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USD	81.33
EUR	87.83
GBP	100.40
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INTERNATIONAL NEWS

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INTERNATIONAL NEWS

China's cotton imports from US skyrocket after Xinjiang ban

China's cotton imports from the US soared to new highs in 2022. The US had imposed a ban on cotton and cotton products originating from the Xinjiang region of China in June 2022, which led to a steep rise in cotton imports by China.

China had imported cotton worth $1.601 billion in 2021 and imports reached $2.899 billion in the first eleven months of 2022.

The inbound trade increased to $1.604 billion in 2020 against imports of $731.486 million of 2019. China's cotton imports were worth $1.063 billion in 2018 and $980.245 million in 2017, according to Fibre2Fashion's market insight tool TexPro.

China's imports were $1.744 billion in the first half (H1) of 2022 against the inbound shipment of $470.466 million in H2 2021, $1,130.774 million in H1 2021, $1,071.074 million in H2 2020 and $530.622 million in H1 2020, as per TexPro.

Last year, cotton prices skyrocketed in the global markets due to low production and a rise in consumption. It prompted Chinese importers to turn to the US.

As the US has banned cotton produced in the Xinjiang region of the country, Chinese textile industry has no option but to import cotton from the US to maintain its exports of textile products to the world's largest economy.

Source: fibre2fashion.com- Jan 19, 2023

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China's manufacturing FDI inflow up 46.1% in 2022: Commerce ministry

China's manufacturing industry saw a 46.1 per cent year-on-year increase in foreign direct investment (FDI) inflow to 323.7 billion yuan (approximately $47.93 billion) in 2022, according to the country's commerce ministry. In 2022, total FDI, in the Chinese mainland, increased by 6.3 per cent to 1.23 trillion yuan compared to the previous year.

The country's FDI inflow in US dollar terms grew by 8 per cent YoY to $189.13 billion.

FDI investment from the UK, Germany, and Republic of Korea in 2022 increased by 40.7 per cent, 52.9 per cent, and 64.2 per cent, respectively. Furthermore, a sharp rise of 92.2 per cent YoY was observed in FDI investment from the European Union (EU), according to the data from China's commerce ministry.

FDI flowing into the country's western region reported a YoY increase of 14.1 per cent, while the FDI inflow in China's central region grew by 21.9 per cent YoY.

Source: fibre2fashion.com- Jan 18, 2023

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Economic sentiment for Germany positive for 1st time since Feb 2022

The outlook for the German economy has become increasingly positive in January 2023 against a backdrop of easing inflation, lowering recession fears, and decreasing energy prices. The ZEW Indicator of Economic Sentiment for Germany makes a considerable leap upwards in the current January 2023 survey, climbing 40.2 points to a new value of 16.9 points. For the first time since February 2022, the economic sentiment indicator for the country is back in positive territory.

The assessment of the economic situation in Germany has also improved further, but only slightly. The corresponding indicator currently stands at minus 58.6 points, 2.8 points higher than in the previous month, according to a press release by ZEW. "The ZEW Indicator of Economic Sentiment signals a positive outlook again in January. For the first time since February 2022, the month in which the war in Ukraine began, the indicator points to a noticeable improvement in the economic situation over the next six months. The more favourable situation for the energy markets and the German government's energy price caps have contributed to this in particular. In addition, export conditions for the German economy are improving due to China's lifting of COVID-restrictions.

Accordingly, the earnings expectations of the export-oriented and energy-intensive sectors have gone up significantly. The prospect that the inflation rate will continue to fall has brightened expectations for the consumer-related sectors," commented ZEW president professor Achim Wambach on current expectations. The financial market experts' sentiment concerning the economic development of the eurozone also improved very strongly in January, rising 40.3 points to a current reading of 16.7 points. The situation indicator also recorded an increase and currently stands at minus 54.8 points, 2.6 points above the previous month's value.

Inflation expectations for the eurozone declined by 4.4 points in January and currently stand at minus 83.7 points.

Source: fibre2fashion.com- Jan 19, 2023

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China's supply-chain logistics recover swiftly post reopening: Fitch

China's supply chain logistics have recovered quickly after most pandemic-related restrictions were lifted in the country, according to Fitch Ratings. Freight traffic in China recovered to levels comparable with November 2022 by early January. As major Chinese cities reopened, consumer and retailing activities also showed signs of recovery, although at a much slower pace.

Intra-city transportation in major cities started to recover from troughs in December 2022, although the pace of recovery varied, reflecting the timing of the peaks in COVID-19 infections.

Offline retail recovery trailed industrial activities. The numbers of shopping centre visitors picked up, but remained well below last year's levels, according to Fitch Ratings.

Fitch Ratings expects a continued recovery in offline retail in 2023 from easing mobility restrictions. However, uncertainty still lingers on the scale of the recovery, given on-going risks of further waves of COVID-19 outbreaks.

Source: fibre2fashion.com- Jan 19, 2023

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Section 301 tariffs negatively impact US businesses, consumers: Study

American businesses and consumers have been adversely affected by the imposition of the punitive Section 301 tariffs that began in 2018, as per a recent study conducted by American industry bodies.

The three key findings of the study are negative impact of the tariffs—higher costs and higher prices—fell on US companies and American families; the tariffs have led to a host of significant indirect costs, including those associated with attempts to establish bifurcated supply chains; and increased prices on consumer goods have had a greater negative impact on American households for which those goods represent greater shares of household income. These were households in the lowest 20 per cent of income groups, minority-headed households, and households headed by individuals without a college education.

The joint industry study titled 'Impacts of Section 301 Tariffs on Imports from China' provides an in-depth assessment of the impacts of the Section 301 tariffs over the last four years on US imports of apparel, footwear, travel goods, and furniture imported from China.

