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INTERNATIONAL NEWS

Asean should rise up on the agenda of investors

From Joe Biden to Xi Jinping, global leaders are being drawn to south-east Asia for three large international events: the G20 summit in Indonesia, the Asean meeting in Cambodia and the Apec gathering in Thailand.

Pressing global issues such as climate change and inflation are on the agenda but building ties to south-east Asia is in itself very much a prize for competing global superpowers and even middle ranking ones such as South Korea and Australia.

South-east Asia is the diplomatic and business friend that everyone needs. This is not just to diversify supply chains, but also to seek out growth opportunities as hurdles that range from tariffs to investment curbs affect business between the US and China. Investors should take note and follow suit.

The 10-member, 680mn-people association together accounts for 3.4 per cent of global gross domestic product and 7.7 per cent of global export share.

The six largest economies in Asean — Indonesia, Thailand, the Philippines, Singapore, Malaysia and Vietnam — are far from fragile from shocks such as the global energy crisis, a higher dollar and weakening Chinese demand. They are seeing strong economic growth and foreign direct investment inflows are surging in a difficult global environment.

Singapore is gaining ground in financial services and high-tech, Vietnam and Malaysia are receiving more FDI inflows into manufacturing, and Indonesia is receiving record-high investments to tap into its mineral resources, especially nickel.

Beyond greenfield investment, south-east Asia was the largest recipient of completed mergers and acquisitions in Asia in the first half of 2022, receiving 56 per cent of total inbound flows. Inbound transactions in Indonesia alone were two times greater than for mainland China.

Interestingly, it is not just the west that is deploying more capital to Asean, but also China, which has reduced offshore M&A deals elsewhere.

With Cambodia's GDP per capita as low as $1,612 in 2021 and Singapore as high as $64,840, the region's diversity in not just economic development and capital markets but also governance, language, culture and natural resources have traditionally been seen as a weakness. But Asean's humility not just in respecting each other's sovereignty but also in global affairs has become an advantage in an age of global power competition.

Asean is also receiving geopolitical support to expand market access. Vietnam's signing of a free trade agreement with the EU in 2019 catapulted the country's attractiveness further — not just for EU companies but also Chinese groups wanting access to reduced tariffs. Singapore also has an EU FTA and others are under negotiation with countries such as Thailand. But it is not just the EU. From South Korea to Japan and the US to China, countries are increasing exposure to Asean.

That is not to say Asean itself cannot be a source of risk for investors, from messy domestic politics in Thailand and Malaysia to Covid-19 lockdowns in the third quarter of 2021 that shook global footwear, electronic and semiconductor supply chains. There are also longstanding challenges such as the South China Sea, the protection of natural resources along the Mekong River and the deteriorating situation in Myanmar.

However, the region's resilience is improving. The Asian financial crisis and market turmoil over a rise in US interest rates in 2013 taught Asean to beef up its defences.

Exposure to foreign ownership of portfolio flows has largely been reduced, especially by Indonesia. The country is now emerging as the most resilient economy in Asia-Pacific, facing global shocks with one of the best currency and equity performances in the year to date.

Vietnam, having learnt lessons from its 2011 banking crisis, is reining in real estate excesses. While this will probably lead to a downturn of the sector, it will boost sustainability down the road. Thailand is trying to diversify its economy away from tourism.

Major Asean economies are now led by more competent technocrats in finance ministries and central banks, helping the region navigate this present crisis better than other emerging markets. Yet, despite this new resilience, the aftershock of higher interest rates, weaker global demand and the energy crisis will still push 2023 growth rates down from higher levels in 2022.

Nonetheless, even with a cyclical downturn expected in 2023, south-east Asia is emerging as both a winner and a prize in the geopolitical contest for investment and trade.

Source: ft.com - Nov 16, 2022

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China trade: decade-low import of cotton yarn reflects 'global slowdown' in clothing demand

Cotton-yarn imports into China plunged this year to their lowest level in a decade, sending exporting countries such as India on a hunt for alternative destinations.

China is the world's largest importer of cotton yarn from the likes of India, Vietnam, Pakistan and Uzbekistan, as its own spinning mills do not produce enough to feed its apparel and textile industry.

However, the value of China's cotton-yarn imports declined by 33.2 per cent in the first nine months of this year to US$2.8 billion, from US$4.3 billion in the same period last year, according to its customs data.

And the loss of such a large volume of orders from China reflects a "global slowdown in apparel demand", according to Manish Daga, managing director at cotton consultancy CottonGuru in India.

"The apparel and garments market is not doing well," Daga said. "That's why yarn imports by China have reduced significantly."

In an "unheard of" move this year, China actually exported yarn to India, he said.

"China's cotton prices are lower than India's, which has rarely happened before," Daga noted. "That is the reason yarn is now being imported to India rather than exported from India."

The shortfall in China's yarn imports this year is equivalent to 3.5 million bales of cotton lint, according to a report released last week by the United States Department of Agriculture.

The world's second-largest economy accounts for more than 30 per cent of global apparel exports, and its major buyers are the European Union, US, Japan and Association of Southeast Asian Nations countries.

However, with Russia's invasion of Ukraine, fuel and raw material prices have increased substantially.

Annual inflation in the European Union was at 10.9 per cent in September, and as costs for garment manufacturers and retailers have increased, consumers are spending less and retail sales have declined across Europe.

China's domestic apparel sales and cotton-product exports each fell by 5 per cent from January to September, reflecting the declining demand for the country's apparel, said the US agricultural report.

The report also attributed the decline in China's yarn imports to its stringent zero-Covid policy that has seen multiple cities and districts under lockdowns, disrupting production and denting domestic demand.

"There is uncertainty among manufacturers [in China]," Daga said. "That is why they have lowered consumption [of yarn]. They are not building inventory because they don't know when lockdowns will be imposed again."

Foreign trade policies, especially by the US, that bar imports of all products made with Xinjiang cotton, have also played a role, said the report, as brands move to ensure that their supply chains are compliant.

"There has been an increase in orders to the US," Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association, told the Post.

ccording to Textile Today, an apparel magazine in Bangladesh, the country also saw a 51.5 per cent year-on-year increase in the value of garments exported to the US during the financial year that ended in June.

Preliminary customs figures in Vietnam show that fibre and yarn exports to China in October reached only 51,900 tonnes, down 33.3 per cent over the same period last year, according to the Vietnam Cotton and Spinning Association.

India traditionally exports around 1 million tonnes of yarn every year, of which 60-70 per cent will go to China directly or indirectly, Daga said. However, declining import orders from China have forced Indian exporters to seek substitute markets.

“China was our major buyer, but now … we have started selling more yarn to domestic mills and countries like Bangladesh and markets in Africa and Europe,” said Alkesh Gangani, managing director at cotton yarn exporting company Niva Exports.

Niva’s sales to China this year have totalled less than half of the 1,000 tonnes ordered last year. Exporters also pointed to persistent logistics concerns due to China’s zero-Covid policy.

