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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

China's 2022 cross-border e-com worth $0.31 trillion, up by 9.8% YoY

China's cross-border e-commerce last year was worth 2.11 trillion yuan ($0.31 trillion), up by 9.8 per cent year on year, according to data from the country's ministry of commerce.

A recent joint announcement released by Chinese authorities said cross-border e-commerce enterprises will enjoy slashed shipment and return costs to support the development of emerging foreign trade business patterns.

The country has introduced a slew of measures in recent years to support the development of cross-border e-commerce. Twenty nine items have been added to the list of retail imported goods in cross-border e-commerce from March 1 last year, according to China's ministry of finance.

Meanwhile, the notes of some listed commodities have been adjusted and optimised based on regulatory requirements, an official Chinese media outlet reported.

Source: fibre2fashion.com- Feb 05, 2023

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China's textile, apparel exports see stable growth in 2022

China's exports of textile and apparel products registered stable growth last year, data showed.

The export volume reached US$323.3 billion in 2022, up 2.6 percent year on year, according to the China National Textile and Apparel Council.

Textile exports gained 2 percent from a year ago to total about US$148 billion, while exports of apparel and accessories rose 3.2 percent to over US$175 billion.

Large textile enterprises saw their combined operating revenue climb 0.9 percent year on year to nearly 5.26 trillion yuan (US$780 billion) in 2022.

Source: shine.cn- Feb 05, 2023

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Cambodia keen to exit LDC status

Cambodia recently confirmed it is ready to exit the least developed countries (LDC) status. Studies on the impact of the exit, challenges and the loss of trade preference schemes have been conducted. Deputy prime minister and minister of economy and finance Aun Pornmoniroth requested the ministry of commerce to strengthen the government's readiness for the exit.

The next assessment of the country's LCD status exit will be conducted in 2024, and if the requirements are met, it will take effect in 2027.

"Cambodia is preparing the Royal Government to implement the plan to leave the LDC to achieve the UN assessment in 2024 and extend the transition period as necessary," Pornmoniroth said at an annual meeting of the commerce ministry.

The deputy prime minister called for a closer look at the impact of exiting the LDC status on the negotiations under the World Trade Organisation and regional frameworks on the Cambodian economy, according to report in a Cambodian media outlet.

After leaving the least developed country status, Cambodia will no longer receive trade tariff preferences and measures related to international aid.

To do away with the LDC status, Cambodia needs to pass at least three categories: gross national income per capita, the human assets index and the economic and environmental vulnerability index. The country has already passed in two categories.

Source: fibre2fashion.com- Feb 05, 2023

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Sri Lanka's garment exports up 10.7% in 2022; down in Dec

Sri Lanka's garment exports stood at $5,483.1 million during January-December 2022, which grew by 10.7 per cent over the exports of $4,951.5 million in the same period of the previous year, as per statistics released by the Central Bank of Sri Lanka. Its garment exports dropped by 8.7 per cent in December 2022 due to the slowdown in the world economy.

During the full year of 2022, textile exports from the island nation decreased by 0.5 per cent year-on-year to $353.7 million. The exports of other made-up textile articles stood at $115.2 million during the same period, down 10.1 per cent, according to the central bank's report titled 'External Sector Performance'.

Textiles, garment, and other made-up textile articles' exports together accounted for 56.87 per cent of all industrial exports from Sri Lanka during the period under review, the report showed. The exports of all textile products totalled $5,952 million in January-December 2022, which was 9.5 per cent higher than the shipment during the same period last year.

In December 2022, all textile products exports from the South Asian nation declined by 9.7 per cent year-on-year to reach $481.5 million. Category-wise, garment exports decreased by 8.7 per cent to $442.6 million, while textile exports fell 23.3 per cent to $29.8 million. The exports of other made-up textile articles were down by 4 per cent to $9.1 million.

On the other hand, imports of textiles and textile articles eased 0.1 per cent to $3,065.2 million, while clothing and accessories imports were down by 2.6 per cent to $215.6 million during January-December 2022.

Source: fibre2fashion.com- Feb 05, 2023

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Vietnam urged to issue carbon certificates to exporters, retailers

Vietnam's industry insiders and policymakers feel the country must start monitoring and issuing carbon certificates to exporters and retailers in response to the European Union's (EU) recently-passed carbon levy. Instead of buying the EU's carbon certificate, domestic businesses could take steps to reduce their own carbon footprints during production, experts feel.

The European Parliament's (EP) EU Carbon Border Adjustment Mechanism (CBAM) will "put a fair price on the carbon emitted during the production of carbon-intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries."

The bloc requires exporters to report their commodities' carbon footprints, on which a tax may be levied should carbon emissions during the production of said commodities exceed the EU's carbon regulations.