Tariffs on US imports of apparel, footwear, and travel goods, in particular, are among the highest in the US tariff code, even absent the Section 301 duties on US imports from China. For example, US MFN duties on low-value and children's footwear are much higher than those on other types of footwear.

The Section 301 duties add considerably—sometimes up to 25 per cent—to this tariff burden for products imported from China, as per the study.

To put it in perspective, the tariffs most heavily impacted US imports from China of waterproof footwear. The tariffs imposed an annual direct cost on US importers of over $250 million, escalating every year to over $450 million in 2022.

No footwear tariff exclusions were granted to mitigate the negative impacts of the tariffs on footwear sourcing companies. According to Mercatus Center, every one of the 442 footwear product exclusion requests filed was denied.

The study is based on US government data amplified by responses to a December 2022 survey of American companies sourcing those goods from China.

It was conducted by the American Apparel and Footwear Association (AAFA), the Footwear Retailers and Distributors of America (FDRA), the National Retail Federation (NRF), the Retail Industry Leaders Association (RILA), and the United States Fashion Industry Association (USFIA).

Source: fibre2fashion.com- Jan 18, 2023

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Sustainable cotton production on the rise

Consumers and companies across the planet are increasingly choosing cotton produced in accordance with voluntary sustainability standards such as Better Cotton or Cotton made in Africa. So says the International Institute for Sustainable Development (IISD).

Standards-compliant cotton production has doubled every 2.5 years, on an average, since 2008 and though most of the demand is coming from Europe and North America awareness is rising in big developing and emerging markets that suggests the growth will continue.

Farmers in some regions, says IISD, can receive up to 50 per cent higher prices and 20 per cent higher crop incomes for growing standards-compliant cotton compared to conventional cotton. Sustainable cotton is in high demand as customers look to make responsible purchasing decisions and brands use sustainability to differentiate their products in the market.

Sustainability standards can help address the environmental and social effects linked to conventional cotton production including water scarcity, soil and water contamination from pesticide runoff, forced labour, and poor working conditions.

Adhering to sustainability standards can affect cotton prices and income received by cotton farmers.

Prices and incomes are important because many smallholder cotton farmers live below the poverty line in developing countries. And now the pandemic and the Russia-Ukraine conflict have forced these struggling farmers to cope with rising input costs, reduced yields, and unpredictable price swings.

Source: fashionatingworld.com- Jan 19, 2023

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Sri Lanka's to cut 7% GHG emissions in industrial sector by '30: UNIDO

Sri Lanka is aiming to slash 7 per cent greenhouse gas (GHG) emissions in its industrial sector by 2030 under the Accelerating Industries' Climate Response in Sri Lanka project, which is a five-year initiative designed to help the country's industrial sector transition to a low-carbon future. The project is implemented by the United Nations Industrial Development Organization (UNIDO) and funded by the European Union under the Global Climate Change Alliance.

The project was launched in mid-2022. It is led by the country's ministry of environment, ministry of industries, and ministry of power and energy.

In a recent meeting in Colombo, Sri Lanka's leaders from across industry met to explore short and long-term energy solutions amidst Sri Lanka's worst ever energy crisis. More than 100 participants heard from experts and shared their insights into how the economically important industrial sector can move towards more sustainable energy use, according to UNIDO.

An exhibition at the event showcased Sri Lanka's Energy Savers, people in industry and government who are already helping improve energy use. Those attending were invited to nominate other Energy Savers whose efforts should be recognised—and who could inspire others to take action.

There is considerable potential for reducing industrial energy waste in Sri Lanka's manufacturing sector by deploying cost-effective technology and management practices. To harness this potential, Sri Lanka's National Cleaner Production Centre and UNIDO trainers will guide a group of around 70 Energy Savers through an internationally recognised training course on energy management systems.

By the end of the one-year course, participating companies can expect to be on-track to slash up to 25 per cent from their energy bills. Meanwhile, Sri Lanka will have a new cohort of energy consultants able to advise more companies on how to reduce energy waste and save money.

"The industrial sector employs 30 per cent of the national workforce, so it's essential that we future proof this sector," said minister for industries, Ramesh Pathirana.

"By decoupling Sri Lanka's industrial development from the use of imported fossil fuels, we can avoid energy crises in the future and help slow down global climate change," said Naseer Ahamed, Sri Lanka's minister for the environment.

"Every transformational story needs people who will take on a challenge, run with it, and make change happen. Sri Lanka's Energy Savers are exactly that: courageous industry leaders and energy practitioners determined to help the country slash industries' energy waste and greenhouse gas emissions. I look forward to seeing more Energy Savers emerge as the initiative progresses," said Nicholas Dehod, project manager for UNIDO.

Source: fibre2fashion.com- Jan 18, 2023

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Kenya Rebuilding Flagging Textile Industry

The Kenyan government plans to invest 200 million shillings ($1.6 million) to revamp and reopen closed garment factories in the East African nation.

State Department for Industrialization principal secretary Juma Mukhwana said that the textile sector is critical to the administration's goal to elevate Kenya's economic potential. The country currently exports 1,900 tons of yarn annually worth 1.1 billion shillings ($8.8 million). The Kenyan government also plans to open ginneries in cotton-growing counties to increase acreage of cotton-producing land, according the NTV Kenya news station.

Mukhwana spoke to these plans during a weekend visit to Rivatex East Africa Limited, a textile factory in the town of Eldoret, according to Kenya's Capital News. Kenya's new administration wants to revitalize local industry to further its "Buy Kenya, Build Kenya" initiative for manufacturing job creation, he said.