“Oftentimes, our containers are stopped, and there is no reliability,” said Arun Dwivedi, the owner of Charun Enterprise, an Indian exporter of organic cotton. “The transit time is longer.” Normally it would take 25-35 days, he said, but coronavirus restrictions and a container shortage have made the trip about twice as long.

Dwivedi said that his company shipped 25,000 bales of cotton to China late last year, but this season there have been no exports. Pointing to the shifting trends in apparel manufacturing, an earlier US Department of Agriculture report from August said: “China’s role as a cotton importer appears to have peaked, while other countries are increasing their share of imports.”

The report projected that, by 2030, Vietnam, Pakistan, Indonesia, Bangladesh and Turkey will together account for 47 per cent of the world’s cotton imports.

China, which accounted for more than 50 per cent of all cotton imports at its peak in 2012-13, saw that figure fall to 26 per cent last year, and it could dip to about 24 per cent by 2030 due to rising production costs and the growing use of synthetic fibres, according to the report.

“The trend also reflects strategic plans espoused by Chinese planners, including ‘high-quality opening’ and [Belt and Road Initiative-type] strategies, which are responses to the changing economics of the industry,” the report added.

Source: scmp.com - Nov 18, 2022

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China in the global economic and textiles space

Ongoing geopolitical and economic scenarios highlight the growing prominence of China in the world order.

On October 20, as part of celebrating the harvest in the High Plains of Texas, Lubbock Chamber of Commerce hosted Luke Lindberg, Founder and Principal, E. Pluribus Unum, LLC. Mr. Lindberg in his services at EXIM Bank of the United States has had firsthand experience in dealing with China and provided an overview on China's status in the world.

"China is an important market and a competitor for the United States," stated Lindberg. The transition of China from a nation of famine to a feasting one within one to two generations is remarkable and hence it is important to be cognizant of China's aspirations.

President Xi Jinping in his speech at the recent Communist Party of China's National congress has highlighted the importance of development focusing on domestic economy, strengthening education and innovation. The congress highlighted the aspirations of China to strengthen its security, grow domestic economy to gain an upper hand on its growth. The recent GDP numbers show that China has witnessed a growth of about 3.9% in the 3rd Quarter relative to last year, while domestic demand has been weak.

The zero Covid-19 policy has played a role in the slowing of Chinese economy, and this is a setback for China's ambition to be a dominant superpower. A growth of about 3-4% is not sufficient to achieve such a status commented Professor Rashid Al-Hmoud, Department of Economics, Texas Tech University.

Lindberg viewed that China aspires to be sole superpower to overtake the United States. To counter competition from China, it is important that countries focus on innovation, build trade alliances, and invest in foreign diplomacy, added Lindberg.

China hopes to be less import dependent, which necessitates exporting nations to explore alternate markets, explore new technologies and develop value-added products. This is clear now with the dire situation of cotton spinning mills in States like Andhra Pradesh in India which are dependent on exports to China.

To my question on the ongoing political crisis in the United Kingdom and its impact on economy, Lindberg opined that it is important for United States to have robust trade deals with countries to enhance trade. "Going on trade missions is important," added Lindberg. Countries like China need agricultural imports from the United States, particularly cotton from the High Plains of Texas. 40% of soybeans from South Dakota end up in China stated Lindberg.

"China continues to be an important market for U.S. cotton and is number 1 or number 2 in terms of cotton imports from the United States," stated Shawn Wade, Director of Policy Analysis and Research at Lubbock-based Plains Cotton Growers, Inc. Texas is expected to produce 3.4 million bales (480 lbs. per bale) this year, and almost all of it will be exported. While China's cotton imports are high, in recent years its yarn imports are slowing down indicating a shift towards growing domestic manufacturing, which is a priority highlighted this past week in the 20th National Congress of the Communist Party of China.

Countries like Brazil and Australia are trying hard to capture the Chinese cotton market, while Chinese favor quality and reliability of the U.S. cotton highlighted Lindberg.

The ongoing global economic crisis, political instability in some regions of the world, aspirations of China and Russia, weakening consumer confidence all necessitate the need for new pathways for the global textiles sector.

"It's critical and important for the United States to invest in research and continue export expansion, which is important for trade advancement and national security," opined, Murvat Musa, Executive Director of Reese Technology Center, a business and research park in Lubbock, Texas.

Investing in R and D, focusing on innovation, exploring new markets are a few feasible options available for the global textile industry.

Source: lubbockonline.com- Nov 18, 2022

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China's textiles & apparel exports at $273 bn in Jan-Oct 2022

China's exports of textiles, apparel and clothing accessories increased to $273.246 billion in the first ten months of the current year, registering a growth of 6.64 per cent year-on-year.

The latest monthly data released by the General Administration of Customs of China shows that the country's garment exports grew by 6.4 per cent in the same period.

Garments and clothing accessories exports reached $147.586 billion in the first ten months, which was 6.4 per cent higher than the same period of last year.

China's textile exports, including yarn, fabrics, and others, registered a growth of 6.9 per cent year-on-year and the shipment reached $125.660 billion in January-October 2022.

Textile and apparel exports during October 2022 amounted to $25.022 billion. Out of this, textile, yarn, and articles exports earned $11.368 billion, while garments and clothing accessories fetched $13.654 billion in October this year, as per the data.

Source: fibre2fashion.com- Nov 19, 2022

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USA: October's Retail Sales Growth Left Fashion Out in the Cold

U.S. consumers were out spending in October, and while retail trade sales saw a bump in purchases, shoppers weren't buying as much at apparel and accessories retailers or at department stores.

U.S. retail sales rose 1.3 percent in October to $694.5 billion, seasonally adjusted, from the previous month, representing the biggest gain since February. Retail trade sales rose 1.2 percent from September 2022. But sales at apparel and accessories stores were essentially flat at $26.391 billion in October from $26.396 billion in September. Sales at department stores fell 2 percent to $11.31 billion from $11.55 billion. Sales at furniture and home furnishings retailers rose 1 percent to $12.11 billion from $11.98 billion. Sales at nonstore retailers, such as online e-tailers, rose 1 percent to $111.51 billion from $110.22 billion.

"Retail sales volumes, factoring out inflation, have been flattish for much of the year despite rebounds in spending on consumer services and rising questions about consumer health," David Silverman, senior director at credit ratings firm Fitch Ratings, said. "The holiday season, already well underway with the 'official' kickoff next week on Black Friday, will likely be characterized by greater markdown activity than last year despite these good trends, given many retailers were overly optimistic about 2022 trends and have excess inventory to clear over the next few months."

Economists at Wells Fargo Securities said in a report Wednesday that "consumers are struggling to keep up the pace" despite the encouraging spending new. The "last time credit card borrowing was growing like it is now, we were heading into the 2008-2009 recession," economists Tim Quinlan and Shannon Seery wrote.

