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INTERNATIONAL NEWS

China's express logistics activity slows down in March

China's express logistics sector slowed down in March, according to data from the China Federation of Logistics and Purchasing. The index tracking courier logistics stood at 98.3 per cent last month, down by 2.1 percentage points from the February figure. The country's manufacturing activity also became less brisk in last month of this year's first quarter.

The federation attributed the slowdown to the shrinking market demand, rises in operating costs during the period and the disruptions to transportation and employment due to the pandemic, official Chinese media reported.

Specifically, the sub-index for business courier logistics dropped in March by 1.3 percentage points from the previous month, while cross-border courier logistics slipped 1.2 percentage points.

The sub-index tracking manufacturing business express logistics standing at 96.5 per cent, down by 5.4 percentage points month on month, the data showed.

Based on the statistics of business courier services, the express logistics index reflects the development of the country's industrial activities and express logistics sector.

Source: fibre2fashion.com– Apr 20, 2022

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China's GDP rises by 4.8% YoY in Q1 2022

China's gross domestic product (GDP) for the first quarter (Q1) this year expanded by 4.8 per cent compared to a year ago amid pressures from a more complicated and grimmer international environment and a pandemic resurgence, according to the National Bureau of Statistics (NBS), which recently said the GDP reached 27.02 trillion yuan ($4 trillion) in Q1.

On a quarter-on-quarter basis, the country's GDP grew by 1.3 per cent in Q1, NBS was quoted as saying by official Chinese media.

The country's value-added industrial output grew by 6.5 per cent on a yearly basis in Q1, with the March reading jumping by 5 per cent year on year, NBS data showed.

Retail sales grew by 3.3 per cent to 10.87 trillion yuan in Q1 from the same period last year. The surveyed urban jobless rate came in at 5.8 per cent in March, up from 5.5 per cent in February, it said.

The bureau cautioned about challenges and mounting uncertainties at home and abroad, saying more efforts will be made to step up macroeconomic policy support, stabilize employment and keep the economy running within a reasonable range.

Source: fibre2fashion.com– Apr 19, 2022

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EU clothing industry optimistic about growth with 2.1 points rise in business confidence

With sales and exports growing at a sustained pace, the EU clothing industry witnessed significant improvement in Q4 FY21performance. Most clothing companies in the region reached their pre-pandemic levels of growth during the quarter, says latest Euratex report. Clothing production surged 10 per cent during the quarter over Q4 FY20 while turnover increased 21.4 per cent. Retail sales during the quarter also rose 17.9 per cent

Pandemic-induced challenges slows textile growth

However, the textile industry expanded at a much slower pace. Though it recovered from the strong contraction in 2020, the industry failed to reach pre-pandemic levels. Textile production during the quarter increased 2.4 per cent from the Q4 FY20 while turnover increased 6.4 per cent. Retail sales in textile industry grew 17.9 per cent during the quarter. The pandemic slowed shipments besides disrupting global supply chains. This caused acute raw material shortages, affecting consumption patterns across the world. The textile and clothing industry also remained troubled by the constant rise in raw materials and energy prices. The EU Business Confidence Indicator indicates 1.7 points decline in textile industry over the next few months. The decline is mainly attributed to energy-related challenges currently being faced by the industry. The clothing industry seems more optimistic with a 2.1 points rise in business confidence in the next few months.

Consumers' confidence falters over future uncertainties

Managers' confidence in both textiles and clothing remains higher than the long-term average and pre-COVID level in Q4 2019. However, consumer confidence has dropped, following the collapse in their expectations about the general economic situation and assessment of own future financial situation. Confidence of retailers has also dropped they failed to assess expected business situation. Their selling expectations for the next three months have reached unprecedented highs as energy and raw material prices have surged sharply in the last few months.

Source: fashionatingworld.com– Apr 19, 2022

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Cone Denim launches new US-grown hemp denim collection

Cone Denim, a leader in denim authenticity, has launched a new US-grown hemp denim collection with expert hemp processing innovator, BastCore. Cone has expanded its sustainable denim offerings and support of the American agriculture industry, featuring denim made with Alabama hemp and US cotton and dyed with natural indigo grown in Tennessee.

BastCore has created patent-pending technology and a proprietary process that produces clean, mechanically processed, Oeko-tex Standard 100 certified and USDA bio-preferred hemp fibre out of its operation in Montgomery, Alabama. Cone's US hemp collection includes a range of fabrics featuring classic 3x1 and comfort stretch to modern workwear constructions.

The collection further expands upon Cone's sustainability and traceability practices, driving the future of the industry. The proximity of the hemp, indigo, and cotton crops in the US to the company's mills in Mexico is also key in creating the smallest environmental impact and footprint possible, the company said in a press release.