"Rivatex had previously collapsed and it has undergone a significant makeover," he told press. "I want to applaud the factory's management for bringing it back to life—it has now created employment to more than 1,000 people and am confident that the new Rivatex will boost this administration's efforts to create more jobs for the youth in the future."

The principal secretary said the investment is part of a campaign to revive companies with the potential to employ thousands, such as integrated textile manufacturer Ken Knit Raymond, also located in Eldoret. The Kenyan government's Department for Industrialization aims to expand the industry and grow employment from 50,000 to 500,000 over the next five years.

Mukhwana said that under the AGOA trade agreement, the country has already exported 50 billion shillings-worth of textiles ($403 million) to the U.S., but he believes restoring Kenya's cotton farming industry to its past achievements could increase exports.

"When the factories stopped running, farmers stop planting," he said. "As a government we have allocated 50 million for cotton purchases, and this year we have set aside 200 million for the same."

The department aims to set up cotton purchasing centers for farmers to sell their product, noting that currently, 80 percent of Kenya's cotton supply is imported.

Source: sourcingjournal.com- Jan 18, 2023

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Pakistan looks to enhance cooperation with China on high-yield, cotton varieties

Pakistan is facing an alarming decline in cotton production, it looks to enhancing cooperation with China on high-yield, climate-resilient cotton varieties, Javed Hassan, Cotton Advisor of the All-Pakistan Textile Mills Association (APTMA) told China Economic Net (CEN).

"In the past ten years, we have lost half of the yield and production of cotton. This year, we are going to produce 5.5 million bales as estimated, while it was 14 million bales in 2012. About half of our demand for textiles relies on import", he elaborated. "A major reason is the lack of good cotton varieties against climate change", he added.

Mr. Javed Hassan told CEN reporter that in terms of cotton yield per hectare, China is number one with about 1,844 kg per hectare. While in Pakistan, it is 467 kg per hectare. When farmers cannot get more yield per hectare, they are unable to get more profit and choose to go for other crops.

"But we could not import varieties from China directly, because the environment is different. In China, there is no curl leaf disease, but in Pakistan, it is prevalent", he explained.

Therefore, he suggests that Pakistan send local highly productive varieties to China, so their institutions can convert them with GM technology, and then Pakistan can bring it back and get more yield.

It is learned that genetic research is underway in collaboration with the Chinese Academy of Agricultural Sciences, which is working on a holistic approach to improve Pakistan's cotton sector jointly with mechanical planting and picking companies.

Source: dailytimes.com.pk- Jan 18, 2023

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Bangladesh-Türkiye Business Forum launched to boost bilateral trade, investments

Bangladesh-Türkiye Business Forum (BTBF) was formally launched on Tuesday, aiming to facilitate and increase bilateral trade and investments between the two countries. Salman F Rahman, private industry and investment adviser to the Prime Minister, was present as chief guest at the launching ceremony held at the Turkish Residence in the city.

As a result of growing interactions between businesses and entrepreneurs, the Turkish Embassy in Dhaka took the initiative to encourage and support the establishment of the 'Bangladesh-Türkiye Business Forum' (BTBF) formed in mid of last year. Led by the managing director of Mohammadi Group and former president of Bangladesh Garment Manufacturers and Exporters Association, Dr Rubana Huq and Salahuddin Kasem Khan of AK Khan Group of Companies as co-chairperson, BTBF brings together 13 Bangladeshi conglomerates and six Turkish companies operating in Bangladesh.

Speaking at the event, outgoing Turkish Ambassador Mustafa Osman Turan said that during his three-year tenure in Bangladesh, they had made significant progress in trade volume and Turkish investments in Bangladesh. Mr Turan expressed his confidence that this progress would continue.

"ICT and pharmaceutical industries appear as promising fields of cooperation as well as agro-industry and light engineering. Bangladesh can also benefit from the growing interest of the Turkish contracting companies to participate in infrastructure and transport projects," he said, adding that a Turkish company recently won a highway construction work.

The bilateral trade between the two countries stood at about US$888.41 million in the fiscal year 2021-22. Bangladesh exported goods worth US$458.15 million in the last fiscal. Local readymade garment exports to Turkey have fallen drastically in recent years. They stood at US$ 193 million in the last fiscal which was US$ 622.37 million in fiscal 2013-14, mainly due to the 17 per cent safeguard duty imposed by Turkey.

Source: thefinancialexpress.com.bd- Jan 17, 2023

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Bangladesh and Vietnam to cooperate with each other in the apparel trade

According to Vietnam's Ambassador to Bangladesh, both countries have the scope to complement each other in the development of the apparel industry to reap mutual trade benefits.

Bangladesh and Vietnam are competitors in the apparel trade and both are on top in apparel exports after China. Vietnamese Ambassador to Bangladesh Pham Viet Chien stated this when he visited the office Bangladesh Garment Manufacturers and Exporters Association. He discussed various issues with the office bearers of the association pertaining to the apparel industry of both countries.

Besides analyzing current market situations, global trends, and opportunities they discussed the action taken by both countries to address these challenges. The issue of possible avenues of collaboration and cooperation in the apparel sector also came under discussion. They agreed to benefit from the unique experiences of each country in the apparel sector.

Bangladesh has recently been focusing on diversifying from low-priced basic apparel items to high-end products. It has ventured into especially manmade fiber-based garments, which Vietnam has since long been in. Its experience could be shared. vast experience and could share their expertise. The Vietnamese could be guided by the Bangladesh apparel sector in areas of workplace safety and environmental sustainability.

Also, that came into the discussion was the interaction between designers and technical experts. This could be facilitated through the exchange of faculties and students to develop knowledge and skills that benefit both countries.

