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INTERNATIONAL NEWS

China crisis sends global shivers

From the nine per cent year-on-year growth for more than four decades to less than three per cent now, China braces for an unprecedented slowdown.

The 2022 World Bank GDP growth projection for China is 2.8 per cent. The average growth rate data for its Asia-Pacific neighbours is 5.3 per cent. Thus, China is estimated to grow at half the rate than its neighbours. Why?

While most economies suffer due to global factors, the Chinese slowdown is largely caused by its own acts of commission.

When China slows down, it buys less, consumes less, and produces less affecting all suppliers and buyers worldwide. Why slow down, and how will it affect the world, India?

Roots of slowdown

The three crucial factors leading to slowdown are the Zero Covid policy, the housing crisis, and rivalry with the US for strategic and tech supremacy.

Zero Covid policy: Covid-19 pandemic led to a shutdown of many manufacturing and shipping facilities disrupting supplies starting early 2020s. Zero Covid policy forced citizens to stay indoors, affecting jobs and incomes. Till August 2022, at least 20 cities contributing to 10 per cent of China's GDP were under lockdown.

Housing bubble: The housing sector accounts for a quarter of the Chinese GDP. The failure of Evergrande Group, China's second-largest housing firm, to meet offshore debt obligations precipitated the housing crisis. Developers abandoned semi-finished buildings, founders sold their stakes, exited the groups, forcing homebuyers not to pay the mortgage. Housing loan default may lead to a crisis in banking as banks lent $7.5 trillion or a quarter of all bank loans to housing.

The housing bubble wiped out most gains of the hard-working Chinese middle class. They are emotionally low, already suffering from Covid-related loss of life and livelihood.

Rivalry with the US: With China growing more assertive and belligerent, the US sees it as a threat to US technology and military supremacy. With exports of $435 billion and imports of $125 billion, China has a trade surplus of $310 billion with the US.

While Trump focused on punishing China by imposing high import duties on $250 billion in imports from China, Biden acted to cripple China's supercomputer and Artificial Intelligence (AI) industry.

Last month the US banned the supply of semiconductor-related inputs that power the supercomputers in China. The new US export control rules also block chip makers worldwide from developing advanced chips for China.

China, the factory of world supplies 15 per cent of world merchandise exports with a value exceeding $3.36 trillion (2021). It buys inputs from everywhere, converting them and delivering the finished products for use in all countries.

Look at the high value of China's major global exports. Electronic products ($900 billion), Machinery ($550 billion), Textiles and apparel ($310 billion), Steel products ($160 billion), Furniture ($150 billion), Plastics ($130 billion), Automobiles ($120 billion), Toys ($100 billion), Medical equipment ($100 billion). The figure in the bracket shows China's export value in 2021.

The world buys most laptops, mobile phones, washing machines, refrigerators, apparel, toys, and household goods from China.

Green energy transition will be expensive if China supplies fewer photovoltaic cells or Electric Vehicle batteries.

The US, EU, and India may face a health emergency without China. Each buys most (>70 per cent) of the APIs KSM from China.

Six impacts of the slowdown

- One, reduced commodity and energy prices. China's lower crude oil, natural gas, and coal consumption will reduce energy prices worldwide. Crude sells at the sub-100 level at $95/barrel. OPEC may cut production to contain falling prices. But for now, the lower prices of crude oil, natural gas, and coal will reduce the import bill.

- Australia and Brazil suffer as significant value of their mining and agriculture produce went to China. Less business with China imperils their economies.

- Two, increase in the prices of semiconductors. Prices have increased more than 50 per cent within the past six months. This will lead to an increase in the prices of cars, laptops, and all things electronics. Expect delayed supplies and further price rises.

- Three, impetus to local manufacturing. The Covid-19 pandemic made the world see that it cannot put all its eggs in the China basket. Countries like the US are investing billions of dollars in the Make in America program to cut dependence on China for medicines, semiconductors, green energy, and critical materials.

- Four, high US dollar interest rates. China invests about $1 trillion from its $3.2 trillion reserves in US treasury bonds. Low export earnings may compel China to invest less in treasury bonds forcing the US Fed to increase interest rates to make bonds attractive. This would mean fewer dollars in the market, leading to fewer new investments in the US and the world.

- Five, Impact on India. The China slowdown has led China to buy less and sell more to India. The January-August 2022 DGCI&S data confirms this trend. China's share in India's exports decreased from 6.5 per cent in January-August 2021 to 3.5 per cent in January-August 2022. Share in India's imports remains broadly the same at 15 per cent. There is no let-up on the trade deficit due to the slowdown. On the positive side, India will gain from active relocation by large global firms looking for China+1 option.

- Six, the concentration of power. Xi Jinping continues as General Secretary of the Chinese Communist Party for the third time, concentrating ever more power at the top. This may help in dealing with local issues. But, how China deals with the US restrictions on high technology items will ultimately decide its future as an industrial and military power.

Source: thehindubusinessline.com - Nov 09, 2022

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Global supply chains set for overhaul next year, HSBC poll shows

More than 40% of corporate decision-makers see an urgent need to overhaul their supply chains in 2023, with inflation, higher interest rates and weaker global trade acting as some of the stiffest economic headwinds, a new survey showed.

Just 11% of respondents in the HSBC Holdings Plc survey said transforming their supply chain wasn't a priority next year, but 42% plan to do so and almost 47% see it as a priority at some stage in the future. Conducted by the research firm Toluna, the poll covered 2,170 executives at medium-size companies in 14 countries from Sept. 28 to Oct. 24, according to the London-based bank.

The survey also showed concerns were broader than supply chains, with 51% of respondents saying their expect the environment for international trade to be harder next year.

That lines up with the latest forecasts from the World Trade Organization for cross-border commerce to grow just 1% next year, after a projected 3.5% increase this year.

Asked about the biggest impediments to their business next year, 38% cited inflation, 32% pointed to higher interest rates and 27% said an uncertain political environment, the poll showed.

Overall, though, there was plenty of optimism about revenue prospects for the year ahead, according to the survey. More than three-quarters expect sales growth to exceed 10% next year, with 19% of those respondents expecting revenue to increase by more than 20%.

"Businesses are operating in an increasingly complex global economic landscape, navigating a wide range of challenges," Barry O'Byrne, chief executive of HSBC's global commercial banking unit, said in a statement. "Despite this, there is a strong sense of global resilience and ambition amongst mid-size businesses."

Here's a breakdown for several countries where supply chains and global trade are especially key:

India

Indian business leaders are some of the most optimistic about international trade in 2023, with 45% expecting it will be easier, compared with 28% globally. Seven in 10 plan to enter at least one new foreign market, and 58% will focus on making their supply chain more secure.

Australia

Almost half will focus on making their supply chain more secure, but 18% are concerned there is a lack of quality suppliers and goods, according to the survey.

Malaysia

Some 65% say they will focus on making their supply chain more sustainable in 2023, but 29% were concerned about a lack of quality suppliers and goods to support a sustainable supply chain.

Indonesia

Similarly, some 80% of respondents will focus on making their supply chain more sustainable, but at the same time 28% are concerned about a lack of quality suppliers and goods.

