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INTERNATIONAL NEWS

US textiles & apparel imports up 29.83% in January-July 2022

The import of textiles and apparel by the US continues to grow at high rate and it rose by 29.83 per cent to $78.402 billion in the first seven months of 2022, compared to $60.388 billion in the same period of 2021. With 26.90 per cent share China continues to be the largest supplier of textiles and clothing to the US, followed by Vietnam with 14 per cent.

Apparel constituted the bulk of textiles and garments imported by the US in January-July 2022, and were valued at $58.911 billion, while non-apparel imports accounted for $19.490 billion, according to the latest Major Shippers Report, released by the US department of commerce.

Segment-wise, among the top ten apparel suppliers to the US, imports from Indonesia and India shot up by 59.69 per cent and 59.39 per cent year-on-year respectively. Imports from Cambodia and Bangladesh too grew 55.90 per cent and 54.43 per cent respectively. Additionally, imports from Pakistan, which is among the top 10 suppliers, registered a growth of 46.84 per cent compared to the same period of the previous year.

In the non-apparel category, among the top ten suppliers, imports from Cambodia soared by 70.93 per cent year-on-year. Imports from Vietnam and Italy too climbed 27.95 per cent and 23.20 per cent respectively. On the other hand, imports from Turkey dipped by 11.20 per cent.

Of the total US textile and apparel imports of $78.402 billion during the period under review, cotton products were worth $34.707 billion, while man-made fibre products accounted for $39.637 billion, followed by $2.156 billion of wool products, and $1.900 billion of products from silk and vegetable fibres.

In 2020, the US textile and apparel imports had decreased sharply, mainly on account of the COVID-19 pandemic induced disruption, to $89.596 billion compared to imports of $111.033 billion in 2019. But imports rebounded again in 2021 to surpass pre-pandemic level and ended at $113.938 billion.

Source: fibre2fashion.com- Sep 15, 2022

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Cambodia gives green signal for 3 new garment factories

The Council for the Development of Cambodia (CDC) has given the green light to three new investment projects that require a total funding of $16.5 million in the country's capital city Phnom Penh and Kampong Speu province.

Cambodia-based firms Sky Clothing Co Ltd, YTI Garment Co Ltd, and China Ting Fashion Co Ltd will invest in the setting up of garments factories in Khan Meanchey of Phnom Penh, and the Samrong Torng and Oudong districts of the Kampong Speu province, respectively, as per a press release by the CDC.

Around 6,690 jobs for the locals are anticipated to be created as a result of the approved projects.

Source: fibre2fashion.com- Sep 15, 2022

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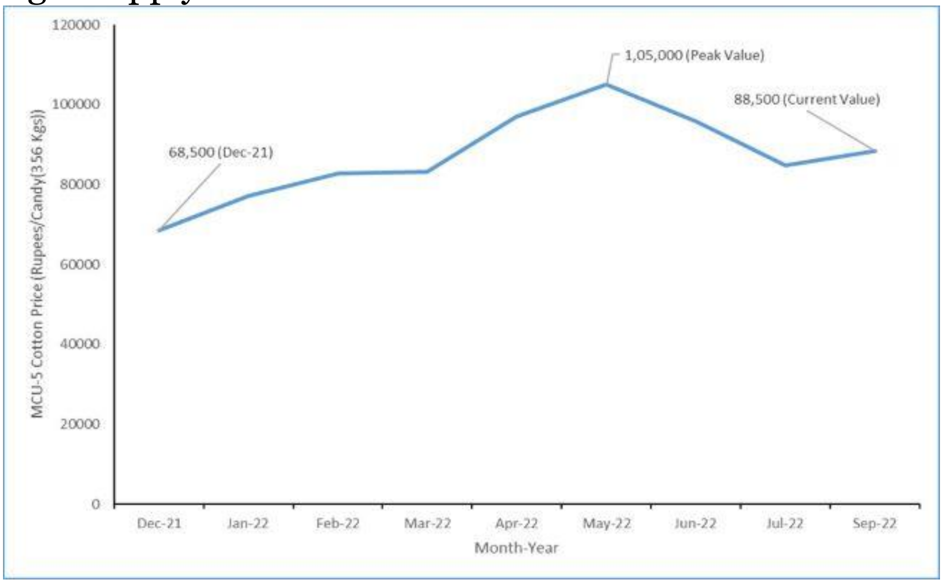
Demand Will Drive the Cotton and Textiles Sectors

Given the ongoing inflation around the world, the consumer is the king, and demand will drive the cotton and textile sectors.

Cotton will be in tight supply due to the drought in West Texas, unexpected floods in Pakistan, and other factors. The textile sector has focused heavily on the supply side of the equation. However, it is the demand of end products by consumers which will drive the textiles industry.

The ongoing inflation with high consumer price index values in textile-importing countries like the United State, European Union, and the United Kingdom indicate the importance of demand as a determinant.

This year, the cotton price has been highly volatile, predominantly due to tight supply.



The above graph shows the volatility in the price of MCU-5 cotton per candy (356 Kgs) from December 2021 to September 2022. While the price peaked in May 2022, it has started moderating due to inflation fueled by the Russian invasion of Ukraine, higher fuel prices, and slowing in consumption of non-essentials.

I have used the price situation of MCU-5 cotton, which is spun into fine counts used in home textiles, as these textiles were in demand during the COVID-19 timeframe when the demand aggregate was peaking. The cotton price situation since May 2022 shows that the demand for textiles is moderating, due to high prices for essential products like groceries.

The Sept. 13 Consumer Price Index number released by the United States' Bureau of Labor Statistics showed an increase of 8.3% over last year, indicating that inflation is still high. This will likely force the U.S. Federal Reserve Bank to raise the interest rate to bring inflation under control. Higher interest rates will strengthen the U.S., which will, in turn, affect the cost of imported goods traded in dollars.

Inflation in the United Kingdom is high at 9.9%, which will determine the buying choices of consumers. The macroeconomic situation and the ongoing war between Russia and Ukraine will also dampen global consumer confidence and will likely influence the purchase of non-essential items.

"Normally during the present times with the arrival of the festive season in India, we see high demand for yarns," states Velmurugan Shanmugam, General Manager of Jayalakshmi Textiles in Aruppukkottai, India. "But the demand is not there."

In a June 25 meeting hosted by the Textile Association-South India Unit in Coimbatore and attended by about 720 people from the textile sector, I articulated the importance of analyzing the holistic picture of supply and demand, plus macroeconomic and geo-political scenarios, when planning ahead for the textile sector.

"If we see demand moderation, there is a potential for the cotton market to move down despite tight supply," states Shawn Wade, Director of Policy Analysis and Research of Plains Cotton Growers, Inc., in Lubbock, TX.

Given the high inflationary situation we now face, stressful situations in the EU and the United Kingdom due to high energy prices and the ongoing war between Ukraine and Russia, it will be in the best interest of the textile sector to plan for moderated demand over the next few months.

Demand for textiles will determine the price situation of raw materials while we have a tight supply of cotton. Planning by the industry should consider demand as well as the availability of resources.