CBAM will hit major Vietnamese exporters and retailers first, especially those dealing with products with higher carbon footprints, giving smaller players some time to prepare, industry experts said.

Some Vietnamese businesses, who had been anticipating the new carbon tax, have already implemented measures to reduce their carbon emissions, according to a report by a Vietnamese media outlet.

Andrew Wyatt, deputy head of the International Union for Conservation of Nature (IUCN) in Vietnam, urged the government to establish policies to monitor and issue carbon certificates to Vietnamese exporters and producers by 2025.

The IUCN, the ministry of natural resources and environment and the ministry of agriculture and rural development have been working closely together in recent years to build policy frameworks related to the global carbon market, he added.

Source: fibre2fashion.com- Feb 05, 2023

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Deal to avoid double taxation can boost Bangladesh-South Africa trade: Shahriar Alam

State Minister for Foreign Affairs Md Shahriar Alam has said Bangladesh and South Africa have common socio-economic development objectives and there are huge potentials to boost trade and investment between the two countries.

He observed that visa waiver agreements for diplomatic and official passport holders and agreements on avoidance of double taxation between Bangladesh and South Africa will facilitate contact and increase trade and investment between the two countries.

The state minister had bilateral talks with Deputy Foreign Minister of South Africa Candith Mashego Dlamini in Pretoria on Friday and discussed areas of cooperation, reports BSS citing a press release.

Referring to his meeting with the Business Unity South Africa which took place on Thursday, Shahriar Alam said the organisation has shown interest in working with Bangladeshi chambers.

He expressed hope that with mutual efforts, bilateral trade between Bangladesh and South Africa may be enhanced to one billion dollars.

The state minister proposed the formation of a Bangladesh-South Africa business council comprising different chamber officials and businessmen to assess potentials and discuss business matters.

The Deputy Foreign Minister of South Africa Dlamini referred to the recent high-level visits that took place between Bangladesh and South Africa. She said both South African and Bangladeshis are resilient and enterprising people.

Dlamini underlined more cooperation in trade and economic areas between Bangladesh and South Africa, according to the Ministry of Foreign Affairs. She welcomed Bangladeshis to invest in tourism, textiles and other sectors in South Africa.

Dlamini remarked that as both sides have identified areas with potential, institutional cooperation should be enhanced to further develop the relations.

The deputy foreign minister cited that trade and Investment, culture, social development, textiles, climate change, energy security and commodity supply chain areas are the most promising areas of cooperation.

She underlined the need of holding regular foreign office meetings between the two countries.

Dlamini viewed that air service connectivity and B2B contacts would help develop business relations and contacts.

She proposed that both sides may exchange knowledge in agriculture and peacekeeping areas. She assured that the South African government would try to ease the visa procedure for Bangladeshi applicants.

State Minister Shahriar Alam thanked the South African government for their support in favour of Bangladesh's candidature at the UN and sought support for a few other candidatures.

He also thanked the South African government for their support on the Rohingya issue and sought their cooperation for the repatriation of the forcibly displaced people to their homeland in Myanmar.

In response to the proposal for contract farming by Bangladeshi entrepreneurs in South Africa, Dlamini commented that there may be the exchange of knowledge between both sides in the area and the matter may be explored.

She commended the existing level of partnership between Bangladesh and South Africa and underscored the need for more engagement of private sectors in order to carry forward trade and economic relations.

Both sides agreed to continue working together to develop the existing bilateral ties to further heights, the release added.

The High Commissioner of Bangladesh to South Africa and officials of the Ministry of Foreign Affairs of Bangladesh were present at the meeting.

Source: thefinancialexpress.com.bd- Feb 04, 2023

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Pakistan: Textile exports fall for fourth month in a row

Overseas shipments drop by 12.4% to $1.36 billion in January

Pakistan's textile sector continued to be on a downtrend as its exports went down by 12.4% in January 2023, marking the fourth consecutive year-on-year decline due to macroeconomic troubles in the country.

In January, exports of textile stood at $1.36 billion with a decrease of 12.4% compared to the same period of previous year. "This marks the fourth consecutive year-over-year decline in monthly textile exports. However, when compared with the previous month, exports slightly rose by 0.3%," said Arif Habib Limited Head of Research Tahir Abbas.

In the first seven months (July-January) of current fiscal year, textile exports dropped by 7.8% compared to the previous year, totalling $10.08 billion.

"We believe textile exports will stay under pressure amid global economic slowdown and numerous national economic challenges," remarked Insight Securities' textile sector analyst Ali Asif.

He pointed out that the textile industry was facing some major challenges, which included the unavailability of cotton due to import restrictions and high financing costs owing to an increase in interest rate.