Source: economictimes.com - Nov 10, 2022

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Global air cargo demand softens in Sept 2022: IATA

Global demand fell by 10.6 per cent in September this year compared to the same month last year, but continued to track at near pre-pandemic levels, according to the latest data on global air cargo markets released by the International Air Transport Association (IATA). Capacity was 2.4 per cent above September 2021 but still 7.4 per cent below September 2019 levels.

Following contractions across major economies, the global purchasing managers index (PMI) for new export orders contracted (for a third month in a row) to its lowest level in two years during September.

Latest global goods trade figures showed a 5.2 per cent expansion in September, a positive sign for the global economy. This is expected to primarily benefit maritime cargo, with a slight boost to air cargo as well, IATA said in a release.

“While air cargo’s activity continues to track near to 2019 levels, volumes remain below 2021’s exceptional performance as the industry faces some headwinds. At the consumer level, with travel restrictions lifting post-pandemic, people are likely to spend more on vacation travel and less on e-commerce,” said IATA director general Willie Walsh.

“And at the macro-level, increasing recession warnings are likely to have a negative impact on the global flows of goods and services, balanced slightly by a stabilisation of oil prices. Against this backdrop, air cargo is bearing up well. And a strategic slow-down in capacity growth from 6.3 per cent in August to 2.4 per cent in September demonstrates the flexibility the industry has in adjusting to economic developments,” he added.

Asia-Pacific airlines saw their air cargo volumes decrease by 10.7 per cent in September this year compared with the figure in same month last year. This was a decline in performance compared to August this year.

Airlines in the region continue to be affected by the conflict in Ukraine, labour shortages and lower levels of trade and manufacturing activity due to Omicron-related restrictions in China. Available capacity in the region increased by 2.8 per cent compared to 2021.

North American carriers posted a 6 per cent decrease in cargo volumes in September compared with the same month last year—a decline in performance compared to August. Capacity was up by 4.6 per cent compared to September 2021.

European carriers saw a 15.6 per cent decrease in cargo volumes in September compared to the same month last year. This was on par with the performance in August this year. Capacity increased by 0.2 per cent in September compared to the same month last year.

Middle Eastern carriers experienced a 15.8 per cent year-on-year decrease in cargo volumes in September this year. This was the worst performance of all regions and a significant decline compared to the previous month.

Stagnant cargo volumes to and from Europe affected the region's performance. Capacity was down by 2.8 per cent compared to September last year.

Latin American carriers reported an increase of 10.8 per cent in cargo volumes in September 2022 compared to the same month last year. This was the strongest performance of all regions.

Airlines in this region have shown optimism by introducing new services and capacity, and in some cases investing in additional aircraft for air cargo in the coming months. Capacity in September was up by 18.4 per cent compared to the same month in 2021.

African airlines saw cargo volumes increase by 0.1 per cent in September compared to the same month last year. This was a slight decrease in the growth recorded the previous month. Capacity was 4.1 per cent below September 2021 levels.

Source: fibre2fashion.com - Nov 10, 2022

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China's apparel exports to Germany down in Sept; $4.8 bn in Jan-Sept

China's apparel exports to Germany dropped to $391.387 million in September 2022 on month-on-month basis. But the exports improved in July-September (Q3) to $1.923 billion from $1.702 billion of April-June 2022. The accumulated shipment in the first nine months totalled to $4.816 billion. Textile exports are facing headwinds due to economic challenges.

China's shipment to Germany fell in September from $671.260 million in August 2022. The exports were recorded at $860.868 million in July, $785.247 million in June, $578.393 million in May and $338.401 million in April 2022, according to Fibre2Fashion's market insight tool TexPro.

The monthly shipment dropped after peaking in July 2022 due to high inflation, which reduced the buying power of consumers, thus affecting sale of discretionary products including textiles.

Apparel supply from China witnessed an increase in Q3, 2022 over previous quarters due to better performance in the first two months of recently concluded quarter. The exports reached $1.923 billion in Q3 2022, $1.702 billion in Q2 2022 and $1.190 billion in Q1 2022.

Last year, the shipment reached $1.556 billion in Q4, $1.818 billion in Q3, $1.226 billion in Q2 and $1.076 billion in Q1. Total exports in the first nine months amounted to $4.816 billion, up from the exports of $4.12 billion in the corresponding period of last year.

China had exported apparel worth $5.678 billion in 2021, $4.981 billion in 2020, $5.679 billion in 2019, $6.404 billion in 2018 and $6.180 billion in 2017, as per TexPro.

Source: fibre2fashion.com- Nov 10, 2022

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Euro area & EU's September volume of retail trade goes up by 0.4%

Euro area and the European Union’s (EU) seasonally adjusted volume of retail trade grew by 0.4 per cent in September 2022, compared with August 2022, according to estimates from Eurostat, the statistical office of the EU.

As compared to September 2021, the calendar adjusted retail sales index in September 2022 decreased by 0.6 per cent in the euro area and by 0.3 per cent in the EU.

In August 2022, the retail trade volume remained stable in both the euro area and the EU.

For both euro area and the EU in September 2022, compared with August 2022, the volume of retail trade increased by 1.0 per cent for non-food products.

Among member states for which data are available, the highest monthly increases in the total retail trade volume were registered in Austria (3.9 per cent), Malta (1.7 per cent), and Poland (1.4 per cent). The largest decreases were observed in Slovenia (3.7 per cent), Ireland and Portugal (both 2.0 per cent), and Slovakia (1.3 per cent).

In September 2022, compared with September 2021, the volume of retail trade for non-food products decreased by 0.3 per cent for the euro area, while in the EU, it decreased by 0.1 per cent.

Among member states for which data are available, the largest yearly decreases in the total retail trade volume were registered in Ireland (6.8 per cent), Denmark (6.3 per cent), and Estonia (5.9 per cent). The highest increases were observed in Slovenia (23.9 per cent), Poland (8.4 per cent), and Malta (7.4 per cent).

Source: fibre2fashion.com- Nov 09, 2022

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Fall in Sri Lankan garment exports likely

Sri Lanka's garment exports may fall by at least 30 per cent in the next four months. Some of the orders received by Sri Lanka have been transferred to countries like Bangladesh, Cambodia, Laos, Myanmar, Vietnam and Ethiopia due to the political and economic instability prevailing in the country.

Inflation in many other countries, including the United States, has also led to the reduction of orders.

The demand for Sri Lankan garments has also fallen due to the Russian-Ukrainian war, disruption of Russian gas supply, rising fuel prices and inflation in European countries.

Sri Lanka's main garment export destinations are the United States of America, the European Union and England.

Sri Lanka is attempting to finalise free trade agreements with countries like China, India, Japan and Australia. These are expected to help boost exports and strengthen the industry's resilience.

August 2022 saw a 20 per cent increase in export turnover generated by the apparel sector but at present Sri Lanka is not competing on a level playing field.

Its main competitor countries like Bangladesh, Vietnam and some African nations have duty concessions in global markets, which it does not have.

Sri Lanka's only concessions are for the UK and the EU markets, and those come coupled with a variety of strict conditions pertaining to the origin of raw materials.

