the budgeted target of ₹15,06,812crore or 6.8 per cent due to a miss in the disinvestment target.

The Government had estimated ₹1.75-lakh crore as receipts from disinvestment and strategic sale of public sector units in FY22.

Aditi Nayar, Chief Economist, ICRA, noted that: "With a palpable buoyancy in tax collections, we expect the GoI's gross tax receipts to overshoot the budgeted amount by a healthy ₹2.5-lakh crore in FY2022."

However, the net tax revenue gains to GoI would be nullified by the expected large miss on receipts from disinvestment and back-ended spending, especially on those items that were included in the Second Supplementary Demand for Grants, such as food and fertiliser subsidies, export incentives/remissions under various export promotion schemes (such as Merchandise Exports from India and Rebate of State and Central Levies and Taxes), equity infusion into Air India Assets Holding Ltd, etc.

"Consequently, we expect the GoI's fiscal deficit to print at ₹16.6 lakh crore in FY2022, exceeding the budgeted amount of ₹15.1 lakh crore,"Nayar said.
FY23 budget will face some constraints

She cautioned that the Union Budget for FY2023 will face some constraints owing to an expected slowdown in the growth in indirect taxes following the excise relief provided recently, and the moderation in nominal GDP growth to about 12.5 per cent from about 17.5 per cent expected in FY2022.

Besides, macro-economic uncertainty would linger on account of the potential emergence of new mutations and fresh waves of Covid-19, which may eventually necessitate additional spending by way of extension of free food grains scheme and higher spending on Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

"Given this backdrop, the GoI's ability to cement higher growth in direct taxes and garner disinvestment receipts would play a critical role in determining the extent of the fiscal consolidation that is feasible in FY2023," Nayar said.

Notwithstanding the lingering uncertainty, ICRA believes that the Union Budget FY2023 should ring-fence the funds that can realistically be absorbed for capital expenditure and infrastructure spending.

“Such outlays will help fuel the investment cycle, create employment opportunities and improve domestic demand. At the same time, rationalising of Centrally-sponsored schemes and Central sector schemes would enhance fiscal space, and further improve the quality/efficiency of expenditure,”Nayar said.

In the base case(impact of current Covid wave limited to Q4 FY2022 and no fresh Covid wave in FY2023), ICRA pegged the GoI’s fiscal deficit in FY23 at ₹15.2-lakh crore or 5.8per centof GDP, with net Government Securities (G-Secs)issuance placed at ₹9.1-lakh crore.

In the adverse case(moderate Covid wave in FY2023), ICRA has projected the fiscal deficit at a higher ₹17.9- lakh crore(or 6.9 per cent of GDP), driven by two major outlays intended to bolster confidence amongst households, amidst lower indirect taxes and compressed disinvestment flows

“First, a likely distribution of free food grains for a period of six months under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) could cost ₹90,000 crore, while spending on the MGNREGA to support the rural economy could necessitate an additional outlay of ₹30,000 crore over and above our baseline estimate,” the agency said.

General Govt fiscal deficit

With the State governments’ fiscal deficit projected at a relatively modest 3.3per centof GDP in FY2022, the General Government fiscal deficit (Centre and States combined) is estimated at about 10.4per centof the GDP, ICRA said.

“Although the planned ceasing of GST compensation could cause the state governments’ fiscal deficit to rise to the cap of 3.5per cent of the GSDP set by the Fifteenth Finance Commission, the General Government deficit would still compress to 9.3 per cent of the GDP in FY2023,” per the agency’s projections.

Source: thehindubusinessline.com– Jan 12, 2022

HOME

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QUICK ESTIMATES OF INDEX OF INDUSTRIAL PRODUCTION AND USE-BASED INDEX FOR THE MONTH OF NOVEMBER, 2021 (BASE 2011-12=100)

The Quick Estimates of Index of Industrial Production (IIP) are released on 12th of every month (or previous working day if 12th is a holiday) with a six weeks lag and compiled with data received from source agencies, which in turn receive the data from the producing factories/ establishments.

2. For the month of November 2021, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at 128.5. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of November 2021 stand at 111.9, 129.6 and 147.9 respectively. These Quick Estimates will undergo revision in subsequent releases as per the revision policy of IIP.