Source: brecorder.com- Jan 18, 2023

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NATIONAL NEWS

India reiterates its position as a resilient economy with a strong leadership providing stable policy to the global investors at the World Economic Forum (WEF)

In line with this year's WEF theme, "Cooperation in a Fragmented World", India has reiterated its position as a resilient economy with a strong leadership providing stable policy to the global investors at the World Economic Forum (WEF) at Davos. India's focus areas at WEF this year are investment opportunities, infrastructural landscape and its inclusive & sustainable growth story.

Taking forward the strategy and presence of India during WEF Annual Meeting in May 2022, the Department for Promotion of Industry and Internal Trade (DPIIT) has taken the initiative to further strengthen India's presence through three lounges with focus on investment opportunity, sustainability and inclusive approach to compliment economic growth.

In addition, the presence of State lounges of Maharashtra, Tamil Nadu and Telangana along with business lounges of HCL, Wipro, Infosys and TCS have added strength to India's presence on the Davos promenade. The entire India contingent of the central government, state government, businesses and officials have put together a common front to present India at the global state.

1. India Lounge at Promenade 68

The India lounge is the focal point of all business engagements taking place on the side-lines of the World Economic Forum Annual Meeting 2023. In line with the Government of India's priorities, the India Lounge has organized sessions, roundtables & fireside chats on India's growth wave, energy transition, the transforming infrastructure landscape, rising digitalization, fintech, healthcare, electronic & semiconductor supply chain & startup ecosystem.

There is a digital showcase of key manufacturing sectors, Startups, India's G20 presidency and India's focus on infrastructure. Complementing this, the lounge has curated authentic Indian One District One Product (ODOP) souvenirs along with Indian food showcasing India's heritage and culture.

The lounge was jointly inaugurated by Union Minister of Women and Child Development and Minority Affairs, Smt Smriti Irani, Union Minister of Health & Family Welfare, Chemicals & Fertilizers, Dr Mansukh Mandaviya and Union Minister of Power, New & Renewable Energy, Shri R K Singh.

2. India Inclusivity Lounge at Promenade 63

The Inclusivity lounge at Promenade 63 at World Economic Forum redefines the Davos narrative with the vision of the Prime Minister of India, Shri Narendra Modi for inclusivity. Traditionally only select few big businesses were present at Davos. In 2023, India at Davos has a special lounge that represents the voice of the smaller enterprises, individual artisans, women self-help groups, specially abled etc. The lounge showcases hand-made products that represent years of rich Indian heritage and cultural history and generations of craftsmanship.

The products represent all States and Union Territories of India, ranging from coconut cutlery from Andaman to Khurja pottery from Uttar Pradesh. They span across all sectors from textiles to handicrafts to social empowerment. The products are showcased not only physically but also using interactive methods though immersive technologies. The Augmented Reality models allow any person, anywhere in the world to see what an Indian-made product looks like at their home, on their console. The exact coordinates of latitude and longitude of the production site are also captured. The lounge was inaugurated by Smt. Smriti Irani, Union Minister of Women & Child Development and Minority Affairs.

3. India Sustainability Lounge at Promenade 49

Through this lounge, India showcases new and emerging technologies that are set to address the climate change issues faced round the world. It also shows leadership in combating climate change and meeting the Sustainable Developmental Goals (SDGs), as is reflected in many of its developmental schemes. India would be showcasing these technologies through five broad themes which are mentioned below:

1. Energy Sector

2. Natural Resource Management

3. Sustainable infrastructure and Mobility

4. Food and Nutritional Security

5. Circular Economy

This endeavor has brought together policy makers, Innovators, Startups and thought leaders to put across the narrative and efforts in this space. Along with this the lounge is enabling collaboration and cooperation with businesses and industry bodies from across the world to be part of India's journey to Net Zero.

The lounge showcases automated manual scavenging robot along with 12 startup prototypes. Interactive screen with a carbon calculator along with information on the innovation world in the realm of sustainability are also showcased at the lounge. A fireside chat was held on Climate Change and Technology : Innovation for the Environment with an audience of 80+ people having panelists from the Startup Ecosystem , Corporates and Think Tanks. Discussions around Financing Technology, adoption challenges, Behavioral changes and trends in the cross section of Technology and Sustainability were discussed.

Minister Smt. Smriti Irani participated in a session on Gender Equality. It reinforced the urgent need for action on gender equality and bring together leaders from across generations, sectors and continents to discuss their focus, highlight challenges, progress, inspiring commitments and essential action needed for urgent progress for women and girls. Hon'ble Minister Mandaviya met his counterpart from Germany to discuss increasing cooperation in medical tourism, pharma sector & digital health. There was a footfall of almost 500 people across all three India lounges on arrival day. There was tremendous positive sentiment and great interest towards India.

Source: pib.gov.in- Jan 18, 2023

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Directorate General of Foreign Trade (DGFT) simplifies Composition Fee for Export Obligation Extension under Advance Authorization Scheme

The Directorate General of Foreign Trade (DGFT) has notified the amended rules for calculation of Composition Fee for extending Export Obligation under Advance Authorization Scheme by amending Para 4.42 of Handbook of Procedures (2015-20) vide Public Notice No.52/2015-20 dated 18th January, 2023.

The simplification of calculations for Composition Fee helps in automation and faster service delivery by making the process more efficient and easier to understand. The previous formula for Composition Fee was convoluted and difficult to understand, which made the process more tedious and strenuous for exporters. However, the revised Composition Fee formula, which is based on a specific rate for different levels of the 'CIF value of Authorisation', is more straightforward and easier to calculate.

