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INTERNATIONAL NEWS

China's economy weakened amidst signs of further global contraction

The European Central Bank delivered an unprecedented three-quarter-point interest-rate hike this week, and another steep adjustment next month remains a distinct possibility in an escalating assault on rampant inflation.

Newly appointed UK Prime Minister Liz Truss laid out plans to rescue an economy in its worse state since the 1970s. On Thursday, Britons were shaken by news of the passing of Queen Elizabeth II.

In Asia, China's economy showed more signs of weakening as export growth slowed, while Japanese households cut back on spending.

Here are some of the charts that appeared on Bloomberg this week on the latest developments in the global economy:

Europe

The ECB hiked interest rates by a historic amount and President Christine Lagarde hinted it could do the same again as part of "several" future moves. A second 75 basis-points hike next month would match the two most-recent moves by the Federal Reserve, illustrating the more aggressive approach adopted by ECB officials of late as inflation in the 19-nation euro zone breaks record after record.

UK Prime Minister Truss, the self-styled "disruptor-in-chief" says she's ready for unpopular decisions as she responds to the full-throttled cost-of-living crisis facing households and businesses. Both measures may upset markets over fears of stoking inflation.

European households will benefit from at least 376 billion euros ($375 billion) in government aid to stem whopping energy bills this winter, yet there's a risk the smorgasbord of spending won't bring enough relief. This winter will be grim across the continent. The UK, which already has the highest electricity costs in Europe, is set to see winter bills rocket by about 178%.

Asia

China's export growth slowed more than expected in August and imports stagnated, a sign of a darkening global economic picture and weak domestic growth hit by Covid lockdowns and a property slump.

Taiwan's consumer inflation cooled significantly in August, taking some of the pressure off the central bank as it tries to balance raising interest rates against the need to support the economy.

Japan's households cut back on spending in July while real wages fell again amid a surge in virus cases and a steady increase in the cost of living, suggesting the country's recovery path is still shaky.

US

Household net worth declined in the second quarter by the most on record as aggressive action by the Fed to tame rapid inflation sent stocks plunging. The $6.1 trillion drop pushed net worth down to $143.8 trillion, the lowest in a year.

The latest uptick in labor-force participation may not last long -- the rate is projected to drop to 60.1% in 2031, compared to 61.7% in 2021, according to a report from the Bureau of Labor Statistics. That'd be the lowest since early 1973.

Emerging Markets

Russia may face a longer and deeper recession as the impact of US and European sanctions spreads, handicapping sectors that the country has relied on for years to power its economy, according to an internal report prepared for the government. Two of the three scenarios in the report show the contraction accelerating next year, with the economy returning to the prewar level only at the end of the decade or later.

Mexico's annual inflation surged to the fastest pace since late 2000 in August even as US price growth begins to ease. Inflation has continued surging despite the central bank's 10 straight rate hikes totaling 450 basis points since June last year.

World

China's government data show foreign investment into the economy grew by almost a fifth this year, yet, a look below the 17.3% expansion in the first seven months of the year shows much of the investment into China actually comes from Hong Kong. Foreign companies are still putting new money into China, although the size and speed of that expansion is not as big as some of Beijing's officials suggest.

As Wall Street firms order employees back to the office, the option of working from home remains more popular than ever all over the world, according to a new study. About one-third of US workers would quit or start looking for another job if told to return to the workplace five days a week, higher than the global average.

Source: economictimes.com - Sep 11, 2022

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Signs of dynamic shift as blockchain, AI help trace Xinjiang cotton

There are indications of changing global textile industry dynamics on ground due to the coming into effect of the US ban on cotton from Xinjiang region. It is because international brands are able to monitor and implement total and effective ban on cotton produced in Xinjiang region using latest technologies like blockchain and artificial intelligence (AI).

Several companies like TrusTrace, SupplyShift and TextileGenesis have developed technologies that use blockchain and AI to trace supply chains for fashion labels. Brands can use the platforms provided by these companies to feed all their purchase orders and certifications. Industry sources indicated that brands need to show a complete digital chain of custody to prove conclusively an absence of Xinjiang cotton. If a brand is fully in control of its supply from the farm onwards, it will not be impossible to trace a gene by using the latest technologies.

An industry expert told Fibre2Fashion, “US authorities have complete information regarding genes of Xinjian produced cotton. Technology has made is easier to trace the gene in the entire value chain.” He said that if an exporter purchases yarn from any country, and if the raw material i.e., cotton of a particular lot of yarn is originated from Xinjiang region, then the original gene is very much traceable. By using blockchain and AI, technology companies can conclusively prove that a particular lot of yarn or garment is made from cotton produced in Xinjian region of China or not.

Industry sources said that there is a feeling of uneasiness among exporters who use raw materials imported from various countries. If the gene of Xinjiang region is found in end products at US ports, the authorities will fine heavily. Therefore, a number of technology companies have geared up to provide services to garments’ brands present in the US market.

These brands trace the entire value chain with the help of technology companies. These brands import garments from various exporting countries, and hence they have to monitor supplies not only from China but also from other countries, because exporters can use raw materials imported from any other country.

The ban on Chinese cotton has already influenced cotton prices. Chinese cotton is losing ground due to slower demand. While export of fabrics, yarn and cotton produced in other countries is growing. So, there is a high possibility that the global textile value chain may undergo a paradigm shift due to this development.

With 24.73 per cent share, China was the largest garment supplier to the US in 2021. According to Fibre2Fashion's market insight tool TexPro, Vietnam (17.26 per cent), Bangladesh (8.33 per cent), India (5.11 per cent) and Indonesia (4.04 per cent) were the next four largest suppliers to the US.

However, China's share reduced to 20.90 per cent in the US' total apparel import of $49.755 billion during the first half 2022. On the other hand, the share of the next four apparel supplying countries increased during the period. The share of Vietnam rose to 18.28 per cent, Bangladesh 9.65 per cent, India 6.47 per cent, and Indonesia 6.07 per cent. Thus, the declining share of China in US apparel imports is resulting in an increase in the share of other Asian countries, indicating a dynamic shift in global textile production and trade.

Source: fibre2fashion.com- Sep 12, 2022

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France's manufacturing output falls by 1.6% MoM in Jul

France’s manufacturing output fell by 1.6 per cent in July over the June figure after rising by 0.9 per cent month on month (MoM) in June. It rose by 1.8 per cent year on year (YoY) in the May-July period. The same textiles, apparel, leather and related products fell by 3.9 per cent MoM in July, while the May-July quarter saw a 7.9 per cent YoY rise.

The output in the country’s whole industry too fell by 1.6 per cent MoM in July after rising by 1.2 per cent MoM in June. It fell by 0.2 per cent YoY in the May-July quarter this year.

In July this year, output decreased in most French industries, a note from the country’s National Institute of Statistics and Economic Studies (INSEE) said.

In the machinery and equipment goods sector, manufacturing output fell by 1.9 per cent MoM in July after a 2.8 per cent rise in June.

In the transport equipment sector, manufacturing output fell by 1.8 per cent MoM in the month after rising by 2.9 per cent in June.

On the contrary, output bounced back in the manufacture of coke and refined petroleum, displaying a 1.1 per cent MoM rise in July after falling by 2.8 per cent in June.

Source: fibre2fashion.com- Sep 11, 2022

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ICI Turkiye manufacturing export climate index shows demand standstill

The Istanbul Chamber of Industry (ICI) Turkiye manufacturing export climate index posted 50 in July, pointing to a standstill in export demand conditions. The index dropped from 51.8 in June, putting an end to the improved export climate since February 2021. The main source of increase in export demand was the United Arab Emirates, where non-oil activities continue to rise sharply.

As for the other Middle Eastern countries, economic activity slowed down in Egypt and Lebanon, while Qatar and the Saudi Arabia continued to post strong growth. In Europe, growth continued, though slower in the United Kingdom, Spain, France and the Netherlands. But the output in Germany, Italy, Poland and Greece dropped, ICI said in a press release.

In Germany, the biggest export market of the Turkish manufacturing industry, economic activity decreased for the first time since the beginning of the year, the highest decrease since the first wave of the COVID-19 pandemic. Private sector activity in the United States returned to the contraction zone. The output decreased for the first time in more than two years, the highest drop since May 2020.

The index measures the operating conditions in the key export markets of the Turkish manufacturing sector. A figure above the 50 no-change mark signals an improvement in the export climate, while the figures below signals deterioration.