Source: cottongrower.com- Sep 14, 2022

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Cambodia ready to host 1st ASEAN green economic zone: PM Hun Sen

Supporting the idea of 'green economic or investment zones' in the Association of Southeast Asian Nations (ASEAN) region, Cambodian Prime Minister Hun Sen recently said his country is ready to host the first of its kind hub. He said this at the opening ceremony of the second day of the 2022 ASEAN Leadership and Partnership Forum in Phnom Penh.

These zones are a proposed new class of special eco-friendly business areas, to transform the bloc into an attractive and dynamic trade and investment hub run by cleaner and greener energy solutions.

The prime minister also backed the establishment of the Cambodia Economic Development Fund, which he said would support digital transformation, spur development in the artificial intelligence landscape, and provide the country's workers with the necessary skills and tools to adapt to the Fourth Industrial Revolution.

Held on September 11-12 under the theme 'Partnership for Cohesive and Responsive ASEAN', the forum was jointly organised by Malaysian think tank KSI Strategic Institute for Asia Pacific and the ASEAN Business Advisory Council—the bloc's apex private sector body—as well as the local Asian Vision Institute (AVI) and the Cambodia Chamber of Commerce. Hun Sen said he had proposed establishing the 'ASEAN Green Deal' initiative at the recent 55th ASEAN Foreign Ministers' Meeting, which would allow the bloc to gradually transition into a sustainable and resilient community that effectively uses resources.

He had suggested that the climate change mitigation-oriented deal cover a wide range of areas such as infrastructure, energy, manufacturing, consumption, agriculture, transport, environment and finance, with technology, innovation and circularity being the enabling factors. Hun Sen also announced the launch of the ASEAN Economic Club, which he said would make ASEAN economic integration work more cohesive by improving monitoring, evaluation and advisory capacity regarding multilateral, bilateral and regional agreements and other pertinent economic deals, while ensuring independence and professionalism, according to media reports from Cambodia.

Source: fibre2fashion.com- Sep 14, 2022

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Morocco's Clothing Exports to EU Rise by 33.4% in 2022

A new report shows that Moroccan clothing exports to the European Union (EU) climbed by 33.4% in the first half of 2022, reaching 1.5 billion euros ($1.6 billion).

The report, published by the Euro-Mediterranean Circle of Textiles, Clothing, and Fashion Leaders (CEDITH), indicates that Morocco is now the eighth provider in this sector, compared to the same period last year when it ranked in 7th place.

With a 3.5% market share, adds the report, Morocco has retained its place alongside the Mediterranean Partner Countries (MPC) as the EU's second clothing supplier, behind Turkey but ahead of Tunisia, with 1.12 billion euros ($1.13 billion) at the end of June, up 23.5%. Meanwhile, data showed clothing imports from the European Union increased by 37.3% totaling 43.54 billion euros ($43.71 billion) in the first half of this year.

In addition to the growing exports, Morocco's average costs in the clothing industry have risen by nearly 14% in a year, ranking sixth among the EU's top ten suppliers behind Bangladesh (+23.4%), China (+19.5%), Cambodia (14.6%), Vietnam (14.2%), and Pakistan (14.1%), the report revealed.

"All major suppliers recorded strong increases, with Bangladesh taking the lead with 59.5%," said Jean-Francois Limantour, President of CEDITH.

According to the CEDITH's report, Bangladesh's rapid growth (10.36 billion euros ($10.39 billion) in exports and a share of 23.8%) enables the South Asian country to compete directly with China, the EU's top clothes exporter, with 11.13 billion euros ($11.16 billion) recorded at the end of June (+33.7%), or a share of 25.6%.

Meanwhile, Turkey, a steady third supplier of clothes to the EU, keeps its place in the top three -- with 5.57 billion euros ($5.59 billion) (+32.5%) from the first half of 2022 and a 12.8% market share.

Source: moroccoworldnews.com- Sep 13, 2022

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Bangladesh targets ten per cent global apparel share

Bangladesh expects to get a ten per cent share of the global apparel market by 2030.

This hope is based on the potential of the markets in Europe, the UK and the US amid a declining share of Chinese garments. But in order to reach the ten per cent target the country has to achieve an annual export growth of 11 per cent.

As Chinese apparel export share is declining in western markets due to the rising tension between the west and China, Bangladesh's exporters are likely to take advantage of the situation to boost their products. China is moving away from low value-added apparel to more sophisticated items, and this can be an advantage for Bangladesh's apparel exporters.

However Bangladesh has to deal with issues like logistics, port handling capacity and skilled labor, environment and labor rights. Bangladesh must focus on AI-developed equipment, skilled labor and labor wage satisfaction to face the challenges in the coming years.

In fiscal 2021-22 Bangladesh's export share was up by 36 per cent year-on-year. Earnings from July to August grew by 26 per cent compared to the same period of the last fiscal year. Bangladesh's apparel exports to the EU grew by 59 per cent in the January to June period of 2022.

Source: fashionatingworld.com- Sep 14, 2022

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Bangladesh can earn $20 bn more through exports to EU, UK: RAPID

Bangladesh is yet to tap the full potential of the European Union (EU) and the UK markets and can earn an additional $20 billion by exporting products to these regions, according to a research paper by the Research and Policy Integration for Development (RAPID). Of the $20 billion, apparel export potential worth $18 billion remains unutilised.

RAPID chairman M A Razzaque said in the research paper that China is losing its share in the global market due to rising tension with the West, emerging geopolitical scenario, and long COVID restrictions in the former, and therefore, Bangladesh can further raise its share. China moving away from low value-added apparels to more sophisticated ones also works to Bangladesh's advantage, he said.

China's share in the EU market in 2010 was nearly 44 per cent, which declined to around 31 per cent in 2021. Data shows Bangladesh fetched nearly $28 billion from the EU and the UK markets in fiscal 2021-22, posting a 32 per cent export growth, of which around $26 billion came from readymade garment (RMG) exports.

The EU and the United Kingdom jointly account for 45 per cent of the global apparel market with more than $200 billion worth annual imports, Bangladeshi media reported citing the research paper.

Some challenges, including inefficiency in ports, complex customs procedures and lack of technological upgradation, should be addressed, the RAPID study pointed out.

The research paper also recommended attracting more foreign direct investment in backward linkage, investment in non-cotton fabric and diversification of RMG products to grab more shares of Chinese export.

By 2030, the apparel market size of the EU and the UK would be more than $260 billion, and Bangladesh's export there could reach $65 billion.

Source: fibre2fashion.com- Sep 14, 2022

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Pakistan: Govt to ensure level playing field for exporters

Federal Commerce Minister Naveed Qamar on Wednesday said the government was committed to provide level playing field and reduce cost of doing business for export-oriented sectors, including textiles to boost exports and slash current account deficit.

He expressed these views while addressing a virtual session organised by South Punjab Investment Forum in collaboration with USAID. "I am glad to inform that textile exports during FY 2021-22 reached historical high level of $19.3 billion despite the fallout of Covid-19 and severe economic challenges," said the minister.

He said that it was time to promote value-added products, "I assure you that our incentives would only be available to value-added products."

Qamar highlighted steps taken by the present government which included; supply of energy at competitive tariffs, disbursement of around Rs42 billion from April to June 2022 to mitigate prevailing liquidity issues due to severe economic challenges, duty free import of cotton and reduction of custom duties on import of dyes and chemicals. He added that duty free import of textiles and apparel machinery was also being continued.

