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## IBTEX No. 33 of 2023 February 16, 2023


**NEWS CLIPPINGS**

| Currency Watch | |
|---|---|
| USD | 82.66 |
| EUR | 88.46 |
| GBP | 99.50 |
| JPY | 0.62 |

## INTERNATIONAL NEWS



## NATIONAL NEWS

SAYING NO TO CHILD LABOUR

# INTERNATIONAL NEWS

## Resilient Consumers Spur US Retail Sales Growth

Inflation rose 0.5 percent in January, but U.S. consumers showed resiliency as retail sales rose 3 percent last month, representing the biggest increase in two years.

The uptick in the Consumer Price Index to 0.5 percent, seasonally adjusted, was ahead 0.1 percent from December, according to the U.S. Bureau of Labor Statistics on Tuesday. Apparel prices rose 0.8 percent in January.

Over the last 12 months, the Index rose 6.4 percent before seasonal adjustments. And while that was the smallest rise since the period ending October 2021, it represented only a small decrease from December's 6.5 percent and was higher than the 6.2 percent estimated by analysts. Moreover, the 6.4 percent remains far higher than the 2 percent inflation target set by the Federal Reserve. The implication is that the U.S. Central Bank will need to raise interest rates for a longer period of time—possibly through the summer—than initially expected.

Consumers were able to shrug off the price increases, sending retail sales up in January to $697 billion after two straight months of declines. December's 1.1 percent decrease was left unrevised in the January report from the U.S. Census Bureau. That figure also represented the third straight month of declines for general merchandise sales. Figures are seasonally adjusted, but are unadjusted for price changes. January's figures also represented a 3.9 percent increase from year-ago levels.

Among fashion retailers, department store sales posted the biggest gain, reporting a 17.5 percent rise to $11.98 billion. Sales at apparel and accessories stores rose 2.5 percent to $26.74 billion from $26.08 billion. Nonstore retailers, mostly e-commerce sites, posted a 1.3 percent gain to $109.78 billion from $108.34 billion.

Furniture and home furnishing stores also saw an increase in sales at up 4.4 percent to $12.25 billion from $11.74 billion.

Helping to fuel consumer spending was the strong data on the jobs front last month. Private sector payroll firm ADP Inc. said 106,000 jobs were added in January, and equally important was the data point that annual pay rose 7.3 percent year-over-year. Moreover, ADP data indicated that people who changed jobs received a 15.4 percent average pay increase. The Bureau of Labor Statistics, which measures jobs gains differently from ADP, said earlier this month that nonfarm payrolls added 517,000 positions in January, far higher than either the 187,000 estimated or the 260,000 increase in December.

Looking ahead, Fitch Ratings' senior director David Silverman said there will likely be some moderation to retail sales as consumers shift back to spending on services. "Over the next few weeks we'll hear from public retailers on their 2023 plans, where we expect tighter inventory purchase plans and expense management to support operating margins despite top-line moderation," he said.

"At a minimum, the stronger labor market means paychecks rather than rainy-day savings can fuel spending," Wells Fargo economists Tim Quinlan and Shannon Seery noted in a research note on Tuesday.

Because consumers don't seem to be overly concerned that inflation will persist, or that the labor market is deteriorating, "we see little cause for them to halt spending in the near term," Quinlan and Seery concluded. They noted that a labor market slack could materialize amid tighter financial conditions, and that the outcome on consumer spending will depend largely on household incomes.

Source: sourcingjournal.com- Feb 15, 2023

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# What the Latest Cotton Research Means for Exports and the Environment

The latest in cotton research offers new insight into "climate-smart" agriculture, the environmental impacts of microfibers and Brazil's growing role in the cotton economy.

Climate-smart agriculture in Azerbaijan

The International Atomic Energy Agency (IAEA) reported earlier this month that researchers and farmers in Azerbaijan were able to more than double their cotton yields after implementing climate-smart agricultural (CSA) practices based on nuclear and related techniques.

Conducted in partnership with the Food and Agriculture Organization of the United Nations (FAO), the pilot combined a new strain of cotton with CSA practices, including the use of N-15 fertilizer, so named for using the isotope nitrogen-15. The project saw yields increase from Azerbaijan's average of three metric tons per hectare to eight metric tons per hectare.

The IAEA and FAO implemented their pilot in 2021 with a focus on developing CSA guidelines for cotton production, training Azerbaijani researchers and farmers in CSA practices and designing on-farm demonstration trials, the IAEA said. A further project initiated last year focused on strengthening best practices in soil, nutrient and water management with the goal of improving productivity.

Mohammad Zaman, a soil scientist at the FAO/IAEA Centre of Nuclear Techniques in Food and Agriculture and technical officer on the project, said 60 percent of the improvement in productivity came from "capitalizing on the strategic application of soil nutrients and water management."

In the beginning, Zaman said, soils were "heavily" degraded and did not have the capacity to provide all the essential nutrients for cotton growth. IAEA experts developed a set of nuclear and related farming techniques to address these shortfalls, including preparing the soil, selecting "the best" cotton varieties, applying nutrients and irrigation to the field, and ensuring weed, pest and disease control.

"Cotton in Azerbaijan is expected to be one of the crops experiencing the greatest yield decline due to climate change and rapid soil degradation," Zaman said in a post shared on IAEA's website. "Taking advantage of isotopic techniques, such as the use of N-15, can help adapt to this situation, making the cotton sector more competitive as well as ensuring employment and improving the welfare of the rural population."

Cotton once provided up to a quarter of Azerbaijan's income, with the country harvesting more than 830,000 metric tons in 1981. With the growth of other industries in the 1990s, however, production plummeted, reaching a low of 31,000 metric tons in 2009. Zaman estimated that a 10 percent adoption of the IAEA CSA practices would produce 84,000 metric tons of cotton compared to 31,500 metric tons, a 166 percent increase.

"Seeing the extraordinary success in applying climate-smart agricultural practices in this project, provides an exciting indication and tremendous promise on how it can help Azerbaijan to increase their cotton production significantly and thus, greatly impact Azerbaijani economy," Zaman said.

Cotton microfibers' impact on aquatic organisms

A study published by in the scientific journal Frontiers in Marine Source late last month suggests microplastics are not the only microfibers impacting water organisms.

The paper detailed the results of an experiment wherein Oregon State University researchers investigated how polyester, polypropylene and cotton microfibers affected the behavioral responses, growth and ingestion of fish and shrimp across a range of salinities. Though the authors found the natural cotton fibers to be less toxic when compared to their synthetic counterparts, they still reported "adverse" impacts to the shrimp species' growth and altered behavior in the two studied species. Cotton impacted both species more at higher salinities, while the synthetics had higher impacts at lower salinities, the researchers noted.

