TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
INFORMATION BUREAU TEXPROCIL
IBTEX TEXTILE INTELLIGENCE CENTRE
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. 22 of 2023 — January 31, 2023

NEWS CLIPPINGS

Currency Watch	
USD	81.73
EUR	88.54
GBP	100.83
JPY	0.63

INTERNATIONAL NEWS

DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

NATIONAL NEWS	
No	**Topics**
1	IMF maintains India’s growth projection at 6.1% for FY24
2	India economic survey likely to peg 2023-24 growth at 6-6.8%: Experts
3	Expecting slowdown in Indian economy to 6.1% in 2023 from 6.8% in 2022: IMF
4	‘QCO for cotton bales to boost exports’
5	India's textile and apparel exports in 2022 end in bleak
6	India plans measures to curb Chinese imports as trade gap concerns mount: Sources
7	How can Budget create a roadmap to divert investments from China to India’s financial markets?
8	Maha govt to extend current textile policy by 3 months Patil
9	India Budget 23-24: Garment industry urges for steps to reduce pain
10	India takes up technical textile projects
11	Welspun India inks partnership with Disney for UK and Europe
12	WB govt to set up a 200-acre textile park in its Paschim Bardhaman district
13	Stable cotton prices spur Gujarat textile industry recovery

INTERNATIONAL NEWS

World output growth forecast to reduce to 1.9% in 2023: UN

Global output growth is forecast to decelerate from an estimated 3 per cent in 2022 to 1.9 per cent in 2023, according to the United Nations (UN) World Economic Situation and Prospects (WESP) 2023 report. This will mark one of the lowest growth rates in recent decades. Global growth is forecast to moderately pick up to 2.7 per cent in 2024.

However, 2024's growth forecast is highly dependent on the pace and sequence of further monetary tightening, the course and consequences of the war in Ukraine, and the possibility of further supply-chain disruptions. For the near term, economic outlook is expected to be gloomy and uncertain, as per UN's report.

A series of severe and mutually reinforcing shocks—the COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening, as well as the climate emergency—battered the world economy in 2022.

The tepid global economic prospects also threaten the achievement of the 17 Sustainable Development Goals (SDGs), when the 2023 SDG Summit in September marks the mid-point of the implementation of the 2030 Agenda.

Amid high inflation, aggressive monetary tightening, and heightened uncertainties, the current downturn has slowed the pace of economic recovery from the COVID-19 crisis, threatening several countries—both developed and developing—with the prospects of recession in 2023. Growth momentum significantly weakened in the US, the European Union (EU), and other developed economies in 2022, adversely impacting the rest of the global economy through a number of channels.

Tightening global financial conditions coupled with a strong dollar exacerbated fiscal and debt vulnerabilities in developing countries. Over 85 per cent of central banks worldwide tightened monetary policy and raised interest rates in quick succession since late 2021, to tame inflationary pressures and avoid a recession. Global inflation which reached a multi-decade high of about 9 per cent in 2022 is projected to ease but remain elevated at 6.5 per cent in 2023.

Most developing countries have seen a slower job recovery in 2022 and continue to face considerable employment slack.

According to the report, slower growth, coupled with elevated inflation and mounting debt vulnerabilities, threatens to further set back hard-won achievements in sustainable development, deepening the already negative effects of the current crises.

The report called for governments to avoid fiscal austerity which would stifle growth and disproportionately affect the most vulnerable groups and stymie development prospects across generations. It recommended reallocation and reprioritisation of public expenditures through direct policy interventions that will create jobs and reinvigorate growth.

Strategic public investments in digital infrastructure, new technologies and climate change mitigation and adaptation can offer large social returns, accelerate productivity growth, and strengthen resilience to economic, social, and environmental shocks, the report further suggested.

Additional SDG financing needs in developing countries vary by source, but are estimated to amount to a few trillion dollars per year. Stronger international commitment is urgently needed to expand access to emergency financial assistance; to restructure and reduce debt burdens across developing countries; and scale up SDG financing.

Source: fibre2fashion.com- Jan 30, 2023

HOME

****

EU's economic growth to slow down to 0.2% in 2023: UN

Economic output in the European Union (EU) is expected to grow by only 0.2 per cent in 2023 as the region battles an energy and cost-of-living crisis that was aggravated by the war in Ukraine, as per a recent UN report. This year's sharp slowdown comes after a surprisingly strong expansion of 3.3 per cent in 2022, when further relaxation of COVID-19 mobility restrictions and pent-up demand boosted spending on contact-intensive services even as inflation soared.

In 2024, growth in the EU is forecast to accelerate to 1.6 per cent on the back of stronger internal demand and a more benign global environment. The current crisis is derailing growth at a time when several European economies are yet to recover their pre-COVID-19 output level. In the third quarter of 2022, GDP was 2.6 per cent above the pre-COVID-19 level in the European Union, but 0.4 per cent below in the United Kingdom, and 2 per cent below in Spain, according to the United Nations World Economic Situation and Prospects (WESP) 2023 report.

The tepid global economic prospects also threaten the achievement of the 17 Sustainable Development Goals (SDGs), when the 2023 SDG Summit in September marks the mid-point of the implementation of the 2030 Agenda.

"This is not the time for short-term thinking or knee-jerk fiscal austerity that exacerbates inequality, increases suffering, and could put the SDGs farther out of reach. These unprecedented times demand unprecedented action," said António Guterres, United Nations secretary-general. "This action includes a transformative SDG stimulus package, generated through the collective and concerted efforts of all stakeholders."

Due to a milder-than-normal winter, increased LNG supplies, and success in reducing energy demand, the region will likely avoid the worst-case scenario of widespread energy shortages and disruptions to industrial activities.

But many European countries—including Germany, Italy, and the United Kingdom—are still facing the threat of a mild recession this year as consumers and businesses are grappling with rapidly rising prices, higher interest rates, and elevated uncertainties.

With energy prices declining and demand weakening, inflation is expected to slowly ease, but will remain well above central banks' targets in the near term. In the EU, consumer price inflation is forecast to average 6.6 per cent in 2023, down from a multi-decade high of 8.6 per cent last year. Moderating inflationary pressures will allow the European Central Bank and other monetary authorities in the region to slow the pace of interest rate hikes and eventually bring them to a halt.

Amid deteriorating near-term economic prospects, labour markets have remained a bright spot across much of Europe. In many countries, unemployment is at a record-low, while employment and job vacancy rates are at record-highs. Labour markets will likely show resilience, with average unemployment expected to increase only slightly in 2023.

Moreover, the report presents a gloomy and uncertain near-term outlook for the world economy, which has been battered by a series of severe and mutually reinforcing shocks. Global growth is projected at only 1.9 per cent in 2023, down from 3 per cent last year and one of the lowest rates in recent decades.

The world economy is expected to strengthen in 2024, with growth forecast at 2.7 per cent. But this is highly dependent on the pace and sequence of further monetary tightening, the course and consequences of the war in Ukraine, and the possibility of further supply-chain disruptions.

Source: fibre2fashion.com- Jan 30, 2023

HOME

****

India, China likely to drive half of 2023 global growth, says IMF

The International Monetary Fund (IMF) has said India and China will account for half of the global economic growth in 2023, as the multilateral agency retained its growth forecast for Asia's third-largest economy for 2023-24 (FY24).

GROWTH OUTLOOK

In % YoY

	2023		2024	
India	6.1	(6.1)	6.8	(6.8)
China	5.2	(4.4)	4.5	(4.5)
US	1.4	(1)	1.0	(1.2)
Euro Area	0.7	(0.5)	1.6	(1.8)
UK	-0.6	(0.3)	0.9	(0.6)
World	2.9	(2.7)	3.1	(3.2)

Note: For India, 2023 and 2024 stand for FY24 and FY25, respectively
Figures in bracket are earlier projections
Source: IMF

"India remains a bright spot. Together with China, it will account for half of global growth this year, versus just a tenth for the US and euro area combined," the IMF said in its latest update to the biannual World Economic Outlook.

Growth in India is set to decline from 6.8 per cent in 2022 (FY23) to 6.1 per cent in 2023 (FY24) before picking up to 6.8 per cent in 2024 (FY25), the global lender said while citing "resilient domestic demand despite external headwinds".