This will help automate the entire Export Obligation extension process with minimal human intervention, further eliminating the risk of errors and misconceptions. Automation of the process will reduce the need for manual calculations and paperwork, which will ultimately lead to faster service delivery. This will be beneficial to exporters as it will reduce the time and effort required to complete the Export Obligation extension process. Additionally, automation will also reduce the risk of errors and misconceptions, which will further improve the efficiency of the process. The process of automation is being taken up under the IT-revamp project of DGFT and shall be notified separately. Simplification of calculations also helps in the "Ease of Doing Business" objective by reducing the complexity and making the process more straightforward for exporters.

By simplifying the calculations for Composition Fee, the DGFT is working towards this objective by making the process more efficient and easier to understand for exporters. This will ultimately lead to trade facilitation and ease of doing business.

Source: pib.gov.in- Jan 18, 2023

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Budget 2023: Textile industry angles for changes in import-export levies

The textiles sector is among those hit hard by the Covid-19 pandemic. And just when the production and exports began recovering, the ongoing Russia-Ukraine war and its spillovers of high inflation and monetary tightening knocked down the sector as developed markets slowed.

Issues and concerns

- Exports have slowed amid downturn in global demand
- Domestic demand also tepid amid a rural sluggishness
- Industry expects cotton shortage

Government support

- Rs 10,683 cr Production Linked Incentive scheme in place
- Man Made Fibre (MMF), garments, technical textiles focus areas
- 7 PM Mega Integrated Textile Region & Apparel Parks planned
- MITRA scheme providing complete value chain support for textile
- $100 billion export target by 2030

Key demands from Budget

- Incentive scheme for textile value chain
- Cotton Price Stabilisation Fund Scheme to push exports
- Replace Technology Upgradation Fund Scheme with PLI type plan
- Issue claims for 40,000 pending cases in ATUFS

Tax expectations

- Remove 11% import duty on cotton, and cotton waste to remain competitive against Bangladesh
- Retain 5% import duty on all types of textile machinery; 5% import duty till March 31, 2023, 7.5% thereafter
- Increase basic customs duty on imports of MMF Yarn to 10% from 5%
- Restore duty-free imports facility against madeups exports
- Cover cotton yarn exports under 3% interest equalization scheme

Source: economictimes.com- Jan 19, 2023

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EY projects $26-trillion economy by 2047

EY has projected that India will celebrate 100 years of independence with a $26-trillion economy and $15,000 per capita income. The agency has identified eight key areas that will accelerate India's growth over the next decade.

Based on the first advance estimate released by National Statistical Office (NSO) on January 7, the size of Indian economy during current fiscal is estimated at $3.3 trillion (taking nominal GDP at ₹273.08-lakh crore and exchange rate at ₹82). As NSO has estimated the population at 138.3 billion, per capita income during FY23 is estimated at $2,355.

On Wednesday, EY released a report, 'India@100: Realising the Potential of a $26-trillion Economy', on the sidelines of the World Economic Forum at Davos, Switzerland. The report was launched by Railway, IT and Communication Minister, Ashwini Vaishnaw.

Using International Monetary Fund's medium-term projections and Organisation for Economic Co-operation & Development's long-term forecasts, EY made projections under alternative assumptions, covering the period between FY23 and FY61. For the period between FY23 and FY28, IMF's projections pertaining to India's real and nominal GDP growth, as well as its nominal savings rate, have been used.

GDP forecast

With India's real GDP growth forecast to average 6.5 per cent during this five-year period, it is expected to be moderately affected by global economic events, compared to the rest of the world.

The long-term projections beyond FY28 are based on the OECD's methodology with suitable modifications made with respect to India's growth profile.

Under the most preferred scenario, India is likely to cross the critical thresholds of $5 trillion, $10 trillion and $20 trillion in market exchange rate terms in FY28, FY36 and FY45, respectively, said the report. The report underscored the growth trajectory of the Indian economy, which is projected to be the highest for any large economy over the coming decades.

It also cited key enablers that will underpin the country's development over the next 25 years that will unleash business opportunities across sectors and significantly enhance India's global competitiveness.

It recommended ensuring macro-economic stability and resilience and continued thrust on reforms, which will be especially relevant in the backdrop of ongoing geo-political conflicts, inflationary pressures and slowing global growth.

According to Carmine Di Sibio, Global Chairman and CEO, EY, India offers a unique investment opportunity as the world struggles with heightened consumer demands and increased geo-political pressures.

Source: thehindubusinessline.com- Jan 18, 2023

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Finance Ministry unlikely to raise interest equalisation rates for exporters this fiscal

The Finance Ministry is likely to defer action on a key demand of exporters seeking restoration of the higher rates of interest subsidy for identified items under the interest equalisation scheme.

"For the past few months, the Commerce Department has been trying to persuade the Finance Ministry to increase the rates under the interest equalisation scheme and bring them to the earlier levels as exports are in need of additional support given the slowdown in global demand and also to account for rising interest rates. But it seems that funding is an issue. So the rates are unlikely to be revised at least this fiscal," a person tracking the matter told businessline.

Per the provisions of the interest equalisation scheme, exporters are extended credit by banks at a reduced rate (the interest subsidy is determined by the government) and are later reimbursed by the government for the same.

Interest equalisation rate

At present, the interest equalisation rate for MSME exporters is 3 per cent for all products while it is 2 per cent for non-MSME exporters of 410 identified products that are covered under the scheme.

"The demand was that the earlier higher rates of equalisation fixed at 5 per cent for MSMEs and 3 per cent for others should be restored. Exporters had argued that cheaper finance would help them be more competitive in a global market hit by recessionary trends," the source said.

The Expenditure Finance Commission (EFC), however, has not approved the Commerce Department's proposal for an increase in equalisation rate, the source added.
Global trade growth

"It can now be surmised that it will be difficult to get the demand for enhanced equalisation rate met this fiscal. Exporters will now have to hope that they get luckier next fiscal," according to the source.