"Our results support proposed efforts to reduce the loading of microfibers into the environment, such as potentially requiring filtration devices on washing machines and clothes dryers," the authors wrote.

France became the first country to pass such a law in 2020, with all new washing machines sold in the country required to have a microfiber filter by 2025. Legislators in California and Oregon have pursued similar measures in the United States. Even Patagonia has gotten in on the movement, pairing up with electronics giant Samsung to develop a washing machine it says cuts microplastic emissions by up to 54 percent.

Other brands, meanwhile, are attempting to reduce the number of fibers garments shed to begin with. Last week, Polartec unveiled Polartec Shed Less Fleece, a textile that combines innovations in yarn construction, knitting, chemistry and manufacturing to minimize home laundry fiber fragment shedding by a reported average of 85 percent.

How Brazil's growing cotton sector is affecting US exports

Also last month, researchers at the University of Illinois at Urbana-Champaign published the results of their study analyzing the interplay of U.S. and Brazilian cotton exports.

The paper, published in the American Journal of Agricultural Economics in early January, found the Brazilian cotton sector's rise has had "significant" implications for U.S. cotton exports. In particular, U.S. market share in countries like China, Vietnam, Bangladesh and Pakistan has "been captured increasingly by Brazilian cotton exports." The researchers attributed the South American country's ascent "almost entirely" to long-run increases in land use for cotton.

The beginning of the U.S.-China trade war in 2018 and China's imposition of 25 percent duties on U.S. cotton imports added another substantial wrinkle to the international cotton market. With U.S. cotton producers forced to seek out alternative markets, the U.S. share in countries like Vietnam, Indonesia and Pakistan rebounded and have "largely" endured following the Phase 1 trade deal. "It is not clear whether this disruption will reverse, or merely forestall, the long-run import trends in these markets," the researchers noted. In China, however, the dispute accelerated Brazil's growing prominence, with imports remaining "well above historical levels" to date.

The decline in Chinese cotton prices last year from falling global commodity prices, diminished domestic demand and U.S. sanctions related to the Uyghur Forced Labor Prevention Act stands to further shake up the market. In response to the price decrease, the Chinese government increased cotton purchases to stabilize the domestic market, the authors said, which could "further intensify" competition between the U.S. and Brazil.

Source: sourcingjournal.com- Feb 15, 2023

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## USA: Textile Market Caught in Price-Demand Quandary

The good news for the global textile industry is that raw materials prices are down. The bad news is that demand is soft, causing concerns over profitability.

The 17th International Textile Manufacturers Federation (ITMF) Global Textile Industry Survey revealed that the business situation deteriorated further in November. For those looking for a bright side, while global business expectations for the next six months remained in negative territory, they didn't get worse, ITMF said. The indicators for order intake, order backlog and capacity utilization rate all dropped globally.

According to the survey, the business situation in the three Asian regions and Europe remained especially poor. On the other hand, in North and Central America the business situation continued to improve markedly.

"Except for the textile machinery segment that still benefits on average from a long order backlog, all other segments found themselves in negative business situations, especially fiber producers and spinners," ITMF said.

Global business expectations remained negative but "stabilized" at about 10 percent below its July level. Expectations have improved significantly in South Asia and Europe. Business expectations in all segments remained in negative territory, but four out of seven recorded improvements.

Order intake nosedived in November, in line with a weaker business situation and softer demand–currently the biggest concern for the global textile value chain. Only companies in North and Central America registered a "good" order intake, while all other regions were faced with an "unsatisfactory" order situation.

Except for Southeast Asia and North and Central America, order backlog fell. The only segments where order backlog increased were the downstream segments of garments and home textiles.

Capacity utilization rate dropped in all regions in November, only increasing in the textile machinery segment but fell otherwise.

While “weakening demand” was the biggest concern in the global textile industry, it was followed by the root causes of demand reduction–high energy and raw material prices that lead to high inflation rates.

“The good news is that logistical costs are not much of a concern anymore,” ITMF added. “Concerns about geopolitics, on the other hand, have increased again in the past two months.”

Drewry’s composite World Container Index (WCI) decreased 6 percent to $2,138.70 per 40-foot container or equivalent unit (FEU) for the week ended Dec. 8–the 41st consecutive weekly decrease and has dropped 77 percent compared with the same week last year. The latest Drewry WCI composite index is now 79 percent below the peak of $10,377 per FEU reached in September 2021.

The Cotton Conundrum

Cotton Incorporated’s Monthly Economic Letter, penned by chief economist Jon Devine, said movement in the December New York-ICE futures contract “was extreme, with a series of limit up and down moves over the past month.” After touching levels of near 70 cents per pound toward the end of October, prices shot higher in early November and lifted values above 85 cents per pound.

The A Index, an average of global cotton prices, fell below 90 cents per pound near the end of October but surged over $1 in early November. U.S. spot cotton prices averaged 81.87 cents per pound for the week ended Dec. 8, up from 80.81 cents the prior week, and down from $1.04 a year earlier. Devine noted in his report that the latest U.S. Department of Agriculture (USDA) report featured decreases in global production and mill-use. The net result for 2022-23 ending stocks was a 600,000 bale decrease to 87.3 million. This ranks as the highest volume since 2019-20.

“The recent volatility in New York-ICE futures has been attributed to various factors, including short covering in the futures market and import interest from China,” Devine said. “The steep increases in early November can also be interpreted as a sensitivity to potential increases in demand for U.S. exports. U.S. stocks are low this crop year and U.S. shipments would have to be rationed by prices if the appetite exists from the demand side.”

However, there are questions whether there will be enough demand to sustain prices at higher levels, he noted. In addition, reports of increases in inventory and order reductions at each stage of the supply chain precede what is expected to be a global economic downturn as the year progresses.

"Chinese government policy related to imports is uncertain, but China accumulated significant stocks at gins last crop year and that cotton remains available," Devine said. "In addition, the Chinese crop is expected to be larger than last year and Chinese prices are currently lower than the export offers represented by the A Index. This indicates that global export prices are not attractive in China."

Higher external prices should be a headwind for Chinese cotton fiber and yarn imports, he said, while lower Chinese yarn imports imply lower mill demand for exporters like Vietnam. In turn, Vietnam is a major importer of cotton fiber and lower Vietnamese spinning demand suggests lower fiber import demand from that important market.

"Lower import demand from China may eventually weigh on global export prices," Devine said. "Lower prices will make cotton less competitive for acreage in 2023-24. Price ratios for 2023-24 futures market prices for cotton over corn and soybeans are among the lowest in the modern era."