The Washington-based multilateral lender raised its global growth forecast for 2023 by 20 basis points to 2.9 per cent, holding that the balance of risks remained tilted to the downside, but adverse risks had moderated since its October 2022 report.

"Economic growth proved surprisingly resilient in the third quarter of last year, with strong labour markets, robust household consumption and business investment, and better-than-expected adaptation to the energy crisis in Europe," IMF Chief Economist Pierre-Olivier Gourinchas wrote in a blog post.

"Elsewhere, China's sudden re-opening paves the way for a rapid rebound in activity. And global financial conditions have improved as inflation pressures started to abate. This, and a weakening of the US dollar from its November high, provided some modest relief to emerging and developing countries," he noted.

The US economy grew at a robust 2.9 per cent in the December quarter, surprising analysts.

Among major economies, only the United Kingdom is projected to fall into recession (-0.6 per cent) in 2023, while growth in Germany (0.1 per cent) and Russia (0.3 per cent) may remain flat.

“On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation is plausible. On the downside, severe health outcomes in China could hold back the recovery, Russia’s war in Ukraine could escalate, and tighter global financing conditions could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress,” it said.

IDFC First Bank on Monday projected the Indian economy to grow at 5.8 per cent in FY24. “Growth conditions in India have proven to be resilient despite external headwinds, led by urban consumption and nascent signs of capex cycle recovery. Listed company results indicate improvement in profits in Q3FY23, reflecting moderation in input cost pressures. Improvement in the capex cycle is indicated by capital goods production and capital goods imports,” it added.

The IMF said global inflation is expected to decline in 2023 but even by 2024, projected average annual headline and core inflation would still be above pre-pandemic levels in more than 80 per cent of countries.

Gourinchas said where inflation pressures remain too elevated, central banks need to raise real policy rates above the neutral rate and keep them there until underlying inflation is on a decisive declining path. “Easing too early risks undoing all the gains achieved so far. Emerging market economies should let their currencies adjust as much as possible in response to the tighter global monetary conditions. Where appropriate, foreign exchange interventions or capital flow measures can help smooth volatility that’s excessive or not related to economic fundamentals,” he said.

Source: business-standard.com- Jan 31, 2023

HOME

****

Apparel Giants Turn Blind Eye to Outsourced Labor: Study

Early in the Covid-19 pandemic, major Western apparel companies responded to plummeting sales by canceling orders placed with the Asian and South Asian factories that manufacture much of the clothing worn in wealthier countries. In some cases, brands even refused to pay for goods they had already received. This reaction to the health crisis translated into losses of billions of dollars for suppliers in developing countries, but it was poor factory workers who suffered the most, as tens of thousands saw their wages reduced or lost their jobs altogether.

One of the lessons from this experience is that most global clothing companies lack crucial information about how their policies and actions affect the millions of workers in places like Bangladesh, Vietnam, and Cambodia. These companies are failing to collect the relevant data.

As the pandemic has eased, clothing sales have rebounded, and a number of major brands have reversed their actions, paying for back orders. Yet even these more responsible companies, which say that they are committed to building better relationships with their suppliers, devote too little attention and resources to determining how their own practices affect workers in the countries where their products are manufactured.

A recent survey by the NYU Stern Center for Business and Human Rights, where I am a senior program manager, revealed that major brands are failing to collect or analyze even the most basic data regarding this question. We asked 150 companies, to whom we promised anonymity, whether or not they gather information on a wide range of aspects of their relationships with suppliers doing outsourced manufacturing. Twenty-seven companies responded, only 22 responding fully. Despite the modest 18 percent response rate, we collected some useful preliminary insights.

We asked about data related to production lead times, often defined by industry as the period between order placement and when the completed goods are due to be delivered, although we note that the purchase and availability of raw materials for garment production is an important factor in the impact of lead times on suppliers. The imposition of extremely short lead times can lead to factory managers demanding that workers put in excessive and sometimes uncompensated overtime, among other abuses.

But only 12 of our respondents said that they have ready access to data showing when a purchase order was issued to a supplier and when the order was delivered.

Our survey also revealed that few companies could retrieve data on the changes they make to product designs after orders have been placed. In the era of super-fast fashion, global brands frequently make such changes without adjusting deadlines. This puts great pressure on factory managers, which can result in inhumane treatment of laborers. Most of the 22 companies that offered responses on the design-change indicated that it was a challenging metric for them to generate. One company we spoke with told us that this information isn't compiled in one place and is often communicated informally between designers and suppliers.

A third category of data relates to the amount of factory capacity that corporate buyers book in advance and the capacity actually used to have their goods produced. If booked capacity goes unused, suppliers have to scramble to fill it. If orders end up requiring too much capacity, suppliers may slough off work to subcontractors whose factories may be more dangerous and where brands and regulators have no visibility into working conditions. Our responding companies indicated that capacity usage is of great interest to them, but about half said they don't collect information about it or would have difficulty knowing where to find it within the company.

Our view is that companies that understand how their design, procurement, and merchandising practices affect suppliers and workers are going to be in a better position to address potential human rights problems. Oxfam documented almost two decades ago how shortened lead times, price squeezes, and unpredictable orders indirectly undermined working conditions. Since then, many global brands have instituted workplace codes of conduct and periodic factory audits, but very few have been willing to assess how their own actions are affecting labor conditions.

The companies that responded to our survey themselves acknowledge that having more information of the sort we asked about would help them improve internal communications across otherwise-siloed departments.

But our survey showed that most companies simply haven't been willing to invest in the kind of centralized, automated system that would be necessary for collecting and accessing the type of data we asked about. Many companies still rely on antiquated, manually operated systems for this purpose. In addition, a lack of trust and transparency between suppliers and buyers can contribute to difficulties gaining access to supplier-level data.

Most of our survey respondents said that the cost of upgrading data-collection systems would be prohibitive. But this flies in the face of their willingness to invest in other sorts of data collection, such as on customer preferences and the effectiveness of their advertising campaigns—areas that they consider "business critical."

We acknowledge that capital costs for upgrading digital systems may be significant. What's more, acting on the information currently not being gathered could be expensive. Reducing the risk of human rights abuses costs money—in the form of less onerous contract terms and more generous prices offered to suppliers.

Many major clothing brands—like many companies in other industries—have declared their intention to uphold "ESG" values. The abbreviation stands for environmental, social, and governance. If global companies are serious about improving worker well-being in their supply chains, which should constitute a major element of the "S" in ESG, they need to treat their purchasing practices as business critical and upgrade their data-collection systems with the same degree of urgency that they apply to predicting next season's hot fashion trend.

Source: sourcingjournal.com- Jan 30, 2023

HOME

****

EU consumers 'export' environment damage to Eastern Europe: Study

Consumers in the European Union (EU) are 'exporting' negative environmental impacts to their Eastern European neighbours, while keeping the bulk of economic benefits linked to consuming goods and services, according to a new study by a team of UK, US, Dutch and Chinese researchers that studied the environmental indicators between 1995 and 2019.

Though the environmental impacts of EU consumption are felt around the world, countries in Eastern Europe have experienced the highest environmental pressures and impacts associated with EU citizens' consumption, the study, published in 'Nature Sustainability' journal, found.

Large shares of 10 major environmental pressures and impacts are 'outsourced' to countries and regions outside the EU while more than 85 per cent of the economic benefits remain within member countries, albeit with uneven distribution of costs and benefits within the EU, a press release from the University of Birmingham said.

These indicators included greenhouse gas emissions, material consumption, land use, consumption of surface and ground water, particulate matter formation, photochemical oxidation and biodiversity loss due to land coverage, as well as freshwater, marine and terrestrial eco-toxicity.

Researchers from the Universities of Birmingham (UK), Groningen (the Netherlands) and Maryland (US), as well as the Chinese Academy of Sciences, also analysed value added by consumption of goods and services within the current 27 EU member countries to economies between 1995 and 2019.

Seven analysed pressures and impacts—eco-toxicity indicators, greenhouse gas emissions, particulate matter formation, photochemical oxidation and material consumption—increased notably outside the EU, while decreasing within the bloc.

Eastern Europe consistently ranked as the region receiving the lowest share of economic value added compared to environmental pressures and impacts associated with EU consumption.

Pressures and impacts induced by EU consumption dropped in most of its member states—for the Netherlands and Sweden, indicators in all ten categories dropped from 1995 to 2019. Austria, Czechia, Italy, Poland, Romania and Slovenia all saw decreases in nine of ten analysed environmental pressures and impacts.