India's goods exports started slowing down from July 2022 as demand in many developed country markets, including the US and the EU, got hit due to rising inflation and interest rates. In October 2022, exports contracted by 16.6 per cent for the first time in fiscal 2022-23 while last month exports fell 12.2 per cent.

Overall, in the April-December 2022-23 period, India's goods exports registered a 9.1 per cent increase to $332.76 billion, but exporters will have it difficult in the last quarter with the WTO predicting a slowdown in global trade growth to 1 per cent in 2023 compared to 3.5 per cent in 2022.

Source: thehindubusinessline.com- Jan 18, 2023

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Govt proposes a slew of changes to Insolvency and Bankruptcy Code

The government on Wednesday proposed a slew of changes to the insolvency law, including fast-tracking the process and expanding the scope of pre-packaged framework.

The Insolvency and Bankruptcy Code (IBC), which came into force in 2016, provides for a market-linked and time-bound resolution of stressed assets. The Code has already undergone various amendments.

"To strengthen the functioning of the IBC, changes to the Code are being considered in relation to the admission of corporate insolvency resolution process (CIRP) applications, streamlining the insolvency resolution process, recasting the liquidation process, and the role of service providers under the Code," the ministry said in a notice.

Among other changes, the corporate affairs ministry has suggested developing a state-of-the-art electronic platform that can handle several processes under the Code with minimum human interface.

"It is being considered that this e-platform may provide for a case management system, automated processes to file applications with the AAs, delivery of notices, enabling interaction of IPs (Insolvency Professionals) with stakeholders, storage of records of CDs (Corporate Debtors) undergoing the process, and incentivising participation of other market players in the IBC ecosystem," the notice said.

The ministry has also proposed redesigning the Fast-Track Corporate Insolvency Resolution Process (FIRP) to allow financial creditors to drive the insolvency resolution process for a CD outside of the judicial process while retaining some involvement of the Adjudicating Authority (AA) to improve the legal certainty of the final outcome.

"It is being considered that the provisions dealing with FIRP may be amended to provide that unrelated FCs (Financial Creditors) of a CD may select and approve a resolution plan through an informal out-of-court process and involve the AA only for its final approval (or a moratorium, if needed).

"Insolvency resolution through this procedure will be available for CDs with such asset size as notified by the central government. Further, the resolution plan approved through this procedure will have the same sanctity as a regular plan approved during the CIRP (Corporate Insolvency Resolution Process)," the notice said.

Another proposal is to expand the pre-packaged insolvency resolution framework t to certain categories of corporate debtors in addition to Micro, Small and Medium Enterprises (MSMEs).

Source: business-standard.com- Jan 18, 2023

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New quality control norms face pushback from WTO members, domestic industry

India's move to introduce a raft of Quality Control Orders (QCO) to curb a Chinese import surge and boost exports to western markets is facing objections at the World Trade Organization (WTO) and from domestic manufacturers seeking more time to adjust.

India has brought a slew of products including toys, machinery safety equipment, pressure cookers, ACs and chemicals under compulsory certification. The Department for Promotion of Industry and Internal Trade (DPIIT) plans to issue 50 Quality Control Orders (QCO) by the second quarter of the next financial year.However, experts said that as per WTO, technical regulation implemented through QCOs and Compulsory Registration Orders (CRO) should be on the grounds of health, safety, environment, deceptive trade practice or national security.

If they are not on these grounds they can be challenged at WTO. An official responded, "They [member countries] keep pressuring us at WTO calling it [QCO] a trade restrictive measure. But every country, be it the US or China, does it. The issue is that we are behind in terms of quality standards. And we need to push for better standards to be part of the supply chain. How are we going to export if our standards don't match those of importing nations?"

In a letter written to commerce minister Piyush Goyal, the Confederation of Indian Textiles Industry stated that when the government came out with a QCO on viscose staple fibres it gave only 30 days to the industry to comply.

"Implementing the QCO on such short notice will make the already-stressed export value chain deprived of yarns and fabrics, thus leading to the cancellation of orders and making the Indian industry unreliable for any buyer. It will also lead to the diversion of export orders to our competing countries," the letter read. Last month, Indian textiles exports registered a degrowth of 35.50% over the previous year.

"Regulatory impact assessment (RAI) is a formal exercise done by developed nations before coming out with a technical regulation. The regulations impact on trade, availability of labs and several such factors are assessed. Consultations should be done and typically at least six months are given to the industry to conform to the new standards. Moreover, regulation as per WTO should be on grounds of health, safety, environment, deceptive trade practice or national security.

If they are not on above grounds they can be challenged in WTO," Anil Jauhri, former CEO, National Accreditation Board for Certification Bodies (NABCB) said.

Vinod Kumar, President, India SME Forum said that there is no doubt that India is far behind the world in terms of standards due to which there is a shortage of export ready products and that is one of the biggest hindrances.“ There should no longer be any difference in terms of what the world is expecting and what we have in India. But it has to be a continuous process and it can’t be a once in a decade knee-jerk reaction," Kumar added. Queries sent to the commerce and industry ministry remained unanswered till press time.

Ajay Srivastava, co-founder, Global Trade Research Initiative stated that China uses this process to delay grant of permission for imports from specific countries.

“India imports 90% of bulk drugs or APIs from China and allows easy access through a simple registration system. After registration, there’s no rule for checking off each consignment at the time of import. But it is not the same in China. Registration takes one to three years. Testing takes place again at the time of imports. And China cancels registration even if one batch has issues," Srivastava added.

The government had earlier said that it has not yet issued a mandatory quality certificate to around 160 Chinese companies for selling toys in India, and the delay is due to the covid-19 pandemic.