He said that the Ministry of Commerce has formulated Textiles and Apparel Policy, 2020-25 which would address matters including value-addition, product diversification, skill development, productivity and ease of doing business etc.

"We need to attract investment in textiles and apparel sector to enhance our manufacturing capacities. I would also like to remind that SMEs across the world are the engine of growth for any country," the minister remarked, while urging to encourage "Make in Pakistan" products.

He said that in global textiles, Pakistan's share was less than 2 percent, which needed to be enhanced with practical steps so that the country's exports could be boosted.

Source: thenews.com.pk- Sep 15, 2022

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NATIONAL NEWS

India's trade deficit more than doubles to $27.98 billion in August

India's exports in the month of August rose marginally by 1.62% to $33.92 billion while the trade deficit more than doubled on an annualised basis to $27.98 billion, government data showed on Wednesday.

Trade deficit in August 2021 stood at $11.71 billion. India's trade deficit had widened to a record $30 billion in July.

Imports rose by 37.28% to $61.9 billion in August this year.

During April-August 2022-23, exports registered a growth of 17.68% to $193.51 billion. Imports during the five-month period of this fiscal grew by 45.74% to $318 billion.

Trade deficit widened to $124.52 billion in April-August this fiscal as against $53.78 billion in the same period last year.

"Though the August print marks a moderation from July's record trade deficit, the deficit remains at unsustainably high levels, and is likely to raise financing concerns," Rahul Bajoria, chief India economist said in a note.

Bajoria forecast India's current account deficit (CAD) will rise to $115 billion (3.3% of GDP) in FY22-23. "With the trade deficit staying at uncomfortably elevated levels, we acknowledge upside risk to our current account deficit forecasts, despite the recent fall in commodity prices," he said.

"India's trade deficit contracted... driven by a lower oil trade deficit as oil imports contracted more than exports," Goldman Sachs economist Santanu Sengupta said. Oil imports declined by $3.5bn to $17.6 billion from $21.1 billion in July.

India’s overall exports (merchandise & services) grew by 6.75% YoY in August 2022 at $57.47 billion while overall imports stood at $75.84 billion, registering a growth of 33.15% over the same period last year.

Non-petroleum and non-gems & jewellery exports stood at $24.88 billion, registering a contraction of 1.64% over $25.29 billion seen in August 2021.

Imports of the same stood at $37.53 billion in August 2022, up 40.63% from $26.69 billion in the same period a year ago.

Source: economictimes.com – Sep 14, 2022

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Exports rise marginally in Aug; trade deficit more than doubles to $28 bn

India's exports rose marginally by 1.62 per cent to $33.92 billion, while trade deficit more than doubled to $27.98 billion in August due to increased crude oil imports, commerce ministry data said on Wednesday.

The revised data showed that imports rose by 37.28 per cent to $61.9 billion in August this year. The preliminary data released by the ministry on September 3 had shown a 1.15 per cent decline in exports to $33 billion in August.

During April-August 2022-23, exports registered a growth of 17.68 per cent to $193.51 billion. Imports during the five-month period of this fiscal grew by 45.74 per cent to $318 billion. Trade deficit widened to $124.52 billion in April-August this fiscal as against $53.78 billion in the same period last year.

The deficit in August last year was $11.71 billion.

Crude oil imports in August this year increased by 87.44 per cent to $17.7 billion. However, gold imports dipped by about 47 per cent to $3.57 billion, the data showed. On the other hand, silver imports jumped to $684.34 million during the month under review from $15.49 million in the same month last year.

Rise in import values in August has been witnessed in major commodity groups such as coal, coke & briquettes (133.64 per cent to $4.5 billion), chemicals (43 per cent to about $3 billion), and vegetable oil (41.55 per cent to about $2 billion). Further, export products that recorded positive growth in August included electronic goods, rice, oil meals, tea, coffee and chemicals. Export of petroleum products rose by 22.76 per cent to $5.71 billion. Similarly, chemicals and pharma shipments increased by 13.47 per cent and 6.76 per cent to $2.53 billion and $2.14 billion respectively.

Sectors which recorded negative growth in August included engineering (14.19 per cent to $8.3 billion), gems and jewellery (about 3 per cent to $3.33 billion), ready-made garments of all textiles (0.34 per cent to $1.23 billion), and plastic (1.10 per cent to $747.21 million).

Source: business-standard.com– Sep 14, 2022

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Don’t be afraid of IPEF: Why India should join all pillars of Indo-Pacific bloc

Even though reportedly a decision has not yet been taken, not joining the trade pillar of the Indo-Pacific Economic Framework for Prosperity (IPEF) would be a mistake. First, it is bad signalling at a time when the world is appreciating India's high growth rates. Second, it would adversely impact the international reputation of Prime Minister Narendra Modi. The third setback would be towards achieving India's goals of becoming first a $5 trillion economy, and then a $10 trillion one in the near future. GoI needs to revisit how trade liberalisation, including through IPEF, will help India's growth.

Furthermore, if India wishes to become a developed country in the next 25 years, it should vigorously explore every opportunity to expand its exports and grow. Other than being a member of the World Trade Organisation (WTO), India currently has 16 free trade agreements (FTAs) and six 'shallow' preferential trade agreements (PTAs) and is exploring many others, including one with the US.

Such preferential deals will give India an advantage over other countries, and help particularly to reduce trade diversion. The world is, indeed, facing a recession. But there is still some demand that India can meet. For this, we need trade agreements beyond the WTO sphere. We cannot stand on the ramparts of Red Fort with a false sense of comfort, but need to go to Chandni Chowk and bargain to get the best deal.

At the same time, India should appreciate that exports are only one part of the trade-led development story. A coherent trade policy should not just help enhance competitiveness and exports, but also stimulate domestic reforms and help achieve other national development goals.

While the Modi government seems to have re-evaluated India's stance on trade-related issues in FTAs to an extent, it still hesitates to engage on newer issues (as well as legacy issues seen as red lines) in multilateral, plurilateral and other innovative platforms like IPEF. This 'one step forward, two steps back' approach is perilous for India's trade.

Not Just This But That Too Other factors on which India needs better understanding of the situation:

China is not a member of IPEF. Because of China, India did not accede to the Regional Comprehensive Economic Partnership (RCEP), even though many in the policy sphere disagree with that decision. Despite that - and other thorny issues between the two countries - India's bilateral trade with China is growing. Trade deficit with China is a problem, but that's another issue altogether.

In fact, India should also apply for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which has many of India's trade partners towards the east as its members. China is not yet a member of CPTPP, but an aspirant. Vietnam has received many concessions in terms of timelines. So, there is scope for India too.

It is GoI's declared policy of not just 'Looking East' but also 'Acting East'. Most IPEF - and CPTPP - members lie in Southeast and East Asia. Therefore, India, too, needs to engage through these accords. Importantly, the commerce ministry has set up two think tanks to advise GoI on regional trade agreements (RTAs). On Sunday, the commerce ministry announced plans to launch a trade promotion body in addition to a trade negotiations body. Thus, India's institutional software is in place to deal with any exigencies.

India has accepted the supply chain pillar in IPEF - the conveyor belt for trade - and this cannot be isolated. So, why the hesitation on trade?