3. As per Use-based classification, the indices stand at 126.5 for Primary Goods, 81.2 for Capital Goods, 141.8 for Intermediate Goods and 142.5 for Infrastructure/ Construction Goods for the month of November 2021. Further, the indices for Consumer durables and Consumer non-durables stand at 106.7 and 150.3 respectively for the month November 2021.

4. Details of Quick Estimates of the Index of Industrial Production for the month of November 2021 at Sectoral, 2-digit level of National Industrial Classification (NIC-2008) and by Use-based classification are given at Statements I, II and III respectively. Also, for users to appreciate the changes in the industrial sector, Statement IV provides month-wise indices for the last 12 months, by industry groups (as per 2-digit level of NIC-2008) and sectors.

5. Along with the Quick Estimates of IIP for the month of November 2021, the indices for October 2021 have undergone the first revision and those for August 2021 have undergone final revision in the light of the updated data received from the source agencies. The Quick Estimates for November 2021, the first revision for October 2021 and the final revision for August 2021 have been compiled at weighted response rates of 88 percent, 92 percent and 94 percent respectively.

6. Release of the Index for December 2021 will be on Friday, 11th February 2022.

Note: -

This Press release information is also available at the Website of the Ministry - http://www.mospi.gov.in

Press release in Hindi follows and shall be available at: https://www.mospi.gov.in/hi/web/mospi/home

Click here for more details

Source: pib.gov.in – Jan 12, 2022

HOME

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U.K. launches FTA negotiations with India

The first round of negotiations is expected to start next week

The UK government on Thursday, January 13, 2022, announced the launch of free trade agreement (FTA) negotiations with India, describing it as a "golden opportunity" to put British businesses at the "front of the queue" of the Indian economy.

British Prime Minister Boris Johnson said an FTA would take the country's historic partnership with India to the next level, and highlighted Scotch whisky, financial services and cutting-edge renewable technology among some of the key sectors set to benefit.

The first round of negotiations is expected to start next week, which the British government said would make it the UK's quickest start of formal talks between negotiating teams following a launch.

"A trade deal with India's booming economy offers huge benefits for British businesses, workers and consumers. As we take our historic partnership with India to the next level, the UK's independent trade policy is creating jobs, increasing wages and driving innovation across the country," Mr. Johnson said.

"The UK has world-class businesses and expertise we can rightly be proud of, from Scotch whisky distillers to financial services and cutting-edge renewable technology.

We are seizing the opportunities offered in growing economies of the Indo-Pacific to cement our place on the global stage and deliver jobs and growth at home," he said.

Mr. Johnson's statement came as his Secretary of State for International Trade, Anne-Marie Trevelyan, prepared to meet with Union Commerce and Industry Minister Piyush Goyal in New Delhi for the 15th UK-India Joint Economic and Trade Committee (JETCO) to review the progress within the UK-India Enhanced Trade Partnership agreed to last May by Prime Minister Narendra Modi and Johnson.

'A golden opportunity'

"A deal with India is a golden opportunity to put UK businesses at the front of the queue as the Indian economy continues to grow rapidly," Ms. Trevelyan said.

"By 2050, India will be the world's third-largest economy with a middle class of almost 250 million shoppers. We want to unlock this huge new market for our great British producers and manufacturers across numerous industries from food and drinks to services and automotive," she said.

"As an independent, deal-making nation, the UK is broadening our economic horizons and forging stronger partnerships with the fastest-growing economies of the world. India marks the start of our ambitious five-star year of UK trade and will show how the deals we negotiate will boost the economies across all nations and help level up all regions of the UK," said the minister who is scheduled for bilateral talks with senior Indian Cabinet ministers before she concludes her two-day visit to the country on Thursday.

An India-UK FTA is billed in the UK as creating huge benefits for both countries, with the potential to boost bilateral trade by up to GBP 28 billion a year by 2035 and increase wages by up to GBP 3 billion across the UK.

A deal with India is also pegged as a "big step forward" in the UK's post-Brexit strategy to refocus trade on the Indo-Pacific, home to half of the world's population and 50 per cent of global economic growth.

The Department for International Trade (DIT) has said the UK wants an agreement that slashes barriers to doing business and trading with India's GBP 2 trillion economy and market of 1.4 billion consumers, including cutting tariffs on exports of British-made cars and Scotch whisky.

"We are delighted to see FTA negotiations launch between the UK and India. With India, a rapidly advancing global economic superpower, this trade deal can unlock a new era of partnership and pave the way for significant trade and investment opportunities for UK and Indian businesses," said Lord Karan Bilimoria, president of the Confederation of British Industry.