Hemp offers many key benefits in creating the next level of sustainable denim. More than 50 per cent water savings occur, compared to cotton. No chemicals, wet processing, pesticides, or herbicides are used. Hemp grows in a variety of soils with excellent biodegradability, is antimicrobial, has high tensile strength, moisture regain content, and tenacity. Hemp and natural indigo crops have high rates of carbon sequestration, which ultimately benefits the environment and improves the soil's health for other crops (climate positive).

"This is an exciting milestone for Cone Denim and the denim community. BastCore's innovation of American hemp opens great opportunities to create sustainable denims made from US sourced agriculture products located in close proximity to Cone's manufacturing operations in Mexico. US farmers have world-class sustainable growing practices and produce quality products used in Cone's denims including cotton, corn for sizing starch, natural plant-based indigo, and more recently, hemp. We are proud to support the American agriculture industry and work alongside like-minded partners who share our passion and commitment,", Cone Denim president, Steve Maggard, said in a statement.

“Cone’s prior work and commitment to sustainable innovations made a perfect fit with BastCore and our mission to bridge the gap between farmers growing hemp and industries demanding cost-competitive, sustainably produced raw materials. We are very excited for our work and the progress we’ve made in producing clean quality and consistent fibres for textiles.

Developing new products is not easy and involves a number of challenges and obstacles. The expertise and passion of Cone’s product teams provided great collaboration in navigating through those challenges to bring the many advantages of hemp fibres to denim,” BastCore managing director, Austin Bryant, said.

Source: fibre2fashion.com– Apr 18, 2022

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Cotton Australia to organise Camp Cotton 2022 in May

A large group of executives from Australia's brands and retailers will leave for Camp Cotton 2022 in May, organised by Cotton Australia. The Camp Cotton participants will fly into Tamworth on May 11, before heading to Gunnedah and then Boggabri for farm tours. More than 30 brand representatives and three fashion and textile not for profit organisations will take part in the tours.

Cotton Australia's Cotton to Market programme will organise the two-day event so that those behind selling Australian cotton products can learn from farmers how cotton is picked and grown sustainably. In addition, attendees will hear from researchers, ginners and agronomists – and they'll have a bit of fun along the way, including a dinner to meet local cotton farmers and industry, Cotton Australia said in a press release.

At this farm and industry tour, the participants will learn about the Australian cotton fibre most are selling to Australian consumers.

Source: fibre2fashion.com– Apr 19, 2022

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68% of Japanese firms in Bangladesh plan to expand in 2022-23: JETRO

The export ratio of Japanese companies operating in Bangladesh is on the top among Asia and the Oceania countries as the ratio of exports to total sales by Japanese companies currently stands at 65.4 per cent, according to the Japan External Trade Organisation (JETRO), which recently said 68 per cent of Japanese companies operating in Bangladesh have expansion plans for 2022 and 2023.

JETRO country representative for Bangladesh Yuji Ando said around 65 per cent of Japanese companies operating in Bangladesh thought they can make a profit this year as the pandemic situation has improved. This contrasts to 43.2 per cent of the companies that were profitable last year.

He, however, said the companies reported complexities in rules and regulations as well as in loan processing, taxation, wage compliance and getting skilled manpower.

He was optimistic about business interest of Japanese enterprises in Bangladesh growing in future, according to Bangla media reports.

A total of 320 Japanese companies are engaged in business in Bangladesh.

Some 54.6 per cent of companies were willing to expand the function of sales, 45.5 per cent planned to go for the production of high-value products and 27.3 per cent for making general-purpose products, he said.

Over 15 per cent of companies intended to expand research and development activities to drive their business growth, he added.

Source: fibre2fashion.com– Apr 19, 2022

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Bangladesh trade costs highest in South Asia: Commonwealth Secretariat

Trade cost as a share of trade revenue in Bangladesh remained the highest in South Asia—over 80 per cent of trade revenues in 2020—due to higher total transport expenses, according to a study by Commonwealth Secretariat on shift to paperless trading. It is 80 per cent in Pakistan, over 60 per cent in India and Sri Lanka, and less than 20 per cent in the United Kingdom.

The figure is over 20 per cent in Singapore, Canada and New Zealand.

The study was conducted on the 54 Commonwealth economies engaged in trade worth more than $5 trillion. This exorbitant cost in Bangladesh may be reduced to less than 20 per cent once the overall digitisation is adopted by 2026, the report was quoted as saying by Bangladeshi media.

However, public sentiment across emerging Asia, particularly Bangladesh and Malaysia, is a potential obstacle to rapid adoption or reforms in reducing trade costs, the report noted.

The report also seeks solution to the current challenges facing Commonwealth nations in implementing paperless trade by means of qualitative desk research, discourse analysis and semi-structured in-depth interviews. The documentary-compliance cost in Bangladesh also remained over $200 for a $25,000 shipment.

The report blames the pandemic-induced supply disruptions for the higher transport costs.