Moreover, according to Asif, the anticipated withdrawal of subsidised energy tariffs, as per International Monetary Fund (IMF)'s loan conditions, would exacerbate the challenging outlook for the industry.

"Textile sector, a major contributor to Pakistan's exports, is currently experiencing a shortage of raw material and unavailability of foreign currency for the import of essential machinery, which is impeding production," said textile sector analyst Arsalan Hanif.

In that backdrop, many textile firms had suspended operations, therefore, exports would remain under pressure until the situation normalised, he projected.

Earlier, exports of the textile group slipped by 7.07% in the first half (July-December) of current fiscal year, reaching $8.717 billion compared to

$9.381 billion in the same period of previous year, according to the Pakistan Bureau of Statistics (PBS).

PBS data also showed a 16.47% decline in textile group exports in December 2022, which came in at $1.356 billion compared to $1.623 billion in the same month of last year.

On a month-on-month basis, the textile group exports decreased by 4.56% in December 2022 from $1.420 billion in November 2022.

Among major products of the textile group, cotton yarn exports registered a massive fall of 37.50% in the first half and stood at $381.55 million as opposed to $610.43 million in the corresponding period of previous year.

In December alone, cotton yarn exports decreased by 49.92% year-on-year but they increased by 24.41% month-on-month.

Source: tribune.com.pk- Feb 05, 2023

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Bangladesh to formulate National Logistic Development Policy in a year

Bangladesh's new National Logistic Development and Coordination Committee recently met for the first time and decided to formulate a National Logistic Development Policy within a year to ease business and trade and raise investment to achieve national growth targets. Prime minister's principal secretary and Committee chairman M Tofazzel Hossain Miah presided over the meeting.

Miah said five sub-committees would also be formed for this purpose. The committee decided to work on ensuring efficient transportation of goods and services and upgrading the country's logistic sector at par with global standards, according to Bangladeshi media reports.

Top government officials and representatives of private companies of the export-import sector attended the meeting.

Source: fibre2fashion.com- Feb 05, 2023

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Bangladesh: RMG export to reach $56bn by 2026 as the economy rebounds

Bangladesh apparel export is expected to reach $56 billion by the end of 2026 with a CAGR growth rate of 5.3% driven by expansion in the man-made fiber (MMF) segment, apparel order shift from China and market diversification, according to research by CAL Bangladesh.

The Global apparel export growth is expected to dip in 2023 in line with the global slowdown followed by a rebound thereafter as the economic outlook for the major apparel markets is expected to remain subdued in the short run.

According to the report titled Bangladesh Apparel Sector – "Rags First But Riches to Follow", a slowdown in the major apparel markets will weigh down local apparel exports in 2023. Inflation will push wage rates higher, squeezing margins.

Moreover, the production costs will increase due to a gas tariff hike while energy shortage will hamper productivity.

However, the apparel export of Bangladesh has been comparatively resilient during global economic downturns, the research said.

In addition, a decline in cotton prices stemming from waning global cotton consumption to help ease price pressures and a steep correction in the freight rates will help reduce raw material import costs.

Apparel exporters with higher exposure to the European markets will experience a significant dip in revenue than those with higher exposure to the US markets as Europe proved weaker in averting the Ukraine war shocks, the CAL research stated.

Companies with high fixed-cost structures will experience a substantial reduction in their bottom line and companies with high debt exposure and high inventory, given a sharp decline in the cotton price, will struggle in 2023, the report added.

With dominance in cotton-based apparel, Bangladesh is increasingly focusing on man-made fibre (MMF) to ride on a stronger global growth outlook.

Migration of global fashion retailers' order flow from China will drive export market share expansion for Bangladesh apparel.

CAL expects Bangladesh's export market share in major non-traditional markets to increase to 10% in 2026 from the existing share of 8%.

Also, moving up the value chain through a gradual shift toward higher-margin products will facilitate enhanced top-line growth.

What does this mean for companies operating in the sector?

Companies investing in the MMF segment are likely to witness faster growth. Also, companies expanding their portfolios with higher-margin product categories will perform better mid-term.

Companies expanding into non-traditional markets will consolidate market share, foresee CAL analysts.

Graduation from LDC

The report also discusses the long-term impact of Bangladesh's graduation from the Least Developed Countries (LDC) status on the apparel sector.

Preferential trade deals and strong backward linkage could ensure a smooth transition for the apparel sector toward the LDC graduation.

After the LDC graduation, 18% of the total export is likely to be affected in 2026, resulting in a significant increase in tariff rates.

Securing preferential trade agreements, focusing on sustainability and enhancing competitiveness would help to smoothen the transition path of LDC graduation.

