TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408
TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL
एक कदम स्वच्छता की ओर

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 20 of 2023 January 27, 2023

NEWS CLIPPINGS

Currency Watch	
USD	81.55
EUR	88.66
GBP	100.96
JPY	0.63

INTERNATIONAL NEWS	
No	**Topics**
1	UK's producer input prices up by 16.5% YoY in December 2022: ONS
2	Downward pressure on German business activity eases in Jan: S&P Global
3	China top buyer of Brazilian cotton with 28.81% share in Jan-Nov 2022
4	ReSet the Trend: EU calls on young people to promote circular and sustainable fashion
5	S. Korea, Cambodia to boost trade, investment via FTA
6	Pakistan: Spinning into turmoil: textile industry calls for help

NATIONAL NEWS	
No	**Topics**
1	FinMin to consider PLI scheme for e-bike parts, toys, textiles, high-end phone parts
2	India, Egypt to promote trade, investment, fight terrorism
3	Near 50% jump in imports threatens India textile story
4	As prices drop, export demand for Indian cotton re-emerges
5	As world's fastest-growing economy at 5.8%, India bright spot: UN economist
6	Freeze import duties for next five years; cut customs levy slabs to 5: GTRI to Govt
7	'Import duties on cotton should be removed to be more competitive'
8	Arvind Ltd Q3 profit slumps 9.3% on weak demand for denim
9	Mechanisation, high-density planting way forward for Indian cotton: CICR Director

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

UK's producer input prices up by 16.5% YoY in December 2022: ONS

UK's producer input prices increased by 16.5 per cent in the year to December 2022, down from 18 per cent in the year to November 2022 and 20.2 per cent in the year to October 2022, according to the Office for National Statistics (ONS). The country's producer output (factory gate) prices rose by 14.7 per cent in the year to December 2022, down from 16.2 per cent in the year to November 2022 and 17.5 per cent in the year to October 2022.

On a monthly basis, input prices decreased by 1.1 per cent in December 2022 and output prices decreased by 0.8 per cent in December 2022.

The annual rate of input PPI has now been positive for 25 consecutive months. However, it has slowed for the sixth consecutive month and is down 8.1 percentage points from the record high of 24.6 per cent in June 2022. Furthermore, the annual rate of output PPI has now been positive for 24 consecutive months, but has slowed for the fifth consecutive month, as per ONS.

Producer input prices fell by 1.1 per cent between November and December 2022; this is down 0.9 percentage points from a decrease of 0.2 per cent between October and November 2022. The monthly rate reached a record high of 5.1 per cent in March 2022.

Imported input prices fell by 2.6 per cent on the month to December 2022, down from a fall of 2.3 per cent in November 2022. The annual rate increased by 16.5 per cent in December 2022, but this is down from 20.3 per cent in November. It is also down 8.3 percentage points from its peak of 24.8 per cent in October 2022.

In the year to December 2022, the annual rate of input inflation was 16.5 per cent; this is down 1.5 percentage points from 18 per cent in November 2022. Of the ten product groups, seven showed downward contributions to the change in the annual rate.

Producer output (factory gate) prices decreased by 0.8 per cent between November and December 2022, which is down from a 0.1 per cent decrease between October and November 2022. This is the lowest the monthly rate has been since April 2020.

Clothing, textile, and leather contributed 0.08 per cent to the producer output prices' annual rate in December 2022.

In December 2022, the output producer prices of clothing, textile, and leather grew by 7.1 per cent year-on-year.

The annual rate of output inflation decreased by 1.5 percentage points from 16.2 per cent in November 2022 to 14.7 per cent in December 2022.

Source: fibre2fashion.com- Jan 27, 2023

HOME

****

Downward pressure on German business activity eases in Jan: S&P Global

Downward pressure on German business activity eased in January as inflation continues to slow and optimism returns, latest flash purchasing managers' index (PMI) data from S&P Global showed.

Though still historically elevated, rates of inflation continued to lose momentum, led by a notable cooling of manufacturing cost pressures as strain on supply chains eased.

At the same time, there was renewed optimism among businesses towards the year-ahead outlook and signs of continued resilience in the labour market, S&P Global Market Intelligence said in a press release.

Business confidence remained on an upward trajectory across the German private sector, with January marking a fourth straight monthly improvement in expectations towards future activity.

Sentiment not only turned positive for the first time since last August, but it was at its highest level since Russia's invasion of Ukraine in February of last year.