Source: fibre2fashion.com- Nov 09, 2022

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Vietnam's textile, garment exports up 21.6% in Jan-Oct 2022

Vietnam earned $31.729 billion from textile and garment exports in the first 10 months of 2022, an increase of 21.6 per cent over the same period of last year, as per preliminary data from customs IT and statistics department, general department of customs, Vietnam's ministry of finance. However, exports in September 2022 fell by 0.8 per cent month on month.

According to the latest figures, the US accounted for a major share (about 46.91 per cent) totalling $14.887 billion in the textile and garment exports of Vietnam during the period under review. Japan and South Korea were the other major destinations with exports of $3.298 billion and $2.860 billion, respectively.

Vietnam's yarn exports, however, decreased by 10.6 per cent to $4.083 billion compared to the same period of last year. Of this, China imported around 46.36 per cent or $1.893 billion worth of yarn, followed by India that imported yarn worth $103.887 million. In volume terms, Vietnam exported 13,21,022 tons of yarn which was 18 per cent lower than the exports during the corresponding period of last year.

Vietnam's exports of textiles and garment have registered a fall of 0.8 per cent in October 2022 compared to the previous month. The exports came down by 31.9 per cent in September 2022 month on month. It reflects the severe impact of slow demand in the international markets.

In 2021, Vietnam's textile and garment exports earned $32.750 billion, registering a growth of 9.9 per cent over the exports of $29.809 billion in the previous year, while yarn exports increased by 50.1 per cent to $5.609 billion from $3.736 billion in 2020.

For 2022, Vietnam has set a target of $43 billion for its textiles, garments, and yarn exports, according to the Vietnam Textile and Apparel Association (VITAS).

Source: fibre2fashion.com- Nov 10, 2022

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Pakistan: Cotton is the way out

There are a few sectors of the economy that are the backbone of the economy and textile is one of these sectors. Among all the sectors, the most important industrial sectors, the textile industry plays a significant role in national economies, employment generation, and exports to developing countries like Pakistan. The global textile market size, estimated at USD 993.6 billion in 2021, is expected to grow at a rate of 4.0 percent annually. In 2021, among Asian countries, China is the leading global textile exporter, while Pakistan accounts for 2 percent of global textile exports.

The trend of export of Pakistani products to the US market has been seen since the last financial year and it has been continuously maintained till now. But this year the cotton crop in Pakistan has been affected to a great extent due to floods. In the year 2020, India and Bangladesh were completely shut down due to the coronavirus, while the industry was functioning in Pakistan.

As the US market needed supplies that could not be met due to the closure of India and Bangladesh, international buyers turned to Pakistan. Will Pakistan's textile industry, which has been given all the facilities by the government, learn to continue the tradition of contributing to Pakistan's economy by making textile products that are competitive in the global market?

The textile industry is the backbone of the Pakistani economy, while the cotton crop is the main artery for this industry. Therefore, whenever there is a disruption or reduction in the supply of cotton, as a result, the textile industry starts shutting down automatically. The surprising thing is that on one hand the exports of the textile industry continue to increase and on the other hand the problem of reduction in cotton production due to various reasons has been intensifying for the last several years.

The crisis has been aggravated by the recent floods as the cotton crop cultivated on an area of more than 1.45 lakh hectares in Sindh has been completely damaged, while the crop that has survived the inundation is of substandard quality and can't be used by textile industry at least. An immediate solution to this problem is that the government of Pakistan should immediately remove the ban imposed on the import of cotton and thread from India.

The prices of imported polyester yarn have also increased by more than 50 percent due to which the crisis in the textile industry is getting worse with each passing day. This year, the cotton production in the country was estimated at 75 lakh bales, but due to floods, the cotton crop was destroyed in Sindh and partially destroyed in Punjab.

The industry is facing a shortfall of 6 million bales. At present, the textile industry is forced to import cotton from Central Asia, Brazil, America, and Africa to meet its requirement, although cotton is available in abundance in our neighbouring country India. Not only is the cost of importing cotton from other countries higher than in India, but it also takes months to bring the imported cotton to Pakistan and from India, it hardly needs a week.

It is also important to point out here that the main reason for the decrease in cotton production in Pakistan is the establishment of sugar mills in the districts designated for cotton cultivation and the increase in sugarcane cultivation there instead of cotton. Along with this, the quality of cotton has also decreased due to the sale of substandard seeds and the adulteration of agricultural drugs and fertilizers.

Then the federal government and the provincial governments and the industrialists are not playing any role to facilitate farmers who are interested in sowing cotton. Only the PPP government, whenever it is in the federal government, plays its role in facilitating these farmers but other than the PPP government, no federal government has ever played the needed role to increase cotton cultivation in the country.

Cultivation is not the answer alone, research and quality seeds are also needed for the textile sector to grow further and help the country in earning from exports. However, exports are not the only measure of the performance of textile industries today.

If textile firms follow sustainable business practices and demonstrate a satisfactory record of sustainable business practices, then they can compete in the modern world. Simply put, making a profit while having a positive impact on society (people), and the environment (planet) is only possible through sustainable business practices—the three Ps.

In today’s corporate world, sustainability is an important component of social and environmental responsibility and a fundamental first step in protecting the Earth for future generations. These practices not only save money, reduce waste, and conserve natural resources, but they also help protect the environment and its inhabitants.

This year, if we want to save the textile sector from going down, the Textile sector should be allowed to export cotton from India, and at the same time, there should be a policy to encourage farmers in cotton growing areas to switch to cotton again instead of sugarcane.

A policy should be formulated as sugar and sugarcane do not contribute much to our exports while sugar and sugarcane play a key role in ruining our health system, so it is important to encourage farmers to grow crops that benefit the country and the national economy. Industrialists have developed a habit of relying completely on the government, they should also play their role in facilitating farmers sowing cotton.

Source: reuters.com - Nov 10, 2022

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Bangladesh: Unsold yarn piles up for falling garment exports

The unsold yarn at the spinning mills of Bangladesh is piling up abnormally because of a fall in work orders by 30 per cent for apparel items from international clothing retailers and brands.

The amount of inventory of yarn has already crossed five lakh tonnes in the last two months, according to the Bangladesh Textile Mills Association (BTMA).

Razeeb Haider, managing director of Outpace Spinning Mills, said the volume of unsold yarn with his mills has increased to 1,600 tonnes as of last week.

"The stock began to go up two months ago as demand for garments fell."

Before the latest slowdown kicked in, Haider's mills would have a stock of yarn of 500 tonnes to 600 tonnes, which the entrepreneur considers normal.

The piling up of unsold yarn is widening owing to the fall in orders for apparel items from international buyers, said Md Masud Rana, managing director of Asia Composite Mills, which consumes 40,000 tonnes of cotton a year.

Mahin Group is also feeling the pinch of slowing exports.

"The stockpiling of yarn is taking place, not for the price factor but for the demand factor as buyers are delaying placing orders for the higher inflationary pressure in European countries," said Abdullah Al Mahmud Mahin, chairman and managing director of Mahin Group.

The consumption of yarn by the export-oriented garment factories dropped to nearly five million kilogrammes a day from 12 million kgs earlier.