Moreover, riding on sustainable reforms, CAL expects apparel selling prices to increase by 24% due to the improved industry image.

CAL Research expects well-established apparel exporters to consolidate their market share further.

Companies expanding their portfolio with higher margins will perform better while well-established companies will likely move lower-margin manufacturing to countries that still enjoy duty benefits.

With high local value addition, currency depreciation will benefit apparel exporters. However, multiple exchange rates will dent the benefit along with additional challenges arising from LC opening hurdles stemming from the declining dollar balance in the economy.

Industry insiders of the country also believe that 2023 is going to be challenging and they are optimistic regarding high-value products and exploring new markets.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), recently told Dhaka Tribune that they have to face many challenges in 2023.

“We've to move forward amid the challenges. We are currently producing value-added items and the exports to non-traditional markets have also increased,” he added.

Riding on non traditional markets, MMF and high-value products, BGMEA already set a target of exporting apparel items worth $50 billion by 2023 and $100 billion by 2030.

Source: dhakatribune.com- Feb 05, 2023

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NATIONAL NEWS

Foreign trade policy to focus on long-term strategy to boost exports

With fast-evolving global developments affecting international trade, the government may roll out the much-awaited foreign trade policy (FTP) with a focus on India's long-term strategy on trade, people aware of the matter said.

Till now, the FTP has been a five-year strategy for promoting export of goods, which may be done away with.

Instead, it will present the government's 'vision statement' on foreign trade, charting out the long-term goals.

"The government doesn't want to stick to a fixed timeline for the policy, considering the global developments that took place over the last few years. First, it was Covid, which was followed by the conflict between Russia and Ukraine," one of the officials cited above told Business Standard.

"We cannot control the impact of these disruptions. The idea is to be flexible and incorporate changes when required and go ahead with a five-year timeline. The policy will be divided into two parts.

The first part will be about the vision statement, while the second part will be about existing or new schemes and rules related to that," the official said.

The existing policy came into force on April 1, 2015, and was valid for five years, that is, till 2020.

The FTP was deferred and the current policy was extended and reviewed after every six months, as businesses grappled with the disruptions caused by the pandemic.

Thereafter, the government was supposed to roll out the policy in March 2022. However, another extension was given till September 30, 2022.

This is because the government did not have anything substantial to roll out in the new policy in the absence of any new incentive scheme. However, in September, the department of commerce extended the existing policy by another six months due to global headwinds. It was felt that it was not the 'right time' to roll out a new policy, especially when developed economies are headed towards a recession.

Government officials said that the final call on whether the FTP will be rolled out from April 1 will be taken in March-end. That is, after getting the final nod from the Prime Minister's Office (PMO).

Besides, since the general elections are a year away, the government may contemplate rolling out a new policy now.

"FTP should be brought into an environment where geopolitical uncertainties are over. Since, we continue to face the same situation, in which we were in last year, we feel that whatever changes are required to support exports can be notified without waiting for the policy to come," Ajay Sahai, director-general (DG) and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO), said.

Source: business-standard.com - Feb 05, 2023

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Budget 2023-24: Harnessing India's competitiveness and creating national prosperity

The budget speech began with a declaration of India's first step into the Amrit Kaal or the era of prosperity. It reiterates an inclusive India where the fruits of development serve all – the youth, farmers, women, Scheduled Castes, and Scheduled Tribes. Amrit Kaal - a word used by Prime Minister Narendra Modi for the first time on the occasion of India's 75th Independence Day – envisions a technology-based and knowledge-driven economy for India that is enabled through the facilitation of opportunities, job creation, and macroeconomic stability.

Substantiating the Amrit Kaal label, India's prospects for the coming years seem bright amidst grim forecasts of a global economic slowdown. The World Bank posits India as the fastest-growing economy out of the seven largest emerging and developing economies (EMDEs). India's growth prediction is 6.9 per cent for FY 2022/23 and 6.6 per cent for FY 2023/24.

The Economic Survey predicts a baseline GDP growth of 6.5 per cent in real terms in FY24. Sixty-one countries are expected to experience a population decrease of 1 per cent or more between 2022 and 2050. As other countries grapple with an ageing population, India can reap its demographic dividend and fulfil the global demand for skilled labour. The shift away from China's supply chains also presents an opportune chance for India to position itself as a global leader.