Outside the Middle East, the fastest output rises were seen in Asia, with a significant growth in India, Singapore and Thailand. China also saw a rise in economic activity for the second month in a row after the pandemic restrictions were loosened.

The sharpest drop in output was in Poland. The demand in Taiwan, Kenya and the Czech Republic also slowed down.

Source: fibre2fashion.com- Sep 11, 2022

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Cambodian exports up 47 per cent, yet outlook grim

Between January 2022 to July 2022, Cambodia's exports rose 47 per cent compared to the same period a year earlier.

But due to the signs of an impending recession in the US and Europe, demand and purchase orders have seen significant drops in the second half of 2022.A quarter of garment manufacturers in Cambodia are looking to partially suspend operations in September or may require their workers to work less hours. Operations in some 100 factories are suspended, affecting around 10,000 workers.

The entire sector, consisting over 1,200 garment, travel goods and footwear manufacturers, employs about one million workers, making it the largest employment segment in the country.

Although demand for garments is usually inelastic, or less sensitive to changes in income, sharp drops resulting in a global recession would be felt in small nations, such as Cambodia.

A multiplicity of negative factors ranging from geopolitical tensions to economic uncertainty to extreme weather patterns suggests that the next six months look bleak for global growth and Cambodia's garment exports to the US and EU.

Though the outlook is grim, as reflected by the western purchasing power and a slowdown in purchase orders, diversification of export markets and production are key to avoid similar problems in future. While Cambodia's growth has been remarkable, it is insufficiently diversified in products, markets, and factor inputs.

Source: fashionatingworld.com- Sep 10, 2022

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Global recovery is sending flares as manufacturing takes a hit in Asia

As policy makers vie to claim the mantle of hawk-in-chief, spare a thought for what we like to think of as the recovery. It's hard to think of an economy that's traveling comfortably, let alone doing well. All the attention devoted to inflation slaying is muting some disturbing signs on the growth side of the equation.

Many central bankers say the best way to safeguard the economy is to contain price rises. They are really referring to prospects over the medium-to-long term. Their insistence on ratcheting up interest rates in big steps and lecturing about the bad old days of the 1970s — when borrowing costs were relaxed too soon and high inflation became entrenched — means that faltering growth now is a secondary concern, at best.

Authorities aren't quite saying an imminent downdraft is a fair price to pay. Perhaps they don't have to. Some important ingredients are present, nonetheless. The past week has been a tough one for optimists: China's export growth slowed dramatically in August and imports barely stayed the right side of zero. While Beijing's strict Covid strategy bears some blame for this poor outcome, it's worth remembering that trade had been a bright spot for China's otherwise troubled economy even as some major urban centers were locked down. All that monetary tightening outside China — Beijing is scrambling to put a floor under growth — might be starting to bite. That's the point.

A weakening global picture is hurting the place that so often made world growth look good. Beyond China, powerhouses in Asia are suffering. Surveys of purchasing managers in Taiwan and South Korea showed manufacturing contracting. Factories tapped the brakes in Japan, too, but remained in expansion mode.

So profound has been the shift to inflation-fighting in the euro zone that it was easy to miss the significant cuts to growth forecasts unveiled by the European Central Bank on Thursday. Gross domestic product will likely increase 0.9% in 2023, the ECB said, a projection that is still more optimistic than most predictions. Bloomberg Economics sees an advance of only 0.4%. The region's energy crisis makes a contraction before the end of next year a fair bet. None of this is deterring the ECB from entertaining another jumbo rate hike to follow Thursday's 75-basis point move. "Inflation remains far too high," ECB President Christine Lagarde said.

Federal Reserve chair Jerome Powell stuck to his hawkish line the same day, speaking of the need to act "forthrightly, strongly." He broke little new ground, but hardened expectations of a third consecutive 75-basis point hike next week. Will anyone stand up for growth or countenance the prospect of overkill? That's what makes a speech the previous day by Lael Brainard so interesting. The Fed vice chair didn't break with the party line, nor could she be expected to, but she did shade around the edges of the bank's uber-hawkish stance.

Brainard said borrowing costs need to turn restrictive, while conceding risks would become more two-sided in the future. "The rapidity of the tightening cycle and its global nature, as well as the uncertainty around the pace at which the effects of tighter financial conditions are working their way through aggregate demand, create risks associated with over-tightening," she told a conference in New York. Brainard is probably the most internationally minded member of the Fed's leadership team. She was the Treasury's top financial diplomat and has tried to steer the central bank to a greater appreciation that what happens beyond America's shores matters.

When she was chair, Janet Yellen took umbrage with the idea that economic expansions die of old age. That's a myth, she declared in 2015 after the Fed hiked rates for the first time in almost a decade. Her predecessor, Ben Bernanke, has quipped that central banks tend to murder them. Will the current global version survive infancy, much less reach adolescence? If not, post-Covid supply-chain travails and inflation should be added to the rap sheet.

China's economy pulled out of 2020's tailspin sooner than its peers and had a robust year to follow. That reflation has run its course, and policy makers across the globe should be more concerned. The almost uniform desire to "front load" tightening is likely accelerating a downturn that just seems to be shrugged off as the price of doing business. The workshop of the world is sending an S.O.S.

Source: business-standard.com- Sep 12, 2022

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Bangladesh: BGMEA chief eyes partnership with Indonesia

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan has said Bangladesh and Indonesia need to view each other as comprehensive friends and partners and expand collaboration to prosper together.

During his meeting with Indonesian Ambassador to Bangladesh Heru Hartanto Subolo on Sunday, the BGMEA chief said collaborative engagement is needed to identify the opportunities and ways to realise them.

BGMEA Vice President Shahidullah Azim, Director Barrister Vidiya Amrit Khan and Chair of BGMEA Standing Committee on Foreign Affairs Shams Mahmud were also present at the courtesy meeting held at the embassy, reports UNB.

They discussed various trade-related issues with special emphasis on possible avenues of collaboration between Bangladesh and Indonesia to unlock mutual trade potential.

They also talked about how both countries can complement each other for the development of the RMG and textile industry.

Bangladesh's RMG sector has attached due importance to the diversification of products, especially high-value non-cotton apparel and technical textiles, according to the BGMEA.

While the Indonesian textile sector can meet the demand of Bangladesh's RMG sector for man-made fibre, Indonesia can import ready-made garments from Bangladesh, said the BGMEA chief.

It would create a win-win situation for both countries, he added.

The BGMEA President invited the Ambassador to the "Made in Bangladesh Week" and also Indonesian RMG and textile businessmen to participate in the weeklong event.

BGMEA in partnership with Bangladesh Apparel Exchange will organise the mega event in Dhaka on November 12-18 this year to promote the apparel industry of Bangladesh globally and showcase its strengths.

Source: thefinancialexpress.com.bd- Sep 11, 2022

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Pakistan: Cotton market: Spot rate shows no change amid modest business

The rate of cotton in Punjab is in between Rs 22,000 to Rs 23,000 per maund. The rate of Phutti in Sindh is between Rs 6,000 to Rs 8,000 per 40 kg. The rate of Phutti in Punjab is in between Rs 8,000 to Rs 11,000 per 40 kg. The rate of cotton in Balochistan is in between Rs 17,000 to Rs 18,000 per maund.

400 bales of Saleh Pat were sold at Rs 21,000 per maund, 2000 bales of Tando Adam were sold at Rs 18,000 to Rs 20,800 per maund, 600 bales of Shahdad Pur were sold at Rs 17,500 to Rs 18,000 per maund, 400 bales of Nawab Shah were sold at Rs 18,000 per maund, 2800 bales of Haroonabad were sold at Rs 23,000 to Rs 23,500 per maund, 600 bales of Faqeerwali, 400 bales of Fort Abbas, 1000 bales of Yazman Mandi, 400 bales of Bahwalpur were sold at Rs 23,000 per maund, 600 bales of Mian Channu were sold at Rs 22,300 to Rs 22,500 per maund, 400 bales of Layyah were sold at Rs 22,600 per maund, 400 bales of Toba Tek Singh were sold at Rs 21,600 per maund, 400 bales of Shujabad were sold at Rs 23,000 per maund and 400 bales of Chichawatni were sold at Rs 22,000 per maund.

The Spot Rate remained unchanged at Rs 22,000 per maund. The Polyester Fiber was available at Rs 300 per kg.