In contrast, all analysed impacts and pressures associated with EU consumption increased in Brazil, China, India, Japan, as well as in Eastern Europe and the Middle East.

Source: fibre2fashion.com- Jan 31, 2023

HOME

****

Egypt, IFC discuss expansion of development finance to increase private sector participation

The Minister of International Cooperation, Rania A. Al-Mashat, discussed the expansion of development finance with the International Finance Corporation (IFC) to increase private sector participation in Egypt.

The Minister pointed out the importance of expanding the scope of cooperation between the IFC and private sector companies in Egypt through credit lines to banks to promote the development of small, medium and micro enterprises (SMEs), in addition to the availability of green bonds, to increase investments in various fields

Al-Mashat explained that the Ministry of International Cooperation works to advance partnerships between international financing institutions and the private sector in order to accelerate the implementation of the country's vision aimed at increasing private sector investment and its role in development.

For his part, Aliou Maïga, IFC's Regional Director for the Financial Institutions Group (FIG) in Africa, pointed out the importance of the Egyptian market for the IFC, and the corporation's keenness to consolidate ways of cooperation in order to provide more financing mechanisms for the private sector in Egypt.

Both agreed to make further efforts to familiarize the private sector and Egyptian banks with the financing instruments available from the IFC for the private sector.

In 2021, the IFC financed the first green bonds for the private sector at a value of $ 100 million, from which the Commercial International Bank (CIB) in Egypt benefited.

In a related context, the Minister discussed with IFC officials the expansion of technical support and consultancy efforts to the private sector, in support of the ongoing portfolio of consultancy and technical support of $32.4 million, in the areas of electricity, private sector development, environment, governance and gender, finance and insurance, transport and storage, wholesale and retail trade, textiles and clothing, and others.

The two sides discussed the state's efforts to stimulate the green transition, expansion of green buildings and clean energy transition with the participation of the private sector as a key development partner.

Source: egypttoday.com- Jan 30, 2023

HOME

****

Bangladesh 'most willing' to adopt GM crops, India 'indecisive', says USDA

Bangladesh is seen as the most willing nation to adopt a modern agricultural policy network, including the use of biotechnology, while India has yet to make its mind on genetically engineered or modified crops, the Foreign Agriculture Service (FAS) of the US Department of Agriculture (USDA) has said.

In Pakistan, a March 2019 moratorium on further approvals for all GM crops except cotton has slowed ongoing research and development activities, while no GM crop is grown in Sri Lanka, the USDA said in its annual report on agricultural biotechnology.

Permits for imports

"India remains undecided on genetically engineered (GE) crops, despite its regulatory authorities clearing on the environmental release of GE eggplant (brinjal) and mustard events. Bt cotton (Bacillus thuringiensis) remains the sole crop derived from biotechnology approved for commercial cultivation," the USDA's FAS said.

On the other hand, the Indian government has approved for imports soya and canola oils derived from select GE soya and canola events, along with some food ingredients from microbial biotechnology.

It pointed to the permission given for the import of 1.2 million tonnes of soyabean meal derived from GE soyabean. "However, India continues to drag its feet on the issue of granting market access for similar products such as distillers dried grains with soluble derived from a GE crop and imports of GE alfalfa hay," it said.

Promoting innovative use

Instead of clearing genetically modified crops, the Indian government has begun to approve the use of innovative biotechnologies, such as genomics and marker-assisted breeding in its biotech projects.

"Organisations are conducting preliminary research on the application of new biotech techniques such as genome editing in agriculture. To incentivise innovation and promote the development of genome-wide analysis and engineering technologies, India's Ministry of Science and Technology is supporting programmes and initiatives," it said.

The Indian Council of Agricultural Research and affiliated state agricultural universities and other public sector institutions are researching the use of gene editing and other new tools, it said.

Illegal GM soya, Bt brinjal planting?

India's policy indecision is despite illegal cultivation of unapproved generically modified crops continuing unabated. Quoting industry sources, the USDA said herbicide-tolerate Bt cotton (HTBt) might account for 15-20 of the total cotton acreage in recent years.

HTBt cotton is mostly grown in Gujarat, Maharashtra, Telangana, Andhra Pradesh, Odisha, Karnataka and Madhya Pradesh. "Reports allege that HTBt soyabeans are being cultivated in Gujarat and Madhya Pradesh. Sources indicate that Bt eggplant (brinjal) seeds from Bangladesh have found their way into the fields of West Bengal and Orissa and are slowly spreading to other States," the FAS report said.

Though the Indian government has initiated measures to check the sale of seeds of GM crops, it "continues unabated", it said.

"The cultivation of the unapproved GE seeds reflects farmers' frustration with the government's GE approval process, highlighting a ready demand for the technology," the USDA said.

Widening Bangla research

Bangladesh, with support from the world's scientific community, is seeking to play a role in the advancement of biotechnology research of new GE crop varieties, including rice, potato, eggplant, tomato, wheat, and cotton.

"GE research on various rice traits is widening with an aim to develop climate-smart varieties, which is essential for the Bangladesh rice sector. However, the regulatory process for gene-edited biotechnology in Bangladesh is at times insufficient and the scientific community is demanding revisions to the existing guidelines and rules for a more efficient approval process for future GE crops," the report said.

Stating that Bangladesh is focussed on creating a vibrant and climate-smart agriculture technology, it said the efforts were to reduce poverty levels in the South Asian nation. “Bangladesh’s agricultural biotechnology sector at a nascent stage of development, but the government seeks to move forward in developing and commercialising modern biotechnology products through its draft National Biotechnology Policy (2020) and draft Action Plan of the National Biotechnology Policy (2020),” it said.

Bt brinjal is an example of its success in adopting modern agricultural biotechnology with over 65,000 farmers planting the crop in 2021. Acceptance of the GM crop has steadily increased in the South Asian nation since it was commercially introduced in 2013 “with farmers seeing increased revenues and yields”, it said.

This has encouraged scientists and policymakers to develop more GM crops, including saline-tolerant, stress-tolerant and insect-resistant rice, blast-resistant wheat, late blight-resistant potato, and bollworm-resistant cotton, the USDA said.

However, there is some pause in the political community in accepting modern technology, though government officials are responding to consumer concerns.

Hindering R&D investments

Like India, cotton remains the only GE crop approved for cultivation in Pakistan. “The underdeveloped and loosely enforced regulatory framework governing advanced agricultural technology continues to hinder life science companies’ investment in GE seed research and development,” the USDA said.

However, Pakistan imports GE soyabean with US share being 40 per cent. The report said Pakistan’s Ministry of National Food Security and Research, in conjunction with National Biosafety Committee, suspended research and commercialisation of GE hybrid corn in 2019.

This was due to their assessment that local corn production, using non-GE seeds, was sufficient to meet domestic demand. As a result, GE trials on all crops, except for cotton, have been put on hold.

Since then, NBC has not approved any applications for laboratory, greenhouse or field trials for corn or other food crops.

In Sri Lanka, despite no GM crop being produced, some research is being carried out at the laboratory level. "The lack of a legal framework and biosafety procedures is a major setback; the country is in the process of finalising regulatory biotechnology policies," the USDA said.

Source: thehindubusinessline.com- Jan 30, 2023

HOME

****

Bangladesh: Dollar crisis puts textile millers in a tight spot

The ongoing dollar shortage in the banking sector is posing a threat to local textile millers and spinners as they are in trouble in opening letters of credit (LCs) to import raw materials and cotton to feed the country's readymade garment industry.

It comes even after international retailers and brands have placed 25 per cent fewer orders for readymade garment items for the October-April season that have translated into a significant fall in orders for the primary textile sector.

Owing to the crunch of the American greenback, most of the local banks are currently taking 10 to 15 days more compared to the usual time in the case of opening the LCs. This may affect the import of raw materials such as cotton, dyes chemicals, viscose and staple fibre vital for manufacturing garment items sold in the export markets.

Also, primary textile millers, which have already seen an investment of more than $20 billion to serve the growing apparel industry, aren't running at their full capacity.

Because of the US dollar shortage driven by escalated import bills against lower export and remittance receipts, the Bangladesh Bank has tightened rules to discourage the imports of non-essential and luxury items in order to save the foreign currency reserves from fast depletion.