Devine said that for cotton prices to increase, buyers need to be willing to bid up values. It is unclear when that demand might surface with the recent accumulation of inventory throughout supply chains and slowing global macroeconomic conditions, he noted.

"Recoveries follow recessions and both times that cotton prices reached sustained levels over $1 per pound over the past couple of decades (2010-11 and 2020-21) coincided with recoveries that came after the financial crisis and the Covic-driven recession," he added. "An eventual recovery from the expected economic downturn in 2023 may enable price increases at some point, but the full effects of inflation, rising interest rates and inventory accumulation may need to be digested first."

The International Cotton Advisory Committee (ICAC) said in a December report that the 2022-23 season "has gotten off to a difficult start for the cotton industry."

"On the production side, both the US and Pakistan were devastated by drought and flooding, respectively, while West Africa faced a severe infestation of jassids," ICAC said. "All caused severe damage to the crops. On the consumption side, fears of a recession still have governments scrambling to control inflation, while the decline in employment in the retail, transportation and warehousing sectors are cause for concern, especially as so many other industries are hiring again."

The ICAC projected global production at 24.27 million tons and consumption at 23 million tons. Its price forecast of the season-average A index for 2022-23 ranged from 97.9 cents to $1.52 per pound, with a midpoint at $1.15 per pound.

Polyester Problems

Unifi Inc., makers of recycled and synthetic polyester yarns such as Repreve, saw net sales for the quarter ended Oct. 2 fall 8.4 percent to $179.5 million, primarily attributable to temporary demand disruption.
The company anticipates net sales in its fiscal 2023 second quarter to come in about 10 percent to 15 percent lower than the first quarter. It also expects continued profitability pressures and performance problems, primarily attributable to weak cost absorption in the Americas segment in connection with a seasonally pressured period that includes annual customer shutdowns and holidays exacerbated by lower-than-normal sales and productivity levels.

"Our first quarter fiscal 2023 results were adversely impacted by a difficult demand environment and volatile global market," CEO Eddie Ingle said. "With brand and retailer inventories recently reaching historically high levels, apparel companies and retailers reduced orders and delayed certain programs into calendar 2023. As a result, our demand visibility diminished quickly."

On a conference call with analysts, Ingle said the company has spent "a lot of time and effort getting to the price point we needed to over the last 12 months."

"Lower prices will make cotton less competitive for acreage in 2023-24. Price ratios for 2023-24 futures market prices for cotton over corn and soybeans are among the lowest in the modern era."

Jon Devine, Cotton Inc.

“We are…under pressure to manage prices down, but we are doing our very best to make sure that we stay strong and maintain the margins that are appropriate to the raw materials cost that we have in place,” he said. The U.S. Bureau of Labor Statistics Producer Price Index showed price for synthetic fibers declined a seasonally adjusted 0.1 percent in November from the prior month. Prices for processed yarns and threads fell 1.5 percent for the month, while the cost of finished fabrics increased 0.7 percent.

Specialty Fibers

Thanks to higher fiber prices, cellulosic fiber giant Lenzing’s revenue for the first nine months of the year rose 24 percent to 1.97 billion euros ($1.92 billion). Lenzing said the market environment deteriorated sharply, especially during the third quarter, and the worsening consumer climate placed additional pressure on its business performance.

However, the company said it will continue on its profitable growth trajectory following the successful implementation of the two key projects in Thailand and Brazil, and sharpen its focus on sustainable and high-quality premium textile and nonwoven fibers. Lenzing is also investing $195 million in China and Indonesia to convert existing standard viscose capacities into capacities for environmentally responsible specialty fibers. In the first nine months of the year, Earnings decreased 11.6 percent year-on-year to $256.21 million. In addition to lower demand, the earnings trend particularly reflects the sharp rise in energy and raw material costs, the company noted.

“We are experiencing distortions in energy and commodity markets, which are weighing on consumer sentiment and significantly limiting our view of short- to medium-term business trends,” CEO Stephan Sielaff said. Australian Wool Innovation (AWI) chairman Jock Laurie told the annual general meeting in November that AWI remains focused on building demand for wool during challenging economic circumstances internationally.

“AWI is ahead of the game on traceability,” Laurie said. “And we a very strong position to take it forward. A lot of the traceability stuff was developed by Wool Q. Traceability and sustainability is absolutely critical.”

AWI CEO John Roberts told the meeting that a year ago there were plenty of challenges for the wool industry, including casualization, geopolitical tensions and a desperate shortage of shearers.

"We have a number of additional factors to contend with now, including the war in the Ukraine and the skyrocketing energy price that it brings, domestic floods causing widespread damage across most of the eastern states...and the push for sustainability."

Source: sourcingjournal.com- Feb 15, 2023

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# Sweden's H&M Group & Remondis build joint venture to recycle textiles

Swedish fashion company Hennes & Mauritz (H&M) Group and waste management firm Remondis have come together for a joint venture project to collect, sort, and sell used and unwanted garments and textiles. Looper Textile Co, a standalone joint venture owned equally by both partners, aims to extend the highest use of such valuable resources.

Looper intends to become a preferred feedstock provider to companies and innovators engaged in textile resale and recycling. The standalone joint venture is starting its operations in Europe and aims to extend the highest use of approximately 40 million garments in 2023. The company plans to innovate within textile collection and sorting, for example by testing new collection schemes and implementing automated sorting technologies such as near-infrared sorting, as well as by developing an assortment of partners in the areas of reuse and recycling, H&M Group and Remondis said in a joint press release.

“We are excited to announce the launch of Looper Textile Co. Used and unwanted garments must first be collected and sorted into different streams, such as by type of material or garment, in order to be reused or recycled. Today, less than 40 per cent of used clothes are collected in the European Union.

Consequently, 60 per cent of post-consumer textiles go directly to waste. By building infrastructure and solutions for collection and sorting, we hope to move one step closer toward enabling circularity, thereby minimising the $CO^2$ impact and improving resource efficiency,” said Emily Bolon, CEO of Looper Textile Co.

“We are convinced that the textile loop, due to its very high complexity, can only be closed with trusting, innovative and like-minded partners along the value chain and are pleased to have found the synergy between H&M Group and Remondis,” said Marc Schubert, COO of Looper Textile Co.

H&M Group was the first fashion company to launch a garment collecting initiative worldwide in 2013 and has, through its investment arm H&M CO:LAB, invested in companies that develop technologies to enable textile recycling. With the creation of this standalone joint venture, H&M Group is participating more directly in developing the infrastructure that is necessary to close the loop of fashion. Remondis is a long-standing leader in waste management, with invaluable know-how in providing collection and sorting solutions at scale.