Social clauses in IPEF, being seen as 'discriminatory', should not be such a barrier, considering that India has agreed to the same in the EU-India FTA.

Climate change and border carbon measures will be an imperative for us to look into any FTA, and soon at the WTO.

Why is India afraid of the digital economy also being covered by IPEF?

Our domestic regulatory framework needs to be progressive.

A large number of US companies have opened their R&D centres in India and employed thousands of our bright youngsters to work in them without having to move outside the country. We are, after all, a net exporter of IT-enabled services with a growing potential.

IPEF is a 'soft' agreement, because the US cannot conduct a new trade deal without the approval of the US Congress, which is currently not so inclined. Thus, all conditions will be best endeavours.

Knock on the Door and Join

Combining flexibility with ambition, IPEF has been conceived by its founding members as an instrument to prepare their economies for the future. On similar lines, an Americas Partnership for Economic Prosperity (APEP) is being envisaged by the US with Latin American and Caribbean countries. These are welcome initiatives, and India would do well to play its part in these important conversations as a rule-shaper on forward-looking trade-related issues.

One hopes that good sense will prevail and India's policymakers agree to all the pillars of IPEF so that India can march ahead to become a developed economy by 2047.

Source: economictimes.com– Sep 14, 2022

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Staying out of IPEF's trade pillar: There are two sides to this debate

There's a school of thought that believes that India is trade averse. This notion arises from India's persistent reluctance and refusal to join regional trading arrangements like the Chinese RCEP and now the American IPEF. India had also been a reluctant supporter of WTO. Overall, it has always preferred bilateral agreements.

Many economists and diplomats think this is a bad approach to trade. An equal number thinks it's a good approach.

One huge problem in this 35-year-old debate is the absence of specific criteria for judging good and bad. Another has been that the government always sets the terms of intellectual engagement even though it's least equipped to do so. The result has been polarisation between those who argue in terms of livelihoods (government) and those who argue in terms of economic efficiency and technology transfer.

This creates the usual problem — both sides are right. So, in the end, it boils down to a matter of balance. But how do you achieve that balance when you have no previously agreed upon criteria?

Nor is there a clear idea of winners and losers. The government wants no losers, which is politically desirable but practically impossible. The other side says let the market decide, never mind if the entire economy suffers. The shakeup and the resultant consolidation will eventually benefit the country.

In other words, there is no meeting ground between politics which is looking at the elections this year and economics, which is looking at the next decade.

The first thing to acknowledge is that we are not a big economy. We are to the world economy what the other SAARC countries together are to the Indian economy — inconsequential. It's only after we recognise that we are, in fact, a small economy that we can approach trading blocs sensibly.

The short point is we have no bargaining power and will always be at a disadvantage in any arrangement led by a much bigger economy like the US and China. It's they who will make the rules. So staying out makes sense.

We are big enough to matter when we stand outside the tent but tiny and unimportant when we stand inside it. And we are tiny not just in terms of economic size but also in terms of the number of supporters inside the bloc.

That said, the livelihoods argument can be overdone by politicians who care more about immediate political perception problems and not medium-term economic outcomes.

The UPA used the livelihoods argument on agriculture in the Doha Round. It had no basis in facts, but no political party would agree to be labelled as anti-farmer. That's a reality that doesn't apply to the US, where farmers are just about 1.5 per cent of the population and China which doesn't care about individuals.

Having followed these trade policy debates closely for three decades, I would like to propose that we should focus more on specific balance and less on generalised beliefs.

First, after the world's experience with China in the WTO, it's not just your policies that you must change; you must always be mindful of what China does.

Second, adopt predictable export and exchange rate policies. This is something the late Rahul Khullar, a fine economist, used to lament all the time. He saw unpredictability from the sharp end as the commerce secretary.

Third, don't listen to economists and diplomats with no skin in the game. Instead, listen only to trade policy lawyers and, farmers & business people. If the latter say, it's ok to join a trade bloc, join. If they say don't, stay away.

Source: business-standard.com– Sep 14, 2022

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Secretary, DPIIT says 'Faith and Trust' key to attracting investments

Secretary for the Department for Promotion of Industry and Internal Trade (DPIIT) today said that Investment Promotion Agencies (IPAs) must now not only serve information of the highest quality and reliability, but must also become custodians of trust in the investment process. He was virtually addressing World Association of Investment Promotion Agencies (WAIPA)Investment Conference that is underway in Geneva.

Shri Jain said that though the Association was meeting in challenging times, there was reason to derive confidence and draw inspiration from the fact that together the global investment community showed exemplary resilience in battling the Covid-19 pandemic.

The Secretary said that global foreign direct investment flows had returned to pre-pandemic levels in 2021, and today supply chains were being reconstructed in safer, more resilient ways. I have no doubt, friends, that together we can face and overcome these troubled times and help move the world to a prosperous, and most importantly, sustainable, future, he added.

Applauding investment promotion agencies around the world for collaborating efficiently to keep the wheels of business running wherever possible during the pandemic, Shri Jain said that WAIPA members had not only supported their own governments but had also cooperated across borders to ensure vital materials were kept on the move and business continuity maintained.

He also mentioned that Invest India had played a pioneering role in this process by creating the digital Business Immunity Platform that set new standards of the kind of work investment promotion agencies (IPAs) can do during a crisis.

Highlighting India's incredible investment story, the Secretary said that in spite of the pandemic, the nations saw a new record in FDI inflows each year. He expressed his gratitude to the global investor community for the faith and trust that they have showed in India. The Secretary gave the world mantras of faith and trust, as keys to attracting investments.

Expressing concern over the 'VUCA' world we live in, a world full of Volatility, Uncertainty, Complexity and Ambiguity, Shri Jain stressed that the role of the investment promotion agency has perhaps never been as critical it is now, when the world has been going through a once-in-a-hundred-years energy and technology transformation.

Speaking of the volatile world we live in, where trust is at a premium, especially after the lessons of the pandemic where what seemed like very strong supply chains collapsed rapidly, the Secretary asked IPAs to be the first track of building confidence and trust among investors on the reliability of potential investment decisions.

Stressing upon the need to rebuild trust as the cornerstone of the digital disruption that the world is going through too, Shri Jain said that digital technology has been transforming our world. Referring to initiatives such the World Economic Forum's bid to facilitate greater flow of 'digital FDI', he emphasized that these unprecedented levels of digitization and the quantum leap in technological advancement was also a moment of great opportunity for the world of investment. Countries that digitize effectively and invest in new and emerging technologies will receive greater volumes of foreign direct investment, and investment of a higher quality, is growing, he said.

Citing examples of the benefits of India's mass digitization programme which has built some of the biggest and most democratic tools for public good such as the JAM trinity and the Unified Payment Interface (UPI), he said that during the pandemic, millions of people received urgent cash assistance directly into their bank accounts from the Indian government with the touch of a button enabled by such systems. In 2021, India had the highest number of real-time digital payments in the world with 48 billion transactions. Unique identity number and mobile phone-based system has also enabled and empowered our digital vaccine certification system which has efficiently served certificates almost instantaneously for more than 2 billion doses, he added.

Shri Jain opined that Knowledge, Innovation, and Sustainability are going to be the pillars of global growth. He said that these 3 pillars provided the foundation of start-up ecosystem, the growth driver in times to come and asked IPAs to pay special attention to nurture a rich and vibrant start-up ecosystem.