The last two years have been marked by uncertainty and volatility. It has exposed the chinks in our armour and forced a radical reimagination of our institutions. This period of unprecedented global collaboration has been accompanied by the emergence of a renewed global competitiveness ecosystem – the bid to increase productivity through effectively mobilising resources and creating value to drive long-term development. Conversely, increasing the competitiveness of nations benefits the global economy through knowledge and technology transfers, and the opportunity to capitalize on a country's natural endowments and competitive advantage. The budget acts as a statement of intent that reveals a country's priorities and underlying ideologies. Budget 2023-24 lays a heavy focus on capacity-building, invigorating domestic demand, and enabling an efficient business environment - all of which enhance national competitiveness.

The pandemic has instigated a worldwide incongruence between consumer demand and the existing production capacity. Expanding productivity and production is contingent on robust domestic consumption. Budget 2023-24 provides a strong boost to cash availability and disposable income that can drive demand. The personal income tax rebate limit being increased to Rs 7 lakh allows students and recent graduates to have more room to save and spend as they begin their professional journey. A steep increase of 33 per cent to Rs 10 lakh crores, a significant 3.3 per cent of GDP share, has been observed in the capital investment outlay. The centre's direct capital investment efforts are complemented by grant-in-aid to states to incentivise investment in capital assets. This capital expenditure can create jobs, boost growth through a multiplier effect, crowd-in private investment, and create a market for subsidiary industries like steel.

Promoting innovation and tech transfer in the agricultural sector through the Agriculture Accelerator Fund showcases how digital technology can be leveraged to transform traditionally 'low-output' industries. The scheme can help shape the entrepreneurs of tomorrow and introduce a landscape of innovation in rural areas.

Additionally, the increased credit target of Rs 20 lakh crore with a focus on animal husbandry, dairy, and fisheries will help tackle disguised employment by creating work in allied segments. It effectively pivots around the slow sectoral change seen in agriculture-based economies moving towards the services sector.

At the firm level, the new budget has provisions to increase the competitiveness of our companies in the international and domestic markets, of which effective labour mobilisation and labour productivity forms a crucial part. For long, India's manufacturing sector has dealt with the problem of a 'missing middle', where the large firms fail to generate adequate employment and a majority of persons remain trapped in low-production and low-income firms.

The provision of a refund to failed MSMEs, enhancing the limits to allow more people to benefit from presumptive taxation, and the infusion of a Rs 9,000 crore corpus for the credit guarantee scheme will hopefully increase the risk-taking appetite of the manufacturing sector and provide the necessary impetus for development.

Improved safety and legal measures and regulatory reforms greatly enhance the ease of doing business. The budget streamlines the notoriously bureaucratic compliance process by reducing 39,000 compliances and decriminalizing 3,400 legal provisions. Using PAN as a common business identifier and adopting a unified filling process also simplifies otherwise tedious undertakings and builds an enabling business environment. Technology and digital public infrastructure can facilitate access to distant markets at reduced transaction costs.

In the words of Michael E. Porter, encapsulating years of efforts on the competitiveness framework, "national prosperity is created, not inherited." The Competitiveness Roadmap for India@100 lays down India's trajectory path to becoming a middle-income economy and beyond by 2047. This year's budget balances a tightrope act between exploiting India's existing competitive advantages – such as skilling its massive youth population and promoting export competitiveness – and augmenting fiscal support for erstwhile underserved areas, such as green growth.

Nonetheless, enhancing competitiveness entails making lives easier for all the heterogenous sections of Indian society. To that end, private and public players must cooperate to bring India's ambitious goals to fruition, ensuring that the budget goes beyond being a mere statement of intent to one that invokes productive action.

Source: economictimes.com - Feb 05, 2023

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Govt to install quality barriers against inferior Chinese goods

The government has identified 345 products to frame quality standards in a bid to prevent imports of substandard products from China and improve competitiveness of Indian goods in the global market.

The department for promotion of industry and internal trade (DPIIT) plans to come up with close to 70 quality control orders (QCOs) for these products ranging from cotton bales and furniture, to smart meters, sports goods, fire extinguishers and wood-based boards.

According to an internal note reviewed by Mint, the department's top priority are the QCOs on 53 chemicals under the Rotterdam convention, 35 chemicals under Stockholm convention and 47 under the Chemical Weapons Convention.

While the Rotterdam Convention was designed to facilitate informed decision-making by countries on the trade in hazardous chemicals, the Stockholm convention aims to protect human health and the environment from persistent organic pollutants (POPs).

The Chemical Weapons Convention prohibits the development, production, stockpiling and use of chemical weapons.

The DPIIT is holding stakeholder consultation for 31 draft QCOs covering 171 products, including cookware and utensils, pumps, bolts, air cookers, nuts and bicycles.

The nodal department has already come up with 11 draft QCOs covering 55 products, including building products and sanitary wares, last month that are being vetted by the Bureau of Indian Standards (BIS).

The government is also developing product-specific online tool boxes for easy access to standard and procedures for certification by small and medium enterprises.