Source: fibre2fashion.com- Feb 16, 2023

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# UK's online retail sales in '22 in line with pre-pandemic growth: IMRG

UK's overall online retail market in 2022 increased by 17 per cent compared to 2019, which, averaged out over those three years, represents an average rate of growth of 5.7 per cent per year—firmly in line with the pre-pandemic growth rate, according to a new analysis by Interactive Media in Retail Group (IMRG). The clothing category is currently running at a growth of 25 per cent ahead of its 2019 value.

For all the tumult of the past few years, online sales have actually grown by a similar amount that might have been expected if there was no pandemic, which drove huge volumes of orders online due to the lockdowns, as per IMRG's analysis.

The clothing category had a different experience than the other sectors in the index, as it hardly recorded any growth during the pandemic year of 2020, but has made up for it subsequently.

This analysis is drawn from the IMRG Online Retail Index, which tracks online sales for 200 retailers on a sample size of £23 billion in 2022.

In 2019, the year before the pandemic, growth for the total online market was 5 per cent year-on-year (YoY). In 2020, the year when the lockdowns first started, it rocketed up to 35 per cent; a rate of increase so vast that many retailers struggled to cope with such a sudden upturn in volume.

Since then, growth has been negative each month since April 2021 (with the exception of November 2022, when growth was less than 1 per cent) and 2022 as a whole was down 10.5 per cent YoY.

The comparison of non-lockdown against lockdown periods has made it hard to determine how things have actually changed.

"From an online retail value perspective, we might ask 'pandemic, what pandemic?' There was a train of thought that suggested existing trends had been accelerated by a decade in the space of a few weeks, but it has become apparent that we are creatures of habit and change simply doesn't happen at that scale, at that speed.

It is probably fair to say that the market is a bit better off than might have been expected if there was no pandemic; the rate of growth had been generally coming down over a period of years so it could have run at lower than 5 per cent per year otherwise possibly," said Andy Mulcahy, strategy and insight director at IMRG.

Source: fibre2fashion.com- Feb 16, 2023

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## Japan's clothing imports up 23.2% to 3,494,110 mn yen in 2022

The imports of clothing and accessories by Japan increased by 23.2 per cent to 3,494,110 million yen ($26,483.96 million) in January-December 2022, accounting for 3 per cent of the total imports of 118,164,219 million yen during the period under review, according to the provisional trade statistics released by the Far Eastern country's ministry of finance.

The imports of textile yarn and fabric were valued at 1,261,222 million yen in January-December 2022, which was 25.7 per cent higher than the same period of last year. Yarn and fabric imports accounted for 1.1 per cent of the total imports by Japan, as per the latest data.

The imports from China were 1,901,152 million yen in January-December 2022 which was 20.1 per cent higher than the shipment of corresponding period of 2021. The imports were 7.7 per cent of the total imports by Japan from China. The imports of textile yarn and fabric increased by 23.7 per cent to 735,177 million yen during the period under review.

Japan exported textile yarn and fabric worth 772,688 million yen during January-December 2022, an increase of 15.2 per cent year-on-year. The country's exports of textile machinery were valued at 301,414 million yen, which was 26 per cent higher than the exports in January-December 2021, contributing 0.3 per cent to the total exports.

The exports of textile yarn and fabrics to the US were 77,404 million yen which was 10.8 per cent higher than the exports of 2021. The exports of textile yarn and fabrics to the US were 0.4 per cent of the total shipment of 18,258,656 million yen. The export of textile machinery to the US increased by 37.5 per cent to 13,830 million yen in the same period.

Source: fibre2fashion.com- Feb 16, 2023

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# Thailand's e-commerce sector to grow 13% in 2023: Report

Live commerce and cross-border sales will lead Thailand's e-commerce sector to grow by 13 per cent in 2023, as per a recent forecast by the Thai E-Commerce Association. Growth is projected to be even higher if inflation does not constrain consumer spending.

"The e-commerce market in Thailand was valued at $23.4 billion in 2022, up 8 per cent year-on-year. Analysts expect the market to reach $26.5 billion this year and $34 billion by 2025," said Thanawat Malabuppha, president of the Thai E-Commerce Association.

Thailand's businesses and consumers have all gone in on e-commerce in recent years. With high levels of mobile phone penetration, mobile banking, and social media use, the country is a fertile ground for e-commerce to develop as an important component of the economy, the Royal Thai Embassy in Washington, DC said in a media release.

While the level of expansion forecast by the association is healthy, it is lower than the growth in the previous two years, which was powered by the restrictions on movements and other constraints associated with pandemic control measures. People and businesses conducted more commerce online during the pandemic. The COVID-19 disruption of global supply chains also sparked worldwide inflation, which has also dampened consumer spending, added the release.

"Thailand's performance has been better than average. Globally, the e-commerce market in 2022 shrank 2.5 per cent year-on-year, the first-ever decline," commented Thanawat.

One trend that Thanawat predicted would benefit Thailand is live shopping, considering the high level of social media use in the nation. Live commerce contributed 38 per cent of the social media market value. Social media app TiKTok is expected to give live shopping a shot in the arm this year.

Source: fibre2fashion.com- Feb 15, 2023

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# NATIONAL NEWS

## Modi, Sánchez agree to collaborate in digital infra, climate action, clean energy

Prime Minister Narendra Modi and his Spanish counterpart Pedro Sánchez reviewed bilateral initiatives and cooperation in areas such as defence, economic and commercial sectors in a telephonic conversation on Wednesday.

"They agreed to collaborate on issues such as digital infrastructure, climate action, clean energy transition and sustainable development," per a statement issued by the Ministry of External Affairs.

Modi briefed Sánchez on India's priorities for G20 Presidency oriented towards working to promote oneness based on the theme of `One Earth, One Family, One Future'.

"I have reiterated Spain's support for the Indian G20 presidency and we have agreed to continue strengthening our bilateral relations, especially in the areas of economy and trade," Sánchez tweeted after his exchange with Modi.

Indian PM, in his tweet, said, "We discussed ways to further strengthen our growing bilateral relationship. Look forward to continuing our close cooperation as part of India's G20 Presidency".