The Secretary also underscored that latest technologies, new investment ideas must work to accelerate wealth creation and take prosperity to the most underprivileged homes and support businesses and sectors that can give us a future when well-being for all is assured. Equity and inclusivity, he said, were crucial for sunshine of development to reach every region and strata of the humanity.

He called upon IPAs must to think of every region in different countries through the lens of potential investment destinations. While a lot of the big investment opportunities are still centered on major cities, it is important to recognize that deeper digitization and startups facilitate the fruits of equity to travel deeper and impact more lives in a country. One of India's biggest tech firms today runs from a village in southern India, he said.

The Secretary concluded his remarks by stressing that in a turbulent world as present, opportunities could be found in the most unlikely places. The spirit of investment has always had an embedded idea of risk-taking, of guts and glory. We need that spirit more than ever, he said.

Source: pib.gov.in– Sep 14, 2022

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Free trade pact on-track to early completion, Australia assures India

Australia parliament currently suspended out of respect for the passing away of Queen Elizabeth II; FTA likely to be ratified soon

Australia has assured India that the India-Australia Free Trade Agreement will be taken up by the Australian parliament shortly and efforts would be made to implement it this year, a person tracking the matter has said.

"The Australian parliament was suspended for a fortnight out of respect for the passing away of Queen Elizabeth II. However, Commerce & Industry Minister Piyush Goyal was assured by his Australian counterpart through a phone call that clearance for the India-Australia FTA was a priority and would be done soon," the source said.

Any legislative changes required to implement the treaty, officially called the India-Australia Economic Cooperation and Trade Agreement (ECTA) domestically must also pass both Houses of Parliament.

Once the domestic procedures have been completed, Australia and India will provide each other with confirmation of their completion through an exchange of diplomatic notes, and the agreement will enter into force 30 days later, or on any other date that is mutually agreed, per Australia's Department of Foreign Affairs and Trade.

The India-Australia ECTA, under which Australia has agreed to provide zero-duty market access for 96.4 per cent value of Indian exports on the first day of implementation of the agreement, was approved by the previous government in April 2022, but the new Labour-party led government, too, has expressed commitment to implement it as planned. The pact is beneficial for Australia as well as India has agreed to provide zero-duty market access to 85 per cent of Australian goods.

Exporters say that there is a lot of interest from Australian companies for importing more from India once the ECTA is in force. "During our visit to Australia earlier this year, we received several enquiries from business representatives from various sectors who want to use the ECTA to source more from India once it is operationalised. We see a lot of scope going forward," said A Sakthivel from FIEO.

Hike in orders

According to Council for Leather Exports, there was already an increase in orders from Australia as the ECTA had generated a lot of interest and this would go up further once the pact was implemented.

India and Australia will also parallely negotiate a full-fledged India-Australia CECA that will include items that were excluded in the ECTA.

As most agriculture items including dairy products were excluded by India in the ECTA, Australia is keen that some items such as nuts, pulses, grains, oilseeds, cotton and wool, are part of the CECA, in addition to processed food and beverages.

The India-Australia pact seeks to double bilateral trade in five years to $45 billion-$50 billion from $27 billion now.

Source: thehindubusinessline.com– Sep 14, 2022

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Trade with India saw biggest jump among 15 nations in 1 year: US envoy

US's trade with its top 15 partners increased over the past one year, but the single biggest jump was with India, the country's Consul General in Kolkata Melinda Pavek said.

Pavek, while addressing a session here at the East India Summit 2022 organised by the Confederation of Indian Industry (CII), said India-US trade stood at USD 67 billion during the first six months of 2022.

"Exports to India were USD 23 billion, while Indian exports to the US stood at USD 44 billion during January-June.

"US trade with its top 15 partners has increased over the past year, but I am proud to say that the single biggest jump was with India... US companies are consistently India's biggest source of foreign direct investment (FDI)," she said.

In 2021, overall US-India bilateral trade in goods and services was USD 157 billion, as per official data.

Some of the top trading partners of the US include China, Canada, Mexico, Japan, Germany, the United Kingdom and France.

Pavek also said several US agencies are involved in developmental projects in eastern India.

"Being based in Kolkata, a key hub of India's Act East Policy, has helped us understand that the development of ports, inland waterways and multi-modal logistics infrastructure in this part of India has significant potential to improve regional connectivity, especially among the BBIN countries (Bangladesh, Bhutan, India and Nepal).

"We are closely following the progress of port infrastructure development at Kolkata and Haldia... and hold meetings with the Kolkata port authorities to explore potential areas of commercial engagement in their projects," she said.

The US also engages with West Bengal Transport Department to find ways to support the World Bank-funded inland water transport projects in this state, Pavek added.

Source: business-standard.com– Sep 14, 2022

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GST collection may top Rs 1.5 lakh cr from Oct: Revenue secretary

Revenue secretary Tarun Bajaj on Wednesday said he expects GST collection to top the Rs 1.5-lakh-crore-mark from October.

Revenue collection from goods and services tax (GST) has been trending at over Rs 1.4 lakh crore in the past six months consecutively but has not crossed the Rs 1.5-lakh-crore-mark yet on a consistent basis.

The August collection of Rs 1.43 lakh crore is up 28 per cent on-year but lower than Rs 1.49 lakh crore in July. Only once the collection crossed the Rs 1.5 lakh crore mark– a record Rs 1.67 lakh crore mopped in April 2022.

Addressing a CBIC (Central Board of Indirect Taxes & Customs) function here this evening, Bajaj said, “For the last couple of months, we’ve been trying very hard to reach that milestone of Rs 1.5 trillion (lakh crore). But we have been failing a bit sometimes by Rs 2,000 crore and sometimes by even Rs 6,000 crore.

“The revenue that we will collect in October, the data of which will come on November 1, I am sure from that month onwards the CBIC on a regular basis shall deliver Rs 1.5 trillion revenue for the government,” the Union secretary said.

Addressing the same event presided over by Finance Minister Nirmala Sitharaman and her junior minister Pankaj Chaudhary wherein she handed over the keys of an apartment complex for CGST officers and staff here, CBIC chairman Vivek Johri said, the Mumbai zone the CBIC is the largest in the country with four sub zones manned by 41 commissioners.

The Mumbai zone contributes 18 per cent of CGST and 25 per cent of customs duty collections and the megapolis also chips in with 7 per cent of the national GDP, Johri said underlining the importance of the financial capital.

GST collections rose 28 per cent in August to Rs 1.43 lakh crore, remaining above the Rs 1.4-lakh crore-mark for the sixth straight month, aided by rising demand and inflation, higher rates, and greater compliance. In the year-ago period the mop-up was Rs 1,12,020 crore.

"Better reporting coupled with economic recovery will have a positive impact on GST revenue on a consistent basis," the finance ministry said in a statement.

Of the gross GST collection in the month, CGST is Rs 24,710 crore, SGST is Rs 30,951 crore, IGST is Rs 77,782 crore (including Rs 42,067 crore collected on import of goods) and cess is Rs 10,168 crore (including Rs 1,018 crore collected on import of goods), the ministry said.