They also pointed to a downside to what appears to be sustained strength in retail sales. While fundamentals are not supportive for consumer spending, the retail sales gains continue to show increases. And the staying power of spending provides no incentive to businesses to forgo price increases. That's a scenario that makes the task of getting inflation in check more difficult for policymakers, they said. In short, the Federal Reserve might decide it's time for another rate hike to stave off inflation.

Source: sourcingjournal.com- Nov 18, 2022

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Euro area's inflation rate jumps 10.6% in Oct 2022

The euro area annual inflation rate was 10.6 per cent in October 2022, up from 9.9 per cent in September 2022. A year earlier, the rate was 4.1 per cent. European Union (EU) annual inflation was 11.5 per cent in October 2022, up from 10.9 per cent in September 2022. The rate was 4.4 per cent in October 2021, according to Eurostat, the statistical office of the EU.

The lowest annual rates were registered in France (7.1 per cent), Spain (7.3 per cent) and Malta (7.4 per cent). The highest annual rates were recorded in Estonia (22.5 per cent), Lithuania (22.1 per cent), and Hungary (21.9 per cent). Compared with September, annual inflation fell in 11 member states, remained stable in three, and rose in 13.

In October, the highest contribution to the annual euro area inflation rate came from energy (+4.44 percentage points, pp), followed by food, alcohol, and tobacco (+2.74 pp), services (+1.82 pp) and non-energy industrial goods (+1.62 pp).

Source: fibre2fashion.com- Nov 19, 2022

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Moody's changes Cambodia's outlook to negative, B2 ratings affirmed

Moody's Investors Service recently changed Cambodia's outlook to negative from stable and affirmed the B2 local and foreign currency issuer ratings. The negative outlook reflects a deteriorating external position as illustrated by the severe widening of the current account deficit, which Moody's expects to remain wide over the next few years, raising financing concerns.

Although Moody's expects concessional funding to continue and foreign direct investment (FDI) to remain stable, other sources of financing remain opaque, highlighting the risk of a quicker erosion of foreign currency reserves than observed until now.

These risks are compounded by the lack of timely and transparent reporting, which complicates policy setting, indicating elevated credit risks stemming from weaknesses in governance, Moody’s said in a release.

The rating affirmation at B2 balances the government's highly affordable, concessional debt with a weak institutional framework, and elevated domestic political and geopolitical risks.

Cambodia's local and foreign currency country ceilings remain unchanged at Ba3 and B1, respectively. The two-notch gap between the local currency ceiling and the sovereign rating reflects low economic diversification, weak institutional strength and a modest government footprint and a rising external vulnerability risk.

The one-notch gap between the foreign currency ceiling and the local currency ceiling incorporates Moody's assessment of Cambodia's weak policy effectiveness, but relatively open capital account, as well as transfer and convertibility restrictions in times of stress.

Source: fibre2fashion.com- Nov 19, 2022

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Australian imports from China up 13 per cent

In 2021, Australia's imports of textile and apparel products from China rose by 13 per cent year on year. In the first three quarters of 2022, Australia's imports from China were up by 22 percent year on year.

Of Australian imports of textile and clothing products every year, China is the largest source, accounting for about 60 percent of the total, much higher than China's 38 percent global market share by value.

Chinese textile products have gained popularity among Australians, not only because China leads the world in the innovation and use of carbon-neutral and recyclable fabrics but also because of the complete supply chain and efficient business operations in China, which are more competitive than those of many other countries.

Frequent high-level interactions between the two countries have brought a significant change from the stalemate that has been in place since 2019. Both sides have expressed their willingness to improve relations through dialogue. China-Australia relations are stable and improving after falling to a low point, which gives strong confidence to the economic and trade circles of the two countries.

Australia is also a resource-based country, with wool and cotton, the raw materials for textiles and clothing, among its main export commodities, which shows the high complementarity of the two countries in trade.

Source: fashionatingworld.com- Nov 18, 2022

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Australian cotton exports surge

In August 2022, Australian exports of cotton were almost double the entire amount of cotton exported in 2020.

In calendar year 2020, $455 million of cotton was exported to various offshore markets. Cotton is forecast to become the third most valuable export commodity for Australia after wheat and beef. That third ranking in export commodity value, after wheat and beef, is the highest ranking for cotton since 1988 and coincides with falling livestock exports due to lower prices for red meat and wool.

Bangladesh has almost doubled its 2022 imports of Australian cotton in the first three months of this season while India has imported more than the previous season. The other countries to record significant increases are Korea, Malaysia, Thailand, and Turkey.

While global growth expectations have been lowered due to widespread inflation, a sluggish Chinese economy, and dropping consumer demand, Australian cotton remains in high demand due to its quality and reduced crops from drought in the US and flooding in Pakistan.

About 30 per cent of the 2023 crop have been now forward sold and those solid export totals are expected to continue to gain momentum through the following months.

Bottlenecks and container shortages are showing signs of easing and that should ensure an easier passage of Australian cotton to overseas markets.

Source: fashionatingworld.com- Nov 18, 2022

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Japan's clothing imports up 40.3% to $387,585 mn yen in Oct 2022

The imports of clothing and accessories by Japan increased by 40.3 per cent year-on-year to $387,585 million yen ($2771.64 million) in October 2022. They were 3.5 per cent of the total imports of 11,163,770 million yen during the period under review, according to the provisional trade statistics released by the Far Eastern country's ministry of finance.

The imports of textile yarn and fabrics were valued at 124,133 million yen in October 2022, which was 45.5 per cent higher than the same period of last year. Yarn and fabric imports were 1.1 per cent of the total imports by Japan, as per the latest data.

Japan's export of textile yarn and fabrics was worth 72,091 million yen during October 2022, an increase of 17.9 per cent year-on-year. The country's exports of textile machinery was valued at 28,794 million yen, which was 38.1 per cent higher than the exports in October 2021. It contributed 0.3 per cent to the total exports.

Source: fibre2fashion.com- Nov 18, 2022

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Vietnam: Local groups stuttering amid drop in new orders

Last week, Ty Hung Co., Ltd., which produces leather shoes for export in Ho Chi Minh City's Binh Tan district, announced it would terminate the contracts of nearly 1,200 out of its 1,822 employees.

The announcement stated that due to global economic impacts, the partners faced difficulties that were headlined by the company not having any production orders. Despite applying several emergency measures, Ty Hung still struggled in production and was unable to restore operations. Therefore, the company said it had no choice but to reduce both production and labour.

Similarly, footwear producer Vietnam Samho Co. Ltd., in the city's Cu Chi district, last week informed Ho Chi Minh City Department of Labour, Invalids, and Social Affairs about the plan to cut 1,400 employees from December due to the drop in orders.

Vu Hoang Minh, owner of a footwear producer in Ho Chi Minh City, said that the company has cut 20 per cent of its total employees and planned to reduce by an additional 20 per cent. "Over the last month, we have rotated the rest of the workers, but we have not saved much. The salary fund of more than VND1 billion ($43,470) per month places pressure when orders are reduced by 40 per cent," said Minh.