Source: thehindubusinessline.com - Feb 15, 2023

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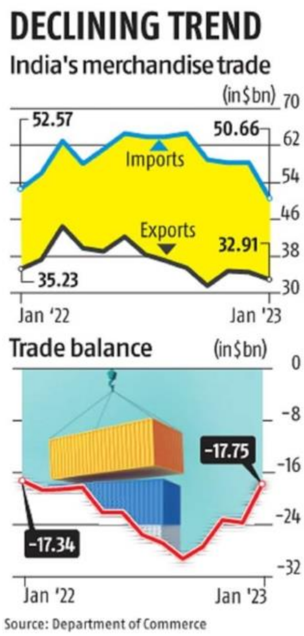
# Trade deficit hits 1-year low at $17.75 billion; exports, imports contract




India's trade deficit in January hit its lowest in a year at $17.75 billion, as both merchandise exports and imports contracted for the second consecutive month amid tepid external demand and a sharp decline in gold imports.

Merchandise exports dropped 6.5 per cent year-on-year (YoY) to $32.91 billion last month following a slowdown in demand from key developed economies due to monetary policy tightening and high inflation, data released by the commerce and industry ministry showed on Wednesday. On a sequential basis, the decline was 4.5 per cent.

Imports contracted 3.6 per cent YoY to $50.66 billion. The decline was sharper on a sequential basis at 13 per cent. This was due to a combination of factors such as the government's curbs on non-essential imports, weak domestic demand, and easing commodity prices.

Gold imports, which significantly contribute to the widening of the current account deficit (CAD), declined 70.7 per cent to $697 million. Amid rising risks to external demand, the government is concerned about the CAD, bringing the focus back on curbing non-essential imports such as gold.

Commerce Secretary Sunil Barthwal, however, said a drop in imports was a "good signal". It indicated that the 'Make in India' programme was succeeding, he added.

During the April-January period, exports grew 8.5 per cent to $369.25 billion, while imports rose 21 per cent to $602.20 billion on a cumulative basis.

Barthwal told reporters that the government was optimistic that the cumulative growth momentum would continue despite strong global headwinds.

“The overall export growth (merchandise plus services) in the current financial year is about 17.33 per cent. The main engine behind this export growth is the services sector, which has been growing at a historically high growth rate of about 30 per cent,” he said.

Aditi Nayar, chief economist at ICRA, said the lower oil import bill sequentially had pulled down the trade deficit. “This will help in reducing the current account deficit in the March quarter. We believed that while the CAD peaked in Q2 (July-September), it is expected to moderate sequentially in Q3 (October-December) and Q4 (January-March),” she added.

India’s merchandise exports witnessed annual contraction in 19 out of 30 sectors in January. Key export items that witnessed a decline in January include gems and jewellery (19.28 per cent), drugs and pharmaceuticals (2.62 per cent), chemicals (4.57 per cent), engineering goods (9.8 per cent) and readymade garments (3.48 per cent). Among sectors that experienced growth include electronic goods (55.54 per cent) and petroleum products (8 per cent).

Non-petroleum and non-gems and jewellery exports, also known as core exports, fell 8.12 per cent in January to $25.35 billion. Core imports contracted nearly 4 per cent to $33.56 billion.

A Sakthivel, president of the Federation of Indian Export Organisations (FIEO), said that though the coming months are going to be challenging, unless both global economic growth and geopolitical situation improves drastically.

“However, we will be on course to cross the previous year’s export target quite easily, touching almost $440-445 billion with growth of over 4-5 per cent this fiscal year,” he added.

Source: business-standard.com - Feb 15, 2023

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# India's goods exports drop 6.58% in January as key items take a hit

India's goods exports continued its fall in January, dropping 6.58 per cent to $32.91 billion from $35.23 billion in January 2022, as the slowdown in global demand hit sectors such as gems & jewellery, engineering goods, drugs & chemicals, textiles & garments, leather and meat products.

Imports of goods, too, declined last month, although at a lower rate of 3.53 per cent to $50.66 billion, from $52.57 billion in the same month last year, according to quick estimates issued by the Commerce department on Wednesday. Trade deficit at $17.75 billion, was almost at the same level as in January 2022.

'Impressive exports'

In the April-January 2023 period, India's goods exports posted a growth of 8.5 per cent to $369.25 billion while imports increased 21.89 per cent to $602.2 billion. Trade deficit in the 10-month period widened to $232.95 billion against $153.79 billion in the same period last fiscal.

India's export growth in the said period was impressive given that FY22 exports was at a record $422 billion, said Commerce Secretary Sunil Barthwal at a media interaction. Exports from 17 of the 30 key sectors posted a growth in the 10-month period, led by electronics, petroleum products, tobacco, chemicals, leather, marine products and pharmaceuticals.

"The growth momentum can be maintained in the remaining months of the fiscal if revival takes place in China, which is emerging from its Covid-19 restrictions and the attempts made by the governments in the US and the EU, to boost their economies, start showing results," Barthwal said in response to a question.

Exports of iron ore had shown an increase in January after the withdrawal of export duty and this trend was expected to continue, he said.

Taking advantage

Barthwal added that in the area of petroleum products, India had taken advantage of the Ukraine conflict, by importing more crude, refining it and then exporting it. “That is why there is a strong improvement in our exports of petroleum products (this fiscal),” he said.

Moreover, services exports remained strong and was projected to grow at 31.86 per cent during April-January 2023 to $272 billion over the same period last year.

In the area of imports, 17 out of 30 key sectors exhibited a fall in January, which included silver, gold, electronic goods, pharma, machinery, leather and chemicals.

Exports of goods from India started slowing down from July last year in response to the disruptions caused by the Russia-Ukraine war and recessionary trend in several developed countries. In October, goods exports declined for the first time in the ongoing fiscal, falling 11.55 per cent to $31.6 billion. Exports rose 9.74 per cent to $34.89 billion in November and declined again in December by 3.06 per cent to $38.06 billion.

Source: thehindubusinessline.com - Feb 15, 2023

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# Next round of India, UK talks for free trade agreement to be held in March

The next round of negotiations for the proposed free trade agreement (FTA) between India and the UK is scheduled from March 20-24, commerce secretary Sunil Barthwal said on Wednesday. Barthwal said that talks are progressing and it was closed for 13 chapters.

After the eight round of talks in March, it could be assessed that how many more rounds would happen and how much more time the talks would take to conclude.

The last round of talks were concluded on February 10.

India and the UK launched negotiations for the FTA in January last year with an aim to conclude talks by Diwali (October 24), but the deadline was missed due to political developments in the UK.

There are 26 chapters in the agreement, which include goods, services, investments and intellectual property rights.

Reduction or elimination of customs duty under the pact would help Indian labour intensive sectors like textiles, leather, and gems and jewellery to boost exports in the UK market.

The UK is seeking duty concessions in areas like Scotch whiskey and automobiles.

About the trade pact with European Union (EU), Joint Secretary in the department of commerce Nidhi Mani Tripathi said that the commerce secretary and EU's Director General (Trade) will meet in August to review the progress of the talks.