"To fully realise the growth possibilities, the UK must focus on the areas which will drive our future economic success, such as collaborative innovation and stronger regulatory alignment. Above all, trade is a key instrument for economic growth and prosperity across all regions and nations," he added.

According to DIT estimates, removing duties alone would increase UK exports to India by up to GBP 6.8 billion, with Scotch whisky and cars currently facing enormous duties of 150 per cent and 125 per cent respectively.

"Key to any future trading relationship will be the progressive removal of tariffs, enhanced trade facilitation and reducing other barriers to trade, which can be highly complex and burdensome," said Mike Hawes, chief executive of the UK's Society of Motor Manufacturers and Traders.

DIT analysis claims a trade agreement with India would benefit all parts of the United Kingdom, given that already around 30,000 people in the West Midlands were employed via Indian investment in 2019. The northern region of England could see a massive boost of up to GBP 300 million with opportunities for manufacturers of motor vehicles and parts.

The Indian government's plans to install 175 GW of renewable energy capacity by 2022 are also seen as a major opportunity for the UK's renewables industry, which hopes to benefit from a deal that slashes barriers such as import tariffs as high as 15 per cent on wind turbine parts.

The UK is pitching the India FTA as a major move since its exit from the European Union (EU), in support of free and fair trade in the Indo-Pacific. The launch of similar negotiations with Canada, Mexico and the Gulf are in the pipeline, besides membership of the GBP 8.4 trillion Comprehensive and Progressive Agreement for Trans-Pacific Partnership trade bloc.

Source: thehindu.com – Jan 13, 2022

HOME

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India, South Korea set $50 billion bilateral trade target before 2030

India and South Korea set a bilateral trade target of $50 billion before 2030, as South Korea's Trade Minister Yeo Han-Koo held talks with Indian Commerce and Industry Minister Piyush Goyal in New Delhi on Tuesday.

The two mnisters held wide-ranging discussions covering the whole gamut of bilateral trade and investment-related aspects. They also agreed to impart fresh momentum to the discussions on the Comprehensive Economic Cooperation Agreement (CEPA) upgradation negotiations and also promote extensive B2B interactions on trade and investment between industry leaders of the two countries, a Commerce and Industry Ministry statement said.

The two ministers agreed to address difficulties expressed by industry from both sides and instructed their respective negotiating teams to meet on a regular basis in order to conclude the CEPA upgradation negotiations, as soon as possible, in a time-bound manner, building upon support from relevant stakeholders, so as to try to achieve the target of $50 billion before 2030 which was agreed at the summit meeting in 2018.

These regular negotiations shall be a forum to discuss the difficulties of the business community from both countries and emerging trade-related issues including supply chain resilience. The ministers agreed to boost bilateral trade to achieve growth in a fair and balanced manner to the mutual advantage of both sides.

According to data from South Korea's Ministry of Trade, Industry, and Energy, bilateral trade in the first half (January-June) of 2021 was recorded at $10.97 billion, an increase of 38 per cent compared to the same period of the previous year. South Korea's exports to India increased 38.5 per cent ($7.4 billion), imports increased 37.4 per cent ($3.6 billion), and the trade balance recorded a surplus of $3.8 billion.

Source: business-standard.com– Jan 12, 2022

HOME

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Gauging the impact of Omicron on the country's GDP though the MPC lens

There are varying estimates of the effects of Omicron on the gross domestic product (GDP) growth in the fourth quarter of the current financial year.

The estimates by some economists are in the 20-40 basis point range, while others say it is difficult to quantify the impact because of the developing situation.

Let us try to estimate the damage through the monetary policy committee (MPC) of RBI lens, or in other words, its growth projections at various times during the current financial year.

At the start of the year, the MPC was somewhat optimistic about the Indian economy, pegging its growth at 10.5 per cent for FY22. The second Covid wave dealt a body blow to this estimate and the Committee lowered the projections to 9.5 per cent in all its subsequent estimates. However, it altered quarterly estimates a number of times.

Advance estimates have now put the GDP growth at 9.2 per cent for FY22. Many economists still believe the National Statistical Office (NSO) has not fully taken the Omicron factor into account and the actual growth may come down lower.