Source: brecorder.com- Sep 09, 2022

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NATIONAL NEWS

Hopeful for two more FTAs by end of this year: Piyush Goyal

India is hopeful of wrapping up negotiations for two more free trade agreements (FTAs) by the end of this year, on top of the two deals — with the UAE and Australia — that were clinched earlier this year, according to commerce and industry minister Piyush Goyal. New Delhi and London have been eyeing an FTA by Diwali (October 24), while another trade deal with Canada is expected to be sealed by December.

Addressing an event hosted by the US-India Strategic Partnership Forum in Los Angeles, Goyal said India and the US, too, desire to further bolster economic relations and strategic partnership. The US is India's largest export destination. Its exports to the US jumped almost 48% on year in FY22 (albeit on a favourable base) to $76 billion, while its imports surged 50% to $43 billion.

Moreover, India and the GCC (Gulf Cooperation Council) members have almost finalised the terms of reference for launching trade negotiations soon, the minister said. The GCC comprises six countries — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

Trade agreements are a part of India's broader strategy to almost triple its exports to $2 trillion by 2030. New Delhi's FTA negotiations with key economies gained traction after it pulled out of the Beijing-dominated RCEP talks in November 2019. India signed an FTA with the UAE in February, its first with any economy in a decade, and a 'substantial' interim trade deal with Australia in April.

Goyal highlighted India's bid to firm up FTAs with a number of advanced economies, including the UK, Canada and the EU, and the opportunities these deals will create, especially in labour-intensive sectors like textiles and garments. The country is on course to emerge as a $30-trillion economy in the next 25-30 years, he said, exhorting the Indian diaspora to take advantage of the immense investment opportunities that the country presents.

Although the Diwali deadline for the FTA with the UK was set in April, the political churnings in London following the resignation of then prime minister Boris Johnson slowed down the pace of talks a tad. Moreover, with the death of Queen Elizabeth-II and the consequent 10 days of national mourning in the UK, the final leg of the negotiations may see a delay of a few days. Nevertheless, official sources expect negotiations to gather pace once the mourning period is over so that the Diwali deadline is adhered to.

The formal negotiations for the FTA with the UK started in January, which could ultimately cover more than 90% of tariff lines. Both sides aim to double bilateral trade of both goods and services to about $100 billion by 2030. Key goods that are shipped to the UK include garments, pharmaceuticals and electrical machinery.

But the India-UK trade is dominated by services, which make up about 70% of the overall annual commerce. As for the FTA with Canada, both the countries resumed negotiations for it in April after a gap of almost five years and agreed to intensify work towards ensuring greater market access. This FTA will likely include high level commitments in goods, services, rules of origin, technical barriers to trade, and dispute settlement.

India’s exports to Canada stood at $3.8 billion in FY22, while its imports hit $3.1 billion. Major exports include pharmaceuticals, chemicals, garments, gem & jewellery and steel.

Source: financialexpress.com – Sep 11, 2022

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Both India and USA desire to strengthen economic relations & strategic partnership: Shri Piyush Goyal

Union Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today reaffirmed the desire of both India and USA to continue to work towards strengthening economic relations & strategic partnership. He was addressing the event hosted by US-India Strategic Partnership Forum in Los Angeles.

Shri Goyal reaffirmed that both the Government of India and the Government of USA desire to strengthen economic relations & strategic partnership, adding that the strong bond with the people of the United States will transcend into business and government very rapidly.

Touching upon the growth story that is unfolding in India, Shri Goyal mentioned that two FTAs have already been finalised this year, and hoped for the conclusion of at least two more FTAs by the end of this year.

Reiterating that India is expanding its international engagements with countries across the globe, Shri Goyal noted that having lived, worked and benefited from countries like the US, our Indian diaspora understands the importance of international engagements.

The minister emphasised that working with 30 million Indian diaspora all over the world and working with friendly countries like the US and Europe can significantly change the course of history. Further reiterating that India is on course to becoming a USD 30 trillion economy in next 25-30 years, he asked the Indian diaspora to grab the opportunity that the growth story of India offers.

The Minister said, the inauguration of 'Kartavya Path' aptly reflects the growing aspirations of young India and showcases to the world an India of tomorrow, an India that is going to follow both, the path of duty and aspire for big things in life.

The Minister said that Prime Minister of India, Shri Narendra Modi articulated his vision for a developed and prosperous India in the next 25 years when we celebrate 100 years of Independence. He further added that the foundation and structure for this has been laid.

Urging everyone to be a part of Amrit Kaal, that is India's journey towards a prosperous nation, Shri Goyal expressed confidence that together with their efforts and the efforts of 130 crore Indians, will showcase to the world a new India aspiring for bigger goals while following the path of duty.

Source: pib.gov.in– Sep 10, 2022

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Indo-Pacific Economic Framework (IPEF) for Prosperity ministerial meet was inclusive and fruitful: Shri Piyush Goyal

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal said that fruitful discussions had been held over the course of the Indo-Pacific Economic Framework (IPEF) Ministerial meeting to bring together a group of likeminded, rules-based, transparent countries with a shared interest in an open Indo-Pacific region.

Highlighting that India had engaged very exhaustively in all the various streams of discussion, Shri Goyal said that on three out of four pillars related to supply chains, tax and anti-corruption and clean energy, India was comfortable with the outcome and text and have joined the declaration.

On one pillar, which deals primarily with trade, the Minister said, the contours of the framework - particularly on commitments required on environment, labour, digital trade and public procurement — are still emerging.

We have to see what benefits member countries will derive and whether any conditionalities on aspects like environment may discriminate against developing countries who have the imperative to provide low cost and affordable energy to meet the needs of our growing economy, the Minister said.

Shri Goyal also underscored that India was in the process of firming up our own digital framework and laws, particularly regarding privacy and data and said that therefore India, while continuing to engage with the trade track in the IPEF, will wait for the final contours to emerge. In the meantime, officials will be participating in the discussions with an open mind and in the best interest of the people and businesses in India, he added.

Responding to a query, the minister said that certain responsibilities of the developed world should also be an integral part of any such agreement and that is a matter that will require deeper engagement.

Shri Goyal also complimented all the member countries for the speed with which, from launch in May 2022 to first ministerial laying down the broad contours of future engagements have been drawn up in September. The Minister also complimented the US and both the US Commerce Secretary Gina Raimondo and US Trade Representative Ambassador Katherine Tai for their unwavering commitment in making IPEF a success and for the inclusive nature of discussions that we have had. They have both been very supportive to India throughout the discussions and negotiations, he said.

The Minister expressed confidence that together this group of 14 countries will define the rules of trade among countries which believe in fair play, transparency and rules-based trading in the future.

Shri Goyal also met Australian Trade Minister Don Farrell on the side-lines of IPEF meet in Los Angeles today.

“Our trade and investment ties have strengthened with the signing of Economic Cooperation and Trade Agreement. Discussed ways to further boost bilateral trade & cooperation under the IPEF”, he tweeted.

The Minister interacted with Coordinating Minister of Economic Affairs of Indonesia, Airlangga Hartarto on the side-lines of the Ministerial meet.

“Discussed expanding bilateral trade & investment under IPEF, giving further impetus to economic cooperation between India & Indonesia”, the Minister tweeted.

Shri Goyal also visited the Los Angeles Port, one of the busiest seaports in the world.

“It is the right time to invest in India's ports sector that is being expanded & upgraded to strengthen logistics. India & US look to deepen trade & investment ties & build resilient global supply chains”, he tweeted.

Source: pib.gov.in– Sep 10, 2022

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Report to restructure commerce ministry under study; idea is to set up trade promotion body: Goyal

The commerce ministry is in the process of studying in greater detail the report on its restructuring and there is a plan to set up a trade promotion body, Union minister Piyush Goyal said on Sunday.

The ministry is working to redesign the Department of Commerce as India is targeting exports of goods and services to USD 2 trillion by 2030.

The restructuring rests on pillars like increasing India's share in global trade, assuming leadership roles in multilateral organisations, creating 100 Indian brands as global champions, and setting up economic zones in India to strengthen the manufacturing base and attract greater investments.

"We are in the process in the commerce ministry to redesign the structure of the ministry. And one of the ideas before us is to set up a trade promotion body, similar to Invest India, which will promote trade from India, for India," he told reporters here.

Invest India, under the ministry, is an agency which facilitates investments into the country.

He added that the Directorate General of Foreign Trade (DGFT), which currently looks after exports, import related issues, will have certain other roles more like a facilitation unit and trade promotion body will focus on promotion.