Source: fibre2fashion.com– Apr 19, 2022

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Uzbekistan, Japan discuss promising areas of cooperation in the textile industry

During the talks, Makoto Nishizako got acquainted with the investment potential and export opportunities of Uzbekistan's textile industry.

It was emphasized that the Cotton Campaign ended the global boycott of Uzbek cotton. The attention of Japanese partners was drawn to the fact that the abolition of the cotton boycott would help attract world brands to Uzbekistan and increase the volume of exports of Uzbekistan's products to foreign countries, including Japan, by 1,196 Uzbekistan textile enterprises.

Makoto Nishizako was interested in the production capacities of textile enterprises, the import of zippers and rivets, and the logistics routes for products exported and delivered to the country.

Following the talks, the main priority areas of cooperation were identified. An agreement was reached on further elaboration of joint proposals, including those received from YKK Corporation.

Source: einnews.com– Apr 19, 2022

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Bangladesh sets 7.5% GDP growth target for FY23

Bangladesh has set an ambitious gross domestic product (GDP) growth target of 7.5 per cent for fiscal 2022-23 (FY23) despite high global commodity prices and consistent pandemic-induced economic shocks. State minister for planning Shamsul Alam believes the target is achievable. Officials have retained their 7.2 per cent growth target for FY22, ending in June.

The growth projection was shared at a meeting of the fiscal coordination council chaired by finance minister AHM Mustafa Kamal recently.

At the meeting, the inflation rate for FY23 was projected at 5.5 per cent. When the budget for the current fiscal was unveiled in June last year, the inflation goal was set at 5.3 per cent. It was later revised upwards to 5.7 per cent as prices went up for a combination of multiple factors.

"We set the target after analysing everything, including the country's economic ability and taking into account the mega projects that would be implemented by this time. We will continue our efforts to achieve the goal," Alam was quoted as saying by Bangladeshi media reports.

The growth target is higher than the forecasts by the World Bank and the Asian Development Bank. The World Bank has projected that Bangladesh's GDP would grow by 6.7 per cent in FY23, while the ADB's projection is 7.1 per cent. Alam sees the Russia-Ukraine war as a big problem and blamed the conflict for rising inflation. Inflation jumped to 6.17 per cent in February, the highest in 16 months, driven by soaring costs of foods.

The inflation outlook has worsened due to the war in Ukraine and associated sanctions that resulted in higher global commodity prices, said the World Bank in its latest report on Bangladesh.

Non-food prices are likely to remain elevated as well, driven by an increase in transportation costs and the knock-on effects on other products, said the global lender.

Source: fibre2fashion.com– Apr 19, 2022

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Bangladesh to lose $6.38 bn in exports after LDC graduation: Study

After Bangladesh graduates from the least developed country (LDC) status in 2026, its exporters will face 8.91 per cent duty and may lose 26.28 per cent of exports to the European Union (EU), or $ 5.28 billion, because of the graduation, according to a study, which said the country will lose export earnings worth $6.38 billion annually to its five largest export destinations.

The study, involving data from the World Trade Organisation (WTO), on five major export destinations of Bangladesh was presented by former member of Bangladesh Tariff Commission Mostafa Abid Khan at a seminar organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Apart from the EU, Bangladesh will lose $5.36 million, or 42.05 per cent of business to Canada, where its exporters will have to face 14.47 per cent duty, Khan said. Similarly, the country will lose $388.12 million, or 30.53 per cent of exports to Japan, where exporters will face 8.89 per cent duty in the post-LDC period.

The country will face 7.94 per cent duty and lose business worth $87.78 million, or 27.53 per cent of the total annual export to Korea. In China, there is a possibility of losing $76.55 million, or 8.29 per cent of total exports because of 2.96 per cent duty on Bangladeshi goods. In New Zealand, exporters will have to face 4.62 per cent duty and lose $10.13 million, or 11.9 per cent of annual exports, the study said.

The country should replicate its successful readymade garment (RMG) model in all other sectors, allowing them to become competitive enough to absorb challenges arising after the country graduates from the least developed country (LDC) status in 2026, business executives and economists said.

They also underscored the need for raising productivity and developing human capital quickly to avert possible setback after the graduation, according to Bangladeshi media reports.

Source: fibre2fashion.com– Apr 19, 2022

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NATIONAL NEWS

Finance Minister Smt. Nirmala Sitharaman meets IMF Managing Director Ms Kristalina Georgieva in Washington D.C.

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman had a bilateral meeting with Ms Kristalina Georgieva, Managing Director, International Monetary Fund (IMF), on the sidelines of the International Monetary Fund-World Bank (IMF-WB) Spring Meetings in Washington D.C. today.

Both, the Finance Minister and the Managing Director, were accompanied by senior officials like Shri Anantha V. Nageswaran, Chief Economic Advisor, Ministry of Finance, Government of India, and Ms Gita Gopinath, FDMD of IMF.