It is organizing exposure visits for SMEs to familiarize them with quality control measures and equipment.

So far, the DPIIT has issued around 34 QCOs covering 134 products, while the ministry of steel has issued one, covering 145 products.

The department of chemicals and petrochemicals has issued 58 QCOs covering 53 products, and the ministry of textiles has issued one covering six products. Going forward, 151 textile products have been identified for QCO.

For 19 geotextile products and 12 protective textile products, the ministry of textiles has circulated draft QCO and circulated to stakeholders for consultation.

Earlier, the Central Consumer Protection Authority (CCPA) had issued notices to e-commerce entities, Amazon, Flipkart and Snapdeal for sale of toys in violation to standards directed for compulsory use by the central government, the Ministry of Consumer Affairs, Food & Public Distribution said in a statement.

CCPA has sought response from the e-commerce entities within 7 days from issuance of notice, failing which necessary action may be initiated against them under the provisions of the Consumer Protection Act, 2019.

President Droupadi Murmu in her Budget day speech said that toy imports have plummeted by 70% while exports have jumped by over 60% after the government's efforts to push manufacturing.

The Bureau of Indian Standards in July 2022 had published 10 Indian Standards on safety aspects of toys related to physical safety, safety against chemicals, flammability, electrical safety, and so on. These standards were aimed at preventing the use of unsafe and toxic materials in manufacturing of toys.

Queries sent to the commerce and industry ministry remained unanswered till press time.

Source: livemint.com - Feb 06, 2023

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Growth-oriented Budget can worsen trade deficit

The Budget intends to stimulate growth by boosting capital expenditure and driving domestic consumption in the given context of tepid export growth prospects. The hope is that increased domestic demand will spur higher utilisation of capacity by private enterprises and lead them to investments in fresh capacities. In theory, this strategy is sound but increased imports can spoil the plans.

The Indian economy is a 'bright star' growing at about 7 per cent, the fastest rate among major economies. Our imports are likely to grow faster than exports widening the trade deficit. The Economic Survey recognises this possibility and says that robust growth in export of services and buoyant inward remittances will help narrow the current account deficit and that the foreign exchange reserves are adequate to cushion against any shocks.

The Budget envisages the capital expenditure to go mainly towards building infrastructure, especially in the transport sector. The productivity gains of such long gestation projects can take time to play out but in the meantime the money pumped into such projects can find its way into the hands of people. Their spending of the additional money will boost demand further putting upward pressure on the prices. That can induce higher supplies through better utilisation of idle capacities of the domestic producers. However, imports may rush in and compete to meet the spurt in domestic demand, weakening the Indian rupee.

The global scene is that except for East Asia and the Middle-East, the rest of the world is slowing down. The rebound of the Chinese economy is likely to push up demand for commodities whereas the slowdown in Europe and America is likely to bring down the demand for finished products. So, the chances of commodity prices going up while the prices of finished products going down cannot be ruled out.

If that happens, the domestic industry is likely to face intense competition from imports for meeting growing domestic demand for finished goods. The resultant rise in import volumes and the higher commodity prices may push up the trade deficit significantly.

Higher inflation, higher wages and tight labour market conditions in advanced economies are forcing many companies abroad to outsource their software requirements from India. So, the prospect of strong growth in export of services is better than a few months earlier. Still, the net earnings from export of services may not be enough to fully offset the merchandise trade deficit.

The Central Banks in developed countries seem more determined to bring down inflation even at the cost of growth whereas Reserve Bank of India seems more intent on sustaining growth even if the inflation rate is at the upper end of its target. So, a higher interest rate regime looks more likely in the developed countries causing outflow of funds in search of safety and better returns, putting pressure on the rupee.

Hopes abound that foreign direct investments and foreign portfolio investments will find India an attractive destination to offset any surge in current account deficit. If the perceptions of robust regulatory and corporate governance standards in the country persist, such inflows can arrest rupee depreciation, helping imports keep our domestic producers at the same levels of capacity utilisation.

So, it is far from certain that massive public expenditure will necessarily crowd in private investment. Yet, the government deserves appreciation for its growth-oriented Budget.

Source: business-standard.com - Feb 06, 2023

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Revenue dept not in favour of ECLGS extension beyond March 31: Revenue Secretary Malhotra

Revenue department in the Finance Ministry does not see any need to extend beyond March 31 the Emergency Credit Line Guarantee Scheme (ECLGS), which is an MSME support initiative launched by the Government during Covid-19 pandemic times.

The objective of ECLGS was to provide additional liquidity to such units to help them cope with the crisis arising out of Covid-19.