Phan Thi Thanh Xuan, vice chairwoman and general secretary of the Vietnam Leather, Footwear, and Handbag Association, said that the decline in export orders has occurred in all enterprises in the industry. The average volume of exported goods has decreased by about 30 per cent compared to the beginning of the year.

"Specifically, the export turnover of leather and footwear in September was only $2 billion, while it was $2.6 billion in August. The drop in orders in the fourth quarter is more severe and may continue until the middle of 2023," said Xuan.

The reason is high inflation causing purchasing power in major markets such as the US and EU to plunge, causing large inventory without new orders.

"They are the two main export markets, accounting for more than 70 per cent of the export turnover of Vietnam's leather and footwear industry, so although some small markets are maintained, they cannot make up for the shortfall," added Xuan.

The industry's export turnover in the first nine months of 2022 has reached about $21 billion, meaning it is still possible to achieve the full-year export target of $23-25 billion. But the most difficult aspect will be production next year. "The only way is for enterprises to try and diversify and expand export markets, for example, into South America," said Xuan.

The textile and garment industry has also fallen into a similar situation, with orders dropping sharply in the last couple of months. The fall was predicted, but the speed has alarmed some enterprises.

"In the fourth quarter and possibly into next year, the textile and garment industry will face difficulties and many businesses may be reduced by 50 per cent on orders," said Nguyen Thi Tuyet Mai, deputy secretary general of the Vietnam Textile and Apparel Association. She added that numerous businesses are close to shutting up shop entirely because of the lack of capital to operate.

She also suggested focusing on the domestic market and neighbouring and stable markets such as Southeast Asia, Japan, and South Korea. "If there is a suitable approach early, it will help businesses curb the decline in orders to overcome woes, and diversify exporting markets," added Mai. "But in the long run, businesses need to quickly increase automation in production to reduce costs and increase competitiveness."

Although it does not yet have to close down or lay off workers, Lee Fu Wood Co., Ltd., located in Tam Phuoc Industrial Park in the southern province of Dong Nai, also last week informed that only moderate production will be taking place in the short term. As there are no orders, workers will not be required on Saturdays, and it is likely that the company will close its doors for an entire month around the Lunar New Year period.

In addition, many food products are also facing a decline in orders. Bach Khanh Nhut, vice chairman of the Vietnam Cashew Association, said that the increase in USD exchange recently has not pleased businesses because demand has dropped for most items, causing the cashew industry to fall into a gloomy period with consumption falling at least 20-25 per cent compared to more stable times.

“We may benefit from the exchange rate, but the volume of exporting goods has decreased sharply. The selling price will not be able to increase again until early 2023 if inflation does not calm down,” Nhut said.

Meanwhile, a representative of the Vietnam Pepper Association said that due to slow consumer demand, the price of pepper has gone down by 30 per cent compared to earlier in the year.

“The United States is a large pepper import market of Vietnam, but inflation has caused customers to reduce their purchase volume,” said the representative.

According to Dang Phuc Nguyen, general secretary of the Vietnam Fruit and Vegetable Association, businesses should not pour much capital into production at this time and consider downsizing and focusing on products with good demand or good prices every season in the US or Europe.

“Moreover, enterprises should carry out deep processing to maintain production and not be dependent on buyers,” said Nguyen.

Source: vietnamnet.vn- Nov 18, 2022

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Bangladesh to lose LDC status in 2026

Bangladesh will no longer be a least-developed country from 2026.

After becoming a developing nation, Bangladesh will lose its preferential market access and face ten per cent to 12 per cent duty on its exports. However, it will enjoy the duty preference in the European Union up to 2029 as the trade bloc has extended a three-year grace period.

Bangladesh has set a target to raise the nation's share in the global apparel market to double-digit in three years.

The country has a six per cent market share in the global apparel supply chain. But product diversity is needed as more than 75 per cent of exported garment items are confined to the top five products although the country is the second largest apparel supplier in the world.

Improvement of efficiency and making more garments from manmade fiber can help overcome the challenges of the duty imposition after the LDC graduation.

Globally, the use of manmade fiber is rising. Worldwide, almost half of all apparel exports are of manmade fiber products while 42 per cent are cotton-based garment products.

In Bangladesh, 72 per cent of the garment exports are cotton-based apparel and just 24 per cent are of manmade fiber.

Bangladesh's share in the global market for manmade fiber is less than five per cent at present.

Source: fashionatingworld.com- Nov 18, 2022

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NATIONAL NEWS

Economy resilient, on track to grow at about 7% in FY23: RBI report

India's gross domestic product (GDP) is expected to grow between 6.1 per cent and 6.3 per cent in the June-September quarter (Q2FY23) based on high-frequency indicators and economic prediction models, according to a Reserve Bank of India (RBI) report released on Friday.

"If this is realised, India is on course for a growth rate of about 7 per cent in 2022-23," said the State of the Economy report authored by RBI staffers including Deputy Governor M D Patra. The RBI has said views expressed in the article are those of the authors and do not represent its views.

The Q2 GDP numbers will be out by the end of this month. The monetary policy review in October projected Q2 GDP growth at 6.3 per cent.

"With headline inflation beginning to show signs of easing, the domestic macroeconomic outlook can best be characterised as resilient but sensitive to formidable global headwinds," the report said.

India's retail inflation softened to a three-month low of 6.77 per cent in October from 7.41 per cent in September as food prices declined substantially, which could prompt the Monetary Policy Committee (MPC) of the RBI to slow down on rate hikes. Since May this year, the MPC has raised the policy repo rate by 190 bps to 5.9 per cent.

The report observed that there was a change in the thinking of global central banks as some of them had slowed rate increases, and indicated that the end of rate hikes was in sight.

"...data arrivals of the most recent vintage on the far side of the Atlantic and in India suggest a grudging let-up in inflationary pressures. Consumer price index (CPI) inflation has somewhat eased across BRICS economies and in several other emerging market economies (EMEs) as well, benefiting from lower commodity prices," it said.

Touching upon the recent easing of pressure on the domestic currency, the State of the Economy article said a “relief rally” swept across the globe on November 11 after US data showed a larger-than-expected decline in the country’s inflation. The data sparked hopes of the Federal Reserve adopting a softer approach to what has been an extremely aggressive tightening cycle so far.

Between October 27 to November 11, the rupee strengthened by 2.2 per cent against the US dollar, 1.2 per cent versus the British pound and 0.5 per cent against the euro, the article noted.

“In the recent period, the US dollar’s rally to successive highs has sent currencies across the world into a downward spiral, but a closer look reveals that EME currencies are posting only half the losses seen in advanced economy (AE) currencies,” it said.

A depreciating rupee adds to domestic inflationary pressures by pushing up India’s import bill.

According to the article, volatility in G7 currencies has surpassed that of emerging market currencies for the first time since March 2020. “This reflects resilience and the fact that early, aggressive rate hikes have delivered real rates or close to them, offering higher carry – Latin America has led the way,” it said.