The headline S&P Global flash Germany PMI composite output index came in at 49.7 in January, up from December's 49. Although in sub-50 contraction territory for a seventh straight month, the latest reading was the highest in this sequence and marked the third successive monthly rise in the index.

The movement towards stabilisation in January owed to signs of improvement in the service sector, where the business activity index posted above the 50 no-change threshold—albeit only just—for the first time since June last year, at 50.4.

The survey's manufacturing output index meanwhile continued to point to a shallow downturn in factory production, registering 48.4 for a second straight month.

However, the survey continued to highlight multiple headwinds to demand, including steep inflation, tightening financial conditions, investment reticence and, in the case of manufacturing, inventory reduction, which altogether led to a further broad-based fall in inflows of new work.

January saw manufacturers' holdings of pre- and post-production inventories decrease for the first time in 16 and nine months respectively.

Goods producers' purchasing activity continued to fall sharply, reflecting not only lower output requirements, but also the depletion of safety stocks amid a further improvement in material availability.

The rate of increase in manufacturing input costs in fact slowed sharply to only modest pace that was the weakest since October 2020.

Source: fibre2fashion.com- Jan 26, 2023

HOME

****

China top buyer of Brazilian cotton with 28.81% share in Jan-Nov 2022

World's major cotton producer and exporter Brazil exported cotton (HS code 5201) worth $3.342 billion in the first eleven months of 2022. China was the top buyer of Brazilian cotton with a share of 28.81 per cent amounting to $963.044 million in the same period. Brazil's total cotton exports to the world increased in value but declined in volume in 2022.

The shipment to China increased by 23.84 per cent from the exports in the corresponding period of last year when they were noted at $777.660 million, according to Fibre2Fashion's market insight tool TexPro.

Besides China, Brazil exported cotton worth $492.038 (14.72 per cent) to Vietnam, $445.619 (13.33 per cent) to Bangladesh, $431.551 (12.91 per cent) to Pakistan and $430.163 (12.87 per cent) to Turkiye, as per TexPro.

Brazil's cotton exports to the world increased in terms of value but decreased in terms of volume. The shipment was $3.676 billion (1.803 billion kg) in 2022. In the previous years, the exports had amounted to $3.405 billion (2.016 billion kg) in 2021, $3.226 billion (2.125 billion kg) in 2020, $2.640 billion (1.613 billion kg) in 2019 and $1.686 billion (0.974 billion kg) in 2018.

Source: fibre2fashion.com- Jan 26, 2023

HOME

****

ReSet the Trend: EU calls on young people to promote circular and sustainable fashion

The Commission has launched a multilingual campaign – ReSet The Trend – to engage Europeans in the battle against fast fashion and raise public awareness about the EU Strategy for Sustainable and Circular Textiles. Millions of tonnes of clothes are produced, worn and thrown away each year, equivalent to 11.3 kg per person.

Every second, the equivalent of a lorry load of clothes is burnt or buried in landfill. Under the motto #ReFashionNow, the campaign attempts to address this problem, raising awareness about the environmental, social, economic and health-related benefits of transforming the textiles sector and the opportunities that sustainable fashion opens up for both businesses and consumers. Building on the success of the European Year of Youth, the campaign is meant to empower young Europeans to become role models and make fast fashion out of fashion.

Virginijus Sinkevičius, Commissioner for the Environment, Oceans and Fisheriessaid:

At a kick-off event in Antwerp today, designers, industry representatives, fashion sustainability experts, policy makers, young professionals from the textiles sector and students from around the EU will share the best sustainable fashion practices in Europe, discuss how to avoid greenwashing and the role of circular business models in driving fast fashion out of fashion. They will also look at how to address the numerous challenges this industry faces and accelerate the implementation of the EU Textiles Strategy.

Yesterday, CommissionerSinkevičius participated in a Youth Dialogue on transforming the textiles sector. Fourteen young people from across the EU and Ukraine, including designers and environmental activists, discussed EU policy as well as opportunities and challenges they face in the sector. They were engaging on the EU action on the textiles agenda, challenges faced by companies and SMEs, the social dimension of the textile industry, as well as the international angle and other areas of interest to young people.

Making textiles circular and sustainable is a whole-of-society endeavour. Find out how you can become a role model on the campaign website, download the social media filters, and join the conversation on social media using the hashtag #ReFashionNow.