For instance, Icra chief economist Aditi Nayar believes that the widening restrictions triggered by Omicron will thwart the nascent recovery in the contact-intensive services, notwithstanding the widening vaccine coverage. She says there would be a mild downside to her FY22 GDP growth forecast of nine per cent.

If advance estimates come true, actual GDP growth would be short of the latest MPC's projections by 30 basis points. But if Icra estimates prove correct, MPC's projections would be higher by at least 50 basis points.

It should be noted that the Committee's projection of 9.5 per cent for GDP growth for all of 2021-22 came even after it assessed the impact of the second Covid-wave induced lockdowns. As such, it had revised down its projection for GDP growth rate to 18.5 per cent for Q1 in its June projections from 26.2 per cent in its April assessment. However, MPC in its August policy review found that its July projection for Q1 was a bit pessimistic and revised it up to 21.4 per cent.

The actual number for Q1 GDP growth was 130 basis points lower than MPC's August projections.

It was 20.1 per cent. So, if one sees the second wave impact on the first quarter of GDP from what MPC projected in its April assessment and what actually came out to be, the hit was a massive 610 basis points.

Now, it is widely accepted that the Omicron spread would impact the ongoing quarter but it would be much softer than that of the second wave on the first quarter of the current fiscal.

While MPC had lowered its forecast of GDP growth numbers in its July review to 9.5 per cent for the entire financial year from 10.5 per cent in the April review, it had in fact raised its projections for Q4 to 6.6 per cent from 6.2 per cent. However, while MPC retained the growth projections at 9.5 per cent for the entire financial year subsequently, it lowered its projections for Q4. Its latest number stood at six per cent for Q4, quite close to its April projections.

In its latest review in early December, MPC recognised the downside risks to the outlook on growth from the emergence of Omicron and renewed surges of Covid-19 infections in a number of countries. Besides, it had said notwithstanding some recent corrections, headwinds continue to be posed by elevated international energy and commodity prices, potential volatility in global financial markets due to a faster normalisation of monetary policy in advanced economies, and prolonged global supply bottlenecks.

So, it was aware of the impact of Omicron when it had made the forecast of six per cent GDP growth for Q4, though the effect may have been accentuated later.

If advance estimates come true, GDP would grow 5.6 per cent in the second half, comprising Q3 and Q4 of the current financial year, since it grew 13.7 per cent in the first half, comprising 20.1 per cent in the first quarter and 8.4 per cent in the second.

If Q3 GDP growth turns out to be what MPC had estimated in its December review -- 6.6 per cent -- the economic growth in Q4 would be 4.7 per cent. If there is some correction, say Q3 GDP growth falls to six per cent, the economic growth would be 5.2 per cent in Q4.

GDP growth in the range of 4.7-5.2 per cent would mean a massive hit from Omicron and other developments. It would mean 80-130 basis point hits from what MPC had estimated in its latest projections. This implied that MPC might have substantially erred in its projections for Q4 GDP growth on the higher side.

Source: business-standard.com– Jan 12, 2022

HOME

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Indian cotton yarn & fabric exports increased in August-November 2021

The export of cotton yarn and cotton fabric from India increased during the first four months of the current cotton marketing year, i.e., August-November 2021, according to a report on Indian cotton industry released by the US department of agriculture (USDA) last week. On the other hand, the import of cotton has increased during the same period.

Referring to the Indian government agencies data, USDA said that cotton exports increased to 7926,948 bales of 170 kg each in the year 2020-21 as against 4100,343 bales in the year 2019-20. Cotton exports almost doubled in the last marketing year. However, during the first four months of the current marketing year 2021-22, (August- November), cotton exports did not show the same momentum as cotton prices have remained high since the beginning of this season.

344,927 bales of cotton were exported in August 2021, followed by 275,838 bales in September, 251,628 bales in October and 676,471 bales in November. Whereas, in the last marketing year 2020-21, 339,733 bales were exported in August, 448,626 bales in September, 529,193 bales in October and 782,566 bales in November. Cotton yarn exports declined in the three months barring August due to rise in cotton prices since the beginning of this marketing year.

However, there was an opposite trend in imports as compared to cotton exports from India, according to the USDA report. In the marketing year 2019-20, the import of cotton in India was 2920,003 bales, which decreased to 1080,575 bales in the year 2020-21, decreasing by about 50 per cent. But in the four months of the current season, there was an increase in imports.