Citing the Bank for International Settlements’ triennial survey of over-the-counter foreign exchange turnover, the article said that trading in OTC markets reached $7.5 trillion a day in April 2022, rising 14 per cent from three years back.

While the share of the rupee dropped to 1.6 per cent from 1.7 per cent three years ago, in exchange traded derivatives, the share of the rupee was at 12.9 per cent, the fourth largest in the world, the article said.

Commenting on the liquidity situation, the report said system liquidity was normalising in consonance with the stance of monetary policy but it was still in surplus mode, with the central bank absorbing about Rs 1.5 trillion on a daily basis on average. “The effective absorption rate rose by 1.75 percentage points between end-April and mid-November in response to monetary policy actions.”

The report said that commercial bank credit growth had been surging, led by services, personal loans, agriculture and industry. The capital adequacy ratio, which is well above 16 per cent, reflects the banking sector is well capitalized with provision coverage ratio of over 70 per cent.

“Gross non-performing assets (GNPAs) have consistently declined, with net NPAs sliding down towards 1 per cent of total assets,” it said while acknowledging that inflation is impacting corporate performance.

State of the economy

- Q2 GDP growth seen at 6.1-6.3%
- CPI inflation easing across BRICS, emerging market economies
- Liquidity normalising but is still in surplus mode
- Bank credit growth surging, led by services, personal loans, agriculture and industry
- Net NPAs sliding towards 1% of total assets
- Volatility in G7 currencies has surpassed that in EM currencies for first time since March 2020

Source: business-standard.com- Nov 19, 2022

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Committed to working quickly on UK-India FTA: UK PM Rishi Sunak

Prime Minister Rishi Sunak has said that the UK government remains committed to working "as quickly as possible" towards a successful conclusion to the ongoing free trade agreement (FTA) talks with India, as the majority of the substantive negotiation conversations were completed at the end of last month.

At a House of Commons session on the G20 Summit in Indonesia on Thursday, the British Indian leader updated Parliament that he reviewed progress on the FTA during his first meeting with Prime Minister Narendra Modi since taking charge at 10 Downing Street.

He was questioned by Opposition Labour Party Leader Keir Starmer and his own Conservative Party MPs on the timeline for the completion of the agreement with India.

"I discussed the free trade agreement with India, and both the Prime Minister of India and I committed our teams to working as quickly as possible to see if we can bring a successful conclusion to the negotiations," said Sunak.

"Without negotiating all these things in public, I am pleased that the majority of the substantive negotiation conversations were concluded by the end of October. We will now work at pace with the Indian teams to try to resolve the issues and come to a mutually satisfactory conclusion," he said.

More broadly, he reiterated the UK government's stance since the Diwali deadline for the FTA was missed, that he would not "sacrifice quality for speed" because it is important to take the time to get trade deals right.

Sunak was questioned about his other discussions with Modi and whether he raised issues such as India's stance over the Russia-Ukraine conflict and also the UK being an exception within Europe to not be offered the e-visa facility - something he confirmed was discussed and will remain on the government's agenda.

On India's "non-aligned" position on the Ukraine conflict, he claimed "enormous comfort" from the fact that the G20 communique "contained strong language of condemnation about Russia's aggression".

"Our relationship and partnership with India are much broader than just a trading relationship. I was pleased to discuss increasing our security cooperation with India," said Sunak.

"We also announced the mobility scheme to enable young people from India to come here and young Brits to go there, which is a sign of what is possible. Such exchanges are positive both for our countries and for the young people who benefit," he said, with reference to the new UK-India Young Professionals Scheme launched at the summit earlier this week involving 3,000 new reciprocal visa offers annually for under-30s - dubbed as "good for both Indian students and British students who want to go back and forth".

On the new scheme, Labour's Indian-origin MP Tanmanjeet Singh Dhesi questioned the move against the backdrop of "dog whistle" anti-immigrant rhetoric from Home Secretary Suella Braverman's "incendiary remarks against international students that so incensed people in India".

The Labour Leader also attacked Braverman for putting the FTA deal with India in doubt after indicating that she would not support it, with reference to her controversial remarks on Indians being the largest group of visa overstayers.

"The Home Secretary is rightly focused - there is nothing 'dog whistle' about it - on clamping down on illegal migration, which the British people rightly expect and demand, and it is something that she and this government will deliver," Sunak said in defence of his Cabinet minister.

Source: economictimes.com- Nov 18, 2022

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Australia panel proposes ratification of trade deal with India

Taking a step towards implementation of the India-Australia free trade pact, Canberra's Joint Standing Committee on Treaties Friday recommended ratification of the Economic Cooperation and Trade Agreement (ECTA) with New Delhi to its government.

The committee, which has been appointed by the Commonwealth Parliament and reviews Australian government's treaty actions, said that "there is no single market with more growth opportunities for Australian businesses than India".

The ECTA will enter into force 30 days after both countries have confirmed with each other in writing that they have completed their respective domestic requirements.

As per the committee's report, opening new markets is important for market diversification for Australia, and deepening economic links with "like-minded partners would support open markets and a stable and prosperous Indo-Pacific".

"Other countries are negotiating agreements with India, and Australia risks being left behind...demonstrating the commitment of Australia and India to trade liberalisation and countering protectionist sentiment during a period of geopolitical uncertainty and trade tensions," it said while raising concerns at the lack of consultation on the deal, transparency of the negotiations and independent modelling.

The agreement, once implemented, will provide duty-free access to the Australian market for over 6,000 broad sectors of India, including textiles, leather, furniture, jewellery and machinery.

Under the pact, Australia is offering zero-duty access to India for about 96.4% of exports (by value) from day one. This covers many products that currently attract 4-5% customs duty in Australia.

Source: economictimes.com- Nov 18, 2022

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What being part of G20 troika means for India and developing countries

Given the fact that the G20 comprises 20 of the world's largest economies, which represent around 85 per cent of the global GDP, over 75 per cent of international trade, and about two-thirds of the world population, assuming its presidency for a year, starting December 1, is a significant development for India.

India will join a small group of developing nations, which includes Mexico, China, Argentina, Saudi Arabia and Indonesia, that have assumed presidency of the group since the G20 started its annual apex-level summit after the 2008 global financial crisis.

What makes India's presidency even more special is the fact that for the first time, the 'Troika' will comprise only developing nations. At the G20, the member holding the rotatory presidency every year, works together with its predecessor and successor, together known as Troika, to ensure continuity of the agenda. Currently Italy, Indonesia, and India are the Troika countries. When India assumes the presidency next month, it will be part of the Troika with its predecessor Indonesia and successor Brazil.

This will provide it the unique opportunity to look at developments from the perspective of the developing world, turning the tables on the developed country members that have largely set the tone of discussions at the G20.

So, all important issues that the G20 is focused on, be it food security, rising interest rates, indebtedness among some developing countries, the digital economy or climate change, is likely to be viewed keeping its effect on the poor and the vulnerable strongly in consideration.