Similarly, the production of yarn in the mills that cater to the domestic market has also gone down significantly amid a sharp decline in demand among consumers struggling for record prices.

Spinners in Bangladesh are facing a double whammy in the yarn business.

On the one hand, they are running their production units at 50 per cent capacity because of a severe gas and power crisis. On the other hand, the volume of unsold yarn has grown. The inventory would have grown further if millers could run their operations at full capacity with adequate gas pressure, industry insiders say.

Because of the sales drop, the primary textile sector, which has seen an investment of about $20 billion so far, has come under major threat.In some cases, the sales of yarn have dropped by more than 50 per cent over the last two months for the economic crisis in major export destinations in Europe.

Currently, local spinners can supply 90 per cent of raw materials to the knitwear sector and 40 per cent to the woven sector, Bangladesh's two biggest export-earning segments. In recent years, the demand for locally spun yarn and fabrics has grown among manufacturers as domestic production has allowed them to cut long lead time.

At least 30 additional days are required for garment exporters if they ship goods made from imported fabrics from China. Despite the country sitting on a huge volume of yarn, some manufacturers are importing the textile raw material from other countries like India, hurting the local industry, a number of millers say.

This led them to demand the government take steps to stop the import of yarn with a view to protecting the domestic industries and the foreign currency reserves.

Mohammad Ali Khokon, president of the BTMA, said the primary textile sector is facing a multipronged challenge for the Russia-Ukraine war, higher inflation in Europe and the gas crisis in Bangladesh.

He demanded a 90-day additional time for the payment of loans under the central bank's Export Development Fund so that millers can weather the impacts of the unsold yarn.

Source: thedailystar.net- Nov 10, 2022

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NATIONAL NEWS

Centre allows International Trade Settlements in Indian Rupees for Export Promotion Schemes under the Foreign Trade Policy

The Government of India has made suitable amendments in the Foreign Trade Policy and Handbook of Procedures to allow for International Trade Settlement in Indian Rupees (INR) i.e., invoicing, payment, and settlement of exports / imports in Indian Rupees. Accordingly, the Directorate General of Foreign Trade (DGFT) had earlier introduced Para 2.52(d) vide Notification No. 33/2015-20 dated 16.09.2022 to permit invoicing, payment and settlements exports and imports in INR in sync with RBI's A.P. (DIR Series) Circular No.10 dated 11th July 2022.

In continuation to the above notification, changes have been introduced under Para 2.53 of the Foreign Trade Policy, for grant of exports benefits / fulfilment of Export Obligation under the Foreign Trade Policy, for export realisations in Indian Rupees as per the RBI guidelines dated 11th July 2022.

The updated provisions for Export Realisation in Indian rupees been notified for, imports for exports (Para 2.46 of FTP), export performance for recognition as Status Holders (Para 3.20 of FTP), Realisation of export proceeds under Advance Authorisation (AA) and Duty Free Import Authorisation (DFIA) schemes (Para 4.21 of FTP) and Realisation of Export Proceeds under Export Promotion Capital Goods (EPCG) Scheme (Para 5.11 of HBP).

Accordingly, benefits / fulfilment of Export Obligation under the Foreign Trade Policy has been extended for realisations in Indian Rupees as per the RBI guidelines dated 11th July 2022. Given the rise in interest in internationalisation of Indian Rupee, the given Policy amendments have been undertaken to facilitate and to bring ease in international trade transactions in Indian Rupees.

Source: pib.gov.in- Nov 09, 2022

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India pushes Rupee trade beyond Russia

On the lines of an arrangement being worked out with Russia, India is in talks with Sri Lanka, the Maldives and multiple south east Asian, African and Latin American countries to initiate trading in the Indian Rupee.

The countries in these geographies have shown interest in opening Special Rupee Vostro or SRV accounts, The Indian Express has learnt. A Vostro account is an account held by a bank that allows the customers to deposit money on behalf of another bank.

The Reserve Bank of India had announced guidelines on overseas trade in Indian Rupee in July. In part, this is also aimed at curtailing India's dollar dependence for trade, and indirectly strengthen the domestic currency.

The first country to open a special Rupee Vostro account is Russia, which has increased supply of discounted crude to India post the Ukraine war. In September, government-owned UCO Bank received the RBI's approval to open a special vostro account with Gazprombank of Russia and in October, Sberbank and VTB Bank – the largest and second-largest banks of Russia – opened special vostro accounts in their respective branches in Delhi.

Since Russia's invasion of Ukraine, various countries in the West and the US have put sanctions on Moscow and the country is off the SWIFT system too (system used by banks for payments in foreign currency). Russia would be, for the time being, interested in trading in rupee since other modes of payment may not be available.

"The Ministry of External Affairs mentioned their missions abroad in this regard. Interest was also forthcoming from several countries, notably Sri Lanka, Maldives, various Southeast Asian, African and Latin American countries," read the minutes of the meeting in September chaired by the then Department of Financial Services secretary Sanjay Malhotra.

"The Department of Economic Affairs also mentioned that based on their interaction in various bilateral meetings/dialogues with partner countries, there was considerable interest from various countries in opening SRV accounts," the minutes of the meeting obtained by The Indian Express through an RTI application said.

Malhotra and T. Rabi Sankar, Deputy Governor, RBI, chaired the meeting that was attended by representatives of various ministries, RBI, IBA and both private and government banks. The Ministry of External Affairs was represented by Vinod Bahade, Director, and Aparna Bhatia, Advisor, represented the Department of Economic Affairs.

Under the Indian rupee arrangement, banks in India will open Vostro accounts (an account that an Indian bank will hold on behalf of another bank) of correspondent bank/s of the partner country for trading.

Indian importers can pay for their imports in rupee into these accounts. These earnings (from Indian imports) can then be used to pay Indian exporters in Indian Rupee. Unlike regular Vostro accounts, INR (Indian Rupee) balances can be held in these Special Vostro Accounts rather than them being only transit accounts like normal Vostro accounts.

Any rupee trade arrangement between India and a country, which has a trade deficit with India, may not be feasible in the long-run. Russia is an exception in this case since the country is under sanctions and could use the Indian rupee to invest here to fulfil their offset obligations under defence contracts.

Source: indianexpress.com- Nov 09, 2022

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Centre allows exporters engaging in rupee trade to benefit from export promotion schemes

To allow exporters engaging in rupee trade to benefit from existing export promotion schemes, the Centre has introduced changes in the Foreign Trade Policy (FTP) for grant of exports benefits for export realisations in Indian rupees per RBI guidelines issued in July 2022.

The decision will facilitate and ease international trade transactions in Indian rupees, according to a statement issued by the Commerce and Industry Ministry on Wednesday.

"The Centre has made suitable amendments in the FTP and Handbook of Procedures to allow for international trade settlement in Indian rupees i.e., invoicing, payment, and settlement of exports / imports in Indian rupees," the release stated. Accordingly, the Directorate General of Foreign Trade had earlier issued notifications to permit invoicing, payment and settlements exports and imports in INR in sync with RBI's circular on rupee trade issued on July 11 2022.