"Ideally, we would like to pattern it (trade promotion body) on the lines of Invest India with a flavour of independence, autonomy and like a private sector organisation so that it can genuinely work in close partnership with business and industry worldwide," Goyal said.

Last month the minister released the 'Department of Commerce Restructuring Dossier' in New Delhi.

"We have just received a report suggesting the new form of the ministry. And we now go through the process of studying the report in great detail and coming up with the overall plan for restructuring and rewriting the way commerce ministry functions," he said.

The 14 volumes of the report has defined the role of each section within the department and lays down the expected outcomes and key performance indicators.

When asked about the new foreign trade policy, Goyal said that the ministry is working on the contours of the policy.

The existing policy (2015-20) will end on September 30. The new policy is expected to be released before that.

In the policy, the government announces support measures for both goods and services exporters.

During April-August 2022-23, exports registered a growth of 17.12 per cent to USD 192.59 billion. Imports during the five-month period of this fiscal grew by 45.64 per cent to USD 317.81 billion, according to a preliminary data of the ministry.

Trade deficit widened to USD 125.22 billion in April-August this fiscal as against USD 53.78 billion in the same period last year.

Source: financialexpress.com– Sep 11, 2022

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India to become a powerhouse driving global growth by 2047: Shri Piyush Goyal

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal said that India is on the path to become a powerhouse driving global growth by 2047. He said this while interacting with the Business Community of Southern California.

In his address, the Minister said conclusion of the Indo-Pacific Economic Framework (IPEF) IPEF is an important milestone for free and fair trade with like minded countries, who share a common objective to have rule based international order and a transparent economic system. Politically stable and open economies in the Indo-pacific are coming together to expand economic activities amongst each other, he added.

Addressing the gathering, Shri Goyal said the transformational work happening in India has taken the country to the 5th spot among world economies. Assessing the impact of the foundational changes and structural transformation that has happened in the last few years, Shri Goyal mentioned that CII estimates India in 2047 to be a USD 35-45 trillion economy, taking India into the league of developed nations.

Emphasising that India today is a land of opportunities and a potential market for the business community in the US, he noted that India has the advantage of demographic dividend and its aspirational young population provides a huge opportunity for growth. Shri Goyal mentioned that India is also rapidly transitioning to clean energy, adding that we aspire to achieve 500 GW of green energy capacity by 2030.

The Minister said that India's Prime Minister Shri Narendra Modi has brought political stability to the country and under his leadership we have a government that is - decisive, willing to take strong decisions in the interest of prosperous India, balances public good and social welfare for needy deprived section and at the same time also empowering 1.3 billion citizens become better citizens and contribute to economic growth and development of the country. Speaking about welfare measures taken by the Government in the last few years, Shri Goyal said the government has been able to meet basic needs of people - food security- shelter and access to toilets.

“We are proud to be the mother of all democracies. We are proud to have a vibrant judiciary and rule of law, robust media, and transparent Govt systems”, said Shri Goyal.

Noting that India today has emerged as the trusted partner of the World, Shri Goyal said India has now emerged as a high quality manufacturer of valuable goods and services, given the skillsets and the talent pool available across sectors- IT, textiles, hospitality, gems and jewellery and added that each one of these would provide opportunity for investors looking to engage with India.

Addressing the gathering, Shri Goyal said as we embark on our journey towards making India a developed nation by 2047, it is important for us to reflect on where we see India in the next 25 years.

Recalling that Prime Minister Modi has recently emphasised on Kartavya, bringing a sense of duty to every countrymen, Shri Goyal called upon all the stakeholders- Indians and Indian Diaspora, to take upon themselves the duty to work collectively and make collective efforts, towards the fulfilment of our resolve of becoming a prosperous and developed nation by 2047.

The Minister concluded his address by urging everyone to use ODOP products for every occasion adding that if the Indian diaspora across the globe gives preference to Made in India products, crores of Indian artisans will be supported for a better tomorrow.

Source: pib.gov.in– Sep 11, 2022

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To become a developed country, India has to expand international engagement: Piyush Goyal

How should one understand IPEF, conceptually and practically? It is an unusual arrangement. It is not a free trade pact. This has led to skepticism that it is more symbolic than substantive.

Traditionally, trade was always part of free trade agreements and robust trade arrangements meant trade and duty concessions. The world is changing now. The impact of duties is gradually reducing. On almost all imports into countries, particularly of critical items where you want free trade, import duties have reduced quite significantly. Of course, free trade agreements (FTAs) will continue to have their importance and we will see lot of those in the future. But strategic partnerships and relationships are going to define engagement in the future. The fact that you are an ally, a friend, a trusted partner is going to become increasingly important to drive investments from one country into another. So if, say, we are trying to invite high-tech industries from the United States (US) to India, when they see us as a part of the grouping with the US on an important initiative like IPEF, when they see the kind of commitments that countries within IPEF are making to each other, there will be more comfort in working with these countries.

The important element of countries which have become members of these is that we believe in free trade, we believe in transparent government, in rules-based business and trading arrangements. That is what truly differentiates IPEF and its member countries from the rest of the countries in the region. And that all of us are working to strengthen each other's economies, create jobs, and drive investments in each other's countries. It is a very exciting future we are looking at.

If we are talking about trust, strategic partnerships, and rules-based order, why don't we name China?

We don't have to name one country or the other. Those who have become part of the grouping are all countries which believe in and trust each other. We all have very transparent trading arrangements. All those who agree and work within those principles are part of this agreement.

But many of these countries are also economically very integrated with China. Do you think there is a degree of diffidence in naming China to cater to this sensitivity?

Countries which are part of this have come consciously of their own free will. They all want to engage more with others like us and America who are very strongly wanting to establish rules of trade which are transparent, fair and provide equal opportunities for all. And those who have come into IPEF, who may also have strong trading relations with other countries, recognise the strength of this grouping and want to be a part of it.

India joined three pillars and stayed out of trade. Why?

At this stage, we have not yet made up our mind about the first pillar of trade because there is a possibility that it may involve certain binding commitments, it may involve elements on environment and labour which have traditionally not been a part of our agreements. We have recently started engaging with countries on environment, gender, digital trade and such areas in FTAs. Digital and data policy is currently being finalised. On environment, we are on very strong footing and are very committed to getting climate change sorted out. But we are also conscious that the developed world should contribute in terms of low-cost long-term financing and technology, on which we have been clear right from Paris.

We also believe in sustainable lifestyles to reduce waste. We have a certain set of thoughts that we would like to see if this grouping is comfortable with and are willing to work around those principles. At that stage, we can consider joining that pillar also. At this stage, there was very little time, we were finalising statements of the ministerial. We were engaged in the drafting of the statements but we wished to have more discussions before we finalised our mind on it.

So the door is not closed.

Absolutely not. Going forward, our officials will be a part of the negotiations and discussions on the first pillar also. All the member countries are really deep friends. The US and India are closer than ever before. We are strategically engaged with each other in many areas. Two Quads – something that has never been thought of before. We are working closely through the Trade Policy Forum on which many of the issues that are a part of IPEF's trade pillar are already a part of our negotiations at

TPF. We have a very vibrant commercial dialogue which (US Secretary of Commerce) Gina (Raimondo) leads. In any case, we are engaged on all these subjects. So I don't see any great difficulty going forward and becoming a part of the trade pillar also. We would like to take domestic sensitivities into consideration before we take a decision.

To turn to the first leg of your trip here, you spent time in the Bay Area and engaged with semiconductor companies. What was your takeaway?

One thing is clear. They are all very excited about the India opportunity. Another thing that came out clearly is that elements of that industry are already present in India in big measure and growing. Companies have their R&D (research and development) centres, design centres. They have actively been ramping up their hiring in India. Jobs are being created in the semiconductor space on R&D and design. The logical next step would be if we can get packaging and testing into the ecosystem in India and simultaneously look at creating a dedicated talent pool which understands semiconductors, which is already happening due to the R&D centres. Coupled with that, I realised that there is a huge presence of Indians in the semiconductor industry locally in California. One of the companies that manufactures equipment and also does a lot of research told me that 60% of their revenue is driven by Indians. I believe that India will very naturally and seamlessly be a partner of choice going forward. But it also means there is a process. It doesn't mean that there is a building block you bring in and establish. One will have to evolve the ecosystem and with that get the semiconductor industry.

So India's success in this sphere should not be judged on whether we get a fab or not but whether we can strengthen the ecosystem.