Both have met last on January 24.

The fourth round of talks for negotiations is scheduled from March 13-17.

Both sides have agreed to discuss and finalise modalities for exchange of offer in goods and services during the fourth round of talks.

When asked about the new foreign trade policy, the secretary said that work is going on and it will be released in April.

On cutting down non-essential imports, he said the ministry is holding meetings with different departments on this issue.

"We are also sharing data with them," he added.

The government had extended the existing Foreign Trade Policy (FTP) till March 31, 2023.

FTP provides guidelines for enhancing exports to push economic growth and create jobs.

Source: economictimes.com - Feb 15, 2023

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# Carbon border rules protectionist and discriminatory: India to WTO

India has slammed the carbon border measures being implemented by some countries, terming them discriminatory and protectionist.

In a submission to the World Trade Organization (WTO) last week, New Delhi said that carbon border measures are being selectively applied to "trade-exposed industries" such as steel, aluminium, chemicals, plastics, polymers, chemicals and fertilisers, which reflects the underlying competitiveness concerns driving such measures.

India said WTO rules mandate non-discriminatory treatment for like products, irrespective of their production methods, and discriminatory measures in the form of border measures can lead to "behind-the-border" protectionist practices.

"Any measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade," it said.

The statement assumes significance amid the US approving an Inflation Reduction Act to establish green technology industries and the EU's Carbon Border Adjustment Mechanism, which is a global carbon tax levied on imports to the bloc.

"Carbon border measures that are being considered for imposition on imported products effectively amount to prioritising a singular policy of the importing country over those of exporting countries and will amount to imposing a unilateral vision of how to combat climate change," India said, underlining the principles of equity and common but differentiated responsibilities and respective capabilities, and the nationally determined contributions (NDCs), it said "Not only will such measures undermine the multilaterally agreed mandate of NDCs of the country of export, but also create distinct preferential treatment for domestic over imported goods," India said.

Source: economictimes.com - Feb 15, 2023

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# India's footwear, textile exports vulnerable to global slowdown: Report

A slowdown in 2023 in advanced economies, especially the U.S. and the eurozone, is expected to make India's footwear and leather products export trade vulnerable, said Crisil Ratings.

"Domestic labour-intensive sectors such as textiles, footwear, and leather depend significantly on these two regions, making them particularly vulnerable to a slowdown in these economies," it said in a report titled 'The Slowdown Shadow'. Click here for the report

It said since these regions being two of India's largest export destinations, a slowdown in their economies would lower demand for Indian exports.

Many economists and global institutions earlier projected to a global slowdown in 2023, as the impact of continued monetary policy tightening across major economies manifests. Raising interest rates typically cools demand in the economy and thus helps in managing inflation, but it also has the potential to trigger a slowdown in overall economic activities.

"Advanced economies are expected to bear the brunt as they aggressively pursued monetary tightening in 2022," Crisil said. The forecast of a global slowdown, Crisil said, is worrisome because India's growth cycles have become highly synchronised with those of advanced economies over the years.

"The most important and direct impact of this will be reduced demand for Indian goods abroad. The U.S. and European Union (EU) are two of the largest destinations, accounting for 18% and 15.4%, respectively, of India's merchandise exports in fiscal 2022," it added.

It also raised concerns about India's textile exports. "It is noteworthy that labour-intensive categories such as leather articles, footwear, and textiles have the highest export dependence on these advanced economies," the report added.

Source: thehindu.com - Feb 15, 2023

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# In charts: How a global slowdown is effecting India's exports and the economy

India's labour intensive sectors could bear greater brunt of global deceleration in 2023. Global slowdown this year will be led by advanced economies, especially the US and the eurozone. Being two of India's largest export destinations, a slowdown in their economies would imply lower demand for Indian exports. Sectors such as textiles, footwear, and leather depend significantly on these two regions, making them particularly vulnerable to a slowdown in these economies, according to an analysis by Crisil.

S&P Global, in its November 2022 outlook, predicted global growth to slow down to 2.2% this year from an estimate of 3.4% in 2022 with the US economy contracting 0.1% and Eurozone remaining flat in the base case, as the impact of continued monetary policy tightening across major economies manifests.

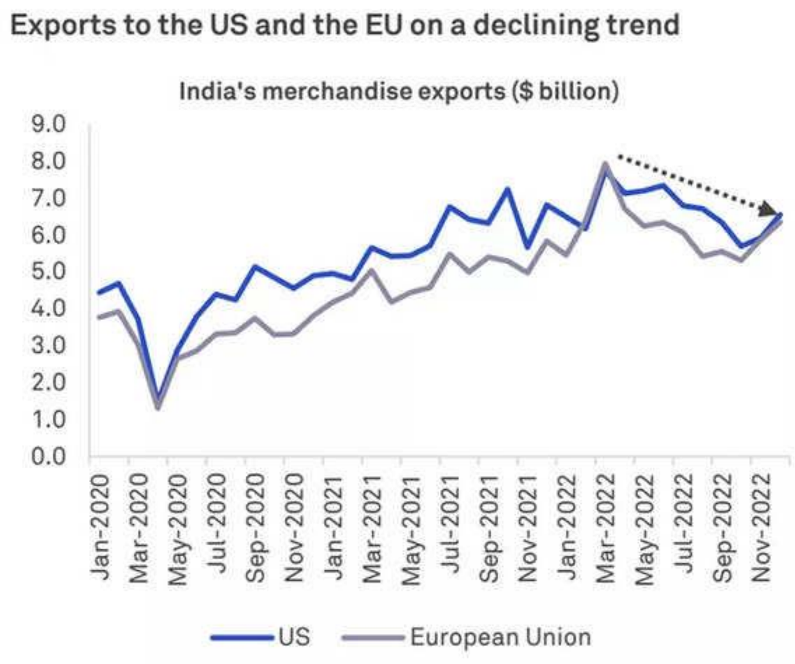
Raising interest rates typically cools demand in the economy but it also has the potential to trigger a slowdown in overall economic activities.