"In continuation to the above notification, changes have been introduced under Para 2.53 of the Foreign Trade Policy, for grant of exports benefits/fulfilment of Export Obligation under the Foreign Trade Policy, for export realisations in Indian rupees as per the RBI guidelines dated 11th July 2022," the release added.

Updated provisions

The updated provisions for export realisation in Indian rupees will cover imports for exports, export performance for recognition as `Status Holders', realisation of export proceeds under Advance Authorisation (AA) and Duty Free Import Authorisation (DFIA) schemes and realisation of export proceeds under Export Promotion Capital Goods (EPCG) Scheme.

"Given the rise in interest in internationalisation of Indian rupee, the given policy amendments have been undertaken to facilitate and to bring ease in international trade transactions in Indian upees," the statement pointed out.

Source: thehindubusinessline.com- Nov 09, 2022

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Full-fledged rupee trade with Russia likely to commence by end of this month

The industry is hopeful of commencing full-fledged rupee trade with Russia by the end of this month with UCO Bank putting in place the necessary guidelines and the Central government likely to soon come out with a notification allowing exporters to enjoy all existing export benefits.

According to Ajay Sahai, Director-General and CEO, Federation of Indian Export Organisations (FIEO), UCO Bank is working on the guidelines for putting in place the rupee trade mechanism and the trade is likely to resume in the next 15 days.
Rupee account

With a view to provide alternatives to ensure smooth payment mechanism for trade to circumvent the impact of western and American sanctions on Russia, the Indian government has allowed UCO Bank to open a rupee account with Russia's Gazprombank.

"So far it is not clear whether exports under rupee trade mechanism will receive the benefits of RoDTEP and duty drawback which are usually available for exports in foreign currency.

But from what we hear, the government is soon likely to make an announcement clarifying this. There is a precedent in case of Iran (where we have the rupee-rial trade mechanism)," Sahai told businessline on the sidelines of a press conference on Wednesday.

In order to promote exports, the Reserve Bank of India issued a circular on July 11, allowing trade settlements between India and other countries in rupee with immediate effect. Indian importers undertaking business through this mechanism will have to make payments in rupee , which would be credited into the special vostro account of the correspondent bank of the partner country, against the invoices for trade. A vostro account is an account which a foreign bank opens with an Indian bank in domestic currency that is rupee.

Apart from Russia, UAE and Saudi Arabia have also expressed interest to explore rupee trade mechanism with India, he said.

West Bengal to focus on exports

According to Sahai, West Bengal's share in the country's total exports is currently about three per cent and the state should endeavour to increase it to five per cent by 2030. Since India is aiming for $1000 billion merchandise exports, West Bengal should target $50 billion export by 2030.

Tea and jute are few of the traditional export oriented sectors of the State. Identification of niche products in the tea and jute sector which has good export potential can help existing exporters or new entrepreneurs to increase their exports.

Source: thehindubusinessline.com - Nov 09, 2022

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India's FY24 GDP growth to slow down to 5.5%, says UBS India report

India's GDP growth will slow down to 5.5 per cent in FY24 from the 6.9 per cent expected in the current fiscal 2022-23, a Swiss brokerage said on Wednesday.

The slowdown was attributed to slowing global growth and tightening of monetary policies in the report by economists at UBS India.

It said India will be among the "lesser affected economies" in the world, but made it clear that the world's fifth largest economy is not immune from global headwinds.

"Factoring in the delayed impact of monetary tightening on domestic demand, we continue to expect India's growth to remain below consensus in FY24. In our base case, we expect India's real GDP growth to slow from 6.9 per cent in FY23 to 5.5 per cent in FY24 before settling at the long-run average of 6 per cent in FY25," the report said.

Responding to high domestic inflation and rate hikes by global central banks, the RBI has already hiked the policy rate by 1.90 per cent since May this year and is only expected to hike more, which can have an impact on growth with a lag.

The brokerage said it expects a normalisation in consumer spending after the spurt seen in the immediate aftermath of the COVID reopening fades, and households' purchasing power is impacted by tight monetary policy, the depletion of accumulated pandemic savings and an incomplete labour market recovery.

This will lead companies to defer investment plans as there is uncertainty on demand, leading to a moderation in the capital expenditure (capex), it noted.

The government will continue to boost public capex, which could help mitigate some of the adverse impact and encourage private capex, albeit with a lag, it said, adding that export will also come under pressure due to the global cues.

The brokerage, however, said India's structural growth story is intact but the country needs to make managing macro stability risks in the near term the key priority now.

"India is seeing elevated inflation, a deteriorating current account deficit (CAD) and a stretched fiscal position. This poses a dilemma for India's policymakers on how to judiciously use monetary and fiscal policy tools to reduce growth downside risks while maintaining financial stability," it said.

The RBI will respond by taking the middle path by allowing for gradual depreciation in the rupee while keeping the rate actions in sync with global central banks. The government will go slow on fiscal consolidation by opting to support growth in FY24, given that it will be facing a general election in 2024, it said.

Source: business-standard.com- Nov 09, 2022

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Govt to scrap incentive plan for services exporters

The government has decided to do away with incentives to services exporters under the flagship Services Exports from India Scheme (SEIS). The next foreign trade policy (FTP) won't include a scheme replacing the SEIS, official and trade sources told FE. The FTP is expected to be unveiled in March 2023 and implemented from the next fiscal.

Given the limited resources, the government may also refrain from providing exporters the SEIS benefits for FY22 and this fiscal, one of the sources said.

"The withdrawal of incentives for services exports is being done on the basis of a cost-benefit analysis. Services exports are doing well even without the incentives. So, support should be extended to those players or sectors that require more help," said the sources.

However, the government may offer greater assistance to services exporters for marketing of select services overseas in the next FTP to help them grab orders, said the sources.

Under SEIS, the government offered domestic exporters duty credit scrips at 3-5% of the net foreign exchange earned in FY20, depending on the nature of services. In FY19, the incentives were higher at 5-7%.

Last year, the government announced an assistance of Rs 10,002 crore to clear all the dues under SEIS until FY21. Trade analysts say the actual outgo under SEIS could be around Rs 4,000 crore a year, although latest official data are not available.

Importantly, while the Merchandise Exports from India Scheme (MEIS) has been replaced by a new tax remission scheme RoDTEP from January 2021, no such replacement is being planned for services exporters.

The plan to not extend the incentives comes at a time when exports of services are performing better than those of goods, despite a slowdown in advanced markets.

India's services exports rose 23% year-on-year last fiscal to $254 billion. Over 60% of the services exports were accounted for by software services, and companies in this space barely need any government support for exports, said an official source.

In the first half of this fiscal, overall services exports jumped 28% to $150 billion. In contrast, merchandise exports rose 17% to $232 billion, primarily driven by decent expansion in the first quarter; this growth slowed down to just 4.8% in September.

A recent RBI survey suggested the US (and Canada) and Europe made up for 61.2% and 25.6% respectively, of India's exports of software & ITeS–the largest services segment–worth $118 billion in FY19.

Earlier, commerce and industry minister Piyush Goyal had exhorted industry to get out of the mindset of subsidies, as these are detrimental to the country's long-term interests.