Source: financialexpress.com– Sep 14, 2022

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Fitch slashes India's FY23 GDP growth forecast to 7 per cent

It also lowered the next fiscal year's growth to 6.7 per cent from the earlier estimates

Fitch Ratings on Thursday slashed its India's economic growth forecast for the current fiscal year to 7 per cent from previous estimate of 7.8 per cent.

Fitch said compared to its June forecast of 7.8 per cent growth, it now expects the economy to grow 7 per cent in 2022-23, with next fiscal year also slowing to 6.7 per cent from earlier estimate of 7.4 per cent.

Source: thehindubusinessline.com– Sep 14, 2022

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With SBI as facilitator, rupee trade to gain pace

Exports to Russia may rise by $5 billion once new mechanism is set

India's rupee trade mechanism with Russia may soon be in place with State Bank of India agreeing to be the facilitating bank although the Russian government is yet to decide on the correspondent Russian bank, exporters' body FIEO has said.

"Russia may decide on the correspondent Russian bank to partner with SBI for rupee trade in the next 15 days. Once rupee trade starts, we will not have to worry about currency devaluation," said A Sakthivel, President, FIEO.

Demand for Indian goods

Exports to Russia could increase by $5 billion per annum once the rupee payment mechanism is put in place as there is a lot of demand for Indian goods from the country, per estimates made by FIEO.

"While the Russia-Ukraine war is a setback to exports in the short run, we are looking to increase our exports to Russia once the rupee payment mechanism gets operationalised," Sakthivel said.

Western nations, including the EU and the US, imposed sanctions against several Russian banks and banned them from using the SWIFT messaging system after the country attacked Ukraine in February this year. While payments for exports to Russia has taken place using alternative currencies such as the Chinese yuan or the dirham since February, exporters say that the going has been tough.

Operationalisation of the rupee trade mechanism, rolled out by the RBI in July this year to enable invoicing of exports and imports in Indian rupee will result in seamless payments though the transportation issue would also need to be sorted out.

In April-June 2022, India's imports from Russia increased 369.29 per cent to $9.26 billion while exports declined 37.82 per cent to $435.62 million.

Look out for non-sanctioned bank

“There is a lot of scope to increase exports to Russia, which is hit by Western sanctions, and is looking at India for increased purchases,” Sakthivel said. It is in Russia’s interest to buy more from India as it can then use the rupee balance that accumulates in its account as India imports more oil and defence equipment from the country.

Russia has circulated lists of items for possible imports from India including products such as medical equipment, pharmaceuticals, chemicals, industrial equipment, garments, furniture and jewellery.

India wants the correspondent bank in Russia to be amongst ones that have not been hit by Western sanctions. The two Russian banks that have presence in India, including Sberbank and VTB Bank, have both come under sanctions.

Many Indian banks, which have been involved in talks with Russia for the rupee trade mechanism, have been hesitant in partnering with Russian banks as they are concerned about possible sanctions in the future, sources tracking the matter said.

UCO bank was involved in the rupee-rial payment mechanism that had been put in place some years earlier to carry out bilateral trade with sanction-hit Iran.

Source: thehindubusinessline.com– Sep 14, 2022

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India's trade with B'desh could treble after FTA: Joint study

A joint feasibility study before the start of talks for a free trade agreement shows that trade between India and Bangladesh could grow by three times. The largest gains for India could be in exports of vehicles, cotton, electrical machineries and equipment, iron and steel, knitted or crocheted fabrics, and machineries and mechanical appliances.

Bangladesh could see gains in textiles and apparel, wooden furniture, parts of machinery, chocolates, inorganic chemicals, footwear and processed goods.

According to the study, as a result of the pact, Bangladesh's exports to India would see a 190.15% increase while India's exports to Bangladesh could rise by 188.34%. The study, conducted by the Centre for Regional Trade (CRT), New Delhi and Bangladesh Foreign Trade Institute (BFTI), Dhaka, was jointly commissioned by the two governments.

The report also recommends allowing investors from Bangladesh to invest in India through automated route, and easier visa regime. Besides, the legislative process of Bangladesh for the entrance of a new investor should be made easier, it said.

The study pointed out that there exists a potential of additional export from India to Bangladesh, ranging from $4 billion to $10 billion, within 5 years. Bangladesh could see exports increase between $3 billion and $5 billion in 10 years, the report accessed by Mint showed. According to the study, the pact had the potential to increase Bangladesh's real GDP by 1.72% and India's by 0.03%.

India and Bangladesh had decided in October last year to start talks on a comprehensive economic partnership agreement (CEPA). PM Modi following a meeting with the visiting Prime Minister of Bangladesh Sheikh Hasina, said that India and Bangladesh will soon commence negotiations on CEPA.

Source: livemint.com– Sep 15, 2022

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Maharashtra Govt to support the ailing textile industry

Maharashtra Textile Minister Chandrakant Patil on Wednesday announced that the State government will help ailing textile mills as it is one of the major employment generating sectors.

Patil said that after agriculture, the textile sector provides the highest employment opportunities but many cotton mills and power looms are unable to operate due to various issues.

“Many cotton mills in the State are in trouble for the last many years. Some have shut their operations and others are on their way to closure. All these mills must prepare a proposal explaining the problems they are facing and the State will support them” said Patil.

He added that he would also visit some textile parks to understand the problems the operators are facing. Maharashtra accounts for about 65 million kg of cotton production which is 25 per cent of the country’s total.

Source: thehindubusinessline.com– Sep 14, 2022

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Tamping irrational exuberance in commodity trade

Irrational exuberance, expounded by Nobel Laureate Robert Shiller, is unfounded market optimism which is devoid of a fundamental foundation of asset valuation.

Instead, it rests on the psychological biases and disposition effect of investors. It creates undue short-lived economic optimism and severely impacts the market and the economy.

The commodity market is not immune to irrational exuberance, as inflated commodity prices compelled the government to suspend more than half-a-dozen active futures contracts in December 2021 for a year.

However, the plausible reasons for this suspension have not been explored yet.

Arguably, commodity exchanges across the world function on the Efficient Market Hypothesis, popularised by economists Fama and French, which enables every participant to make informed decisions with all the publicly available data and information.

Such information is assimilated, which could be daily updates or weekly/monthly data estimates issued by various states, central government authorities, international newswires, and other sources.

An efficient market, where the price is a signal, ensures the most optimal allocation of scarce resources that helps technical analysts predict a fair value of the asset — financial or commodities.

However, technical analysis on prices may not give a transparent explanation for the suspension of futures.

Instead, we need to look at a fundamental analysis for dissecting the proximate causes of invoking or revoking the suspension of futures trading in commodities.

Fundamental analysis

Consider the case of cotton.

While it has gained considerable traction in trade, the clamour for suspending the cotton futures contract calls for revisiting its fundamentals that can complement the technical analysis and justify the decision on suspending its futures or continuing its trading.

Pressure groups are lobbying for its suspension at the cost of farmers who have been primary beneficiaries of higher cotton prices for several years. To build a perspective based on cotton fundamentals that impact the spot and futures is important.

First, domestic and international supply concerns are due to unseasonal rainfall and its adverse impact on the harvest.