Background

Textiles and clothing employ 1.5 million Europeans, creating local jobs, business opportunities and more possibilities to be creative. Circular fashion benefits small business in particular, enabling them to offer new services, such as restoration, customisation and tailoring, and providing an increased customer base. At the same time, costs can be reduced due to savings from better resource productivity and risk reduction from improved inventory management. The Pact for Skills roundtable with the textiles ecosystem held with Commission and industry representatives discussed the skills needs in this sector. The proposed European Year of Skills 2023 will help to give a new impetus for re- and upskilling and further advance this aim.

The textiles sector is also one of the least sustainable industries worldwide. A resource intensive and wasteful sector, it is among the top three pressures on water and land use and the top five for raw materials use and greenhouse gas emissions worldwide. Global textiles production almost doubled between 2000 and 2015, and the consumption of clothing and footwear is expected to increase by 63% by 2030, from 62 million tonnes now to 102 million tonnes in 2030.

To make production and consumption of textiles more sustainable, the EU is redesigning the fashion industry so consumers can make more sustainable choices when shopping for clothes. The EU strategy for sustainable and circular textiles, adopted by the European Commission on 30 March 2022, addresses the production and consumption of textiles, whilst recognising the importance of the textiles sector. It implements the commitments of the European Green Deal, the new circular economy action plan and the industrial strategy.

Source: environment.ec.europa.eu- Jan 26, 2023

HOME

****

S. Korea, Cambodia to boost trade, investment via FTA

South Korea and Cambodia agreed Friday to enhance bilateral trade and investment by maximizing their free trade deal, which came into force a month earlier, Seoul's industry ministry said.

The discussions were made during a business and investment forum held in Seoul that brought together Seoul's Trade Minister Ahn Duk-geun, Cambodia's Commerce Minister Pan Sorasak, and government and corporate officials from the two nations, according to the Ministry of Trade, Investment and Energy.

The bilateral free trade agreement (FTA) took effect on Dec. 1, 2022, which calls for a higher level of market opening than the existing South Korea-ASEAN FTA and the multilateral trade pact of Regional Comprehensive Economic Partnership (RCEP), the ministry said.

The RCEP is a regional trade pact that covers 10 ASEAN nations and its five dialogue partners -- South Korea, China, Japan, Australia and New Zealand. "The bilateral agreement laid the groundwork for the expansion of bilateral trade in a wide range of fields from textile and clothing to cars and machinery, and to agro and fishery food," Ahn said during the forum.

"The two nations will be able to further strengthen cooperation on digital economy, clean energy and various other sectors to help advance Cambodia's industrial structure, and to jointly achieve net-zero goals," he added. Ahn also said South Korea will support Cambodia's technology development through official development assistance programs.

Bilateral trade came to US$1.05 billion in 2022, marking a drastic surge from $54 million in 1997, when the two nations re-established diplomatic relationship in 1997, according to government data.

They initially established diplomatic ties in 1970, but the relations were severed in 1975 when Cambodia was communized.

Source: en.yna.co.kr- Jan 27, 2023

HOME

****

Pakistan: Spinning into turmoil: textile industry calls for help

Says loyal international customers are now reluctant to place orders

Textile industry stakeholders reveal that about 30-50% of the mills in Punjab, Khyber-Pakhtunkhwa and Sindh have been completely or partially shutdown. Faisalabad, which is dubbed the textile hub of Pakistan, is once again turning into a graveyard of power looms.

"We fear the crisis will worsen in the next two weeks, as the industry will suffer either way," remarked Ijaz Khokhar, Patron-in-Chief of Pakistan Readymade Garments Manufacturers and Exporters Association.

"Now, all depends on the International Monetary Fund (IMF). If it does not release the next loan tranche, the dollar crisis will deepen and if it does, the government will impose new taxes and increase energy tariffs," he elaborated.

This will lead to an increase in the cost of doing business, rendering textile millers uncompetitive in the export as well as domestic markets. "We are losing our market share to Bangladesh and Vietnam," said Khokhar.

In this crisis, there are indications that some global shipping companies are considering boycotting Pakistan as thousands of containers are still stuck at port. "If this happens, our exports will receive a blow as we do not have any land route to connect with the world," he added.

Pakistan does not have a proper industrial infrastructure and it lacks a complete backup supply chain, unlike India where all raw material is produced locally.