From January 2021, India has made it mandatory to get the quality certification mark of ‘ISI’ from the Bureau of Indian Standards (BIS) for the sale of toys in the country.

Source: livemint.com- Jan 19, 2023

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FTAs, involvement of states, missions to help promote exports: IIPM Director Rakesh Mohan Joshi

Free trade agreements with the UAE, Australia and involvement of states and Indian missions abroad would help promote the country's exports, Indian Institute of Plantation Management (IIPM) Director Rakesh Mohan Joshi said on Wednesday. He also said at a time when economies of developed countries are facing a slowdown, the Indian economy is registering healthy growth and exports are playing a key role in that.

"In recent years, the country has been actively engaging government and corporate functionaries even at the district level and also foreign missions worldwide for its export promotion strategies, leading to sustainable rise in India's exports," Joshi said. Bengaluru-based IIPM, under the commerce ministry, conducts industry need-based capacity building and training programmes for stakeholders of the agri-plantation sector.

He added that India's policy measures and institutional strengthening boosted exports which touched an all-time high of USD 422 billion in 2021-22. "India is also in the process of actively evaluating its existing Free Trade Agreements (FTAs) and engaging in newer ones to benefit its own economy," Joshi added.

However, he said that to maintain the pace of its growth momentum, India needs to cautiously strike a balance between its monetary tightening policies to curb inflation and its impact on economic activities.

"In view of ongoing international economic upheavals, the country should consistently monitor the exchange rate fluctuations and ensure timely intervention," he suggested.

India needs to pro-actively pursue structural reforms both in domestic and external finances, procedural simplification, addressing infrastructural and logistics inefficiencies to facilitate exports and investments, he added.

Source: economictimes.com- Jan 18, 2023

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Regenerative farming can help cut input costs, improve soil health: WayCool project

A project undertaken by Chennai-based food and agtech start-up WayCool through its model farm Outgrow Agriculture Research Station (OARS) in regenerative farming has shown that cultivation costs can be reduced, while enriching the soil organic carbon value.

"Our findings suggest that when the regenerative farming approach is integrated with the right crop selection, know-how and resources, the improvement in soil organic carbon and reduction in the cost of cultivation is significant," said Indumathi S, Senior Manager-ES&G, WayCool Foods.

In the case of some crops, the cost of cultivation was 15 per cent lower compared to chemical-reliant conventional farming. The soil organic carbon value at the 2.8 acres OARS model farm at Mudhuganapalli village near Hosur in Tamil Nadu's Krishnagiri district increased.

Major principle

Indumathi said regenerative agriculture practices could be adapted for all types of crops and varieties. At the model farm, WayCool developed over 120 crop species, ranging from seasonal crops such as vegetables and green leaves to perennial fruit and timber crops. Medicinal plants and herbs were also part of the experimentation given the agro-climatic conditions in the district where the farm is situated.

"Crop diversification is the major principle of regenerative agriculture. As part of crop diversification multi-cropping, trap and border cropping are integrated to reduce pest infestation and to improve soil fertility at OARS," she said.

Within a year of research at OARS, some of the crops have shown promise such as the Sahoo tomato, whose cultivation cost was 25 per cent less than farming done chemically, while in the case of carrot, the input costs were 15 per cent lower.

“Disco pumpkin and bhendi (okra or lady’s finger) saw a 3 per cent and 16 per cent reduction in the cost of cultivation, respectively, within a year of adopting regenerative agriculture,” the WayCool senior official said.

Annual cropping plan

The adoption of regenerative practices such as natural inputs, mulching, cover cropping and soil treatment resulted in the soil organic carbon value of the farm increasing from 0.56 per cent (in February 2021) to 0.79 per cent (in December 2021), an improvement of 30 per cent.

Indumathi said the regenerative farming team prepared an annual cropping plan based on the farm’s soil (red sandy loam), water type, agro-climatic zone, and major crops cultivated in Krishnagiri district.

“We incorporated regenerative principles of crop diversification, cover cropping, livestock integration and maintaining live roots. Additionally, the soil organic carbon value was studied as a primary indicator of improved soil health due to the farming practice,” she said.

Fundamental practices such as soil testing-based crop nutrition planning (application of natural fertiliser) and regenerative principles improved the flexibility and texture of the soil to grow over 100 species within the 2.8 acres of land. This opens multiple crop production opportunities for the farmer, Indumathi said.

Smart irrigation tech

On what will help farmers take up regenerative farming in a big way, she said the economic benefits of a lower cultivation cost, use of native and hybrid seeds and natural ways of controlling pests and diseases should help.

Smart irrigation technologies and water harvesting can help in the availability of water throughout the year while protecting farmers from the risk of the seasonality of production will be an added incentive.

Regenerative farming reduces the water stress of the crop and it plays a significant role in combating climate change. While the short-term income could be 10-30 per cent higher, in the long-term the benefits could be manifold, including the farm soil and environment, Indumathi said.

On why WayCool chose the project, she said it was to enhance the resilience of the farming community to external vulnerabilities through technology intervention and advisory. Thereby, it would aid small and marginal farmers with sustainable agricultural income.

WayCool took up the project near Hosur as it is a strategic location to farmers and near markets in Tamil Nadu, Karnataka and Andhra Pradesh, besides Bengaluru.

The region leads in growing vegetables with farmers there being “progressive and open-minded” and keen on trying what is best for their farm and revenue. It is also within WayCool’s sourcing operations, she said.

Source: thehindubusinessline.com- Jan 18, 2023

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Dec traffic at major ports sails to highest in FY23, rises 10.4 per cent

After three months of stagnant growth, cargo traffic at state-owned ports rose 10.4 per cent in December year-on-year (YoY), signaling a strong rebound in a year that has fared slower than expected.