What's important is certainly not the fab as I have understood it from my engagements. Fab can be there, it may take time to come. What is important is that you are a part of the supply chain, part of the whole ecosystem where countries are trading among trusted partners. And that's where frameworks like IPEF matter. If they are comfortable with design coming in from India, R&D happening in India, it means you are part of that supply chain. So going forward, whether the fab is in India or Japan or America, all of us will be working as one team.

Did this come up in the bilateral discussions too with your US counterparts?

We discussed many issues. Of course, Gina Raimondo has been instrumental in getting the CHIPS Act passed, which is probably one of the first pieces of legislation where bipartisan support was visible. They are putting in $40 billion to support the semiconductor industry. India already has a programme where we are providing $76 billion to support the industry. In a way, our thinking is quite aligned.

You also engaged with the start-up investor community here. India has had some notable successes in recent years. Do you see the momentum sustaining or is it plateauing now?

On the contrary. It's not about sustaining the momentum. From what I hear and what I have understood from local investors and the venture capital funds, they are very excited about the India opportunity and see huge potential going forward. They have shared with me their plans in many cases for India. Almost every fund has an India presence currently. And we in India are working towards creating a bridge between California and India because we believe that there is a lot more opportunities there, which, if presented to Californian investors, will actually help us increase the investment appetite from here.

What needs to be done on the domestic front to enable this?

We have received some ideas on certain policy initiatives that we could take in India. We will certainly examine them once I get back. We are also looking at mentorship programmes between India and California, which will a) help our startups align their thinking with the thinking of investors here, b) upgrade their knowledge and c) make them future-ready, make them ready to engage with the rest of the world.

Some of the senior leaders of the industry, particularly from TIE or Indispora or USIBC and other such groupings, have indicated their serious interest to also work with Indian companies, particularly startups, to give back the knowledge that they have acquired here. There is a 200,000 IIT alumni across the world, including in India.

We are now looking at ways and means to tap that alumni network, which is worth its weight in gold or platinum or diamond, and all of them put together. And they are very committed. They are very conscious that they got their basic education out of the wonderful systems in India. And they want to give back, they want to participate in the emerging India story.

I want to switch gears and ask you about India's recent trade figures. Why are exports down and imports up?

Exports aren't down. Exports are up about 15 to 17% in the first five months compared to last year. So the export momentum is continuing. By the way, 15% increase in export is not a small number. It's pretty high in the normal terms. If you look at world trade also, it's not growing at this pace.

In terms of imports, it's a very logical story. I have been assessing the numbers. Our petroleum imports, and we are pretty much dependent on imports for petroleum products in India, are almost double of what it was last year.

Prices are high and economic activity is quite high in India, which clearly means good things are happening. If petroleum products are needed in volume, much more than what they were last year, it is indicative of the bounce back in the economy.

I also see a lot of imports on cooking coal and raw materials like copper, which is also indicative of significant economic activity. There has been an increase in machinery and inputs coming into the electronic industry also, which augurs well for the future, particularly when we are trying to create an electronics ecosystem or manufacturing base in India. So I am not very concerned about the increasing imports.

International trade has both elements, import and export. There are many issues where imports are very essential to the economy. We have a huge surplus in the services side, particularly with IT exports doing very well. Tourism, hospitality, travel having come back, we expect service exports to also show a significant bump up this year, beyond the norm. And therefore, at an aggregate, we will not be very bad off in terms of the trade deficit.

Why are imports from China still increasing?

Number of items where there are essential imports also from China, like rubber, pharma APIs or KSMs. A number of products where, in the past, the demand was not seemingly very large and people continued to import, now with the increased imports, I think investors will also see an opportunity in India.

The PLI schemes have just started kicking in. In fact, I believe yesterday or day before the first cheque on the PLI schemes of the ministry of electronics and information technology was written out. I think PLI is going to be crafting a new economic future for manufacturing in India. And, this increased import gives a clear signal to investors that there is a market, there is demand, and that will obviously encourage investments.

So you think that as investments grow, manufacturing increases and we find alternative supply chains, our dependence on China will reduce?

We have to let this play out. The government doesn't drive imports from one geography or the other. Of course, through our FTAs, we will be encouraging through duty-free imports high quality products coming in from our trading partners, where we are doing FTAs.

Personally, and as a government, we are focusing a lot on quality consciousness. The prime minister has brought the attention of the nation to the fact that Indian consumers should get quality products and India should be recognised the world over as a quality manufacturer of goods and services, supplier of services, as well as a country which is a demander of quality, not just which is looking at very low-cost products.

I think once that consciousness comes in and we get out of that old-age theory, where we had a set of products for export and a set of products for the domestic market, we are gradually getting that out of the minds of the people and in our trading system. Every product and every service from India should be high quality. That’s our aim.

You mentioned FTAs. When the Atmanirbhar campaign was launched, there was increase in some import tariffs, and we stayed out of our RCEP, there was this criticism that India is turning protectionist.

But you have, in the last year, signed two FTAs and negotiations are ongoing with many others. So how do you strike this balance between strengthening our domestic ecosystem while not being protectionist and embracing the world?

First of all, Atmanirbhar Bharat does not mean that we are anti-imports. I am on record more than once to say that we are actually opening the doors wider for international trade. And when we talk of international trade, it is imports and exports. Every country has its competitive strength in certain areas. India will have its competitive strength, let's say in textiles and footwear and pharmaceuticals, and many other products. But there may be other countries who have their strengths in certain areas, which are needed in India.

I think we should exploit the world's capabilities, get the best in our country, continue to support domestic business and industry to see what more we can do in India competitively because ultimately we also have to satisfy our consumer and the customer. So protectionism cannot be at the cost of consumer satisfaction.

Atmanirbhar Bharat has two elements. One is, of course, promoting domestic business and industry from a perspective of ensuring that they get an opportunity for fair competition, particularly with certain countries that don't have very transparent trading systems. But it also has an element where we are appealing to the Indian consumer, Indian business community, people of India to give a preference to Indian products as do many other countries.

Today you see after prime minister launched the Atmanirbhar mission, every other country in the post-Covid world has realised that what he spoke about five years, seven years ago was the right way. And now everybody is changing track, not necessarily becoming protectionist, but ensuring resilient supply chains, ensuring that their dependence is not such that it can cripple their economies.

And our approach is the same. We want to be self-sufficient wherever we can, but wherever we depend on imported goods, we want that to be through our partners who will not let us down at the time of need.

So what has driven this new energy on FTAs over the last year?

Our understanding that as the country today aspires to be a developed nation – and the PM has given a clarion call from the ramparts of the Red Fort as we celebrated 75 years of independence that India is now ready set to go; the next 25 years, Amrit Kaal, is going to define our future, it's going to be a golden period taking us to a developed nation. In this period where the country is engaging with the rest of the world, from a position of strength, our understanding is that unless we expand international engagement, we will not become a developed country. If you look at the history of nations, all those who expanded their international operations on trade are the ones which today are developed nations. All those who looked inward only have remained relatively less developed or didn't get the fruits of development as much as they could have.

What's been the most interesting and challenging thing for you personally while negotiating these free trade pacts?

I think FTAs are not for the short term. When you're finalising a FTA, you have to actually crystal-gaze into the future, many, many, many decades ahead. And you have to look at the wide span of possibilities. So if I am doing an agreement with country X, I have to also look at all their other FTAs to assess what could be the impact of what can come from a third country via the country with whom we are working.

I have to look at what India will need 20 years, 30 years, 50 years ahead; any decision taken now, what it could mean in terms of good or bad for the country, many, many, many years into the future. So it's a very fascinating exercise, both of the mind and also very often, somewhat modeling and crystal gazing into what can happen, what could be the possibilities.

So it's a stimulating exercise. I have some wonderful teams working in commerce particularly, but along with that, engaging with all the other ministries who are all quite aligned with this thinking that is the prime minister's vision for India. So it's a tremendous satisfying role and great learning experience.

How do you convince domestic stakeholders, many of whom are traditional BJP supporters, whose economic interests will get affected one way or the other, to get on board with this thinking?

Prime Minister Modi has always believed in extensive stakeholder consultation before taking any decision on international trade. So RCEP (Regional Comprehensive Economic Partnership) was something about which the entire Indian business community was extremely disturbed and worried. And we saw that when we did the stakeholder consultations across the country.