So, the opening of LCs aimed at importing textile fabrics declined by 25.63 per cent year-on-year to $4.88 billion in the July-December period of the current financial year, central bank data showed.

The LC opening for raw cotton dipped by 41.64 per cent to $1.02 billion. The opening of LCs to buy cotton yarn, synthetic fibre and yarn also fell sharply during the first half of the fiscal year.

Saleudh Zaman Khan, managing director of Bhulta-based NZ Tex Group, which mainly produces yarn from cotton and other man-made fibres, says before the dollar crunch emerged, banks used to take a maximum of three working days to open an LC.

Foreign banks operating in Bangladesh are taking two or three days to open LCs as they have the dollar. Local banks with a strong foundation are taking five to seven days.

"But the banks that are suffering from the shortage of US dollars are taking 15 to 20 days and in some cases, 30 days to open the LCs," said Khan. Banks, however, are prioritising export-oriented garment factories.

Khan's factory has far been immune to the dollar crunch as the garment exporter can open LCs as its bank has set aside the American greenback for it against its export receipts.

Md Abdur Rouf, executive director at Simco Spinning & Textiles, says the import of some fibre is getting delayed.

A miller has to import at least 25 per cent of the raw materials it consumes.

Owing to the raw material shortage, Simco Spinning is producing seven tonnes of yarn daily, down from its capacity of manufacturing 20 tonnes of yarn.

"We are facing two problems. On the one hand, we are facing difficulties in opening LCs. On the other hand, local garment manufacturers are delaying making payments against back-to-back LCs," said a spinner, asking not to be named.

Two distinct LCs are used in back-to-back LCs: one is given to the intermediary and issued by the buyer's bank while the other is issued by the intermediary's bank to the seller where the seller is a beneficiary. The first LC serves as the collateral for the second one.

Khorshed Alam, chairman of Little Star Spinning Mills Ltd, says he has been trying for nearly a month to open an LC worth $1.1 million to import raw materials and spare parts. The mill produces yarn to make saris and lungis to be sold during Ramadan.

"The multiplier effects of the delay in opening LCs on the local primary textile sector will be felt after three to four months if the situation does not improve soon."

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, the apparel exporters' platform, says orders fell by nearly 25 per cent for the October-April season.

Abdullah Al Mamun, vice-president of the Bangladesh Textile Mills Association, the platform for the primary textile millers, says orders in the textile and spinning mills fell more than 25 per cent between July and December compared to a year ago.

"If the LC opening situation persists, the sector will face the crisis of raw materials," he warned.

Source: thedailystar.net- Jan 31, 2023

HOME

****

Pakistan: APTMA seeks to increase textile exports thru e-commerce

All Pakistan Textile Mills Association (APTMA) organized an orientation session on Monday for its members on e-commerce to increase textile exports.

Chief Executive Officer (CEO) MindWhiz Shah Hassan made a detailed presentation to the APTMA members on how to utilize international e-commerce platforms to increase exports. Vice Chairman APTMA Asad Shafi and Secretary General Raza Baqir were also present on the occasion.

Shah Hassan said the global market volume of Amazon, a leading e-commerce platform, is over $600 billion and China is top global exporter in the world through e-commerce. He said Pakistan is ranked as third topmost country with highest number of sellers after USA and China and major exports of Pakistan that contribute to e-commerce include textile, leather and sports goods, chemicals, carpets and rugs.

According to him, Amazon number one seller is also from Pakistan that generated $650 million revenue in 2022. He said there is enormous scope for textile exports from Pakistan in the fields of hosiery, bedding and bath, apparel, sports and outdoors and kitchen and dining items. He also informed the audience that there is a huge potential to grow for brands on e-commerce platforms and explained selling strategies on these platforms.

He said the ultimate goal of e-commerce platforms is to build up brands in terms of sales, customer satisfaction, and overall performance. Sellers can achiever 46% profit margin by selling their products through e-commerce, he added.

Speaking on the occasion, Vice Chairman APTMA Asad Shafi said Pakistan can increase its exports by $6 billion per annum in case it avails one percent of the global market volume of $600 billion at Amazon.

He said the Patron-in-Chief APTMA Gohar Ejaz has envisioned utilizing surplus yarn and fabric valuing about $3 billion in local production of garments and other value added textile products by establishing 1000 garment units each costing $7 million and giving employment to 700 workers.

He continued that this new addition of stitching units will have the potential to provide employment to around one million people and additional exports of $210 billion leaving no need to beg all around the world for additional foreign exchange.

Asad said that the stitching revolution coupled with normal BMR and expansion will uplift total textile exports to $50 billion in the next five years.

According to him, the purpose of the orientation session was to identify supply chain issues, logistic challenges and the goal of customer satisfaction while promoting e-commerce in the textile industry of Pakistan to maximize Pakistan's share to the global textile exports.

Source: brecorder.com- Jan 31, 2023

HOME

****

NATIONAL NEWS

IMF maintains India's growth projection at 6.1% for FY24

International Monetary Fund (IMF) has said that India remains the bright spot and maintains the growth proejection at 6.1 per cent for Fiscal Year 2023-24 (FY24). It further expects India's growth to go up to 6.8 per cent in the Fiscal Year 2024-25 (FY25)

Meanwhile, according to latest update released on Tuesday, it has revised the global outlook by 20 basis points for the year 2023 to 2.9 per cent.

It expects India to grow at 6.8 per cent during current fiscal (FY23). In its October edition of WEO, it had estimated GDP growth at 6.1 per cent for FY24. Now in its latest outlook, IMF said: "Growth in India is set to decline from 6.8 per cent in 2022 (FY23) to 6.1 per cent in 2023 (FY24) before picking up to 6.8 percent in 2024 (FY25), with resilient domestic demand despite external headwinds." Further, it explained that India's growth projections are 5.4 per cent in 2023 and 6.8 per cent in 2024 based on calendar year.

IMF growth projection for FY23 is lower than 7 per cent as estimated by the Statistic Ministry. However, it is at par with 6.8 per cent of RBI and higher than 6.5 per cent of World Bank.

Global Economy

The update said that global growth is projected to fall from an estimated 3.4 per cent in 2022 to 2.9 per cent in 2023, then rise to 3.1 per cent in 2024. The forecast for 2023 is 0.2 percentage point higher than predicted in the October WEO, but below the historical (2000–19) average of 3.8 per cent.

The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of Covid-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery.

The update said that the forecast of low growth in 2023 reflects the rise in central bank rates to fight inflation –especially in advanced economies–

as well as the war in Ukraine. The decline in growth in 2023 from 2022 is driven by advanced economies; in emerging market and developing economies, growth is estimated to have bottomed out in 2022.

"The expected pickup in 2024 in both groups of economies reflects gradual recovery from the effects of the war in Ukraine and subsiding inflation. Following the path of global demand, world trade growth is expected to decline in 2023 to 2.4 per cent, despite an easing of supply bottlenecks, before rising to 3.4 per cent in 2024," it said.

Further, the update said that the balance of risks remains tilted to the downside, but adverse risks have moderated since the October 2022 WEO. On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation is plausible. On the downside, severe health outcomes in China could hold back the recovery, "Russia's war in Ukraine could escalate, and tighter global financing conditions could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress," it said.

Source: thehindubusinessline.com- Jan 31, 2023

HOME

****

India economic survey likely to peg 2023-24 growth at 6-6.8%: Experts

India's annual pre-budget economic survey is likely to peg GDP growth at 6-6.8% for 2023-24, according to a source. The government survey is likely to say that growth is seen at 6.5% for 2023-24 under the baseline scenario, the person said, declining to be named since the matter is confidential. Nominal growth is likely to be forecast at 11% for 2023-24, the source added.

Growth will remain strong in the financial year beginning April 1 led by a pick-up in lending by banks and improved capital spending by corporations, the survey will likely say, the source said. An economic survey by Chief Economic Adviser V. Anantha Nageswaran will be tabled in the parliament on Tuesday by Finance Minister Nirmala Sitharaman, a day before she presents the budget for the next fiscal year.

The Economic Survey is the government's review of how the economy fared in the past year. India's economy has rebounded since the COVID-19 pandemic, but the Russia-Ukraine conflict has triggered inflationary pressures and prompted central banks, including India's, to reverse the ultra-loose monetary policy they adopted during the pandemic.