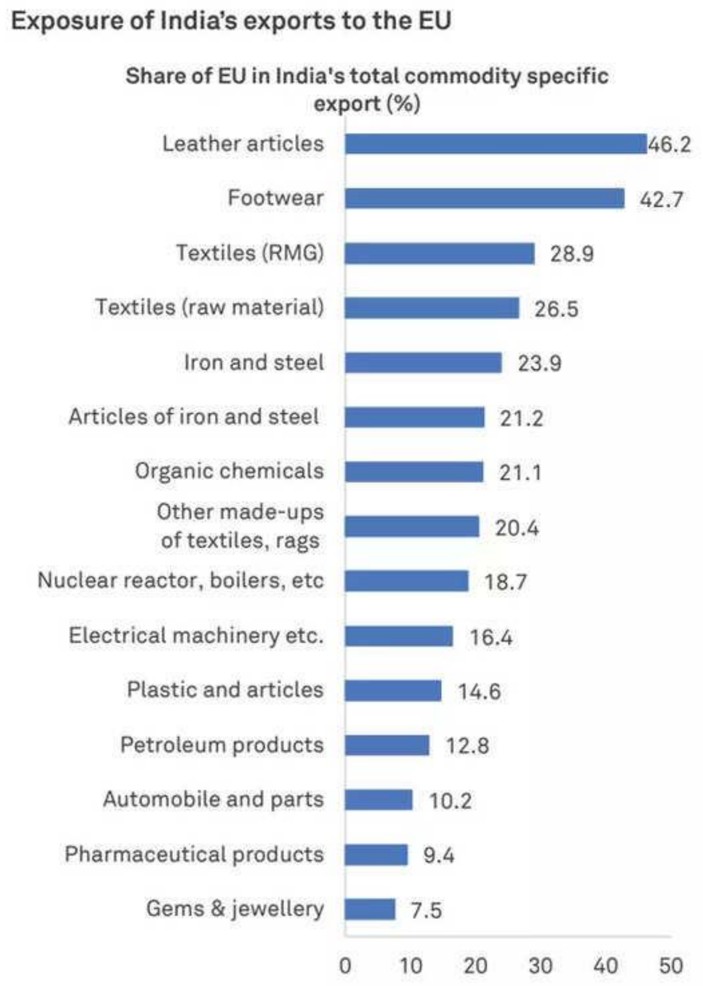
According to IMF's January 2023 World Economic Outlook advanced economies are projected to slow down this year. The World Trade Organization (WTO) also projects the global trade to slow to 1% in 2023 from 3.5% last year.

This spells bad news for India because its growth cycles have become highly synchronised with those of advanced economies over the years, noted the Crisil study.

The most important and direct impact of this will be reduced demand for Indian goods abroad. The US and European Union (EU) are two of the largest destinations, accounting for 18% and 15.4%, respectively, of India's merchandise exports in fiscal 2022.

Indeed, exports to these two regions have been on a declining trend since July 2022, barring a slight uptick in November and December, which could be a reflection of festive demand towards the year end, said Dharmakriti Joshi, chief economist at Crisil.



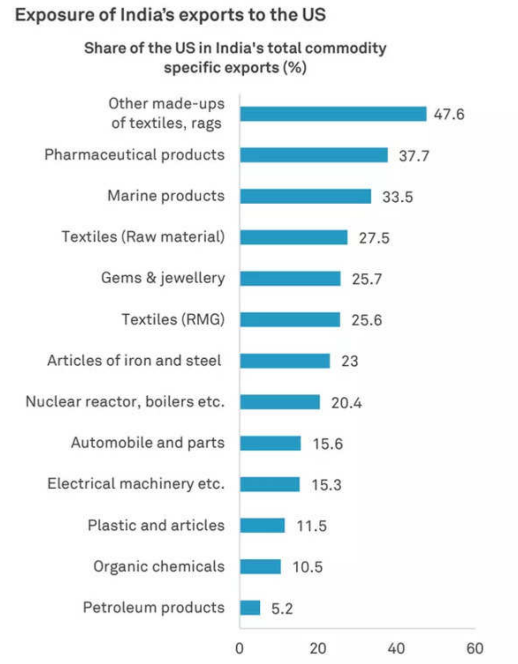




Which export products are at a greater risk?

The share of exports to the EU and US is higher than 20% for almost half of these commodities, and as high as abve 40% in some cases.

Which export products are at a greater risk?

The EU accounts for 46.2% and 42.7% of India's leather and footwear exports, respectively. The US commands a large share in items such as 'other madeup of textiles, rags', pharmaceutical products and marine products. To be sure, there are several common export items to the two regions and their combined share is significantly large for items such as textiles, both raw materials and ready-made garments (RMGs), articles of iron and steel, 'nuclear reactor, boilers, etc', automobiles and parts, organic chemicals, and electrical machinery, as seen in the above graphic.




"Such high concentration of exports (especially on discretionary items such as textiles and leather products) to these two regions make domestic exporters vulnerable to a slowdown in their economies. It is noteworthy that labour-intensive categories such as leather articles, footwear, and textiles have the highest export dependence on these advanced economies," said the study.

This is not good news for India's domestic demand as it could affect incomes in an already slowing manufacturing sector.

Which export products have already started getting impacted?

India's exports to the EU (% y-o-y)

| Wt. (%) | Commodity | Apr-Jun 2022 | Jul-Nov 2022 | |
|---|---|---|---|---|
| 12.1 | Petroleum products | 287.0 | 37.3 | ↓ |
| 8.4 | Nuclear reactor, boilers etc. | 19.9 | 6.7 | |
| 7.8 | Organic chemicals | 16.0 | 8.4 | ↓ |
| 6.3 | Gems & jewellery | 56.6 | -6.1 | ↓ |
| 5.3 | Iron and steel | -13.1 | -59.2 | ↓ |
| 4.9 | Textiles (RMG) | 83.1 | -9.2 | ↓ |
| 4.7 | Textiles (Raw material) | 47.1 | 13.2 | ↓ |
| 4.7 | Electrical machinery etc. | 113.0 | 96.1 | |
| 4.1 | Automobile and parts | 49.6 | 4.1 | ↓ |
| 3.3 | Articles of iron and steel | 36.9 | -5.2 | ↓ |
| 2.8 | Pharmaceutical products | 37.4 | 29.8 | |
| 2.6 | Plastic and articles | 3.8 | -7.2 | ↓ |
| 2.6 | Footwear | 39.5 | 25.2 | |
| 2.5 | Leather articles | 39.8 | 1.8 | ↓ |
| 2.3 | Other madeup of textiles, rags | 15.5 | -17.7 | ↓ |

*PS: Red text indicates a sharp fall in on-year growth in Jul-Nov 2022 period, green text indicates continued good performance; red downward arrow indicates a decline in sequential momentum in seasonally adjusted terms in the latter period and blue downward arrow indicates negative momentum in both time periods*
*Source: Commerce ministry, India; CRISIL*

As the overall export slowdown was observed post June, Crisil broke the data into two periods i.e., Apr-Jun 2022 and Jul-Nov 2022 to see how various commodities were affected in the latter period. The following tables show the exportperformance during the two periods. The weights (wt.) given in the table below represents the share of each commodity (in value terms) in India's total exports to that region.