Source: tribune.com.pk- Jan 26, 2023

HOME

****

NATIONAL NEWS

FinMin to consider PLI scheme for e-bike parts, toys, textiles, high-end phone parts

The Finance Ministry is considering extension of the Production Linked Incentive (PLI) scheme to about seven additional sectors, including e-bicycle components, toys, garments, and home accessories (all materials including cotton), high-end smartphone components, furniture, and leather footwear.

"A large part of the funding for the new PLI schemes is expected to come from the unutilised amount for the existing PLIs. But some additional outlay may also be allocated," an official tracking the matter told businessline.

Reallocation of funds

The budget for the PLI scheme is likely to not be much over the ₹1.97 lakh crore already allocated, as there have been substantial savings under the scheme so far, and they are increasing each year, the source explained. Under the PLI scheme, savings or any unutilised amount can be reallocated to other departments that need funding under the scheme.

The PLI scheme, announced in Budget 2020-21 to create global champions in manufacturing, is so far available for 14 sectors. These include pharmaceutical ingredients, large-scale electronics, medical devices, technology products, pharmaceutical drugs, telecom and networking products, food products, white goods, solar PV modules, auto and auto components, ACC batteries, MMF and technical textiles, specialty steel, and drones.

The scheme offers incentives to companies on incremental sales of products manufactured in India over the base year. They have been specifically designed to boost domestic manufacturing in sunrise and strategic sectors, curb cheaper imports and reduce import bills, improve the cost competitiveness of domestically manufactured goods, and enhance domestic capacity and exports.

PLI for e-bike sector

"A sector like e-bike components may not appear strategic, but the fact is that India imports about 65 per cent of the components from China. A little support can go a long way in helping us develop our own manufacturing base of components that could give a big boost to the sector," the official said.

In the textiles sector, the existing PLI scheme covering MMF and technical textiles was allotted ₹10,683 crore for five years. It is expected to use up a little over ₹6,000 crore. The second edition of the PLI scheme for textiles, which is now being planned to cover garments and home textiles made of all materials, including cotton, is likely to benefit from the left-over amount that may go into the total pool.

Source: thehindubusinessline.com- Jan 26, 2023

HOME

****

India, Egypt to promote trade, investment, fight terrorism

India and Egypt agreed Wednesday to boost trade between their countries during a visit by the Egyptian president that underscores Prime Minister Narendra Modi's efforts to fortify ties with other emerging economies.

Modi and President Abdel Fattah El-Sissi agreed on measures to increase two-way trade within five years to $12 billion. Trade totaled $7.3 billion in 2021-22. The two countries also signed agreements on expanding cooperation in cyber security, information technology, culture and broadcasting.

Modi and El-Sissi expressed concern over disruptions to food supplies and other critical resources due to the war in Ukraine. Modi sought Egypt's cooperation in fighting cross-border terrorism, extremism, and cyber threats.

Egypt's economy has been strained by the pandemic and Russia's war in Ukraine, which pushed prices for oil and other commodities to record highs. One of the world's biggest importers of wheat, it obtained help from the World Bank last year to finance its grain purchases as supplies from Ukraine were disrupted.

Imports from India, which made an exception for countries like Egypt facing severe shortfalls even as it banned most wheat exports, helped to bridge the gap.

India is among the top five importers of Egyptian products, including crude oil and liquefied natural gas, salt, cotton, inorganic chemicals and oilseeds. Major Indian exports to Egypt include cotton yarn, coffee, herbs, tobacco, lentils, vehicle parts, ships, boats and electrical machinery.

El-Sissi invited Indian businesses to invest more in the Suez Canal Economic Zone. More than 50 Indian companies have invested around $3.15 billion in various parts of the Egyptian economy, including chemicals, energy, textiles, garments, agri-business and retailing, according to India's External Affairs Ministry.

India is the host country for the Group of 20 major economies this year and Modi has invited El-Sissi to attend as one of its special guests.

El-Sissi will be the chief guest at India's Republic Day parade on Thursday marking the anniversary of the adoption of the country's constitution on Jan. 26, 1950. India won independence from British colonial rule in 1947.

Source: washingtonpost.com- Jan 25, 2023

HOME

****

Near 50% jump in imports threatens India textile story

Textile and garment imports by India, traditionally a major exporter, jumped as much as 48.8% until November this fiscal from a year ago to $7.2 billion, while the outbound shipment of such products shrank 13.4% to $23.1 billion. Such imports are likely to go well past $10 billion in the current fiscal to hit a record, official and industry sources told FE.