The PM had tasked me to go across to different sectors and understand what does the business community and the people need. And the messaging all across was that since we already had an FTA with Japan, Korea and the ten ASEAN countries, effectively, this agreement would have given China a big foothold into India.

And, China, with its current trading policies, was really not somebody with whom we wanted to do an FTA. Keeping that in mind, we decided not to join RCEP. And that came from the sensibilities of the domestic industry that were reflected in our stakeholder consultation.

Subsequently, we have done agreements with UAE and Australia. And again I had very, very extensive stakeholder consideration. So I dare say you will not find a single article or an editorial, which criticised the India-UAE or India-Australia pact because the entire industry was on board so much – so that we had industry segments telling us they want this agreement, rather than industry normally being hesitant to open up trade.

We had industry segments telling us we are fine with zero duty on imports of our products and we can compete with the best in the world, with a caveat that the other party should believe in honest trade and should not be undercutting or should not be giving subsidies without transparency. As long as it's honest, free trade Indian industry can compete with anybody in the world.

And, even for the UK, Canada and the EU FTAs, which are currently under negotiation, we have had huge amount of consultations. It starts with the officials consulting line ministries; officials of line ministries and commerce consulting private sector and industry participants; then, at secretary level, we have a lot of consultations, both inter-ministerial and with the associations and sector-specific companies or organisations. And finally, I also engage with a number of industry associations and sectoral groups to be clear in my mind that nobody is against the FTA or if they have any sensibilities or any suggestions, we take that on board while finalising it.

Source: hindustantimes.com– Sep 12, 2022

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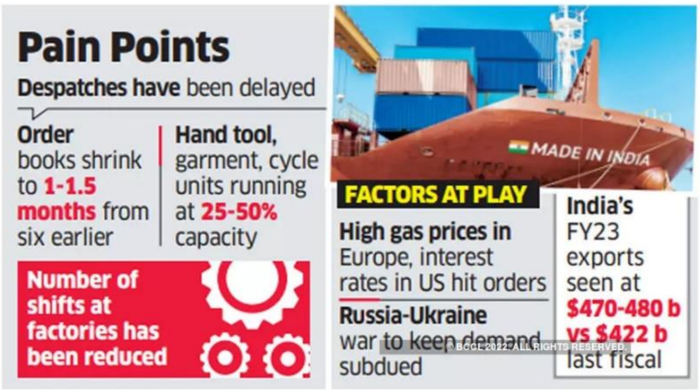
Exporters run into rough weather as US, Europe demand dries up

India's exports have taken a knock with demand crashing in several developed world economies as record-high inflation and its stiff monetary antidote dent consumer sentiment.



Many exporters say their factories are running at 25-50% capacity or have reduced the number of shifts to one from three earlier due to muted demand from the US and Europe.

Despatches are delayed and order books have shrunk to 1-1.5 months from six months earlier, they told ET.

"While the Indian and African markets are doing fine, the orders from the US and EU are not encouraging," said Onkar Singh Pahwa, chairman and managing director, Avon Cycles. "Our plant dedicated for the US and European markets is running at 50% capacity."

Ludhiana Hand Tools Association president SC Ralhan said the production schedule was reduced from three shifts to one as many manufacturers are running lower capacities.

"We expect the situation to remain grim till the Russia-Ukraine war is on. There is a 15% decline in our exports in the April-August period as compared to last year," he said.

India's merchandise exports contracted 1.2% to $33 billion in August, the first drop since November 2020.

Inventory Pile-up

Exports of cotton yarn, fabric made-ups, and handloom products among others crashed 32.3% from a year ago.

Engineering goods shipments dropped 14.6% in the month.

In its World Economic Outlook report released in July, the IMFs estimated global growth at 3.2% for 2022 compared with 6.1% in 2021. Garment exporters said that the prolonged war has devastated demand from Europe, stranding most global retail clients with high inventory, depressing demand from India.

Steep inflation and record-high energy prices are accentuating the demand slowdown.

"Many manufacturing units are giving 2-3 days off to their workers every week," said Raja M Shanmugham, president, Tiruppur Exporters' Association. "Earlier, the regular shifts used to be eight hours but now it is tough to run even one shift as there is not much demand."

Credit Limit

The association has sought an increase in credit limit to 50% from 30% under the Emergency Credit Line Guarantee Scheme.

"Despatches are delayed and new orders are not coming. So we are running at 50-60% capacity, which used to be 85% earlier," said Sanjay Jain, managing director, TT Ltd, a garment manufacturer. Indications are that orders will get hit in the next few months on recessionary fears and high interest rates in developed markets, said Rafeeque Ahmed, chairman of Farida Group, one of India's largest shoe manufacturers and exporters.

The group supplies brands such as Adidas, Clarks, Marks & Spencer, Debenhams and Bally Shoes.

The Engineering Export Promotion Council attributed the slowdown in exports to lower demand from China and recessionary trends in major economies in the West along with the export duty on certain steel goods, including stainless steel products.

Source: economictimes.com– Sep 10, 2022

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Partnership between India and Indian diaspora all over the world to truly help us fast-track India's journey to being a developed nation: Shri Piyush Goyal

Union Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today said that the partnership between India and Indian diaspora all over the world will truly help us fast-track India's journey to being a developed nation. He was interacting with media in Los Angeles today, the last day of his visit to the US.

Speaking of the interactions he had in the US with business persons and investors from the Indian community, the Minister said that they had shared their experiences and given a lot of suggestions which served as food for thought. Shri Goyal expressed confidence that they would be stakeholders in India's growth story with a sense of duty in giving back to their motherland. Members of the diaspora are generally very successful in their chosen profession. Each one of them have made a mark in the society and economy of the United States, he said.

Responding to a query, the Minister said that there were a number of suggestions relating to some role that the government could play in connecting ideas and entrepreneurs from US to stakeholders in India. The Minister explained that India already had two initiatives, Invest India which handholds investors from around the world and a very vibrant Start Up India team which supports start-ups in India, helping them connect with investors in India and abroad and setting up incubators, accelerators, training and skilling facilities.

Referring to the proposed restructuring of the Department of Commerce, Shri Goyal said that the setting up of a trade promotion body akin to Invest India with some flavours of independence and autonomy was being mulled over. It would serve as a facilitation unit which would promote trade from India, he said and added that together, these investment promotion and trade facilitation bodies would make a significant difference in the outreach India has been trying to do.

Pointing out that the start-up initiative he had launched in Palo Alto—SETU held tremendous potential, the Minister expressed confidence that once the idea gathered steam across sectors, it will definitely help us mentor and support start-ups even in tier 2 and 3 cities and remote areas. We have many young people with bright ideas on ways to make life easier for common man. I am sure this SETU will help them by connecting entrepreneurs and ideas with investors, he said.

Earlier in the day, he has visited Shree Swaminarayan temple in Los Angeles and interacted with the business community of southern California.

The Minister concluded his US visit with a meeting with Venture Capitalists and representatives of Singularity University in San Francisco.

“Highlighted how digitisation is powering India’s growth. Pitched for India story & invited them to become partners in this transformative journey”, he tweeted.

Source: pib.gov.in– Sep 11, 2022

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Export momentum dissipating but new opportunities opening up

Last week, Bangladesh Prime Minister Sheikh Hasina visited India to strengthen bilateral economic co-operation and India suggested greater economic cooperation with Russia at the Eastern Economic Forum in Vladivostok. Finance Minister Nirmala Sitharaman said importing Russian oil at discounted prices was part of inflation management.

On the other hand, Commerce Minister Piyush Goyal spoke of greater export potential through trade deals, crude oil prices went below $90 per barrel despite production cuts by major oil-producing countries and our government imposed a 20 per cent duty on rice exports.

Also, Japan and India agreed to increase cooperation in defence and emerging technologies, the European Central Bank raised interest rates by 75-basis points (bps), the chairman of US Federal Reserve flagged fighting inflation as the main concern, raising expectations of an interest rate hike by 75 bps, and the dollar strengthened further.

Speculation on what the new Foreign Trade Policy, to be unveiled this month-end, may contain has engaged the attention of exporters and importers.

However, all these matters receded into the background as widespread concern on how the European Union will cope with the disruption of gas supplies from Russia came to the fore.

Russia had suspended gas supplies to Europe towards the end of August under the pretext of maintenance issues. But last week, Russia clearly said that it will “not supply anything at all if it is contrary to its interests — no gas, no oil, no coal, no fuel oil, nothing.”