The survey will likely caution that pressure on the Indian rupee could continue due to the tightening of monetary policy, the source said. India's current account deficit (CAD) may also remain elevated as imports could remain high due to a strong local economy while exports ease due to weakness in the global economy, the survey will likely caution.

India's CAD was 4.4% of GDP in the July-September quarter, higher than 2.2% a quarter ago and 1.3% a year ago, as rising commodity prices and a weak rupee increased the trade gap.

Even a growth of 6.5% could keep India among the fastest growing economies in the world, despite losing pace from an estimated 7% in the current fiscal year that ends on March 31. It has grown at 8.7% in the previous year mainly due to pandemic-related distortions.

Source: business-standard.com- Jan 30, 2023

HOME

****

Expecting slowdown in Indian economy to 6.1% in 2023 from 6.8% in 2022: IMF

The International Monetary Fund (IMF) on Tuesday said it is expecting some slowdown in the Indian economy next fiscal year and projected the growth to 6.1 percent from 6.8 percent during the current fiscal ending March 31.

The IMF on Tuesday released the January update of its World Economic Outlook, according to which the global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024.

Our growth projections actually for India are unchanged from our October Outlook. We have 6.8 percent growth for this current fiscal year, which runs until March, and then we're expecting some slowdown to 6.1 percent in fiscal year 2023. And that is largely driven by external factors, Pierre-Olivier Gourinchas, Chief Economist and Director, Research Department of the IMF told reporters here.

Growth in India is set to decline from 6.8 percent in 2022 to 6.1 percent in 2023 before picking up to 6.8 percent in 2024, with resilient domestic demand despite external headwinds, said the IMF's World Economic Outlook update.

According to the report, growth in emerging and developing Asia is expected to rise in 2023 and 2024 to 5.3 percent and 5.2 percent, respectively, after the deeper-than-expected slowdown in 2022 to 4.3 percent attributable to China's economy.

China's real GDP slowdown in the fourth quarter of 2022 implies a 0.2 percentage point downgrade for 2022 growth to 3.0 percen -- the first time in more than 40 years with China's growth below the global average. Growth in China is projected to rise to 5.2 percent in 2023, reflecting rapidly improving mobility, and to fall to 4.5 percent in 2024 before settling at below 4 percent over the medium term amid declining business dynamism and slow progress on structural reforms.

Overall, I want to point out that emerging market economies on the whole and developing economies seem to be already on their way up. We have a slight increase in growth for the region from 3.9 percent in 2022 to 4 percent in 2023, Gourinchas said.

Another relevant point here is that if we look at both China and India together, they account for about 50 percent of world growth in 2023. So a very significant contribution, he said.

I want to say, we had a positive view on India in our October forecast. That positive view is largely unchanged, Gourinchas said in response to a question.

In a blog post he wrote that India remains a bright spot. Together with China, it will account for half of global growth this year, versus just a 10th for the US and euro area combined, he added.

For advanced economies, the slowdown will be more pronounced, with a decline from 2.7 percent last year to 1.2 percent and 1.4 percent this year and next. Nine out of 10 advanced economies will likely decelerate, Gourinchas said.

The US' growth will slow to 1.4 percent in 2023 as Federal Reserve interest-rate hikes work their way through the economy. Euro area conditions are more challenging despite signs of resilience to the energy crisis, a mild winter, and generous fiscal support, he said.

With the European Central Bank tightening monetary policy, and a negative terms-of-trade shock due to the increase in the price of its imported energy we expect growth to bottom out at 0.7 percent this year, Gourinchas wrote.

Source: business-standard.com- Jan 31, 2023

HOME

****

'QCO for cotton bales to boost exports'

NEW DELHI : The government is looking at bringing a new Quality Control Order (QCO) on items such as cotton bales and viscose yarn to boost exports and curb imports of sub-standard products, textile secretary Rachna Shah said. Amid signs of a sharp slowdown in textile exports, Shah said export orders have picked up in the fourth quarter and easing cotton prices will boost manufacturing. Edited excerpts:

There is a big push for QCOs. But industry has expressed concern over the time given to adjust to the new quality standard.

The most important reason why QCOs are brought in is because there is more focus on quality. We have to compete with international quality. There are instances of substandard items coming in from other countries and it would seek to address that as well. For any QCO there are discussions with the industry and stakeholders are always there right from the stage of preparing for the QCO. And if there are genuine problems we are always open to accommodate as much as we can. We are in the process of bringing in a number of QCOs especially in technical textiles. For the QCOs, we are looking at cotton bales and viscose yarn. It's a dynamic process and we will continually assess it.

While there is a push for duty concessions in the free trade pacts that we are signing, the EU, Canada and UK are competitive markets with established players. What is the government's strategy?

One big disadvantage in these countries —UK, Australia, EU—is that the import duty on our products cuts into our competitiveness. But major competitors like Bangladesh and Vietnam—because of their 'least developed country' status—have better access.

With the FTAs we will be able to get back that advantage. In terms of our cost becoming competitive, ultimately it is going to be the scale and size that will have a big impact. So the majority of our intervention such as PM MITRA, PLI scheme, all of that is targeting creation of size and economy of scale across all segments, so that we cut down logistics costs. With duty reduction along with building our scale and size, we will be able to complete very well in these markets.

Apart from the EU and UK, India is also negotiating an FTA with Canada. The duty in the UK and EU is 8 to 10%. In Canada the duty is actually 14 to 18%. So there will be significant advantages— the EU especially will be huge.

The IMF and World Bank have warned about a trade slowdown by the next financial year. What is the government's strategy to battle this slowdown? As compared to last year, the first three quarters have not been that optimistic. However, we expect that in the last quarter of the current financial year there would be picking up of momentum especially in ready-made and man-made fibre.

Global recession has impacted our major markets—both EU and US. The order position in the fourth quarter has improved. High prices of cotton have eased and in the next couple of months there could be green shoots for manufacturing. And the FTAs, PLI scheme on man-made fiber and technical textile we can expect to have a much larger presence in the global trade.

What is the status of the PM MITRA scheme?

The PM MITRA scheme is a major intervention that the textile ministry is shepherding. It will seek to bring in that kind of scale and size that we are looking at in the textile sector. Because of that necessary due diligence in terms of ensuring as and when the parks are announced and they can take off in the right way. We are in the process of evaluating the proposals from the states. And we have sort additional information from the states and we are in the process of putting it together.

Creating the park is one part but you have to be able to attract the right investment. So all of that work is presently on. MITRA park is also a scheme where the states and the centre would work very closely together as there would be a special purpose vehicle (SPV) with participation of the union government and the state government. PM Gati Shakti is also being used to access the locations feasible for a textile park.