During the meeting, they discussed issues of importance for India besides several issues currently being faced by the global and the regional economies.

Ms Georgieva highlighted the resilience of India which remains the fastest-growing country across the globe despite challenges posed by the COVID-19 pandemic. Ms Georgieva also referred to an effective policy mix followed by India that was well targeted. She lauded India for its contribution to the capacity development activities of the IMF.

Ms Georgieva praised India's vaccination programme and the help extended to its neighbour and other vulnerable economies. The IMF MD particularly brought reference to the help India is providing to Sri Lanka during their difficult economic crisis.

Smt. Sitharaman indicated that IMF should support and urgently provide financial assistance to Sri Lanka. The Managing Director assured the Finance Minister that the IMF would continue to actively engage with Sri Lanka.

Discussing the recent geopolitical developments, Smt. Sitharaman and Ms Georgieva raised concerns about its impact on global economy and the challenges linked to the rising energy prices due to it.

Explaining India's policy approach, Smt. Sitharaman mentioned that an accommodative fiscal stance was also accompanied by major structural reforms, including the bankruptcy code and targeted help to MSME and other vulnerable sections.

Smt. Sitharaman said that Monetary Authority fully supported and complemented these efforts with an accommodative stance.

The Finance Minister further stated that India has been helped by good agricultural output, supported by a good monsoon during the COVID pandemic period. Agricultural exports, along with other exports, have also sharply increased. India is entering into new economic activities which will help resolve some of the global supply chain issues, She concluded.

Source: pib.gov.in– Apr 19, 2022

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PMO keeps watch as Centre works on export strategy

The Prime Minister's Office (PMO) is set to keep a close watch on India's export performance in 2022-23, in line with the role played last fiscal when exports touched an all time high of $420 billion, and has asked the Ministry of Commerce & Industry for a detailed presentation on the potential of various markets and products and the outlook for the new financial year.

"Details will also be shared on the opportunities expected from the new free trade agreements (FTAs) India is getting into, including the ones just concluded with the UAE and Australia," an official tracking the matter told BusinessLine.

New target

A new export target of about $470 billion is likely to be fixed for 2022-23, as indicated by Foreign Secretary Harsh Vardhan Shringla on Monday in his address at a webinar organised by the Bharat Chamber of Commerce, but finalisation and announcement on the official target will be done by the Ministry of Commerce & Industry after the ongoing consultation process is over, the official added.

Goyal held a meeting with his ministry officials on Tuesday to finalise a presentation that will be made to the PMO based on the consultations held so far with all missions abroad and export promotion councils and groups on the matter.

"Based on last year's performance and the outlook for the current year, country-specific and product specific targets have been discussed with all Indian missions and export bodies. The commerce department is putting it all together for the PMO combining it with its own analysis keeping in mind the outlook for the year," the official said.

Scope for growth

Increase in exports due to the recent FTAs signed by India with the UAE and Australia and others in the pipeline such as the UK, the EU and Canada, will also be taken into account.

India needs to give a continued push to its export efforts as its share in total world trade is still below 2 per cent and there is a lot of scope for growth.

In August last year, Prime Minister Narendra Modi held a virtual interaction with all Indian missions in various countries and the representatives of export bodies to strategise and motivate them to achieve the export target. The previous year (2020-21), exports had taken a hit and declined to $291 billion compared to $313 billion in 2019-20.

However, in 2021-22, exports not only met the target, but also surpassed it to touch $420 billion. The previous high was reached in 2018-19 with exports valued at $331 billion. India is targetting $1 trillion goods exports by 2030, Goyal recently said at an event promoting India-UAE trade.

Source: thehindubusinessline.com– Apr 19, 2022

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A vision for US-India economic partnership

The current focus on differences between the United States and India regarding Russia's invasion of Ukraine has obscured the broader trajectory of the bilateral relationship.

Over the past 22 years, the United States and India have steadily widened and deepened their partnership to cover almost every area of human endeavour. There is, however, one area that has repeatedly caused friction — trade.

Enhanced bilateral trade is important for growing both economies and providing long-term ballast to the US-India strategic partnership. But flows of goods and services between the two countries are well below the levels one would expect from the largest and sixth-largest global economies. The two countries must also play a central role in developing the economic framework for a free and open Indo-Pacific or watch as others, particularly China, do so.

In recent years, the United States and India have pulled back from shaping the Asian trade landscape. In early 2017, the US withdrew from the Trans-Pacific Partnership (TPP) and, in 2019, India pulled out of the Regional Comprehensive Economic Partnership (RCEP) negotiations. These moves were driven, in part, by a growing sentiment in both countries that trade deals have damaged their domestic manu

Those concerns may well be legitimate, but failing to pursue trade deals handicaps both countries' ability to tap foreign markets, participate in developing regional trade rules, and advance their broader objectives in the Indo-Pacific.