But what causes concern is that the growth in imports was driven not just by massive purchases of inputs — including raw cotton, fabrics and man-made textiles — but also by those of finished products. Apparel imports shot up 53% to $1.2 billion in the first eight months of this fiscal (see chart). More than 40% of the garment imports were from Bangladesh, where several Indian firms have set up units over the past 15 years to take advantage of its duty-free access to large markets, such as the US and the EU. Another 20% came from China.

"The imports were driven up by 2-3 factors. First, a shortage of cotton in the domestic market not just pushed up imports of the fibre but also affected the production capacity of several units in the value chain. The spurt in cotton prices, too, drove up the import value of both inputs and finished products," said one of the sources. "More importantly, some Indian companies, which had set up units in Bangladesh, may have ramped up garment supplies to India from there," he added.

Official sources, however, believe that the situation will improve next fiscal once early investments made under the production-linked incentive (PLI) scheme for textiles (Rs 1,536 crore until last month) start to bear fruit. India's recent trade deals with the UAE and Australia, too, will help. Expected improvement in cotton production will also reduce imports of the basic raw material next fiscal.

Nevertheless, the narrowing net trade surplus in this sector — which stood at $15.9 billion until November this fiscal, against $21.9 billion a year ago — shows India's plan to recapture its lost share in the global textiles and garment trade is going to a be a herculean, if not impossible, task. Moreover, it brings to the fore the perils of a sector where India has remained almost self-reliant historically. These also highlight the need for at least one more PLI scheme for textiles and garments, which the government is contemplating.

Importantly, the share of such despatches in the country's goods exports has been steadily declining over the past decade and a half and stood at just 7.8% until November this fiscal; the share was to the tune of 13.7% in FY16. This suggests a steady erosion of export competitiveness, despite government efforts to turn around the fortunes of the largest labour-intensive sector after agriculture. With the country's top two textiles & apparel export markets — the US and the EU — witnessing a demand slowdown, shipments of these products will continue to remain under pressure. Unless corrective actions are swiftly taken, the ambitious target of realising annual textile and garment exports of $100 billion in five years is set to be missed.

Importantly, the 13.4% contraction in textile and garment exports in the first eight months of this fiscal was in stark contrast to the 12.2% rise in overall merchandise despatches. Such imports also accelerated at a much faster pace (48.8%) than the overall goods purchases from overseas (29.5%) during this period.

To be sure, the historical policy bias towards cotton-based value chain when global consumption pattern veers towards man-made fibre and technical textiles products, domination of small and medium businesses with limited scale, inflexible labour rules for decades and high logistics costs have hurt this sector. Consequently, India has ceded substantial export market share to Bangladesh and Vietnam in the past decade.

To tackle some of these issues, the government came out with a Rs 6,600-crore package for garments exporters in 2016. It also allowed fixed-term employment to address the issue of seasonality in order flows. However, the relief hardly paid off, as other structural bottlenecks continued to persist. To fix these, the government announced a Rs 10,683-crore production-linked incentive scheme for only man-made fibre-based and technical textiles products and selected eligible companies this year. Since the incentive offtake is now expected to be lower, it's planning to roll out a second PLI scheme for the sector. This time, even cotton players may get to benefit from the scheme, which encourages companies to build scale. This, government officials believe, will produce results in the medium term.

Source: financialexpress.com- Jan 27, 2023

HOME

****

As prices drop, export demand for Indian cotton re-emerges

Demand for Indian cotton in the export market has re-emerged with domestic prices dropping to levels of ₹61,000 a candy and its premium to global market rates declining.

According to the Gujcot Trade Association, the price of Shankar-6 cotton, the benchmark for exports, on Wednesday (January 25) was ₹61,550 a candy (of 356 kg).

"Exports have resumed in small quantities after domestic cotton prices have dropped. We got demand from Bangladesh. As of now, looks like at current prices Bangladesh will be the only buyer," said Ramanuj Das Boob, a sourcing agent for multinationals in Raichur, Karnataka.

Kapas prices

Indian cotton is quoted at a premium as farmers are looking for better prices. As a result, demand from countries such as China is unlikely, he said.

"If prices fall further, farmers may not bring cotton to the market as it had happened earlier this season," the sourcing agent said.

Currently, most of the trades in kapas (raw cotton) is being done at ₹7,500-8,200 a quintal across the country against the minimum support price of ₹6,080 for the current season.

"Premium to prices quoted on InterContinental Exchange (ICE), New York, has dropped to a little over 10 per cent from nearly 15 per cent earlier. This will revive demand for exports," said Rajkot-based Anand Popat, a trader in cotton, yarn and cotton waste.