Source: livemint.com- Jan 31, 2023

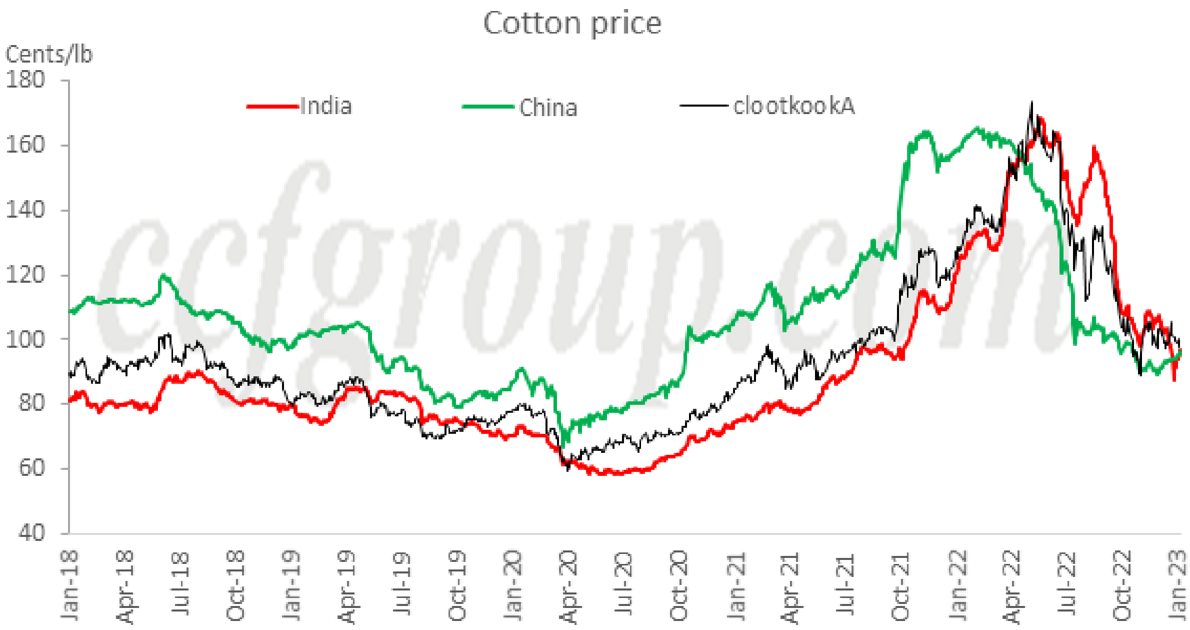
HOME

****

India's textile and apparel exports in 2022 end in bleak

India's textile and apparel exports in 2022 ended in bleak. From the second half of 2021 to the first half of 2022, it saw sound performance both at home and abroad. However, from the second half of 2022, India's textile and apparel exports gradually turned to negative growth, especially that of cotton textile and apparel exports. One reason rested with the high cotton prices in India, which discouraged downstream consumption, and the other reason was the weakened external demand. As a result, India's textile and apparel exports ended up shrinking by 4.3%.

High cotton prices dampen downstream demand



India's total textile and apparel exports in 2022 were $37.6 billion, down 4.3% from last year. Among them, the export of textile was $20.9 billion, down 13.4% compared with last year, and the export of apparel was $16.7 billion, up 10% compared with last year. It could be seen that the decline of India's textile and apparel export was mainly caused by the decline of textiles. And cotton products such as cotton yarn, carpets and handicrafts saw most obvious drop.

It could be seen from the above chart that India's cotton price has been lower than that of cotlookA for a long time, and even lower than that of China. Since the second half of 2021, India cotton rose rapidly and even became the most expensive cotton in the world. Although the price dropped somewhat in the second half of 2022, yet it was still higher than that of other markets. The long-term high price had affected the trades of Indian's cotton textile and apparel industry to a certain extent. While new orders were gradually decreasing, more Indian enterprises shifted production of cotton products to other products. Therefore, cotton price in India was gradually under pressure. By mid-January, it was slightly lower than the cotlookA index, but the amount of orders remained thin.

Textile and apparel exports decline for six consecutive months, and cotton textiles exports decline for eight consecutive months. In 2022, India's textile and apparel exports declined sharply for six consecutive months, and cotton textiles recorded negative growth for eight consecutive months. The details were as follows:

Year-on-year change in India's major textile and apparel exports

	Textile and apparel	Cotton textile	Chemical Fiber	Apparel
Jul, 2021	39.9%	48.4%	58.9%	30.6%
Aug, 2021	32.7%	55.8%	51.7%	14.2%
Sep, 2021	21.0%	40.5%	26.5%	9.2%
Oct, 2021	22.8%	46.2%	29.1%	6.4%
Nov, 2021	18.0%	40.7%	25.8%	2.7%
Dec, 2021	30.4%	46.2%	36.2%	22.6%
Jan, 2022	25.0%	42.5%	23.8%	19.3%
Feb, 2022	20.1%	33.0%	16.3%	18.7%
Mar, 2022	18.4%	21.5%	14.7%	22.0%
Apr, 2022	11.9%	8.9%	8.1%	21.5%
May, 2022	7.7%	-5.8%	2.8%	27.9%
Jun. 2022	7.2%	-19.5%	0.2%	49.9%
Jul, 2022	-14.9%	-28.1%	-10.1%	-0.5%
Aug, 2022	-16.8%	-32.0%	-8.7%	-0.3%
Sep, 2022	-26.6%	-39.0%	-11.7%	-18.0%
Oct, 2022	-34.1%	-46.1%	-25.0%	-21.1%
Nov, 2022	-15.5%	-34.6%	-17.0%	11.7%
Dec, 2022	-21.6%	-40.3%	-25.4%	1.0%
2022	-4.3%	-15.1%	-3.4%	10.1%

From the above figure, it could be seen that India's apparel exports outperformed textiles and still showed positive year-on-year growth in November and December. While exports of major textiles continued to decline significantly year-on-year, especially cotton textiles. No clear signs of improvement was found from the trend of data changes, thus it was expected that India's textile and apparel exports may remain under pressure in the first quarter of next year. It was not difficult to see from the changes in the growth rate of textile and apparel exports that the proportion of cotton textile exports in 2022 declined meaningfully, and the export structure also changed somehow.

Exports proportion of India's main textile and apparel				
	Cotton textiles	Chemical Fiber	Apparel	Total
Jul, 2021	36.7%	13.6%	38.8%	89.2%
Aug, 2021	38.6%	13.7%	36.8%	89.1%
Sep, 2021	38.0%	13.2%	37.7%	88.9%
Oct, 2021	38.4%	13.5%	36.1%	88.0%
Nov, 2021	39.9%	13.9%	34.8%	88.6%
Dec, 2021	37.6%	13.5%	38.2%	89.3%
Jan, 2022	36.5%	13.2%	40.7%	90.4%
Feb, 2022	34.2%	13.0%	43.5%	90.7%
Mar, 2022	33.7%	13.2%	43.6%	90.5%
Apr, 2022	33.3%	13.2%	45.3%	91.7%
May, 2022	32.9%	13.3%	44.6%	90.8%
Jun, 2022	30.0%	14.1%	46.9%	91.0%
Jul, 2022	31.1%	14.4%	45.4%	90.9%
Aug, 2022	31.6%	15.0%	44.1%	90.6%
Sep, 2022	31.6%	15.8%	42.1%	89.6%
Oct, 2022	31.4%	15.3%	43.2%	90.0%
Nov, 2022	30.9%	13.7%	46.0%	90.5%
Dec, 2022	28.6%	12.8%	49.2%	90.7%
2022	32.4%	13.8%	44.5%	90.7%

In terms of monthly changes, the proportion of cotton textile exports in the total textile and apparel decreased from 39.9% in November last year to 28.6% in December this year, down by about 11.3 percentage points. The proportion of chemical fiber textile exports fluctuated between 13-16%. Besides, apparel exports accounted for 49.2% in December, up 14.4 percentage points from November last year. To sum up: The dismal exports of Indian textile and apparel in 2022 was mainly dragged down by the drop of textile exports in the second half of the year. According to the data of December, India's textile and apparel export hasn't seen obvious signs of improvement. Although the operating rate of yarn mills in India saw some improvement, Indian textile and apparel trades were very likely to see continued pressure in the first quarter of 2023.

Source: ccfgroup.com- Jan 30, 2023

HOME

****

India plans measures to curb Chinese imports as trade gap concerns mount: Sources

India is considering a number of tariffs and non-tariff steps to cut imports of non-essential consumer and electronic goods, including from China, as trade imbalances concern policymakers, two government officials and an industry source said.

As many as 18 key government ministries, led by the trade ministry, met last week to firm up steps first aimed at cutting imports from China, which accounts for nearly a third of India's trade deficit, said the three sources who declined to be named.

India has been trying to reduce its trade deficit with China since 2020, when border tensions flared along a contested frontier, but with little success as the country is a key and cheap supplier of goods including active pharmaceutical ingredients, electrical equipment and several chemicals.

The trade gap with China widened 28% in April-December 2022 from the same period a year earlier, as India's domestic demand continued to support Chinese imports while COVID lockdowns in China crimped imports from India.

The government is considering ramping up investigations to weed out unfair practices on a "wide array" of imports, from China and elsewhere, one of the officials said, without specifying which goods or what the unfair practices were.

The industry source said that so far this year anti-dumping investigations have focussed on products such as printed circuit boards and a type of toughened glass imported from China.

If a trading partner were found to have engaged in unfair practices, it would be necessary to introduce safeguards such as the imposition of anti-dumping duties, the official said.

India's federal trade ministry and China's embassy in New Delhi did not immediately respond to requests for a comment.

India's overall merchandise exports fell 12% in December from a year earlier, while merchandise imports dropped 3%, widening the deficit by 13%, government data showed.