"For example, we now give subsidies on services exports. I have gone through the list in great details, barely 2,200 companies take that subsidy. Some of them are such large names, making thousands of crores of rupees of profit, that there is no business of giving them a subsidy," he had said.

After a mid-term review of the current FTP, the government had, in December 2017, announced additional incentives worth Rs 8,450 crore a year to boost both merchandise and services exports.

Source: financialexpress.com - Nov 10, 2022

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The Importance of Making Textile Industry Energy-Efficient

The textile manufacturers are trying to meet the demands of the ever-changing fashion industry, where new designs, materials, etc require them to adopt ways that are more efficient in terms of energy, time, money, and production.

At present, high fuel prices as well as the global energy crisis require more and more industries to conserve as much energy as possible. The rapidly growing textile industry is one of the major energy-consuming industries, yet it retains the record of lowest efficiency in terms of energy utilisation. The global textile industry grew from $530.97 billion (2021) to 577.83 billion (2022) at an impressive CAGR of 8.8.

In terms of energy usage, the chemical processing industry uses about 38 per cent of the energy, weaving uses 23 per cent, spinning 34 per cent, and 5 per cent is for miscellaneous purposes.

The textile industry, therefore, no longer has the option to use conventional technologies and processes for manufacturing. It needs to incorporate, agile, modern, and sophisticated processes to conserve energy in every way possible.

Demand-Driven Textile Industry

Being one of the most convoluted manufacturing industrial chains, the textile industry is a heterogeneous and fragmented sector that the small and medium enterprises (SMEs) dominate.

The different factors mainly drive the demand: home furnishing, clothing, and industrial use. It is difficult to characterise textile manufacturing due to the diversity in machinery, processes, substance, finishing steps, and the components that come into play.

For instance, to produce a finished fabric, there are different types of yarns or fibres, different fabric production methods, and finishing processes — mechanical finish, chemical finish, printing, preparation, dyeing, and coating — all are interlinked. Even a slight change in one of these factors results in a different end product.

Some other fabric properties include texture, appearance, weight, flexibility, lustre, affinity to dyestuff in a plant, and strength.

Energy Uses in Textile Industry

Due to process diversity and intensity, the textile industry uses a massive amount of energy. However, the industry's energy consumption greatly depends upon the country it belongs to. For instance, the textile industry contributes less than two per cent of final energy usage in the United States of America, whereas, in China, the percentage goes up to four.

Different types of textile industries use different energy sources. For instance, fuel is the dominant energy source in wet processing, whereas, for yarn spinning electricity is major energy.

The increase in rapid energy consumption demands the incorporation of techniques and technologies that provide improvement opportunities. After all, saving energy is no longer a luxury, it has become a necessity.

Opportunities to Make Industry Energy-Efficient

There are two main ways to make the textile industry energy-efficient. One is by optimising the retrofit or process, and the other is opting for the replacement of old machinery with modern, sophisticated, and efficient technology.

Although, state-of-the-art technology might seem to be a more appealing and quicker way to conserve energy, the upfront capital cost makes it a challenge to go for the same.

Therefore, before investing in new equipment, it is imperative to analyse all the advantages that it can offer in terms of wastage, water, material, and other component saving.

If all these factors justify the upfront capital cost, it is a wise move to upgrade the technology. However, in case, if the cost is not justified, then it is better to opt for process or retrofit optimisation.

Identifying the Areas that Require Energy-Efficient Process

Energy management is not limited to only the production factor of the industry, on the contrary, it has relevance in every department. For an industry to be truly energy-efficient, it needs to increase knowledge, enhance awareness, and let everyone be part of the optimisation process.

For starters, it is imperative to analyse the usage of lighting. It being an important factor in electricity consumption, it is vital to analyse whether the light source is used efficiently or not, and take saving measures—limit the lighting use, incorporate daylight saving policy, and much more. Most importantly, replace lights with the ones that are brighter and consume less energy.

Next, electric motors are an important factor that consume a massive amount of energy. Conventional machines used a single motor to generate mechanical energy that was later transferred to all parts of the machine. However, there was a lot of energy wastage in this process. Therefore, modern technologies now incorporate several small motors with a controlling board that couples with the machine and controls the movement of the motors.

Traditional electric heating processes are also a major source of energy wastage. Thanks to technological advancements, the industry now uses gas heating, steam, and indirect or direct fire heating instead of electric heating. Doing this helps conserve energy and reduce costs

Fuel Efficiency

Prevention of air pollution is critical especially when air indexes of cities are becoming unsafe to breathe. Fuel selection is an important factor that requires consideration including the high calorific value, gas characteristics, ease of combustion etc.

Changing the boiler technology is also a smart way to make the industry energy-efficient. It has been some time since the textile industry has not used water-tube boilers instead of smoke tubes, scotch-type tubular or Lancastrian ones.

Steam Efficiency

Although the textile industry does not require a massive amount of steam, there are different locations within the plant where the steam is required.

When transporting steam, there is considerable loss due to heat radiation from the transportation pipes. This then leads to considerable pressure drops. A pipe with a small diameter and high pressure is better for transporting steam over a long distance, instead of using piping with low pressure and a large diameter.

In addition to steam pipes, steam accumulators too require consideration. It is because steam accumulator stores the excess steam and is installed between the heat-consuming load and the boiled, the midway of the heat-transporting pipe. It transforms the steam into heated water, thus, helping conserve the additional steam and reusing it as heated water for other purposes.

Almost every aspect of the textile industry requires frequent heating and cooling of both liquids and gases that act as a medium of heat. Heat exchangers come into play to ensure that during heat exchange between different fluids there is no chemical reaction or contamination that might result due to direct contact.

Heat exchangers efficiently ensure indirect cooling and heating of these liquids and gases.

Opt for Green Energy Sources

Instead of using conventional energies, textile industries today are switching to other non-conventional sources of energy including solar energy, geothermal energy, wind engird, tidal energy, and biomass.

Solar energy is the modern way of things. Initially, people were using solar lights for equipment that require minimum energy. However, modern solar panels can provide, robust, sturdy, and greater energy. For instance, they are being used to propel tubewells in agriculture. Likewise, numerous textile manufacturers are powering their production units via solar energy.

The best part is that the technology used to control these sources of energy are straightforward and easy to maintain. Moreover, nothing is wasted, as there is neither effluent nor air pollution.

Auditing the Energy

With the ever-changing fashion trends and textile industry requirements, energy auditing becomes a must to save and conserve energy. Energy auditing is basically a survey to analyse and inspect the flow of everything that is being used in the industry.

This help in reducing the amount of energy input into the system without having any sort of adverse impact on the output. When conducting an audit, the focus should be on the visible inefficiencies of energy transfer in the system. For instance, you can look for lighting sparks that are because of the loose joints, or the things like metal-to-metal touch, misalignment, and poor lubrication, among others.

Also, with periodic maintenance, and taking in-time preventive measures, industries are effortlessly reducing power consumption to a great extent. A well-maintained machine would consume less fuel, electricity, or whatever source of energy it is using, while delivering better output.

The competitive environment of the textile industry requires some drastic improvement. It needs to look for ways to reduce production costs without affecting the quality of the output.