China, meanwhile, has pursued an expansive regional economic agenda through its participation in RCEP, its applications to join the TPP's successor, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Digital Economy Partnership Agreement, and its Belt and Road Initiative. The common denominator in all these initiatives is the ability for Beijing to shape the rules for trade and investment while promoting integration with its neighbours and increasing their dependence on Beijing.

China's assertive approach is a major reason why both India and the United States seem to be rethinking their economic and trade strategies: Leaders in both countries understand that ceding the region to China may have irreversible consequences. Together, they have revitalised the Trade Policy Forum. India also recently signed a trade deal with Australia and an economic partnership agreement with the United Arab Emirates, as well as launched or revived negotiations with other key partners. Meanwhile, the Biden administration is putting the finishing touches on its new Indo-Pacific Economic Framework (IPEF) to economically reengage with this dynamic region.

This does not mean the two countries are on the verge of a bilateral breakthrough. On several occasions, the United States and India have been on the cusp of agreeing on a package of trade measures only to come up short. The US Congress now appears poised to renew the Generalised System of Preferences (GSP) programme, which would provide the Biden administration with the authority to reinstate India's GSP benefits and generate momentum to resolve outstanding bilateral issues and lay the groundwork for a more forward-looking engagement to take centre stage.

Washington's launch of the IPEF also provides an important opportunity to build economic ties.

At this point, India may not be ready to be a full member of the IPEF, but it may choose to participate in certain pillars, such as infrastructure and resilient supply chains. For this regional economic initiative to be most meaningful, broad Indian participation should be the goal.

Another way to shape the regional economic architecture and counter China's influence would be to expand the mandate of the Quad to establish a working group devoted to trade, albeit with reasonable expectations. Trade has been noticeably absent from the Quad agenda. This may be because a trade discussion would reveal differences among members and not readily lend itself to tangible results.

However, the United States already has bilateral trade agreements with Australia and Japan; those two countries, moreover, concluded an economic partnership agreement seven years ago. India has long had a similar agreement with Japan and has just signed an interim trade agreement with Australia.

These agreements could provide the foundation for a Quad working group to begin by considering relatively easier issues, such as trade facilitation, the behaviour of state-owned enterprises, and liberalisation of the services sector, and gradually take on more challenging matters. The four partners would need to be mindful of India's different level of development by providing India longer transition periods on opening its market to imports.

Because trade is both strategic and filled with esoteric detail, trade negotiators would benefit from having Quad leaders engaged to help them make the tough political decisions, keep the larger picture in mind, and delicately provide impetus for a pragmatic plan on trade that can help shape the regional architecture.

Despite efforts in recent years to strengthen the US-India trade relationship, it remains a weak component of the strategic partnership. However, by making the political commitment to solve bilateral irritants, as well as work together on the IPEF agenda and in the Quad, the two sides can make tangible progress. Over time, they could engage a broader set of Indo-Pacific partners — including those in the Association of Southeast Asian Nations and the CPTPP — to create a robust economic architecture for the region.

By jointly announcing this vision for a new economic and trade strategy, and proceeding with a building block approach, the United States and India could reposition themselves geopolitically in the most dynamic region of the world and provide further impetus for their growth and prosperity.

Source: business-standard.com– Apr 19, 2022

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India headed for robust economic growth, says FM Sitharaman

Sitharaman said along with the response to the pandemic, the government undertook various reform measures, including supply-side reforms.

Describing the Indian economy's recovery from the COVID-19 pandemic as 'distinct' and 'pronounced', Finance Minister Nirmala Sitharaman on Monday exuded confidence about India posting robust economic growth this decade.

Sitharaman is here to attend the annual spring meeting of the International Monetary Fund and the World Bank.

In her first public appearance before the Atlantic Council think-tank, the finance minister told a select group of Washington audience about how the people together with the Indian government successfully faced the challenge posed by COVID-19 and the subsequent lockdowns.

"So, as we look at India, given the pandemic and the recovery from it, and also where we stand today, we see the decade before us…2030 as a very robust decade where India would definitely be one of the fastest growing economy," she said.

She noted that before and after COVID-19, India undertook various structural reforms and also converted the pandemic into an opportunity to push them further.

The minister said a distinguishing feature of India's response to the pandemic has been an emphasis on supply-side reforms rather than total reliance on demand management.

She listed out the successful rollout of GST and digitisation programs as some of the key elements of the reforms that were started before the pandemic.

"…prior to the pandemic, because digitisation was happening, we brought in a financial inclusion programme never seen anywhere in the world," she said.

Also as a result of the programs, which she described as digital revolution, three of the largest public digital platforms in the world are from India — Aadhaar, which is the largest unique digital identity platform; UPI, which is the largest digital payments ecosystem; and Co-WIN, the largest vaccination platform, Sitharaman said.