The officials said India would also intensify checks on imported goods to make sure they adhere to national quality standards, the two government officials added.

Reuters reported last week that the government could highlight the rising trade deficit as a major downside risk to the Indian economy in its Economic Survey going in to the new fiscal year from April 1, Reuters reported last week.

The government is also likely to detail some of the steps to tackle the issue in the Feb. 1 budget.

Source: economictimes.com- Jan 30, 2023

HOME

****

How can Budget create a roadmap to divert investments from China to India's financial markets?

India has long been touted as the next big superpower in the world. It seems that finally the country is on the cusp of achieving this title. The dynamics of the world order have rarely been as volatile as they are right now. The need for economic and geopolitical sustainability is forcing developed and emerging economies to re-evaluate their internal and external policies. With the West eager to reduce its reliance on China, India finds itself in an advantageous position.

India's ambition to play a significant role in the global economy started several years ago and has intensified under the current government. Furthermore, the country's significance is increasing after COVID-19. The upcoming FY2023–24 Union Budget on February 1, 2023, is likely to reiterate this.

What has worked for India recently is the Indian government's approach to tackle the headwinds induced by COVID-19. Moreover, the effective inflation management by the Reserve Bank of India (RBI) in the high global inflationary environment caused by the Russia-Ukraine war has impressed investors and corporates around the world. The fact that India's economy is expected to grow around 7.0% in the current fiscal year is a testimony to that. The world's China-plus-one policy can be the additional kicker that can ensure the sustainability of such economic growth outperformance.

Several measures are being taken to attract investments from China to India, and we believe the government can take many more to ensure this is not a short-term, one-off phenomenon. We also believe that India must not attempt to emulate the scale and extent of China's global economic contribution but instead target the specific industries and sectors that are going to be at the heart of the global trade for the next several years. In addition, and more importantly, India must look to improve the speed with which businesses can transition from China or be set up in the country.

From a sector perspective, we believe the FY2023–24 budget must talk about the specific industries and incentives linked to the targeted industries to make a compelling argument to attract global businesses and investors. The broad manufacturing industry must be taken up by the government on priority given China's strong leadership in this space. The other industries that must feature in the government's long-term plans are the semiconductor, automobile, and steel industries. All three are the key to the global economy, and India already has a strong presence in the automobile and steel industries.

We expect the government to introduce tax concessions and production-linked incentives to encourage investments in these industries. Of course, the development of existing projects such as the one being undertaken by Foxconn–Vedanta in Gujarat, Apple iPhone manufacturing, and Samsung's smartphone manufacturing will act as excellent barometers to convince other investors and corporates.

The government should also formulate investment plans improving the country's rail and port network for seamless connectivity to manufacturing hubs, importing key raw materials and commodities, and exporting manufactured goods to key customer locations/regions. Other areas that can be critical to India's role as a manufacturing hub at the global level are renewable energy components and electric vehicle (EV) battery manufacturing.

While China currently leads in the manufacturing of key components for the solar and wind value chains, Japan and South Korea are leaders when it comes to EV battery manufacturing. Renewable energy is currently one of India's top priorities, and inviting corporates to manufacture key components, such as solar panels, modules, wind turbines, and blades, will only prove economical for renewable power developers in the country.

Another area that will have to significantly evolve to help India achieve its goal of becoming a global leader in manufacturing will be the capital markets. The role of the RBI will be crucial in ensuring the adequate transparency and availability of funds or channels to address the financing requirements in some of these capital-intensive industries. Bank funding channels, equity and debt capital markets, and non-banking financing routes will play a critical role in ensuring that the speed of developing these projects is not impacted.

Finally, the budget must address the need to speed up the process of setting up businesses, manufacturing units, factories, etc., without going through the layers of red tape and bureaucracy. While the government has talked about a one-stop platform for all approvals and permissions, it will be important to emphasize the implementation of the platform and the use of technology in its application.

Concrete ideas and plans to address the problem of procuring land for setting up manufacturing units and factories are also needed. This one factor alone has been responsible for delays in numerous projects. Some investments from large international companies will involve the need for vast areas of land. We therefore believe it is imperative for the government to establish a committee that oversees and anticipates the need for such land and ensures adequate planning in the procurement and rehabilitation of villages and communities on those land parcels.

While we anticipate considerable government push to attract foreign investments into India's manufacturing industries through the US$1.2 trillion PM Gati Shakti project, the government should emphasize it in the union budget. It should have plans to invite proposals from state governments either as part of the Gati Shakti project or as independent suitors of foreign capital into their respective states. It would be interesting to see any central and state government collaboration in organizing investor meetings and showcasing project progress currently under development.

We accept that challenging China's position as the global manufacturing hub and capturing some major investments will be a difficult and long-drawn affair. However, it is the ideal time for India to make some bold moves and prove its intentions of becoming a critical part of the world economy to the global community. Strong political leadership, proactive planning, attractive incentives, and commitment by India's domestic corporate houses are the bare minimum ingredients required for the story to become successful. Moreover, an increasing lower-middle and middle-income earning consumer society makes India's proposition even more lucrative for global investors.

Source: economictimes.com- Jan 31, 2023

HOME

****

Maha govt to extend current textile policy by 3 months Patil

The Maharashtra government is likely to extend the state's current textile policy by three months, Minister for Higher and Technical Education and Textile Industry, Chandrakant Dada Patil said on Monday.

"The present textile policy of Maharashtra has been operative from 2018 ...and is expiring on March 30, 2023.

"We have appointed a committee of 30 stakeholders, including two representatives of CMAI. This committee has recommended extending the present textile policy for further three months," Patil said after the inauguration of the Clothing Manufacturers Association of India's (CMAI) 76th National Garment Fair (NGF).

According to the minister, the committee will submit its final report by March-end and based on these recommendations, the Maharashtra government will form its new textile policy.

The state government is planning to set up a garment trading hub in Mumbai on the lines of China's Guangzhou and Turkey's Istanbul, he said.

The three-day-long NGF, which will end on February 1, has more than 950 stalls and over 1,000 brands on display.

Source: theweek.in- Jan 30, 2023

HOME

****

India Budget 23-24: Garment industry urges for steps to reduce pain

At a time when the Indian garment industry is seeing rough times due to costlier raw material and global economic challenges, garment manufacturers are hoping that Budget 2023-24 will include some steps to reduce their pain and increase the industry's competitiveness in the global market. Finance minister Nirmala Sitharaman will present Budget on February 1.

Sanjay Jain, Managing Director of TT Limited told Fibre2Fashion, "Higher cotton prices are main cause of concern for the entire textile industry. The government should remove import duty for ease in cotton prices. Secondly, the finance minister may extend benefits to garment exporters under Remission of Duties and Taxes on Exported Products (RoDTEP) scheme in case they import cotton under Advance Licence for export purpose. It will increase competitiveness in the global market. Higher cotton prices increased garment production cost, so the exporters are not in a position to offer competitive prices." He explained that cotton imports under Advance Licence offers duty-free raw materials for exporters, but they are not entitled for incentives under RoDTEP. He said that the government should announce a new technology upgradation scheme after expiration of ATUF (Amended Technology Upgradation Fund) scheme on March 31, 2022.

Shailesh Jain, Director of e-commerce brand Mirraw commented, "The government should reduce the present GST rates for ready-to-wear items that cost more than ₹1,000 from the current 12.5 per cent to 5 per cent."

Recent rise in raw materials caused for steep rise in cost of production and retail prices. High GST rates are discouraging consumers from buying. He said that taxation on Employees Stock Options (ESOP) should be based on actual gains, not hypothetical benefits. When options are exercised, the ESOPs are prematurely taxed under current laws.

Raja M Shanmugham, former President of Tiruppur Exporters Association (TEA) and prominent garment exporter said, "The government should allocate special funding in line with ECLGS to handhold MSME units of garment industry. India's garment exports industry, more particularly MSME units, have been affected badly due to bad international market situation caused by the Russian-Ukraine war." He said that the finance minister should instruct the Reserve Bank of India (RBI) to announce a moratorium of minimum six months for the existing loan payments. The government needs to set up Research & Development facilities at garment clusters including Tiruppur as MSMEs require research support to compete in the international markets. Special funding is also required to develop labour supportive infrastructure in clusters where labour intensive industries like garment are concentrated.