The constant increase in production prices is leading to an increase in manufacturing cost. Therefore, energy conservation has become imperative to stay afloat in the competitive industry. Every single penny matters, and the industry needs to work on every aspect that can save and provide it with a cheaper eco-friendly alternative.

May it be adapting to new technologies, upgrading the current systems, using energy alternatives, or even having an energy audit in place. The main objective in the end is to conserve and make the entire industry energy-efficient.

Source: fibre2fashion.com- Nov 09, 2022

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Marks & Spencer India to speed up expansion amid global headwinds

The Indian arm of the British multinational retailer Marks & Spencer (M&S) on Wednesday said that it has strong growth plans to ramp up stores in India amid reports of outlet closure back home due to challenging times. Marks & Spencer in India is a 51:49 JV between UK's M&S and Reliance since 2008.

The company denied reports of foraying into the food business in India, terming them as speculative and said, it will focus on the home category, launched recently.

"We will turbocharge our growth in India. We want to make sure customers get value in our apparel and home products," M&S Reliance India managing director Ritesh Mishra said.

The company has plans to open one store a month, he said.

Mishra was in the city to open the company's 95th store and third in Kolkata. All stores in India are company owned and it does not have any franchise stores.

M&S UK has 427 stores in international operations including franchisees and JVs.

M&S UK recently informed investors it is highly likely that conditions will become more challenging in FY'24 across all markets.

Mishra said that with the inclusion of home category products, the retailer was focusing on larger store formats like 15,000 square feet in tier I cities and about 12,000 sq ft in tier II cities.

Positioning the brand in the mid-to-premium segment, the company said it remains open to evaluating new categories like furniture in the home front besides more products for women and winter wears.

"There is opportunity and potential in the furniture segment but right now we are working on strengthening our existing product portfolio in the home segment which includes kitchen, bathroom, bedding and home accessories. We may look at furniture and lighting moving forward," he said.

Lingerie and women's wear account for 60 per cent of the company's sales in India.

Without going into financial numbers, Mishra said M&S India is the second largest international operation in terms of revenue for M&S outside the UK.

M&S India is expecting nearly one-third of its business to come from digital channels in future from the current level of 25 per cent.

Source: economictimes.com- Nov 09, 2022

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Trade union leaders meet Textile secretary

A group of trade union leaders from Tamil Nadu and Maharashtra met Textile Secretary Rachna Shah and Chairman and Managing Director of National Textile Corporation Pravakta Verma in New Delhi on Wednesday and demanded clarity on operation of NTC mills.

T.S. Rajamani, a co-ordinator of Save NTC, said the delegation said the ministry should clarify its decision regarding operating the NTC mills in the country. The union leaders also sought payment of gratuity and bonus arrears to the workers at the earliest.

He added that the officials had said that a decision on operating the NTC mills will be a policy decision of the government and the demands of the unions will be presented to the government.

Efforts will be taken to pay the wage arrears to the workers by the end of this month and payment of bonus and gratuity arrears will also be decided by the ministry.

Source: thehindu.com- Nov 09, 2022

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FIEO sets $50 billion exports target for Bengal by 2030

West Bengal government for three-fold growth in the state's exports to USD 50 billion. The apex body of Indian export promotion organisations will also engage itself in preparing product-specific market metrics to help boost exports from the state, a top official said.

In the short term there are some challenges in exports from Bengal due to economic issues in the key neighbouring countries like Bangladesh and Nepal which are restricting the growth of exports from the state, FIEO director general & CEO Ajai Sahai told.

FIEO has already signed an MoU with Madhya Pradesh and Uttar Pradesh for facilitating and enhancing their export markets.

"Exports from West Bengal were USD 13.9 billion in 2021-22. Exports from the state will have to grow at a CAGR of 17 per cent to achieve USD 50 billion by 2030. Though challenging, it can be achieved with proper strategy," he said.

FIEO's product market metrics report, which will be a product-wise and market-wise analysis, will help the state to take the necessary measures to attain the high growth trajectory, he said.

It will also help policymakers and exporters to work on and take corrective measures to overcome any shortcomings and ramp up shipments.

"West Bengal's share in the country's exports is currently about 3 per cent. With its potential the state should endeavour to increase its exports to 5 per cent by 2030," he said.

Bangladesh and Nepal, which neighbour Bengal, traditionally account for around 27 per cent of Bengal's total exports. But their forex shortages and inflationary pressures restrict these countries to import, he said.

"In April-August 2022 of the current fiscal, total exports from the state were USD 5.83 billion. Of this USD 992 million was to Bangladesh and USD 540 million to Nepal," Sahai said.

The body is organising export-oriented knowledge-based skill development training programmes and workshops in the country under Market Access Initiative Schemes for 2022-23.

Its office here has proposed to arrange such training programs physically in 18 districts of Bengal. Such programmes have already been conducted in Purba Burdwan and Murshidabad, FIEO regional chairman (East) Yogesh Gupta said.

Identification of niche products in the tea and jute sectors, the two which traditionally have good export potential, can help existing exporters or new entrepreneurs. Others like leather, handicraft and marine products and chemicals can also help boost exports from West Bengal, the officials said.

Source: economictimes.com- Nov 09, 2022

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Cotton yarn prices up in Mumbai; demand improves in south India

South India's cotton yarn prices witnessed a mixed trend today. Prices of various varieties and counts increased in Mumbai but remained steady in Tiruppur. Traders said that the demand improved in the last week as costlier cotton encouraged buyers. However, they were not ready to pay any price. Next few weeks will be crucial for a steady market.

The Mumbai market witnessed a price rise of ₹5-10 per kg for most of the counts and varieties of cotton yarn.

"Buyers were interested but they were looking for purchases as the last option. Aggressive buying was still not to be seen," Jai Kishan, a trader from Mumbai, told Fibre2Fashion. Cotton yarn prices increased but buyers began to rethink their decision to purchase.

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,670-1,720 and ₹1,600-1,620 per 5 kg (GST extra), respectively. According to Fibre2Fashion's market insight tool TexPro, 60 combed warp was priced at ₹355-360 per kg.

80 carded (weft) cotton yarn was sold at ₹1,500-1,540 per 4.5 kg. 44/46 count carded cotton yarn (warp) was priced at ₹310-315 per kg. 40/41 count carded cotton yarn (warp) was sold at ₹300-305 per kg and 40/41 count combed yarn (warp) was priced at ₹320-325 per kg.

In the Tiruppur market, cotton yarn prices remained stable, but demand improved after an increase in cotton prices. Traders said that if the demand remains strong, cotton yarn prices may increase next week. The price rise in other regions may also support yarn prices in south India. According to the traders, smaller spinning mills were desperate to sell their stock which did not let yarn prices increase.

Today, 30 count combed cotton yarn was traded at ₹305-310 per kg (GST extra), 34 count combed at ₹315-320 per kg and 40 count combed at ₹320-325 per kg in the Tiruppur market. Cotton yarn of 30 count carded was sold at ₹275-280 per kg, 34 count carded at ₹282-285 per kg and 40 count carded at ₹292-295 per kg, as per TexPro.

In Gujarat, cotton prices strengthened by ₹1,500-2,000 per candy of 356 kg. Lower supply from farmers and improved buying from spinners pushed up cotton prices.