Europe has been preparing for this eventuality, that is, phasing out reliance on Russian oil and gas. However, this sudden suspension is bound to further increase the cost of living for its people and seriously disrupt its economic activities. However, the resolve to take the pain and make necessary adjustments is quite strong, at least for now.

So, many measures such as capping the price of Russian oil and gas, income support to deserving sections of society, rationing gas supplies, finding alternative sources of energy, levy of tax on windfall profits of power producers, and so on, are under consideration.

In any case, a recession in Europe cannot be avoided in the short run at a time when Chinese and American economies are also slowing down.

Russia hopes to break Europe's will to stay the course by pushing natural gas prices and overall inflation so high that Europe will stop supporting Ukraine or even relax sanctions on Russia. Europe just wants to get through the tough period and diversify its energy sources sufficiently and completely stop reliance on Russia. On its part, the United States is trying to negotiate deals with Iran and Venezuela to get oil flowing from these countries in return for relaxation in certain restrictions. It appears to be a case of when, not if, these deals will get done. Whenever that happens, oil prices may fall further.

India has increased oil purchases from Russia at discounted prices and appears open to persuasion for price caps on Russian oil so long as the capped prices are lower than the discounted prices. The export momentum has started dissipating due to the global economic slowdown but opportunities can be opening up in areas where Europe and America get less competitive due to inflation and strong dollar. Luckily, the domestic festive season demand appears strong enough to somewhat offset the effects of falling exports.

Source: business-standard.com– Sep 11, 2022

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India's merchandise exports to rise over 11% to $114 b in July-Sept: Report

However, the rise in exports during Q2 FY23 could be shadowed by softening global commodity prices

India's merchandise exports are expected to grow by 11.4 per cent to hit $114.4 billion during the July-September quarter of the current financial year, data from Exim Bank showed.

However, the rise in exports during the second quarter of FY23 could be shadowed by softening global commodity prices. Among others, possible slowdown in major trade partners, inflationary pressures and tight monetary policies around the world could also offset the exports gain, Export-Import Bank of India (Exim Bank) said in its quarterly data.

Exim Bank releases the forecast during the first weeks of June, September, December and March for the corresponding quarters.

The policy banker for the government has an in-house model to generate an Export Leading Index (ELI) for the country to track and forecast the movement in India's exports on a quarterly basis.

ELI gauges the outlook for country's exports. It is essentially developed as a leading indicator to forecast growth in total merchandise and other non-oil exports on a quarterly basis based on several external and domestic factors that could impact exports of the country.

Exim Bank said the forecast results have been reviewed by a standing technical committee of domain experts comprising professor Saikat Sinha Roy of Jadavpur University; Sarat Dhal, Director, Department of Economic and Policy Research, RBI; professor N R Bhanumurthy, Vice Chancellor, BASE University; and Professor C Veeramani of Indira Gandhi Institute of Development Research (IGIDR).

Source: thehindubusinessline.com– Sep 11, 2022

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India has 100 unicorns with a value at $250 billion: FM

India was home for over one hundred unicorns with a total value of $250 billion which have managed to raise over $63 billion in the last few years, Union Finance and Corporate Affairs Minister Nirmala Sitharaman said here on Saturday.

Nearly 25 per cent of the start-ups in the Silicon Valley were managed by people of Indian origin and it was a matter of pride, she said at an event here.

The start-up eco-system was built well in the country and all the one hundred unicorns were valued at $250 billion and have managed to raise over $63 billion from the capital markets, she said addressing new graduates at the 10th Convocation of the Indian Institute of Information Technology, Design and Manufacturing, Kancheepuram near here.

"I am saying all these things because, even as you graduate from here, you all can become entrepreneurs and create jobs for others. It is not the world were entrepreneurship is worrisome or entrepreneurship has risks. It may have had the risks, (but) it is possible for you all to become entrepreneurs yourself," she said.

"Twenty-five per cent of the start-ups in the Silicon Valley are managed by people of Indian origin. So for everyone of who is looking at Silicon Valley, you could actually lift your collars in pride that 25 per cent of all the start-ups there are managed by Indians," she added.

"I am sure many of you all have your sights already on the Silicon Valley," she said.

Referring to Prime Minister Narendra Modi's Independence Day speech of 'Jai Jawan, Jai Kisan, Jai Vigyan and Jai Anusandhan', Sitharaman said the slogan was no more with Jai Jawan and Jai Kisan, it has been added with 'Jai Vigyan (technology) and Jai Anusandhan (innovation)'.

"In the last two (Jai Vigyan and Jai Anusandhan) your contribution will get recognised and that is what going to take India technology savvy and advanced country in 2047 at 100 years of Independence," she said.

"I would say each and every one of your contribution is what is going to make it possible for India to reach and achieve advanced economy status by 2047 for which several steps the government has already taken," she said.

Source: thehindubusinessline.com– Sep 10, 2022

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Allow HT Bt cotton to keep tabs on spurious seeds, save farmers: Seed firms

Members of the National Seed Association of India (NSAI) have said that there is a need to bring in a uniform system of seed licencing in the country by adopting a one-country-one-seed licence policy.

They felt that separate licences may be given to research and development based companies to carry out unhindered seed business in different States.

Some of the members at the annual general meeting of the apex seed association also felt that there was a need for amending the Seed (Control) Order, 1983, for incorporation of these provision.

“Some of the experts that attended the seminar felt that the Government might consider approving to improve the yields that have remained stagnant for years,” an NSAI executive said.

“Herbicide Tolerant Cotton (Ht Cotton) has already been tested in contained field trails. It may be fast tracked for environmental release so that the quality of the legally approved Ht cotton could be regulated under the existing Seed (Control) Order,” he said.

“This will help the farmers save themselves from spurious cotton seeds,” he said.

The seminar, organised to mark the 16 th AGM of the association discussed various challenges that the industry was facing.

Source: thehindubusinessline.com– Sep 09, 2022

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Indian Economy: Slow and Steady is a Winner all the way!

The journey of the Indian market reminds me of a story of the Hare & the Tortoise that we read in our childhood. The tortoise, with its steady albeit a slow pace manages to beat the fast and nimble footed hare! The status of Indian economy has been like the poor second cousin to more successful Economies of the world.

Even amongst the emerging markets, we have been like, “Almost there, but not yet” types! Despite being a nation with the youngest work force and despite leading most multinational global companies from the top, when it comes to economic growth, the developed world has been quick to dismiss us on the pretext of the slightest deviation from what is perceived as the true-blue blooded economies like the USA.

The reasons could be any; inflation, corruption, difficult to do business or unemployment to name a few. The last few years have seen the tide turn under strong governance and stable policies. This has translated into a slow but steady positive impact in the form a new India that is determined to occupy its long overdue and well-deserved seat amongst the best.

At the end of August 2022, India moved to the second spot in the MSCI emerging market index with a weight of more than 14% second only to China. MSCI emerging markets is a selection of stocks that is designed to track the performance of top performing companies in the emerging nations that have being growing at a fast pace.

The MSCI India Index has outperformed the MSCI emerging markets by 27% in the past 12 months. The FII, always on the look-out for lucrative returns have been quick to direct incremental inflows towards India. In the month of August, the total FII investment was more than 12500 crores, majority being in health care and consumer services.

As the Indian economy breaks old molds to emerge as the world’s fifth largest economy, it is also now the fifth biggest equity market as well. The recent rise of the Indian stock markets helped India reach a global market capitalization share to an all-time high of 3.5%. Compared to 2.05% in May 2020, this is certainly a huge jump especially given that many countries today are facing inflation woes and likely recession.

The last two years have changed the world as it grappled with two black swan events, namely the Russia Ukraine stand off and the impact of Covid 19, plunging most of Europe to include big giants like UK into a looming recession. Inflation plays a major role in the growth of an economy. While leading economies of US (inflation rate of 8.5%) and Europe (UK 10.1%) face inflation of never seen before levels, India (6.71%) has to a large extent been successful in keeping it under check.

This is no mean feat considering the high import bill of crude in the country. There have been consistent and steady steps by the RBI in ensuring this remains in check. While Europe struggles with energy crisis, small but sure steps by our PM like keeping Russian ties diplomatically conducive, ensure the possibility of turning to Russia for our crude needs.

Amidst uncertainties on the back of Russia -Ukraine war leading to shortages on food and energy, the dollar has been perceived to be a safe haven. During this time, the dollar has inflated against most world currencies. The Euro which was strong against the dollar at 1.2 dollars to a Euro has fallen to a two decade low and is now 0.99 to a dollar and likely to go more southwards.