Kishore Kumar Ladia, Director of Space Fashions Limited said, "The government should decide if it wants to develop domestic industry, or it will allow competitors to enjoy current market dynamics." Currently costlier cotton is key pain point for Indian garment industry. On the one hand, the cost of production of garments have increased since last year, on the other, cheaper garments are being imported in India from China, Bangladesh and other countries. As a result, garment industries from competitor countries are enjoying present market dynamics. He urged the government to stop import of cheaper garments from other countries.

Anurag Mohota, Director of Gimatex Industries Pvt Ltd said, "The finance minister should announce second version of Production Linked Incentive (PLI-2) scheme for rest of the segments of the textile value chain. A skill development scheme for the textiles sector is also need of the hour because India lags behind in skills and a lot of training is required. The government should incentivise training and skill development scheme in the industry.

Giving his opinion on Budget expectations, Akhil Jain, Executive Director of women's fashion brand Madame, said, "PLI scheme should be announced soon for the garment industry. MSMEs should get judicious focus in the scheme." He further said that the government should take initiative to bring all apparel under the bracket of 5 per cent of GST. Fashion apparel comes under the 'discretionary spending' category. 12 per cent GST on fashion apparel is causing high costs for end-consumers. Due to inflationary pressures, the discretionary spending of consumers is going down. Additionally, most of the inputs, services and capital goods required by the retail industry attract a higher rate of GST mostly 18 per cent, while the output rate of GST is lower. This results in an unutilised input tax credit of GST causing blockage of working capital and increased cost of operations. He added that the government should amend the formula for calculating refunds under the inverted duty structure category in order to allow unrestricted refunds of unutilised GST on services as well as on capital goods.

He said that the retail industry is awaiting the re-introduction of Technology Upgradation Fund Scheme (TUFS) to reduce its cost of technology upgradation, in which MSMEs are also able to participate. The National Retail Trade Policy should be expedited to provide the much-needed 'Ease of Doing Business' to the fashion retail industry.

Source: fibre2fashion.com- Jan 30, 2023

HOME

****

India takes up technical textile projects

Some 15 technical textile projects have been cleared in India.

These cover key strategic areas such as specialty fiber, protective textiles, high-performance textiles, geotextiles, medical textiles, sustainable textiles and textiles for building materials.Among these are seven projects of specialty fibers, two of protective textiles, two of high-performance textiles, one from geotextiles, one from medical textiles, one from sustainable textile, andone from textiles for building materials.

The country is encouraging young engineering minds to pursue technical textiles. A broad guideline under the start-up scheme may be finalised on priority, targeting aspiring innovators, entrepreneurs and young scientists. Technical textile machinery and equipment development has been a major challenge which needs collaborative interventions from the government, industry and academia, including commercialisation of the developed machines.

Textile manufacturers and institutes are being encouraged to come together to indigenously develop strategic and high-value technical textile products. In addition, the way forward and action plan for propelling India's technical textiles sector includes wider field-level outreach programs for research in fundamental, applied, and machine development across premier institutes and industry associations, development of new BIS standards; enacting new quality control orders, rationalization of HSN codes, mandating of technical textiles' items across line ministries and departments, and identification of specialised skill requirements in the sector.

Source: fashionatingworld.com- Jan 31, 2023

HOME

****

Welspun India inks partnership with Disney for UK and Europe

Welspun India said that it has signed a brand licensing agreement with The Walt Disney Company for the Europe, Middle East, and Africa (EMEA) region.

The license will give Welspun the rights to design, develop, manufacture and distribute complete range of home textiles products leveraging Disney's vast franchises and characters across Disney, Pixar, Marvel and Lucas brands.

Welspun is recognised as a global thought leader in home textiles. The company has been a strategic partner to global retailers for over 35 years with its farm to shelf capabilities and innovative solutions that inspire consumers to re-imagine their living spaces.

Welspun India CEO and Joint MD Dipali Goenka said, We are delighted to join up with Disney and leverage our innovation and sustainability leadership to create inspiring home solutions for consumers.

Our collaboration with Disney will enable us to further enhance consumer living spaces with market leading solutions and experiences for all retail channels and consumers across EMEA. Keyur Parekh, Welspun India's president & global head, further added, Welspun has seen tremendous success in North American markets from our brand licensing business.

Disney is yet another step to take our innovative offerings to a wider consumer base in the EMEA region, so that consumers can re- imagine their living spaces together with Welspun and Disney. Welspun India is one of the largest home textile manufacturers in the world. The company offers a wide spectrum of home & technical textile products and flooring solutions.

The company's consolidated net profit slumped 95.9% to Rs 8.33 crore on 15% decline in net sales to Rs 2,113.46 crore in Q2 FY23 over Q2 FY22.

Source: business-standard.com- Jan 30, 2023

HOME

****

WB govt to set up a 200-acre textile park in its Paschim Bardhaman district

Ease of Doing Business for MSMEs: The government of West Bengal is planning to set up a 200-acre textile park, as per a report by the Press Trust of India (PTI) that cited a senior official.

The state is currently in the process of identifying the land to establish the textile park in Paschim Medinipur district's Salboni, at Durgapur and Asansol in Paschim Bardhaman district of the state, it added. "The identification process for the land to set up the proposed Textile Park is underway. Hopefully, we will soon zero in on it," a bureaucrat informed PTI.

The decision for the textile park came after a workshop on 'Expanding opportunities in the Textiles sector of West Bengal' organised by the state department of MSME and Textiles on Saturday. The department will also set up dyeing facilities and designing centres at Phulia and Shantipur in Nadia district to support the weavers and exporters in the state, it added.

In addition, the MSME and Textile Department would conduct export facilitation for handloom exporters in Nadia and Burdwan districts in collaboration with the Indian Institute of Foreign Trade (IIFT), a statement released by the state government following the workshop said. Organised at Biswa Bangla Convention Center in Kolkata, the workshop was chaired by the state's Chief Secretary HK Dwivedi and attended by principal secretary of the MSME and Textiles department.

The Chief Secretary assured the industry representatives that the government will take action for the growth of the MSME sector and also suggested forming a task force to draft a time-bound action plan for better investment in the sector.

Meanwhile, to seek financial support for weavers in the state, the former finance minister of West Bengal, Amit Mitra had written a letter to the Union Finance Minister Nirmala Sitharaman earlier this month. The letter highlighted that around 40,000 weavers and artisans in the state have been denied access to loans due to "stringent notifications" by the central government and the Reserve Bank of India (RBI).

Mitra further suggested that self-certification should be allowed instead of the requirement to submit Permanent Account Number (PAN) for cash-strapped micro-entrepreneurs, whose income was far below taxable limits.

Source: financialexpress.com- Jan 30, 2023

HOME

****

Stable cotton prices spur Gujarat textile industry recovery

AHMEDABAD: The Gujarat textile industry is anticipating a strong recovery in demand, as cotton prices have stabilized around the Rs 61,500-62,500 per candy price range for over a week.

Lower volatility in cotton prices has increased confidence in the domestic industry, and the market has seen a substantial number of orders after January 15. The industry expects export demand will rise further, after the Chinese New Year.

GujCot Association secretary Ajay Shah said, "We have witnessed strong arrival of raw cotton at market yards in the last fifteen days, with all-India numbers of around 1.50 lakh bales. In Gujarat, around 45,000 bales arrive every day, while in Maharashtra this number is about 40,000 bales.

So far, Gujarat has registered the arrival at yards of 35 lakh bales this season, while the all-India number is 1.20 crore bales. Strong supply has stabilized cotton prices and for the last one week they have remained in the Rs 61,500 to Rs 62,500 per candy range. This is probably the first time in a year that prices have remained stable and confidence in the market has been boosted.

Indian cotton is now only marginally more expensive than from the international market and we believe stability in prices will enable us to export more." The domestic textile industry saw substantial demand in the festival and wedding season and with low inventory, new demand has emerged after January 15.

Bharat Chhajer, former chairman of Powerloom Development and Export Promotion Council (PDEXCIL), said, "Domestic demand has increased in the last few days with stable cotton prices.

Weaving units and textile processing units are now running at over 60% capacity. Chinese demand was low due to the Chinese New Year and we believe international demand will improve by February 15. If cotton breaks the Rs 60,000 level, the sentiment will turn negative."

Source: timesofindia.com- Jan 31, 2023

HOME

****