Currently, ICE cotton contracts for March delivery are ruling at 85.42 cents a pound (₹55,100 a candy). At the Zhengzhou Commodity Exchange, March cotton futures were quoted at 14,880 yuan a tonne (₹63,650 a candy).

Building inventory

According to Popat, two lakh bales (170 kg each) have been shipped so far with prospects of shipments rising further. The Cotton Association of India (CAI), an association of the trade, has estimated exports at 30 lakh bales this season to September against 43 lakh bales last season. The US Department of Agriculture has pegged exports around 40 lakh bales.

“Demand for yarn has resumed. Spinning mills have begun to buy as prices seem to be stabilising,” he said.

Das Boob said spinning mills have begun to accumulate stocks and they could be building their inventory over the next 2-3 months.

Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation (ITF), said, “Price stability is more important for the value chain to deliver performance in this challenging global environment. We are of the opinion that prices will be in this range with small deviations based on the demand and supply.”

The market is unlikely to face much volatility during the current season to September due to “continuing challenges” on the demand front, he said.
Output estimates cut

With a few agencies such as the USDA and CAI revising cotton production figures, there are now questions over the actual crop size.

In its latest estimate, CAI has pegged the crop at 339.75 lakh bales (of 170 kg) for the current season. The USDA has estimated it at 339.41 lakh tonnes. But Poppat said he estimated the crop at 360 lakh bales, while Das Boob said it could be around 340 lakh bales.

Going by the 340 lakh bales estimates, Ronak Chiripal, CEO, Nandan Terry Ltd, said, “The weakening of demand for cotton coupled with a surge in production will impact the current cotton price which will witness a decline in the near future.”

With Pakistan cotton production being affected by the worst floods it faced in July-August last year, some among the trade expect its textiles to face problem particularly with Islamabad facing forex crisis.

On the opportunities for Indian textile sector, Dhamodharan said, “At any given point in time, opportunities are available in developed markets due to China plus one opportunity. We need to gear up our efforts towards product and market diversification combined with continuous efforts on increasing competitiveness.”

But Chiripal said Pakistan’s economic crisis is unlikely to have any impact on India as the neighbouring nation is importing cotton for manufacturing.

Source: thehindubusinessline.com- Jan 26, 2023

HOME

****

As world's fastest-growing economy at 5.8%, India bright spot: UN economist

As the fastest-growing major economy at a clip of 5.8 per cent this year, India is a "bright spot" when the world economy is expected to grow by only 1.9 per cent, according to the UN's chief official monitoring the global economy.

For next year, the UN is projecting a growth rate of 6.7 per cent, a "very high growth relative to other G20 member countries", the group of the large developed and emerging economies headed by India, said Hamid Rashid, the Chief of the Global Economic Monitoring Branch, on Wednesday.

Meanwhile in New Delhi, India's President Droupudi Murmu credited India's economic performance to its leadership.

"India has been among the fastest-growing major economies because of the timely and proactive interventions of the government. The 'Aatmanirbhar Bharat' initiative, in particular, has evoked great response among the people at large," Murmu said in her Republic Day speech.

Briefing reporters at the release of the UN's World Economic Situation and Prospects (WESP) report, Rashid said that India's growth trajectory will be "good" for attaining the UN's Sustainable Development Goals for poverty reduction and development.

China, which came in second, is projected to grow by 4.8 per cent this year and 4.5 next year, according to the WESP, the UN's flagship economic report.

The US economy is projected to grow by 0.4 per cent this year and 1.7 per cent the next, while for developed economies as a whole, the report cut the growth rate projected in May by 0.2 per cent to 0.4 per cent this year and 1.6 per cent next year, a reduction of 1.7 per cent.

Rashid attributed the Indian economy's growth to three factors: falling unemployment that signals strong domestic demand; easing of inflation, and lower import bills.

He said that the "unemployment rate has come down significantly in the last four years" to 6.4 per cent and "that means the domestic demand has been pretty strong".

The WESP said that this occurred because "the economy added jobs both in urban and rural areas in 2022".

"The inflation pressure also has eased quite significantly," Rashid said with the year-on-year inflation rate to be 5.5 per cent this year and 5 per cent next year. "That means that the central bank would not have to be aggressive over monetary tightening," he said.