With the economy having fully recovered from the pandemic—as announced in the recent Economic Survey, there is still some uncertainty over the scheme's extension beyond March 31 this year.

"The ECLGS scheme is still open till March 31. People can still avail of it, and they are not doing it. I think there is no need for any further extension of it beyond March 31," Sanjay Malhotra, Revenue Secretary, said at a post-Budget interactive session organised by Confederation of Indian Industry in the capital.

He was responding to a question from Ashok Saigal, Co-Chairman, CII National MSME Council, as to whether government was looking to extend the ECLGS scheme beyond March 31, especially when the scheme was so useful for the MSMEs.

The funds allocation is there and NPAs of MSMEs have not really increased but units are using this additional credit window to be more productive, Saigal added.

So far only about ₹3.6 lakh crore of guarantees out of the total ₹5 lakh crore allocated for the scheme has been utilised.

Loans to MSME

Under this ECLGS scheme, loans extended to MSMEs by banks and NBFCs are being 100 per cent guaranteed by the National Credit Guarantee Trustee Company (NCGTC). The loan is being extended in the form of additional working capital term loan facility in case of banks and additional term loan in case of NBFCs to MSMEs and interested Pradhan Mantri Mudra Yojana borrowers.

The validity of ECLGS expires on March 31 this year and the scheme has so far been extended twice — first time in September 2021 when the government had extended the validity of ECLGS till March 31, 2022, or till guarantees for an amount of ₹4.5-lakh crore are issued under the scheme, whichever is earlier.

Last year, in Union Budget 2022-23, it was announced to extend validity of ECLGS upto March 2023 and the limit of guaranteed cover was increased by ₹ 50,000 crore to total cover of ₹ 5 lakh crore, with the additional amount being earmarked exclusively for the enterprises in hospitality and related sectors.

Source: thehindubusinessline.com- Feb 03, 2023

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The right way to skill the world

With India having taken over the presidency of the G20, it's an opportunity to reshape the global economic governance agenda. Among other things, an area that needs priority is the future of work and associated skilling. The remote work experiment began in March 2020 when Covid-19 struck. Rapid digitalisation facilitated remote work and new technologies secured productivity. As people return to the workplace, we are seeing hybrid meeting environments, improvements in asynchronous collaboration, novel applications to sustain interpersonal connections, and the use of VR and AR.

New kinds of jobs have emerged, and consequently new skills—such as digital technology (AI and big data analytics, IoT, cloud computing, cybersecurity, RPA, blockchain, AR/VR, 3D printing), design thinking, critical and metacognitive thinking, communication, and skills in self-management such as active learning, resilience, stress tolerance and flexibility—have become critical.

New communication channels, digital platforms and social networks have led to the growth of gig work, throwing the longevity of the traditional employment model into question. While all these changes were happening prior to 2020 also, the pandemic accentuated the shift. Amid decelerating labour force growth, abundant capital, and the growing importance of intangible assets like intellectual property and customer networks, the balance of power has shifted from capital to talent. Today, the workforce is a firm's most precious resource and business leaders are aware that they need to change the way they think about their workforce to stay ahead of the technological and sociological changes.

Workforce transformation

The future workforce needs to be readied at three different levels:—First, skills have to become the new business and organisational imperative. Even as in-demand skills are changing, skill gaps are becoming wide. Assessing skill gaps, developing a skills strategy and delivering skills transformation at scale must become urgent priorities for companies.Industry-wide skill development programmes (such as MeitY-Nasscom led FutureSkills Prime) need to be promoted to democratise learning.—Second, supporting continuous education and research aspirations of employees is important. In this context, the New Education Policy 2020 ticks all the right boxes. It is bold, forward-looking and transformational, and aims to make higher education more holistic, flexible, multidisciplinary and well-suited to the needs of the future workforce. It is also reimagining vocational education.

These aspirations are in line with the OECD Future of Education and Skills 2030 project, which states: “We need to replace old education standards with an educational framework that combines knowledge with the 21st century skills of creativity, critical thinking, communication and collaboration.”—Third, strike a balance between skill requirements across projects, geographies and countries to ensure seamless mobility of skilled workforce. This calls for evolving a framework where both employees and employers deposit a part of their earnings into a universal social security system, which can be leveraged for workforce mobility.

For businesses in G20 countries to stay ahead of the game, they have to pivot from being talent takers to talent makers. This requires scaling investments in learning, thinking laterally about career journeys and cultivating a growth mindset.

Source: financialexpress.com- Feb 06, 2023

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Push for Indian e₹-R as in-store retail payments acceptance launched

Innoviti Technologies, in collaboration with Reliance Retail, ICICI Bank and Kotak Mahindra Bank, recently launched in-store acceptance of retail payments via digital rupee-retail [e₹-R] that integrates into the cashier billing system. After billing, if someone chooses to pay through e₹-R, a dynamic digital rupee acceptance QR code is presented for scanning.