How challenging will this leadership be given the ongoing Russia-Ukraine war and the divide between members on this issue?

Assuming leadership of the G20 at a time when the Russia-Ukraine war is continuing to wreak havoc on the global economy, disrupting supply chains and creating shortages of food and other essentials, will not be easy for India. The fact that member countries continue to be split over the sanctions to be imposed against Russia, has made the situation more complex. However, India's decision to stay diplomatically close to the developed countries, such as the US, the UK, the EU, Japan and South Korea, who are calling for increased action against Russia, while continuing to maintain strong trade ties with Moscow, puts it in a unique position of communicating smoothly with both sides.

India could take advantage of this position of closeness to all sides to bridge the gap to the extent possible and get things done at the G20.

What are the main areas that Modi will focus on during this presidency?

As the G20 president and part of the `Troika of developing countries ', Modi, apart from focussing on areas of immediate concern such as food and energy security and climate, is expected to push issues that would positively affect poorer nations.

Indonesia has made a beginning by working in areas such as innovation, empowering MSMEs and vulnerable groups, and collaboration between developed and developing countries.

India's G20 priorities, as stated by the government, are inclusive, equitable and sustainable growth, women's empowerment, digital public infrastructure, and tech-enabled development, climate financing, global food security and energy security, among others.

Source: thehindubusinessline.com- Nov 18, 2022

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Shri Piyush Goyal said technology, innovation and problem-solving approach of Indian Start-ups will help the country acquire global dominance in the sphere of technology

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal has said that technology, innovation and problem-solving approach of start-ups is a force multiplier which will help India acquire global dominance in the sphere of technology and innovation. He was speaking at the 25th Bangaluru Tech Summit in Bengaluru today.

Speaking on the occasion, Shri Goyal said that Indian Start-ups are almost playing the role of a booster dose in the post pandemic recovery that India is leading from the front. Despite geo-political challenges that has pushed world trade back and when countries are falling into recessionary mode, it is our bright young boys and girls who have helped India lead global recovery, he said.

Shri Goyal gave examples of the recent big innovations by the Indian tech industry that have been noticed in the world. He said that initiatives like unified payment gateway, UPI, managing Covid vaccination and a common identity card for over a billion people in form of Aadhaar Card, health care through Ayushman Bharat and supply of rations seamlessly to the poorest with One nation one ration card – these are all examples of platforms developed by our young innovators.

Speaking of the resilience of Indian economy, the Minister said that our inflation is in fact falling and even today it is half the level it used to be ten years ago.

We have a situation where through eight years of relentless efforts to strengthen the basic structure of Indian economy and having mandated the central bank in 2014-15 to keep inflation in check we have had an average rate of inflation of about 4.5 percent over this period, he said.

We still have inflation fairly under control at 6.5 percent, he added. He expressed the confidence that we will continue to power the world economic recovery and when we reach 100 years of independence in 2047 we will certainly be among the top three economies in the world.

Speaking of Bengaluru, Shri Goyal said that the city has truly unleashed a new era for India as we march on the journey to become a developed nation. On this occasion we can look back on the laurels that Bengaluru has achieved, he said. He pointed out that over 40 out of the 100 unicorns are housed in Bengaluru and a huge ecosystem has been created here in form of private equity investors, venture capitalists, R&D centres, incubation centres, the very high quality of talent and manpower skills. Karnataka and Bengaluru are the flagbearers of India of tomorrow, he added.

Speaking of the ONDC initiative, Shri Goyal said that the government under the guidance of Shri Narendra Modi is trying to democratise ecommerce. The government is trying to save the small mom and pop stores by giving them an opportunity to participate in the vibrant ecommerce network, he said. Bengaluru will have a big role to play in this development and when this initiative succeeds and is known globally, it will be remembered that it started in Bengaluru with the initial testing being done in this city, he added.

Shri Goyal pointed out that India has taken up the presidency of G20 this year from 1st of December. It is great opportunity to showcase India's achievements and opportunities to the rest of the world, he said. We are together going to work to make sure that our start-ups and innovators get the opportunity to present themselves at the world stage, he added.

Source: pib.gov.in- Nov 18, 2022

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India likely to join IPEF's first negotiating round next month in Brisbane

India is likely to join the first round of negotiations in the proposed Indo-Pacific Economic Framework (IPEF) which is scheduled to take place in Brisbane on December 10-15.

"The first in-person IPEF ministerial in Los Angeles in September created strong momentum, and after more productive conversations, we are excited to join our partners in Brisbane for the first in-person negotiating round next month. This will be an important opportunity to identify areas of consensus and continue developing the four IPEF pillars," the office of the United States Trade Representative (USTR) said in a statement.

A central government official said India is likely to join negotiations in three out of the four pillars of the IPEF. India opted out of the most crucial trade pillar of the IPEF during the first in-person IPEF ministerial in September, attended by trade minister Piyush Goyal citing unclear benefits to member countries through this pillar. However, India agreed to participate in the remaining three pillars--supply chain, clean economy and fair economy. While the USTR is leading discussions on the trade pillar, the US commerce secretary is spearheading discussions on the other three pillars.

"With regard to joining the trade pillar of IPEF, India decides its strategy on its own terms. If you want binding commitments (from India) on different subjects, tell me what I am getting in return. It has to be good for my people and my country. What you give me in return will determine whether I will join the trade pillar. You negotiate and if we see some advantage, then we will join," Goyal said at an event last week.

New Delhi-based think tank Global Trade Research Initiative in a report released on Thursday said IPEF members may negotiate accelerated deployment of clean energy technologies, de-carbonisation, and methane emissions. "Agreeing to standards disproportionate to development levels may limit the use of a particular technology or set limits on emissions," it cautioned.

Prime Minister Narendra Modi had formalised India's entry into the IPEF in May on the sidelines of a Quad leaders' summit in Tokyo to strengthen economic cooperation among Indo-Pacific nations, as a strategic counter to China's growing clout in the region.

Speaking at the launch event in Tokyo, Modi said India would work with other members to build an "inclusive and flexible" IPEF and talked about the supply-chain pillar without mentioning the other three pillars of the proposed trade deal.

A fact sheet released by the White House in May said it would pursue the high-standard rules of the road in the digital economy, including standards on cross-border data flows and data localisation, as well as labour and environment standards. India and the US have divergent views on these issues.

After a meeting between USTR Katherine Tai and Japanese trade minister Nishimura Yasutoshi on Thursday, both sides highlighted the momentum for the IPEF and discussed their expectations for the upcoming negotiating round in December.

"They expressed their support for an ambitious negotiating schedule going forward, with a focus on inclusivity and strong outcomes for all IPEF member countries. They agreed on the need to table novel commitments that fit the challenges and opportunities of today," the USTR office said in a statement.