Twelve major ports handled cargo of 69.5 million tonnes (mt) in December, which is the highest during the current fiscal year. The volume is also 8 mt higher than the traffic over the past three months, which had been stuck at 61 mt since September.

It is also the second-highest traffic volume handled by major ports in a month since the onset of Covid-19. Cumulatively, traffic at major ports reached 576 mt by December, which is nearly 9 per cent higher than the previous fiscal year.

"The entire increase in volumes in December, Quarter and year can be explained by volumes of coal. However, container volumes have come under stress," said Mohit Kumar, a researcher with DAM Capital, who attributes the current coal surge to geopolitical tensions.

Officials and experts suggest the current surge in coal cargo has also been aided by the increased use of the rail-sea-rail (RSR) mode for the domestic transportation of thermal coal.

Business Standard previously reported that the power ministry has directed thermal power plants in Gujarat, Rajasthan, Maharashtra, Punjab, as well as NTPC to source 10-15 per cent of their coal requirement through coastal shipping.

“Iron ore traffic saw a 42 per cent year-on-year growth in December. Since the removal of various export duties on the commodity in November, traffic which was earlier subdued has seen higher growth on account of pent-up inventory,” said Sai Krishna, vice-president and sector head at ICRA.

On a cumulative basis, iron ore traffic in FY23 is still 20 per cent less than last year, but experts expect these numbers to pick up further.

While thermal coal cargo is up 35 per cent in FY23, coking coal has seen a rise of 16 per cent.

According to experts, coking coal volumes may have seen growth on account of increased iron ore production, as the commodity is used to produce steel.

Container cargo continues to see subdued volumes because of slow international trade. Krishna said high container rates in the first half of the fiscal year had caused container volumes to move towards bulk break cargo, which may improve going forward. So far in FY23, 124 mt of containers have been moved through major ports, which is hardly 1 per cent higher than the previous year.

If the momentum of December continues, traffic growth may remain upwards of 8 per cent by the end of the financial year, experts said.

Source: business-standard.com- Jan 18, 2023

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Board formed to fix tariff at major ports, PPP dispute resolution

The ports, shipping, and waterways ministry (MoPSW) has notified the rules for setting up the Major Ports Adjudicatory Board, which will take over as the nodal body for tariff setting and public-private-partnership (PPP) dispute resolution for all major ports.

In its gazette notification, the ministry said the board would now take over the functions of the Tariff Authority for Major Ports (TAMP), which is a centralised authority to regulate all tariffs, related to both vessel and cargo, and rates for lease of properties in respect of Major Port Trusts and the private operators located therein.

The adjudicatory board, the proposal for which was envisioned in the Major Ports Authorities Act of 2021, will have the same powers vested in a civil court. It will be empowered to adjudicate cases of stressed PPP projects referred to it by the central government or major port authorities.

Major ports refer to those owned by the central government.

The members of the board will be appointed by the recommendation of a committee comprising the Chief Justice of India (or his nominee), secretary of MoPSW, and secretary of the department of personnel and training.

Sector experts expect the tariff-fixing process to become slightly more convenient following the establishment of the board, as centralisation of powers, which was earlier a concern with several private operators, may be partly resolved.

Tariff-fixing at ports has typically been a contentious issue, with disputes between operators and government regulators stalling projects for years.

Source: business-standard.com- Jan 18, 2023

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India's poly spun yarn prices down amid weak buying

Polyester yarn prices in India eased down amid subdued demand today, while polyester-cotton yarn remained steady because of weaker sentiments. According to the traders, the market witnessed optimism last week, but it turned bearish due to limited buying from the industry. Prices of cotton increased in north India as mills turned up to buy.

Polyester yarn prices did not find support as the market scenario was gloomy due to the absence of regular buying.

“Garment exports have not picked up yet. Not only India, but other major exporting countries were also struggling for export demand,” a trader from Ludhiana market told Fibre2Fashion.

In Ludhiana, Poly spun yarn prices came down by ₹2-4 per kg. 30 count PC combed yarn (48/52) was sold at ₹210-217 per kg (GST inclusive), 30 count PC carded yarn (65/35) was priced at ₹185-190 per kg, 30 count poly spun yarn was sold at ₹152-157 per kg and recycled polyester fibre (PET bottle fibre) was noted at ₹80-83 per kg, according to Fibre2Fashion’s market insight tool TexPro.

In Surat, Gujarat, poly spun yarn prices eased down by ₹2-3 per kg. Demand from the downstream industry could not sustain even after better indication last week. 30 counts poly spun yarn was traded at ₹135-136 per kg (GST extra) and 40 counts poly spun yarn at ₹150-152 per kg.

Reliance Industries Limited has further decreased the prices of purified terephthalic acid (PTA) and MELT for the current week. But monoethylene glycol (MEG) was kept unchanged. On Friday, RIL had fixed the prices as: PTA at ₹77.50 per kg (-0.20), MEG at ₹55.90 per kg (N/C) and MELT at ₹84.98 (-0.17) per kg. RIL decreased the prices of PSF by ₹1 to ₹102 per kg for the current fortnight.

North Indian cotton prices strengthened after mills increased buying. Cotton arrival improved in mandis because of regular sale by farmers. According to local traders, three and half months into the current season, farmers have realised that cotton prices are unlikely to touch last year’s rates. Cotton arrival increased to 15,000 bales of 170 kg.

The natural fibre was traded at ₹6,350-6,450 per maund in Punjab, ₹6,300-6,450 per maund in Haryana and ₹6,500-6,575 per maund in upper Rajasthan, and at ₹61,000-63,000 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com- Jan 18, 2023

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