The USDA expects the lowest harvest for the US as growers in the country's drought-hit south-west abandoned vast tracts of cropped areas in 2021-22. The Cotton Association of India (CAI) estimated the cotton crop for 2021-22, beginning from October 1, 2021, at 315.32 lakh bales, down by 37.68 lakh bales or 10.67 per cent compared to 353 lakh bales of 170 kg each as on April 30, 2022.

Cotton output outlook

Market participants expect the cotton production for 2021-22 to be about 300 lakh bales.

Unseasonal rains raised quality concerns besides the poor harvest, which has propped up the demand for quality cotton.

Farmers are also reportedly holding on to good quality cotton in anticipation of better prices.

Second, the supply is also adversely affected by the lower opening stock which fell sharply to 75 lakh bales for 2021-22 against 125 lakh bales for 2020-21 following export demand.

Third, per the Committee on Cotton Production and Consumption (COCPC), in November, cotton sowing acreage (provisional) for 2021-22 was down 7.2 per cent to 120.69 lakh hectares compared to 130.07 lakh hectares in the previous year.

Fourth, arrivals from October-April of the current crop year were down 15.38 per cent.

However, prices started cooling in November 2021, as arrivals in market yards or APMCs improved. Figure 1 records the arrivals at APMCs of cotton in bales (lakh) and the percentage change in arrivals between July 2022 and October 2020.

Fifth, polyester yarn prices, a by-product of crude oil and a close substitute for cotton, have increased with the rise in crude prices — the absence of a cheaper alternative to cotton supported global cotton prices.

Policy implications

Pricing of commodities should reflect the fundamentals of commodities. So, first, setting up a nationwide price pooling agency is necessary which should have an arm's length relationship with the exchanges or associated agencies.

It should not have any vested interest in the setting of prices.

Second, commodities that are traded should have good representation across production and consumption centres, be standardised in grade and specifications.

The price pooling mechanism should capture such differences in pricing to enable a fair valuation. Third, for reliable price discovery and broad-based price dissemination, the electronic spot and futures market should co-exist underlying robust market microstructure.

The Product Advisory Committee of the exchange and the market regulator need to work out the modalities for such a microstructure.

Otherwise, market participants would rig the market, create commodity bubbles, and compel the government to suspend active contracts on account of irrational exuberance.

Source: thehindubusinessline.com– Sep 14, 2022

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Need to focus on improving employment conditions for resilient recovery: Labour Minister at G20

Labour and Employment Minister Bhupender Yadav has underlined the need to focus on improving the employment conditions of workers and has said this would also help in a strong and resilient economic recovery.

The Minister, who was addressing Ministerial session at the G20 Labour and Employment Ministers' meeting in Bali, also spoke about the importance of countries to come together for promotion of responsive and robust policies relating to employment generation, social protection, skilling and formalisation in the post pandemic period for ensuring a more resilient, equitable and sustainable recovery.

"Union Minister also held several bilateral meetings with countries including Germany, Singapore, UAE, Kingdom of Saudi Arabia, Netherlands, and Turkiye," said an official release on Wednesday.

Social security

The need for signing of Migration and Mobility Agreement and Social Security Agreement at the earliest was highlighted for facilitating ease of mobility and for ensuring social security to the international workers.

In all these meetings, the Minister briefed on India's upcoming Presidency of the G-20 and broad priorities and sought the support of these countries. In his address to the Ministerial session, he commended Indonesia for selecting priority areas such as labour market integration of persons with disabilities, sustainable growth and productivity in human capacity development through strengthening community based vocational training and also spoke about initiatives by India in these areas.

Gig and platform workers

The Minister highlighted the provisions made in the social security code for providing social security to the gig and platform workers. He further emphasised that the skill development is being aligned to the need of future of work.

Experiences gained from this year's G20 Employment Working Group meetings would aid India in its upcoming presidency and would contribute to our pursuit of securing labour welfare, in light of the dynamic nature of the 21 st Century world of work, he further said.

Source: thehindubusinessline.com– Sep 14, 2022

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CFO explains why Raymond is extremely bullish on textile, realty & other business segments

"A very large retailer who has never looked at India, has given orders for suits to us. Maybe it is just 2% of their requirement but it is very large and it can offset some of the other large customers," says Amit Agarwal, Group CFO, Raymond

A recent brokerage report says how they met the CFO Amit Agarwal at the Raymond premise and the management was extremely bullish on all the businesses – textile, realty, tools and auto ancillary. Where are you super bullish on out of the four businesses and why?

Post the pandemic, people are coming out and spending money and in the last three quarters, we have seen a very significant boost in demand. People have started to celebrate, going out on Diwali, Dussehra and based on our bookings for the textile business, we are looking at what they have booked and not booked in the last few years.

What do you mean when you say booking?

The textile, the fabrics because we have the dealer franchise, wholesalers.

The dealers have done booking in anticipation of how much they will be able to sell in Diwali and Dussehra. Is that booking at an all-time high?
All-time high.

I will give you an example; we just launched Champion's collection at our Thane location the day before yesterday. We were anticipating a booking to the tune of Rs 10-11 crore. We have seen Rs 22 crore booking for that product, one suiting fabric. So, we are seeing that kind of bullishness.

Second, in the real estate market, out of the total inventory, whether launched or non-launched, we have sold 65% of the inventory and from the launched inventory, we have close to 80%. To give you a perspective, in our second project, which is a three-four BHK project that we launched in November of last year, out of 560 odd flats, we have sold 350 flats. That is kind of a bullishness as it is a five-year project. Traction is very strong on the project.

Coming to auto and engineering, globally these are not doing so well, but India is doing phenomenally. In this quarter, a million cars will be sold and we are seeing the benefit with the kind of market share which we enjoy with the top OEMs in the country and we are seeing very good demand.

Real estate business is the new entry. This business was not the original business of Raymond. What could be the segmental breakup, the contribution to top line and bottom line from these four segments in FY23 and FY24?

Based on percentage of completion you book the revenues and in FY24, realty and engineering put together should be doing anything between 20% and 25% of the total revenues.

In terms of EBITDA, we should consider 35% of the EBITDA coming from these businesses but our mainstay is the lifestyle business and we see very good trends coming in.

We are adding new lines in export because as we speak, today we are booked all the way till March, though we are seeing a slowdown in global markets but because of China plus one policy being followed globally, we have got some new customers coming our way. I will give you a very large fashion player. He has recently given 10% of his total demand to us for the shirting business. Next week or in ten days, we are launching a new theme at our flagship store in Thane. Suppose you come to our store, buy the fabric, give your measurements, go for a meal and picture or something and we will deliver your shirt and a suit when you come back. That is the kind of revolution which we are bringing into the market.

But I am guessing that will be across the….?

We are launching this service at Thane first, but then it will spread across all our stores and we are present in 600 cities with 1,000 plus stores.

Also talk about your exports.It is quite different from the commentary that we are hearing from other corporates wherein on account of the Europe slowdown, there is a slowdown in demand itself. A bit of manufacturing is coming India's way but there is a slowdown in demand and that is quite visible with what is happening with Walmart, Bed Bath & Beyond, etc.

How much scaling up is possible with respect to exports?

While the existing customers have created the demand and account for 65-70%, we have added new customers and because of the China plus one policy, some of the customers who were destined to go to China, have started to look at India.

A very large retailer who has never looked at India, has given orders for suits to us. Maybe it is just 2% of their requirement but it is very large and it can offset some of the other large customers plus we are selling the suits at let us say $300 and at that price, it is not worn by common men in those parts.