Apart from India and the US, 12 other members of the IPEF are Australia, Brunei, Fiji, Indonesia, Japan, South Korea, Malaysia, New Zealand, The Philippines, Singapore, Thailand, and Vietnam. The 14 IPEF partners represent 40 per cent of global GDP and 28 per cent of global goods and services trade.

Source: business-standard.com- Nov 18, 2022

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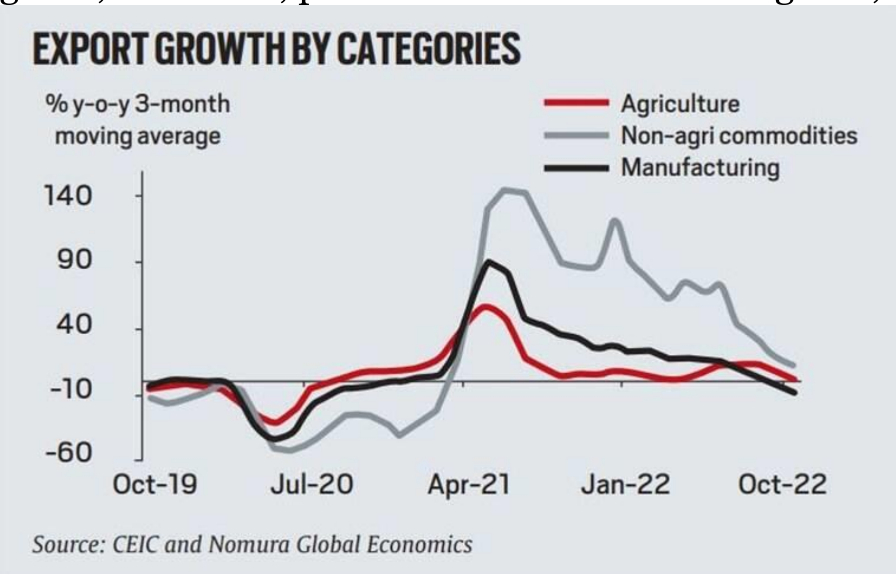
India's falling exports: Manufacturing takes the biggest hit

India's exports contracted by 16.7% (year-on-year or y-o-y) in October. In other words, India exported almost 17% less in October this year as compared to what it did in October 2021. To be precise, India exported goods valued at $29.78 billion in October as against exports of $35.73 billion in October 2021. In the three months leading up to October, India's exports grew by 8.4% (July), 10.4% (August) and 4.6% (September).

Broadly speaking, the fall in exports in October is a reflection of weaker global demand. The global economic growth is decelerating sharply in the wake of persistently high inflation across developed countries and, as a result, as sharp tightening of monetary policy (read higher interest rates) by almost all central banks. With growth contraction across the board — UK and US are set to see recession while the euro area is likely to stall even as China struggles to grow — the demand for Indian goods has plummeted. That is why exports have contracted.

"Oil export growth fell to -11.4% y-o-y from 43.0% in September, partly reflecting lower global crude oil prices, while non-oil exports plunged -16.9% y-o-y, with the decline broad-based across iron ore, handicrafts, textiles, some agricultural goods, plastics, gems & jewellery, engineering goods, chemicals, pharmaceuticals and leather goods," states Nomura.



Source: CEIC and Nomura Global Economics

The chart above, sourced from Nomura Research, shows how different types of exports have performed. As is evident, manufacturing exports have seen the sharpest fall.

Going forward, the weakness in India's exports is likely to sustain because global growth is likely to remain weak. Weaker exports, in turn, will have a dampening effect on the growth of India's gross domestic product (GDP).

Source: indianexpress.com- Nov 18, 2022

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Can e-commerce and MSMEs coexist? It's complicated

E-commerce benefits consumers but has scope for harming small retailers.

The issue of co-existence of organized and unorganized sectors in a developing country like India is not new. While the debate persists, specifically in the services sector, a relatively new (though related) variant of the problem now concerns the co-existence of traditional brick-and-mortar sellers with online marketplaces (so-called e-commerce aggregators), such as Flipkart and Amazon. It is well known that these e-commerce platforms have in the past decade-and-a-half assumed a significant role in providing benefits to consumers in terms of ease of shopping, saving travel time, providing after-sale services, etc.

While growing in the Indian market, they have also created a large number of warehouses and supply jobs. In fact, some surveys suggest that this medium provides an added advantage to small home businesses, which do not need a physical set-up to market their products, and hence encourage the entry of new firms. The positive spillover effects have also been witnessed by the fintech industry, as many consumers and producers now prefer digital transactions.

However, in recent years, some sections of Indian industry, specifically small retail businesses and traders' associations, have been expressing concern over the negative impact e-commerce majors are having on their growth and sustainability. Their complaint is that these platforms attempt to erode their business opportunities through predatory pricing, deep discounting, cashback policies and preferential terms for select sellers.

This has squeezed the profitability of Indian retailers by forcing them to charge customers low prices and reducing their overall market share in the country—an effect that got aggravated during the covid pandemic.

It has also been claimed that the two big e-commerce platforms are effectively trying to induce duopoly elements in the Indian retail market, hence creating problems for the survival of incumbent firms and also for the entry of new players.

These issues have also been recognized by Indian policymakers, which is evident from the time-to-time changes that the government introduces/proposes in the country's e-commerce norms. In late 2018, the government introduced a new policy that barred any entity related to e-commerce platforms from selling on that site and imposed a quantitative restriction on how much a vendor can sell on a particular online portal.

More recently, to protect domestic firms, the ministry of consumer affairs proposed to impose new registration requirements for online retailers, place a ban on specific flash sales, and impose stringent data-use norms. While these practices are meant to regulate e-commerce in India, the question is whether this is the right way forward.

Conflicts of interest among various potential gainers, on one hand, and India's huge unorganized set of retailers on the other, make it imperative for the government to take a balanced approach. While research in this area is limited, owing to data issues, a recent econometric study conducted by the Indian Institute of Foreign Trade (using information from the CMIE Prowess database) shows how the e-commerce industry has facilitated domestic sales of the overall Indian retail and manufacturing sectors by providing them with an additional channel for marketing their products, even as they continue with their offline businesses.

These firms can now take advantage of 24X7 online marketplaces made accessible by e-commerce platforms, without any need for heavy investment to create their own online portals, or advertising/marketing their products, provided they ensure supplies of good-quality products.

However, it is important to note that e-commerce is only a channel for selling goods or providing services, and a firm cannot directly leverage benefits from such platforms unless supported by adequate digital infrastructure.

The research further shows that while, on average, manufacturing micro, small and medium enterprises (MSMEs) have benefited from the growth of online commerce, retail MSMEs, specifically, have not yet gained significantly from this channel. This is one reason why objections against e-commerce majors have mostly been raised by MSME retailers.

Though India has one of the world's fastest-growing digital commerce spaces, Indian businesses, especially MSMEs, still lack proper access to digital technology. In another study conducted by IIFT, in collaboration with PayPal, it was found that the country's digitization level remains low relative to many other economies such as China and Vietnam, posing risks to India's growth prospects in the increasingly digitalized era of today.