India's low-cost, at-scale digitisation improves ease of living for its citizens in all income categories, the minister noted. "Adoption of technology, I am so pleased to see, that it has gone down to villages… They're now very savvy about using it.

And of course the India stack has also done a bit more by saying you don't need to have a smartphone, you can do it to with a feature phone. So technology is also moving to involve many more people," she pointed out. Sitharaman said along with the response to the pandemic, the government undertook various reform measures, including supply-side reforms.

During the last few years, the Modi government has focused on structural reforms such as launch of PM-GatiShakti programme, reduction in corporate taxes, ease of paying taxes, ending tax disputes, removal of retrospective taxation, privatisation of Air India, production linked incentives for various sectors, and labour law reforms, she said.

According to the minister, during this period, the Indian government has made sincere efforts to achieve macroeconomic stability by recapitalising banks and increasing foreign exchange reserves.

The banking system went through a decade of repair to work off the excesses of the boom of the previous decade; banks were recapitalised and some lenders were merged, she said, adding there has been a consistent effort to reduce the NPAs in the banking system.

Sitharaman told the audience that the government focus is on pushing capital expenditure with the aim to promote growth without losing sight of its moral obligation towards the underprivileged.

The finance minister in the Budget had announced an increase in capital expenditure by a sharp 35.4 per cent to a record Rs 7.50 lakh crore, from Rs 5.54 lakh crore in the last financial year.

The government has also extended the free ration scheme for about 80 crore population for another six months, costing the exchequer about Rs 80,000 crore.

The minister was of the view that once pandemic linked uncertainties abate and the current state of uncertainty clears up, private demand should recover along with the results of the positive push created by the reforms undertaken, capital expenditure by the private sector will ramp up, leading to investment growth, employment generation and economic expansion.

At the same time, she said, the task ahead is still formidable in view of elevated commodity prices, especially that of crude and natural gas, geopolitical uncertainty and global growth slowdown, which pose risks to near-term growth and inflation.

Source: financialexpress.com– Apr 19, 2022

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IMF trims FY23 India forecast to 8.2%

Interestingly, the IMF pitched for carbon pricing and fossil fuel subsidy reform, which, it said, could also help with the transition to a cleaner mode of production, less exposed to fossil fuel prices.

The International Monetary Fund (IMF) on Tuesday scaled down its FY23 growth forecast for India by 80 basis points (bps) from its January projection to 8.2%, as it underscored the ripple effect of the Russia-Ukraine crisis on net oil importers and their aggregate demand.

Stressing that the war sets back the worldwide economic recovery, the Fund also trimmed its global growth projection for 2022 by 80 basis points from the earlier estimate to 3.6%.

In its latest World Economic Outlook report, the multilateral body cited a severe double-digit drop in GDP for Ukraine and a steeper contraction in Russia, along with worldwide spill-overs through commodity markets, trade and financial channels for the downward revision. It warned that these forecasts are fraught with heightened uncertainties, with risks tilted to the downside.

The IMF also lowered its FY24 growth projection for India by 20 bps to 6.9%. Global growth will also drop by 20 bps in 2023 to 3.6%.

“Notable downgrades to the 2022 forecast include Japan (0.9 percentage point) and India (0.8 percentage point), reflecting in part weaker domestic demand—as higher oil prices are expected to weigh on private consumption and investment—and a drag from lower net exports,” the IMF said.

Given the elevated energy prices, it estimates India’s inflation to inch up to 6.1% in FY23 from 5.5% in FY22. Similarly, the country’s current account deficit is projected to rise to 3.1% in the current fiscal from an estimated 1.6% in FY22 before settling at 2.7% in FY24.

Of course, India will still remain the world’s fastest-growing major economy, ahead of China, which is likely to record real growth of 4.4% and 5.1% in 2022 and 2023, respectively.

Moreover, its inflation outlook is still much better than that of developing countries, which, together, will likely witness price pressure rising to as much as 8.5% in 2022. Inflation in even advanced economises is projected at an elevated level of 5.7% in 2022.

The Fund has also slashed its growth projections for world trade volume by 100 bps and 50 bps in 2022 and 2023, respectively, to 5% and 4.4%. It will also weigh on India's bid to build on its stellar export performance in FY22. Global trade volumes had risen by 10.1% in 2021, supported by an industrial resurgence in advanced economies in the aftermath of the pandemic.

The Ukraine war, the Fund said, has dealt a double whammy: while it will serve to reduce global economic growth, it will also add to inflation. Elevated price pressure will complicate the trade-offs central banks face between curbing inflation and protecting growth. As key central banks tighten policy, interest rates are set to rise, exerting pressure on emerging market and developing economies. Authorities should also be vigilant about private sector vulnerabilities to rising interest rates, it added.