I always say that at Raymond, there is a want customer and a need customer. We cater to the want customer and not really to the need customers. Food inflation and everything which is impacting globally affects the need customers more.

Looking at the financials, in terms of where your margins could be headed, what could give a big fillip would be the fact that cotton prices have corrected about 11%. The availability of cotton is expected to improve from October onwards. What would be your outlook in terms of margins?

This year, I will not give specific guidance but I can tell you this will be a record year for the Raymond Group. In terms of profitability, in terms of revenue, if you look at three quarters, third quarter of last year, fourth quarter and first quarter, all respective quarters, considering seasonality, have shown record profitability and revenues. So, I am very bullish.

It was about 27% EBITDA margin in Q1 if I am not mistaken?

No, it would not be 27% EBITDA margin, it is 14% EBITDA. But we are very strong in branded textiles, which we are famous for. There we are comfortably seeing 17-18% EBITDA margins. In a cotton shirt, 20% of the selling price is the value. Of that 20%, even if the Rs 32,000 candy has moved to Rs 100,000 a candy, I need to do a price increase of 16-17-18%. Over the years, with our branded product, we have been able to increase the price.

Our consumers should not start saying that we have increased the prices slowly and since it is not a daily buy, people can absorb it.

One of the triggers for the stock has also been the business reorganisation with the entire demerger and subsidiarisation of your business. How has that been progressing and is there any value unlocking on the cards?

The pandemic showed us the need to restructure and overhaul the business. One, we took out almost Rs 400 crore cost on a sustainable basis and that is adding to the profitability. Second, we used to run with close to 97-98 days of working capital. We brought it down to sub 45 days. Considering these two big factors, we have deleveraged our balance sheet and as we talked about that over the next three years we will become a zero debt company.

In terms of restructure, in September, we put the apparel business from a subsidiary into Raymond Ltd because we have consolidated all B2C businesses under Raymond Ltd. Otherwise, we had a store TRS which was managed by the suiting business, we had an EBO which was managed by Raymond Apparel and so double costs were being managed. We consolidated and saved a lot of cost.

Then we went to the next item. We said engineering is a very attractive, mature business with high ROCE. It is a good margin growth business. We have put into a subsidiary, filed the DRHP and are in the process of doing an IPO.

Third, real estate initially started as a monetisation of the land. Now we have progressed and it is one of the core businesses.

Will there be a separate IPO for this as well eventually?

Eventually, we will consider because we are putting it into a subsidiary; we want to see what would be the best way because that is the only business in the group which would require capital. The rest is a significant cash flow generating business.

Will the current Raymond become more of a holding company which is incubating different businesses?

Not really, because today the largest piece, which is the textile business, will sit at Raymonds. So it is an operating entity, it is not at all a holding company. But it has the businesses which are not directly connected to the textile business and it has different kinds of players. We need to provide a separate focus on engineering.

We talked about the professionalization of the boards. Our engineering business is a completely independent board and the chairman is Mr Ravi Uppal. In the FMCG business, we have got Rajiv Bakshi and now we have Vice Chairman Mr Atul Singh also joining the board. We want focussed companies with their growth aspirations, boards and professional management, so that everybody can drive individual growth.

You are developing a land parcel in Thane that is your own land. My understanding is you are planning to make the real estate business bigger. Somewhere the real estate business will be growing on the balance sheet of Raymonds which means Raymonds the existing company will be giving guarantees and loan guarantees for the real estate business. Is that risk worth taking?

It is a standard practice. Today with four million square feet, we are constructing. We are sitting on a net cash positive. At the end of the day, we have a slightly different mindset when we are working on real estate. The mindset is very simple that I have to construct fast. When people cast a slab in 15 days, we do it in seven days.

At the end of December 2022, we are delivering 900 apartments which we were supposed to deliver in December 2024. In this business, one has to construct fast because we have milestones coming in and we get the cash and the sales velocity. I may not be the highest priced in the market and even 1% lower could work well for me because the cash flow rotation is very fast.

So what is happening is on the JDA route, we are not going and buying the land. These are joint developments and we enter only after every possible approval is done. That way, we can get into a project and can construct it faster.

ET now has repeatedly asked Mr Singhania about his plan for the FMCG business. Economic Times did report that the FMCG deal has not gone through. What is the update there?

We will evaluate the options; however, we are very bullish on the FMCG business. We have iconic brands in Park Avenue, KS on the deo side and

Kamasutra on the sexual wellness space. Now between these three brands, we see a very good growth opportunity as demand is strongly coming back.

Second, the commodity prices are easing off. We have seen margin improvement in this business of going over 10% now in the FMCG business. So with the distribution network of over 600,000 points of sale, in the next three years, this business will do at least 2x to 2.5x.

So it is no longer on the block?

No.

It is going to stay with the entity and you are quite bullish on it?

Yes, because we see there is a good growth opportunity in this business.

Source: economictimes.com– Sep 14, 2022

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India's shipping companies may face drop in margins in FY22: Crisil

The margins of Indian shipping companies are likely to contract in fiscal 2022 (FY22) because of declining charter rates in the tanker segment despite historically high charter rates in the container and dry bulk segments in fiscals 2021 and 2022, according to a report by global analytics company Crisil.

"The Indian shipping industry largely comprises tanker vessels, which account for approximately 57 per cent of the overall fleet pie. While the container segment is the next largest, it accounts for a distant 22 per cent share. Hence, the Indian shipping players profitability is largely swayed by the tanker segment," said the report.

The enormous impact of the lower share container segment will seep into fiscal 2023 as well, with limited ship movement on account of an expected decrease in trade resulting in a slight reduction in overall industry margins. Notwithstanding, the margins will still be higher than levels before the COVID-19 pandemic due to conducive conditions, which have slashed the variable expenses of shippers.

The report anticipates that the correction in charter rates across segments may impact player revenues to a certain degree.

Source: fibre2fashion.com– Sep 14, 2022

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Indo Count is ushering premiere fitness brand into home textiles

Indo Count's big launch for market is a 3-fer: its 1st comprehensive license, its 1st bath license and the 1st excursion into home for the global fitness brand.

The vertical manufacturer – one of the Top 10 home textiles suppliers to the U.S. market – has signed an exclusive license with the Gaiam brand, which is owned by Galaxy Universal. The license includes bedding and bath, the latter a new category for Indo Count.

The Gaiam home collection will be featured at next week's New York Home Fashions Market and will launch in stores and online in the U.S., Canada and Mexico with retail partners in spring 2023.

"We've been searching for the right brand partner to build innovative, value-add products and we will deliver on the Gaiam brand promise to make wellness accessible to all," said KK Lalpuria, Indo Count's executive director and CEO.

Products will be technology-driven, with a focus on the concept of "Restore and Relax." Product categories include sheets, fashion bedding, utility bedding, bath towels and bath mats.

"We are thrilled to be partnering with a best-in-class home textiles manufacturer, Indo Count," said James Setton, Galaxy's COO. "With their extensive design and development capabilities, we are excited to show the retail community how Gaiam home can fit into their assortments."

Indo Count's showroom is located at 390 5th Ave.

Source: hometextilestoday.com– Sep 14, 2022

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