Cotton prices were at ₹66,000-67,000 per candy in Gujarat. Seed cotton was traded at ₹1,900-2,000 per maund of 20 kg. Total arrival was estimated at 22,000-25,000 bales of 170 kg each in Gujarat mandis.

Source: fibre2fashion.com - Nov 08, 2022

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Brands need a mix of online, offline presence to succeed in retail today, say experts

In a recently concluded roundtable discussion hosted by a leading ETRetail in association Salesforce, the conclusion was that omni-channel presence is no longer a luxury but a must have for brands to be relevant. Like the rest of the world, the business of retail has undergone a sea change and India in particular has witnessed this change all of a sudden, leaving brands to scramble and adapt as quickly as possible. At the core of the change is the buying behavior of Indian consumers who seek to engage with their preferred brands from just about anywhere, giving rise to the concept of omni-channel presence. Leading the omni-channel presence is online touch point where 43.5 per cent of mobile phone users in India are on their smartphones, the most used device for gathering product information and in a large number of instances, making the purchase.

Phenomenal retail growth

Pallab Roy, Partner, Business Consulting KPMG- India who moderated the session, pointed out as the world's fifth largest economy, a position that India earned recently, the potential for retail is unprecedented. He expects India's retail to reach $1.7 trillion by 2029. In terms of digital clout, India ranks the second largest nation of Internet users and the third largest nation of e-commerce purchasers. About 25-30 per cent of retail consumers shop via their smartphones. This combination clearly spells out how brands need to dominate the digital space to communicate, reach out and capture consumers and their wallets.

Roy also stated this scenario was not only conducive for retail brands to reach out to a larger populations but also imperative to be able to sustain themselves in the long run. With impressive growth figures, e-commerce would become perhaps the largest point of sale in the near future. However, he advised brands need to be omni-channel driven rather than just focus on online presence.

A case in point is Godrej Interio, the reputable furniture company. As Subodh Mehta, Senior Vice President, Godrej Interio who participated in the roundtable stated, whilst Godrej Interio has a strong physical presence as consumers still prefer to inspect furniture in real environments, they noticed the changing times and have established their online presence as well which increased their sales immediately – in many cases decisions to purchase were made online and the actual purchase was made in store. Whilst the Indian consumer is very comfortable with a brand's channel plurality, they usually focus on the channel that suits them best or is the most convenient and then remain loyal to these channels. Moreover, the nature of the product dictates the channel preference.

Talking about brand Suta's retail transformation journey, Taniya Biswas, Co-Founder explained retail businesses cannot rely on a single channel to survive in this highly competitive market. As a brand Suta aims to provide 365 days of work to weavers which is why, they had to venture into multiple marketplaces, both physical and virtual so to ensure business continuity even if their performance on one channel is substandard.

Talking about the major challenges retailers face in omnichannel ecosystem, Saurabh Gupta, Founder and Director, Kalki Fashions said, none of the customers are purely offline or online shoppers. Therefore, to cater to their needs brands must ensure accessibility across various touchpoints. However, a major challenge that retail brands come across in the omnichannel model is providing 100 per cent inventory visibility to customers across all channels, which happens to be imperative to ensure customer retention."

Changes in customer journey and experience

Earlier, the vast majority of retail was discount driven but nowadays convenience, availability and choices are the main drivers as consumers are willing to pay full price to enjoy these benefits. Creating a superior customer experience through the right mix of omni-channel, logistics, inventories and customer service will make brands establish themselves firmly in the retail firmament.

Interestingly, as digital natives Gen Z enter the retail market place, they are driving the digital channels to provide their complete brand experience which should ideally end in online purchases. This insight is particularly useful as brands can then segment their consumers and focus on communicating and driving traffic towards sales by using their multiple channels, prioritizing each channel for the best suited consumer segment.

On Gen-Z prompting retail brands to go digital, Almona Bhatia, Chief Strategy Officer- Luxury, Tata Cliq said, customer mindset has shifted considerably over years. With Gen Z streaming into the customer pool, organizations are increasingly inclined towards e-commerce since the young generation that is digitally native prefers online over offline.

Explaining why more and more consumers are shifting to digital retail, Devangi Parekh, Director, Aza Fashions highlighted, customer taste has dramatically changed over the last few years. They are comfortable with spending large amounts of money online provided they get adequate information and quality service. Modern-day consumers are digitally present and the convenience factor of e-commerce is an added incentive for them to move to online retail.

Importance of technology in retail journey

Integrating technology in the retail journey has become imperative felt experts, as Nishant Kalra, Regional Vice President-Digital Experience, Salesforce India, said, consumers expect to get the same hyper-personalized shopping experience across all touchpoints, whether physical or virtual.

Hence, Salesforce India engages with numerous brands and technology solution providers to homogenize customer journeys across multiple channels, be it online, offline, or even meta-based. He said, technology has made this milestone achievable for retail brands. However, maintaining equilibrium between technology integration and human interaction is imperative to augment service quality as well as customer experience.

Source: fashionatingworld.com - Nov 09, 2022

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Welspun India's domestic retail business shows 16% growth in Q2 FY23

Leading home textile company Welspun India has reported 16 per cent quarter-on-quarter (QoQ) growth in its domestic retail business in the second quarter (Q2) of fiscal 2023 (FY23), while the year-on-year (YoY) growth was 31 per cent. The company's net debt stood at ₹19,980 million as on September 30, 2022, compared to ₹25,332 million as on September 30, 2021, a reduction of ₹5,352 million on a YoY basis.

Welspun India's revenue from home textiles was ₹20,114 million in Q2 FY23, compared to ₹23,749 million in Q2 FY22. On a YoY basis, the company's revenue from home textiles reduced 15.3 per cent.

The company's total income for Q2 FY23 was ₹21,366 million, compared to ₹25,014 million in Q2 FY22, and for the first half (H1) of FY23, the total income was ₹41,156 million, compared to ₹47,282 million in H1FY22. EBITDA for Q2 FY23 stood at ₹1,517 million with EBITDA margin at 7.1 per cent, and for H1 FY23, the EBITDA was ₹3,252 million with EBITDA margin at 7.9 per cent, the company said in a regulatory filing.

The company's revenue from operations reduced to ₹21,135 million in Q2 FY23, compared to ₹2,487.63 million in Q2 FY22. Total expenses of Welspun India also reduced to ₹21,229 million in Q2 FY23, compared to ₹22,181 million in Q2 FY22. The company reported a net profit of ₹83.3 million in Q2 FY23, as compared ₹2,015 million in Q2 FY22.Welspun India also declared in the regulatory filing that its pan India footprint has crossed 10,000+ outlets and 500+ towns.

"In view of the macro environment that continues to be challenging, the company's operating and financial performance demonstrates the trust it enjoys among its global customers. This is evident in the growth registered by the company's brands portfolio and the domestic retail business in particular, which delivered a robust 60 per cent growth in H1 FY23 on the back of an expanding retail footprint that stands at over 10,000 outlets across more than 500 towns and power brands like 'Welspun' and 'Spaces'."

Source: fibre2fashion.com - Nov 10, 2022

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