Meanwhile, fuel and food prices have increased rapidly. Many poor and developing countries, which have limited fiscal policy space to cushion the impact of the war on their economies, will suffer, as the Ukraine war adds to the economic strains wrought by the pandemic.

On top of this, the recent lockdowns in key manufacturing and trade hubs in China can potentially compound supply-chain disruptions elsewhere. Beyond 2023, global growth is projected to drop to about 3.3% over the medium term (from 3.6% in 2022 and 2023).

Interestingly, the IMF pitched for carbon pricing and fossil fuel subsidy reform, which, it said, could also help with the transition to a cleaner mode of production, less exposed to fossil fuel prices. This is "more important than ever in light of the fallout of the war on the global energy market", it added.

Source: financialexpress.com– Apr 20, 2022

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India-UK trade deal to give impetus to textile, IT sectors

The red carpet is being laid in Gujarat for the arrival of UK Prime Minister Boris Johnson on Thursday. This is the first time that a British PM is visiting the state on an official visit. As discussions are underway for a free-trade agreement (FTA) between the UK and India, the textile and IT industries in Gujarat are hopeful it will open a window of opportunity for Indian players.

According to estimates by the UK India Business Council, bilateral trade between India and the UK stood at £24 billion in pre-Covid period. However, according to UKIBC officials, the two countries have agreed to increase bilateral trade to £50 billion.

In a virtual interaction, UKIBC managing director Kevin McCole said, "The FTA will open up many more opportunities to boost bilateral trade between the two countries. UK-based companies can set up a manufacturing base in India under the Make in India initiative and export from here. Indian companies too, will gain the benefit of lower tariffs to export from here."

Around 6 lakh Gujaratis live in the UK and is the largest Indian community there, according to industry estimates. "After Brexit, India stands a strong chance of increasing exports to the UK and the FTA will be a catalyst. This is especially true for sectors such as IT and ITeS along with textiles," said Pathik Patwari, senior vice-president, Gujarat Chamber of Commerce & Industry (GCCI).

Industry sources said that Gujarat-based textile manufacturers are already facing stiff competition from their counterparts in Bangladesh and Vietnam as the two countries enjoy FTAs with the EU and other countries. "Cost-competitiveness of Indian manufacturers reduces in the export market and therefore, an FTA with the UK will surely open a lot of opportunities for Gujarat's textile manufacturers across the value-chain," said a source.

Source: timesofindia.com– Apr 20, 2022

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Crisis in Sri Lanka benefits Indian textiles

With Sri Lanka buffeted by economic headwinds, Indian apparel exporters are beginning to receive orders from the UK, EU, and even Latin American countries where Indian textiles had little or no presence.

Textiles and garments contributed nearly half of Sri Lanka's exports but fuel shortages amid its worst financial crisis and ensuing power cuts are disrupting the production of key exports such as apparel and tea.

Much of the tea orders have already started moving to India and now a similar trend is being witnessed in the textiles sector, experts said, especially as India and Sri Lanka produce similar kinds of apparel and garments.

However, Sri Lanka's apparel and garments exports get duty free access to various countries, unlike Indian exports.

"There could be some benefits in the long run. Their exports are duty-free and that makes a difference. Besides they are trying to keep their textile sector protected despite the crisis," A. Sakthivel, president of the Federation of Indian Export Organizations (FIEO) told Mint.

Sakthivel added that discussions are ongoing and that exporters have begun receiving queries from several European countries.

Apparel Export promotion council (AEPC) chairman Narendra Goenka concurred that India can emerge as an alternative to Sri Lankan apparel as it can produce the majority of the same products at lower cost.

"The shift in demand from Sri Lanka to India may not be large but exporters have started receiving orders even from markets where we had little presence such as Latin America. Demand is also higher from UAE and Australia, too. What could work in our favour is pricing. Sri Lanka's cost of production of apparel was much higher compared with India's and this is why customers are looking at us," Goenka added.

According to the US International Trade Administration, apparel export industry is key to Sri Lanka's economy, as it accounts for about 44% of total exports and 33% of manufacturing jobs.

Sri Lanka's earnings from apparel exports have dipped the last few years—they stood at $4.4 billion in 2020, about $1.3 billion less than in 2019.

The Indian textile sector, though, is also facing challenges, such as high cotton prices.

The government earlier this month removed basic customs duty of 5% on cotton imports but officials said it may not bring prices down significantly as raw material prices are on the rise globally and the gap between production and international demand for cotton is wide.

Notably, India is taking steps to boost its textile exports. Eyeing a larger share of the international market, which is dominated by man-made fibres (MMFs), the government earlier this month approved 61 applications with an investment potential of over ₹19,000 crore under the production linked incentive (PLI) scheme for textiles.