India has also benefitted to from lower imports, especially energy import cost that has been lower than in previous years, he added. "I think this is a sustainable growth rate for India, given India also has a significant number of people living in poverty. So this would be a great boost if India can sustain this growth rate in the near term," Rashid said.

He also pointed to two risk factors for India's economy mainly emanating from the global situation.

One is from higher interest rates that would raise the debt servicing cost which has exceeded 20 per cent of the budget, he said.

"That is a significantly high debt servicing cost and that would probably have some drag on the growth prospect," he said.

The second risk is from global external demands falling.

If Europe and the US go into a very slow growth mode resulting in lower global exports, the world economy may suffer, Rashid said.

"But on the balance, we believe that Indian economy is on a strong footing given the strong domestic demand in the near term," he said.

For South Asia as a whole, the report said the region's "economic outlook has significantly deteriorated due to high food and energy prices, monetary tightening and fiscal vulnerabilities" and it forecast a 4.8 per cent growth year and 5.9 per cent next year.

This was buoyed by India as the report said, "The prospects are more challenging for other economies in the region. Bangladesh, Pakistan and Sri Lanka sought financial assistance from the International Monetary Fund (IMF) in 2022."

Bangladesh, Pakistan and Sri Lanka have gone to the International Monetary Fund for help.

Rashid said, "We call for greater international support in this difficult time for countries, especially countries that are facing significant challenges with debt burden and again we call for more meaningful restructuring of debt."

"It might be more prudent and may make more economic sense to re-profile the debt, reschedule the debt, (the) external debt burden," he said.

But he said that the assistance should not go into consumption, but into investment in "productive capacity (that) can be very important driver of both short-term recovery and long-term resilience".

Source: business-standard.com- Jan 26, 2023

HOME

****

Freeze import duties for next five years; cut customs levy slabs to 5: GTRI to Govt

The government should not make any changes in the customs duties for at least five years with a view to promoting domestic manufacturing, economic think tank GTRI said on Wednesday in its pre-Budget recommendations.

The Global Trade Research Initiative (GTRI) also suggested retaining import duty on components; removal of inverted duty issues; and reduction of customs duty slabs to 5 from 25 at present to avoid confusion and minimise litigation.

These suggestions will prepare India adequately to meet the challenging global economic environment, it said.

The think tank noted that countries worldwide have turned inwards to brace for the tough global conditions and against this background India should announce a five-year duty freeze.

"Any change may upset...production linked incentive scheme (PLI); phased manufacturing programme and other manufacturing initiatives. The government must reduce import duties only when a clear economic case is present," it said.

The duty freeze should be co-terminus with the five years of the PLI scheme and it would also convey the message of policy stability.

The GTRI also said all electronic and complex engineering devices consist of thousands of components and India will become true manufacture only when components are made here.

"But if duty on components is brought to zero, they will be imported resulting in simple assembly of final products in India. Most firms doing this will disappear when incentives end," it added.

On reducing customs duty slabs, it said India has more than 26 slabs for customs duties ranging from zero to 150 per cent. In addition, there are over 100 specific or mixed-duty slabs.

"Too many duty slabs result in different duties for similar items, leading to classification disputes and expensive litigation. This also makes the automated processing of documents difficult," it said.

In the Budget for 2023-24, the government must compress the duty slabs to 5.

"Already 85 per cent of tariff lines (or product categories) are covered under six duty categories - 5 per cent, 7.5 per cent, 10 per cent, 15 per cent, 20 per cent, and 30 per cent. A beginning may be made for industrial products," it said.

It added that reduction in number of duty slabs will immediately enhance transparency of the system, reduce classification disputes, and allow machine processing of documents.

Budget 2023-24 is scheduled to be presented by Finance Minister Nirmala Sitharaman on February 1.

Former Indian Trade Service officer Ajay Srivastava is the co-founder of GTRI. He took voluntary retirement from Government of India in March 2022. He has a rich experience in trade policy making, and issues related to WTO (World Trade Organization) and free trade agreements.

Source: economictimes.com- Jan 25, 2023

HOME

****

'Import duties on cotton should be removed to be more competitive'

It is anticipated that this budget will also benefit the textile industry. Though it's a part of the government's production linked incentive scheme (PLI), the industry expects major focus on certain areas where its growth can be obtained at its optimum. According to the ET Now report, the industry is under pressure.

It also requires a significant financial boost. Where they seek a reduction in import duties to make it more competitive. They believe that, cotton being a primitive crop, should have import duties removed. What more does the textile Industry expects from Budget is what we are discussing about.