Further, while these findings pertain to organized sector MSMEs, there is no doubt that they apply all the more strongly to India's unincorporated enterprises, which account for the major chunk of the Indian retail sector.

The bottomline, as India's e-commerce policy is still a work-in-progress, is that more research is needed to devise regulations that strengthen the connect between e-commerce and MSMEs, rather than support one at the expense of the other. This also calls for the creation of a robust database to make such analyses possible, which is presently highly skewed in the case of India.

Source: economictimes.com- Nov 18, 2022

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ABFRL to bring French luxury store Galeries Lafayette to India

The 90,000 square feet flagship store in Mumbai is expected to be operational by 2024, while the 65,000 square feet store in Delhi is expected to be operational in 2025

New Delhi: Aditya Birla Fashion and Retail Limited (ABFRL) on Thursday announced that it has entered into a strategic partnership with French luxury department store chain Galeries Lafayette to open stores and a dedicated e-commerce platform in India.

The flagship stores in Mumbai and Delhi will bring over 200 luxury and designer brands under one roof.

The 90,000 square feet flagship store in Mumbai is expected to be operational by 2024, ABFRL said in a statement on Thursday.

Meanwhile, the 65,000 square feet store in Delhi, expected to be operational in 2025, will be at DLF Emporio, one of India's largest luxury malls. Galeries Lafayette, Delhi will complement the current offering at the mall with a set of designer brands across multiple categories.

Ashish Dikshit, managing director, Aditya Birla Fashion and Retail Limited called the partnership a "coming-of-age" moment for Indian luxury.

"India is now home to a generation of young and affluent consumers with global exposure, who are willing to spend on the finer things in life. This is visible in the boom and dynamism of the luxury market. The partnership with Galeries Lafayette is a ringing endorsement of India's significance as a global luxury market and a future engine of growth for luxury brands," Dikshit said.

The Mumbai store will be housed across two historic buildings that recently heralded their century at the heritage precinct of Fort. The building is currently being designed by the architectural firm Virgile & Partners, who have worked extensively on storied department stores globally. Pike Preston is the advisor on-record for this collaboration.

The move displays both growing aspiration among Indian shoppers as well as attempts by large homegrown conglomerates such as ABFRL, and rival Reliance Retail, to participate in the luxury retail market. Reliance Retail--through its subsidiaries-- already operates a clutch of high-end and premium brands in India.

The move is part of Galeries Lafayette's plans to reach more well-heeled shoppers in markets overseas. The store is present in Shanghai, Nice, and Luxembourg, among other key cities.

"We are proud to expand our international footprint in such a prestigious and refined market as India, where we believe our brand can benefit from a strong potential. It is also a new illustration of our ambition to reach 20 stores abroad, with a primary focus on China, Asia and Middle East by 2025," said Nicolas Houzé, CEO, Galeries Lafayette and BHV Marais.

To be sure, the Galeries Lafayette is renowned globally for its flagship location at Boulevard Haussmann in Paris. In fact, the Haussmann department store is the second-top tourist attraction in Paris, after the Eiffel Tower. The store retails an assortment of high-end luxury designers including Armani, Balenciaga, Burberry, Bulgari, Calvin Klein, Céline, Christian Dior, Louis Vuitton, Prada among several others. The store also sells perfumes such as Yves Saint Laurent's Opium, and Lancôme's Miracle.

ABFRL is part of a Indian conglomerate, The Aditya Birla Group. Its portfolio of brands includes Louis Philippe, Van Heusen, Allen Solly and Peter England, apart from retail-chain Pantaloons. ABFRL's international brands' portfolio includes—The Collective, a multi-brand retailer of international brands; the company has long-term exclusive partnerships with Ralph Lauren, Hackett London, Simon Carter, Ted Baker, Fred Perry, Forever 21, American Eagle and Reebok. The company also has strategic partnerships with designers Shantanu & Nikhil, Tarun Tahiliani, Sabyasachi and House of Masaba.

Source: livemint.com- Nov 17, 2022

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E-commerce fake reviews: Centre to issue standard guidelines next week

The Centre will issue standard guidelines by Monday next week to prevent posting of fake reviews on e-commerce and other platforms for all products and services.

Sources said the guidelines may direct the companies to ask reviewers to submit their identity details, including bills, documents, pictures, and videos, to e-commerce platforms for cross-verification through KYC methodology.

According to sources, the e-commerce companies will also be asked to remove unverified buyers and reviewers, and on failing to do so, action will be taken against them.

The rules mentioned in the guidelines will be voluntary in the beginning, but will be mandatory after some time, if the companies do not adhere to the guidelines.

The guidelines have been prepared by the Bureau of Indian Standards (BIS) on the basis of the report by the committee, which was formed in June. The committee included representatives from all stakeholders — Advertising Standards Council of India (ASCI), Confederation of Indian Industry (CII), and the Ministry of Consumer Affairs.

E-commerce companies will also be fined for paid and negative reviews against the competitor companies.

Source: business-standard.com- Nov 18, 2022

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Cotton yarn prices steady in south India; price disparity worrisome

South India's cotton yarn prices remained stable today amid weak market sentiments. Basic raw material was traded at previous prices because demand from downstream industry was low. Buyers in the entire value chain were cautious in the absence of end consumers. Price disparity at various levels was also the one of the causes for concern for the industry.

The Mumbai market witnessed a steady trend as buyers remained absent. "Demand from weaving industry further dampened as they were not getting support from garment units. Traders and manufacturing units were very cautious about fresh buying. They do not want to build up their stocks," a trader from Mumbai told Fibre2Fashion.

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,720-1,770 and ₹1,650-1,670 per 5 kg (GST extra) respectively. 60 combed warp was priced at ₹360-365 per kg. 80 carded (weft) cotton yarn was sold at ₹1,540-1,580 per 4.5 kg. 44/46 count carded cotton yarn (warp) was priced at ₹318-323 per kg. 40/41 count carded cotton yarn (warp) was sold at ₹305-310 per kg and 40/41 count combed yarn (warp) was priced at ₹325-330 per kg, according to Fibre2Fashion's market insight tool TexPro.

Cotton yarn prices also remained stable in the Tiruppur market. There was limited buying activity due to seasonal impact, but buyers were cautious about the purchases. Traders said that the disparity in textile value chain was not good for the industry.

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 eased after a hike in the beginning of this week as the commodity was traded lower in domestic and global futures. According to the traders, spinning mills were buying cotton but they are very cautious and calculative due to the disparity persisting in the entire value chain. Cotton prices came down by ₹500-800 per candy of 356 kg.

Cotton prices were noted at ₹68,500-69,500 per candy in Gujarat. Gujarat's cotton arrival remained a topic of dispute as some traders estimated it at 20,000-25,000 bales of 170 kg, while others estimated it at 34,000-40,000 bales.

Source: fibre2fashion.com - Nov 18, 2022

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