Source: livemint.com– Apr 20, 2022

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Solar push: Gujarat company to invest in Madhya Pradesh's Ratlam solar plant

A Gujarat based textile company has proposed to invest Rs 5,400 crore in the state for setting up a solar cell and a textile unit in Ratlam.

According to the Industry Policy and Investment Promotion Department, the Gujarat based group has proposed to set up a unit of solar cell, solar glass and PV module production in Ratlam with a capital investment of Rs 4,600 crore. The group is expected to set up the unit on about 250 acre.

The company has proposed to generate employment for around 3,000 people.

The company also plans to set up a textile unit in Ratlam in an area of 30 acres with an investment of Rs 800 crore and provide employment to 900 people.

The Gujarat based company has diversified businesses in the fields of spinning, weaving, knitting, fabric processing, chemicals and petrochemicals, according to information on the company's website. According to the industry department, the director of the group Jyoti Prasad Chiripal held a meeting with the Chief minister Shivraj Singh Chouhan early this week in Bhopal.

According to Madhya Pradesh Industrial Development Corporation (MPIDC), Indore around 50 textile and garment industries have booked land in the Indore region in the last one year by paying 25 per cent of the total premium amount to set up factories and estimated investments from these units is Rs 1,560 crore.

Pinning hopes on fresh investment from industries, MPIDC is upgrading old industrial belts of the state under which infrastructure at around 16 industrial belts of the state will be upgraded and the estimated cost of development is Rs 200 crore.

Source: timesofindia.com– Apr 20, 2022

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Athleisure: Breaking a sweat

Work-from-home, coupled with an increased focus on fitness during the pandemic, has given new wings to the athleisure apparel segment, which is projected to maintain momentum even post-pandemic. Brands in this space are expanding with experiential stores in 2022, to make inroads into tier-II and tier-III cities.

It's no longer surprising to find almost every apparel or sportswear brand currently having an athleisure/activewear line, with established brands such as Nike, Adidas, Reebok and Puma leading the fray. During the pandemic years, a number of new brands and direct-to-consumer startups too, had taken the online route to notch up sales.

According to Ankur Bisen, senior partner and head (consumer, food, and retail), Technopak Advisors, the segment witnessed around 15% growth during the pandemic and would continue to grow at a similar rate this year. Analysts peg the Indian athleisure market at over `54,000 crore.

'Stretching' beyond metros

Brands such as Jockey and Enamor, which started off as innerwear specialists, have seen athleisure become their fastest-growing segment, and are now looking to expand outside metros, moving into tier-II and tier-III cities. Karthik Yathindra, chief marketing officer, Jockey India – Page Industries, shares that Jockey Athleisure and Jockey Move currently are mainstays in the overall portfolio, across all sales channels. The athleisure range currently contributes to about 25% of the company's revenue. "We are present in about one-fifth of the geography of India, and our target is to amplify our presence five times over in our key markets," he says.

In the case of Enamor, the category contributed 8% of overall sales until the pandemic, but it has since grown to over 25%.

Furthermore, both ASICS India and Jockey have expanded their respective offline retail footprint with a special focus on tier-II/ III cities. While ASICS has 738 Multiple Brand Outlets (MBOs) and shop-in-shop points currently, Jockey plans to grow from more than 60,000 outlets at present to over 1,00,000 outlets this fiscal.

Rajat Khurana, managing director, ASICS India and South Asia, says the sportswear brand leverages the omnichannel approach, operating a franchise business model while also being present on online marketplaces like Amazon, Flipkart, Ajio, Myntra and Tata CLiQ. It has also opened a dedicated experience zone for some of its products.

Leading brands such as Puma and Nike are also upping the ante on experiential stores. Puma launched its largest digitally-enabled experiential store in October last year, in Delhi-NCR. The brand has a similar store in Bengaluru, where shoppers get access to Puma products on an interactive screen that allows for virtually scanning products, placing an order directly from the warehouse, and having it delivered home. Enamor, too, began the concept of experiential retail three years ago with metro cities and is now expanding it to tier-II cities, shares Shekhar Tewari, chief category and operations officer, Modenik Lifestyle (the parent company of Enamor).

Pushing limits

Analysts say that while experiential centres showcase the complete brand identity and help engage with customers better, these are not necessarily sales-driving outlets.

Furthermore, despite the trend of athleisure seeping into the larger psyche of apparel purchasing behaviour, Bisen of Technopak says the challenge is to maintain price competitiveness in the face of inflation. Spandex, nylon and acrylic, the most essential fabrics for athleisure wear, rely on petrochemical materials and plastic derivatives, and with oil prices shooting up, the price of athleisure products would, in turn, be affected. The current average ticket size for athleisure is 900-1,599.

While the segment may continue to grow in the coming years, Harminder Sahni, founder and MD, Wazir Advisors, cautions that with fierce competition in the space and low entry barriers, it will be tough for any single brand to dominate the market.

Source: financialexpress.com– Apr 19, 2022

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