Customers, using their choice of digital rupee app powered by ICICI Bank or Kotak Mahindra Bank, need to simply scan the QR code on the terminal and enter their passcode to authorise payment through e₹-R. Cashiers and consumers get instant confirmation of e₹ transfer from consumer to Reliance Retail. The technology enables automatic reconciliation, the companies said in a joint press release.

“This historic initiative of pioneering the digital currency acceptance at our stores is in line with the company’s strategic vision of offering the power of choice to Indian consumers. With more Indians willing to transact digitally, this initiative will help us provide yet another efficient and secure alternative payment method to customers at our stores,” V. Subramaniam, director, Reliance Retail Limited, said.

“The digital rupee, which is a tokenised digital version of the Indian rupee, is a resilient, safe and additional avenue to users for making payments. Increased acceptance of digital rupee would hasten its adoption among customers, said Bijith Bhaskar, head of digital channels and partnerships, ICICI Bank.

On December 1 last year, e₹-R was first introduced by the Reserve Bank of India for retail markets across select Indian cities in a pilot mode, with access limited to consumers of certain identified banks. Initially limited to four cities viz, Mumbai, New Delhi, Bengaluru and Bhubaneswar, it was later extended to nine other cities.

Eight banks, including ICICI Bank and Kotak Mahindra Bank have been identified for phase-wise participation in this pilot.

Source: fibre2fashion.com- Feb 06, 2023

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Technology to reduce water use in textile sector

The Indian Institute of Technology, Ropar, has developed an innovative green technology — air nano bubble — that can reduce the use of water up to 90 per cent in textile industry. Nearly 200 litres of water is required to process 1 kg of cotton fabric.

The laboratory reports suggest the air nano bubble dispersed in water could reduce the water consumption and chemical dosage by 90-95 per cent.

This ultimately also saves 90 per cent of the energy consumption, said Dr Neelkanth Nirmalkar, who has developed the technology.

IIT Ropar director Rajeev Ahuja said, "eco-friendly technology has been developed at the IIT, Ropar, under a startup which is also working towards cleaning the environment and is expanding in developing new applications ranging from water treatment to healthcare."

In the textile industry, the water is used at many steps, including for dyeing, finishing chemicals in the textile substrates, desizing (process of removal of sizing material from yarn), scouring, bleaching, and mercerizing (chemical treatment of fabric to enhance affinity towards dye).

At the same time, the textile industry also produces the highest volume of waste water.

Dr Nirmalkar said the technology was based on nano bubbles of air and ozone.

Source: tribuneindia.com- Feb 05, 2023

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India seen as one of the year's fastest-growing destinations for cargo ships and trade

India is seeing an ever greater number of box ships visiting its shores, and as the fastest-growing major economy in the world, this is necessitating the construction of larger ports.

India's GDP has been forecast by the International Monetary Fund (IMF) to grow at 6.8 per cent this year, while the exports from the nation accelerate at a rapid pace. India managed to get US $ 422 billion last year in exports and beat the Government's expected target.

"As the global supply chain struggles to place all its bets on China, there is rising confidence that India could become one of the more resilient alternatives to China in the global supply chain," stated a new report from Container xChange, an online box booking platform.

Trade between India and the US reached a record high of US $ 119.42 billion in the 2012-22 fiscal year, according to data from the International Trade Administration, an increase from US $ 80.51 billion in the previous year. Making up 11.5 per cent of India's total global trade, this increase has resulted in the US surpassing China and becoming India's primary trading partner.

India's economy is set for a rapid phase of growth in 2023 according to research from S&P Global Market Intelligence. This growth will be aided by surplus trade activity as India diversifies its base of manufacturing.

"The active use of trade policy measures under the 'Make in India' programme is complemented by in-market, for-market manufacturing strategies and the benefit of reshoring away from China," S&P Global Market Intelligence noted.

The growing interest in Indian traffic was reflected recently by sister companies COSCO and OOCL launching a Southeast Asia – India – US east coast service in December after closing a China – Vietnam – US east coast loop.

Global liners like Germany's Hapag-Lloyd are retrenching more resources and staff to India. The German company has recently taken an ownership stake in JM Baxi Ports & Logistics, one of India's leading private terminal and inland transport service providers.

"India is uniquely placed naturally to develop into a transhipment hub. With the right investments and focus, the country can be fully equipped to position itself as an important cog in the wheel of the global supply chain," said Christian Roeloffs, CEO of Container xChange.

Source: apparelresources.com- Feb 03, 2023

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