The Japanese Yen too has fallen to an unprecedented low of 140 to a dollar. To those who are ruing the fall of Rupee against the dollar should acknowledge that the fall of Rupee is much lower compared with other currencies of the World. While the US dollar index gained almost 13% against all leading world currencies, the value of Indian rupee has depreciated by 6-7%. Again, consistent steps by the RBI have made this possible.

While many still underestimate the Indian growth story choosing to believe in their past conditioning, the numbers speak for themselves. The latest GST collections have been promising at 1.44 lakh crore and the GDP numbers of the first quarter are at 13.5%.

The pessimist amongst us have always downplayed the small, steady and significant victories that the Indian economy has made over the last few years. I don’t blame them! Afterall it is always easier to imagine the worst and look for negatives rather than positives.

It takes many small steps to complete a journey and India is surely and steadily on the path to become a leading economy of the world. The non-believers can continue to look for negative news and shoot holes in an otherwise stable economic ship and the believers can go out there and grab the opportunity to grow with the economy.

So, does it mean that the golden era for the Indian Economy is here to stay? Well, the green shoots might be visible but caution remains the key word. An investor needs to keep the key fundamentals of investing in mind. All that glitters might not be gold. Remember it is easy to invest but it is difficult to create wealth.

Source: financialexpress.com– Sep 11, 2022

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GST compliance work deadline: Busy days ahead for finance, tax professionals

The next 20 days are going to be very hectic for finance and tax professionals in various companies as many Goods & Services Tax (GST) related compliances need to be completed before or on September 30. Some of these include preparing for new e-invoice mechanism, full utilisation of Input Tax Credit (ITC) of last fiscal, and rectification of invoices.

Experts call for utmost care in preparing records to avoid any kind of coercive action by Tax Departments. Harpreet Singh, Indirect Tax Partner at KPMG in India said September is a busy month for finance and tax professionals as deadlines for many critical compliances like claiming GST credit for last financial year, issuing credit notes, rectification of invoices, reversal of GST credit on account of non-payment to suppliers etc. falls during this month. “Implementation of e-invoicing from 1 October 2022, for dealers with sales exceeding ₹10 crores could also impact input GST credit and compliances for multinationals who deal with small vendors,” added Singh.

Oumesh Sauba, Founder of NuBook suggested preparations like filing the GST returns on time with all details uploaded accurately in GSTR-1, maintaining proper documentation and getting accounts audited by a CA or CMA is always a wise option. “This could mean purchase and sale registers, fixed asset registers, payment challans, e-way bills, etc.

In the event of a notice of scrutiny, or even at the time of closure of books of accounts, the reconciliation process will be much smoother if proper documentation is maintained.

Additionally, reconciling your returns with your book of accounts is also important. Understanding the provisions of Reverse-Charge Mechanism and informing the GST authorities regarding the changes in business are also some basic steps that one should keep in mind,” he said.

With assistance from tax experts, BusinessLine prepared list of important compliances to be completed on or by September.

E-invoicing under GST

E-invoicing has been made mandatory for taxpayers having aggregate turnover exceeding ₹10 crores effective from October 1. Therefore, the eligible taxpayers are required to evaluate their business scenarios, undertake the changes in IT systems and get prepared to generate invoices as prescribed. The Company may also consider identifying and tracking its vendors on whom e-invoicing provisions may be made applicable to ensure that the Company receives GST compliant invoices for availing input tax credit.

Time barring of ITC

Section 16 of Central Goods & Services Tax Act 2017 provides that ITC in respect of invoices pertaining to Financial Year (FY) 2021-22 can be availed till September 2022. Accordingly, an assessee is required to perform/ update reconciliation of ITC available in GSTR-2A/2B (till date) with ITC claimed in GSTR-3B and take corrective action for ITC mismatch in order to avoid any loss of ITC for invoices pertaining to FY 2021-22.

Amendments/rectifications in GSTR-8 furnished by e-commerce operator
Every e-commerce operator (other than the supplier of services notified under Section 9(5) of CGST Act, 2017) is required to collect tax on the net value of supplies made through it by various suppliers and deposit the same by furnishing a return under Form GSTR-8 within ten days of the end of the month. Accordingly, an error or omission in GSTR-8 furnished for FY 2021-22 can be rectified till the due date of furnishing the GSTR-8 of September 2022.

Issuing Credit Notes for outward supplies

In terms of Section 34 of CGST Act 2017, Credit Notes pertaining to any supply of FY 2021-22 can be reported till the due date of GSTR-3B for the month of September 2022. Therefore, Credit Notes in relation to the said period should be issued on or before 30 September 2022 and duly reported in GSTR-1 in order to claim the requisite adjustment of GST. Also, if there are any credit notes which are issued against output invoices but not declared in GST Returns, the same has to be reported in GSTR-1 for the period not later than September 2022.

Rectification of invoices issued

Any amendment in the invoices issued for outward supplies pertaining to FY 2021-22 can be made till the due date of furnishing the return for the month of September 2022. In other words, invoices uploaded in the GST returns for FY 2021-22 can be amended till the filing of GSTR-1 of September 2022.

Accordingly, the Company should perform reconciliation of data declared in GST returns and recorded in the books of accounts. Once reconciled, the differences should be rectified in the GSTR-1 for the month not later than September 2022.

Source: thehindubusinessline.com– Sep 11, 2022

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CBIC issues modalities for filing transitional credit under GST, special window to open between Oct 1-Nov 30

The credit will be available only if returns for the last six months were filed in the previous regime before GST

Following apex court order, Central Board of Indirect Taxes & Custom (CBIC) has come out with a circular on filing claim for transitional credit (TRAN CREDIT). Though all assesses can make claim, but CBIC says this mechanism won't be appropriate for assessees whose claim has been rejected fully or partially. Same is true for assessees whose appeal is pending.

"The facility for filing TRAN-1/ TRAN-2 or revising the earlier filed TRAN-1/TRAN-2 on the common portal by an aggrieved registered assessee will be made available by GSTN (GST Network) during the period from October 01 to November 30, 2022," CBIC said. Trans credit refers to use of tax credit accumulated up to June 30, 2017, that is, the last day of erstwhile central excise and service tax regime. Post-introduction of Goods & Services Tax (GST), special provision was made for credit accumulated under VAT, excise duty, or service tax to be transited to GST. However, there were some conditions, such as the credit will be available only if returns for the last six months were filed in the previous regime (VAT, excise, and service tax returns had been filed).

TRAN-1 Form needs to be filed by registered persons under GST, may be registered or unregistered under the old regime. TRAN-2 Form needs to be filed by a registered persons under GST but unregistered or under old regime or a dealer or trader who does not have documents of duty paid.

Transitional forms filing

The circular said that taxpayer can file fresh transitional forms or revised earlier transitional forms on common portal. Taxpayers will be allowed to download a previous copy of transitional forms. A new declaration also needs to be filed with transitional forms. Taxpayer is required to submit self-certified copy of transitional forms with jurisdictional office within 7 days of filing the same on common portal. No revision is allowed post filing of transitional forms.

The tax officer will verify the claim filed in TRAN-1/TRAN-2. He will pass a proper order after which credit will be transitioned to Electronic Credit Ledger. This is departure from erstwhile procedure where credit used to first transition to Electronic Credit Ledger on self-assessment basis and post audit was undertaken. According to the circular, where credit was disallowed in the past in transitional form audit, then such taxpayer need not file fresh transitional forms as per SC judgment. They should prefer an appeal against such order.

"It is pertinent to mention that the option of filing or revising TRAN-1/TRAN-2 on the common portal during the period from October 01 to November 30, 2022 is a one-time opportunity for the applicant to either file the said forms, if not filed earlier, or to revise the forms earlier filed," the circular said while advising that the applicant is required to take utmost care and precaution while filing or revising forms and thoroughly check the details before filing his claim on the common portal.

Saurabh Agarwal, Tax Partner with EY India says it has been clarified that if any credit amount has been disputed by the Department (including adjusted against pending adjudication/ appeals under erstwhile indirect tax laws) then the same would be concluded as per the hierarchy of judicial fora. "Given that the guidelines clarify that it is the last opportunity to avail transitional credit industry should be very cautious while filing and submitting the said form. Important to note that the transitional credit will only be allowed post verification of claim by the department," he said.

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