The industry expects an increase in the incentive on the export duty. To increase exports, the road tables game implemented by the government should be expanded so that they can export in large volumes.

According to reports, our government's incentive for textile exports is lower than China's incentive for heir textile exports. The industry anticipates that they can grow faster than China if this is taken into account in the budget. They also expect that no duty should be imposed on fiber and cotton, which are the basic raw materials of textiles.

MCX (Multi Commodity Exchange of India Limited) is a commodity exchange based in India that offers trading in various commodities, including cotton. MCX provides a platform for buyers and sellers to trade cotton.

The textile industry reacted to the 'wide fluxes' occurring in MCX cotton trading. According to them, recently MCX stopped forward trading in cotton. They wanted to continue that, as forward trading of yarn prices used to shoot up Rs 10-20 per kilo in a day.

Source: timesofindia.com- Jan 26, 2023

HOME

****

Arvind Ltd Q3 profit slumps 9.3% on weak demand for denim

India's textile manufacturer Arvind Ltd reported a 9.3 per cent drop in quarterly profit on Wednesday, hurt by weak demand for denim garments. The Ahmedabad-based firm posted a net profit of 841.2 million rupees ($10.30 million) for the three months ended Dec. 31, from 927.7 million rupees a year earlier. The company, which supplies cloth to brands such as Calvin Klein, Ed Hardy, and Tommy Hilfiger, said its quarterly revenue from operations fell 12.8 per cent to 19.80 billion rupees from last year.

While demand and volumes of woven fabric remained steady during the quarter, denim continued to struggle due to lower demand and over-supply, Arvind said in a statement. The company's revenue from the textiles segment, which contributes about 80 per cent of the company's total revenue, fell 19.2 per cent to 15.49 billion rupees in the quarter. Revenue from denims, which is included in the textiles segment, fell 44.8 per cent. Its advanced materials unit reported a 26.5 per cent rise to 3.38 billion rupees.

The price realisations started to trend down since the second quarter reflecting the recent softness in raw material prices, the company said. Arvind's expenses were down 11 per cent in the quarter. "Marco environment in U.S. and EU markets has started to show some improvement in the outlook, though the overall prognosis still remains cautious given still higher-than-target inflation in U.S., continuing war in Europe and reopening of China," Arvind said. Demand for Indian textiles in international markets was hit as consumers cut spending on clothing following a surge in inflation after the war in Ukraine.

Source: financialexpress.com- Jan 25, 2023

HOME

****

Mechanisation, high-density planting way forward for Indian cotton: CICR Director

A combination of mechanisation and high-density planting system (HDPS) is the way forward for Indian cotton, which is witnessing either stagnation or decline in yields.

The Central Institute for Cotton Research (CICR), the premier cotton research agency that works under the ICAR, is developing scalable models tailored to the needs of different soil types in the country.

"The cost of labour is very high in cotton. The availability of labour is very scarce. We need to go for mechanised harvesting to address the challenge," YG Prasad, Director of ICAR-CICR, told businessline.

Prasad was in the city to attend the International Conference on Vegetable Oils 2023 last week.

"Though machines are available, there are certain issues that we need to address. The percentage of impurities are about 7-8 per cent in machine harvested cotton, which is very high, against 1-2 per cent in manual harvesting," he said.

"It should be not more than 3 per cent in order to protect profitability of farmers," he said.

High-density planting

On the scope of HDPS, which is being experimented in States like Telangana, Prasad said it is the way forward for the cotton in shallow areas that account for about 4 million hectares in the country.

"Productivity is declining in those areas. We need to go there with targeted agro-ecology model with an aim to increase the yields," he said.

When asked about the availability of varieties that offer uniform height (to make it easier for mechanised harvesting), the CICR Director said that standardised canopic management protocols are ready. "There are a host of set practices that regulate the height of the plant," he said.

Prasad also called for tailor-made approaches to grow cotton in different soil types. “What is happening is a genotype with high productivity but a very long duration is being pushed into areas that don’t support such kind of length (of the crop). We are wasting nutrients and water in such cases,” he pointed out.

He suggested different approaches for medium, deep soils and irrigated areas in order to maximise benefits and reduce cost of production.

The CICR is working on scalable technology models to increase productivity in cotton, which has become a cause of concern among the farmers and other stakeholders.

Source: thehindubusinessline.com- Jan 26, 2023

HOME

****