In August 2021, 78,373 bales of cotton were imported, while it was 92,771 bales in September, 81,072 bales in October and 68,235 bales in November. In comparison, during the last marketing year 2020-21, 60,682 bales were imported in August, 88,401 bales in September, 62,071 bales in October and 42,453 bales in November.

When cotton prices in India were lower than New York cotton, imports were taking place as per the requirement of quality and variety. But after the increase in the price of cotton in India, the imports have witnessed upward trend due to economical reason, the USDA report showed. The 11 per cent duty on imports are also adding to the cost of imports and making cotton unviable due to price disparity. Hence, the industry is demanding removal of import duty on cotton to gain relief from high prices.

India has seen higher exports of cotton yarn and cotton fabrics. According to the USDA report, 929,000 tonnes of cotton yarn was exported from India in the year 2019-20, which increased to 1135,000 tonnes in the year 2020-21. In the last season, the monthly export of yarn was less than one lakh tonnes, which has now increased to above one lakh tonnes. Yarn exports stood at 116,000 tonnes in August 2021, 117,000 tonnes in September, 117,000 tonnes in October and 119,000 tonnes in November as compared to 92,000 tonnes, 93,000 tonnes, 86,000 tonnes and 87,000 tonnes respectively in these months of the previous season.

A similar trend has been observed in the export of cotton fabrics. In the year 2019-20, 148.93 crore square metres of cotton fabrics were exported, which increased to 501.7 crore square metres in the year 2020-21. In the current season, 20.95 crore square metres of cotton fabrics were exported in August, 47.51 crore square metres in September and 37.49 crore square metres in October.

The USDA, citing Indian government's data, has indicated that during December 2021, cotton arrivals in the mandis have not decreased compared to the previous year, but have increased by 5 per cent. The countrywide cotton arrivals during December stood at 893,687 tonnes which is higher than 849,576 tonnes in December 2020 last year. But the market price of cotton was 41 per cent higher on an average across all the mandis. The average price in December 2021 was ₹7,613 per quintal while the average price in December 2020 was ₹5,432 per quintal.

Source: fibre2fashion.com– Jan 12, 2022

HOME

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Credit growth visible across sectors: SBI research report

The December quarter witnessed a visible expansion in the credit growth across sectors, State Bank of India (SBI)'s economic research department said in its latest report. The incremental credit-deposit (CD) ratio beginning Q3FY22 is currently at 133, against the incremental CD ratio of just two during H1FY22, the report said.

Incremental deposits in the banking system have declined by Rs 2.2 lakh crore over this time period, whereas credit growth has picked up by Rs 3.5 lakh crore. Further, the deposit growth has been led by low-cost CASA deposits, far outpacing time deposits, as people preferred a precautionary approach amid continued uncertainties, the report said.

"Sectors where demand for credit started picking up during the last three months include NBFCs, telecom, petroleum, chemical, electronics, gems & jewellery and infrastructure including power and roads," the report observed, adding that big-ticket disbursements have been seen in these sectors. "This, apart from our recent understanding of market participants, suggests that demand from non-PSU credit is set to outpace that of PSU credit in Q4FY22," the report said.

Sectors such as healthcare, commercial real estate, pharmaceuticals, infrastructure, NBFCs and construction will be the prime beneficiaries of such non-PSU credit. Co-lending with NBFCs remains one of the most preferred options for lending as it also helps NBFCs churn their capital and offer on-lending at affordable cost, SBI said.

The report said its in-house industry survey suggests robustness in capacity utilisation, with more than two-thirds of respondents suggesting current utilisation level of more than 70% and 36% of respondents, from sectors such as textiles, petrochemicals and building materials, indicating better utilisation levels.

Issuances of commercial papers increased by around 40% in the first nine months of FY22, indicating increased working capital requirement, the report said. "However, bond primary issuances declined by more than 25% during the same period. This indicates the reverse credit flow from banks to the bond market in FY21 is now on the wane as deleveraging of corporates and substituting of high-cost debt with low-cost debt from the bond markets seems to have been largely completed."

"Most importantly, the capital to risk-weighted assets ratio of scheduled commercial banks has touched a new peak of 16.6% and their provisioning coverage ratio too increased from 67.6% in March 2021 to 68.1% in September 2021 (excluding AUCA). This will remain a positive enabler for future credit growth," the report said.

Source: financialexpress.com– Jan 13, 2022

HOME

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