Above table shows that export slowdown hasn't precipitated to all product categories so far. For instance, exports of electrical machinery and pharmaceutical products (an essential commodity) to both regions continue to hold well. Similarly, footwear exports to the EU also continue to perform well.

On the other hand, exports of gems and jewellery (a discretionary product and one of India's top export products) to both the regions are dwindling. Exports of many other labour-intensive sectors such as textiles (raw material and RMG), plastics, articles of iron and steel have been falling.

"Exports of many of these labour-intensive commodities like leather, textiles, foot are already facing headwinds and the pain could increase with a slowdown in advanced economies intensifying this year. That said, exports from resilient sectors such as electrical machinery and pharmaceuticals could partially offset the impact in terms of balance of payments. We also draw some solace as import intensity of some of India's key exports such as petroleum products, gems and jewellery and pharmaceuticals is relatively large, indicating a slowdown in the exports of these items implies some softening in imports as well," said Adhish Verma, Senior Economist at Crisil.

Source: timesofindia.com - Feb 16, 2023

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# Foreign trade in rupee no great shakes despite surge in vostro accounts

Even as several private and public sector banks have opened special rupee vostro accounts to facilitate overseas trade in the rupee, the mechanism has started off only on a brief scale, a senior government official said.

“This is a new initiative, and there are teething troubles relating to the exchange rate mechanism and the repatriation of money. So, it has not fully taken off. But there are isolated instances of some banks that have started it,” said Director General of Foreign Trade (DGFT) Santosh Kumar Sarangi, adding that there are exporters in Jaipur and other places that have started the rupee trade.

“We are constantly in touch with the banks, the RBI and our exporters to ensure that it gradually takes off," Sarangi said.

The Department of Commerce is in regular touch with banks, the Department of Financial Services and exporters on the issue. “Over and above this, all the banks have been told to identify a nodal officer, who will sort out issues pertaining to special vostro accounts…accordingly all major banks have listed nodal officers and the list has been shared with all the export promotion councils,” he added.

As of now, 20 banks have opened special rupee vostro accounts. Several banks from Russia have approached authorised dealer (AD) banks in India such as HDFC Bank, UCO Bank, Axis Bank, IndusIND Bank and Yes Bank to open such accounts. The Reserve Bank of India has already approved opening of special vostro rupee accounts.

In July last year, the RBI had spelt out a mechanism to settle international trade transactions in the rupee to promote the growth of global trade and to help internationalise India’s currency. It was also seen as a way to continue India’s trade with Russia, after the West imposed economic sanctions on Moscow earlier this year, in an attempt to isolate it from global trade.

Certain African nations facing foreign exchange problems and issues with dollar and euro mobilisation are showing interest in the rupee trade mechanism. Bangladesh, Sri Lanka and Mauritius are also taking interest in rupee vostro accounts. These accounts have also been opened by some developed countries like Israel and Germany. Government officials said more countries are likely to adopt this mechanism.

“We have had discussions with some African and Gulf countries. They are also interested,” commerce secretary Sunil Barthwal said, adding that opening of several vostro accounts shows that banks are seeing strong potential in rupee trade.

Source: business-standard.com - Feb 15, 2023

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# India's imports from Russia goes up by 384% in April-Jan: Commerce Ministry

India's imports from Russia has jumped about five times to USD 37.31 billion during April-January this fiscal on account of increasing inbound shipments of crude oil from that country, according to the commerce ministry data.

In 2021-22, Russia was India's 18th largest import partner, accounting for USD 9.86 billion of imports.

Russia has become India's fourth largest import source during the 10-month period of the current fiscal.

India's appetite for Russian crude oil in January rose to unseen levels, continuing to remain above traditional middle eastern suppliers for the fourth month in a row, as refiners rushed to snap up plentiful cargoes available at a discount to other grades.

From a market share of less than 1 per cent in India's import basket before the start of the Russia-Ukraine conflict, Russia's share of India's imports rose to 1.27 million barrels per day in January, taking a 28 per cent share, according to energy cargo tracker Vortexa.

India, the world's third-largest crude importer after China and the United States, has been snapping Russian oil that was available at a discount after some in the West shunned it as a means of punishing Moscow for its invasion of Ukraine.

The ministry data showed that imports from China rose by about 9 per cent to USD 83.76 billion during April-January this fiscal. Similarly, the imports from UAE increased by 23.53 per cent to USD 44.3 billion. India's imports from the US grew by about 25 per cent to USD 42.9 billion during the period.

On the export front, the US has emerged as the top destination for Indian exporters during the 10-month period, accounting for 17.71 per cent of the country's total outbound shipments during that period.

Exports to the US have increased to USD 65.4 billion as against USD 62.27 billion during April-January 2021-22. Exports to the UAE have increased to USD 25.71 billion during April-January 2022-23 as against USD 22.35 billion in the year ago period.

Exports to China, however, dipped to USD 12.2 billion during the period as against USD 18.4 billion during April-January 2021-22.

Source: business-standard.com - Feb 15, 2023

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# Exporters need to be receptive towards impact of recession: FM Sitharaman

The global slowdown and a possible recession in the West could be a challenge for India's trade, said finance minister Nirmala Sitharaman on Wednesday. She urged exporters to actively engage with the Centre to insulate themselves from any negative impacts.

The FM was speaking at multiple post-Budget interactions with various industry bodies. She added that the long-pending reforms of including petroleum products under the goods and services tax (GST) could take place once there is consensus among states.

"Indian exporters have to be far more receptive of what is happening there (globally) or even foresee how it will pan out for them. They must keep constantly engaging with the government. Otherwise, at a time when our exporters are really readying themselves to be on their toes, such challenges can demotivate them," she said.

The FM was speaking at an event of the Associated Chambers of Commerce and Industry of India (ASSOCHAM).

Sitharaman also said that a number of micro, small, and medium enterprises (MSMEs) still depend on critical components that have to be sourced from other nations.

"There are several MSMEs and large manufacturers who still need those critical components to come from somewhere else. We have kept ourselves completely aware of it. Our approach has been to go item-wise on Customs duty. That's why we were able to bring it (Customs duty) down across 18-20 categories. We will keep the momentum going but will keep the interest of Indian industry in mind," she said.

The finance minister added that the government is also keeping an eye on the surge in imports. It is working closely on defining what level and in which sector imports can be allowed. She said that even though the surge in imports may be for three months, it can still hurt for the rest of the year.

Speaking at another session of the PHD Chamber of Commerce and Industry (PHDCCI), she said that petroleum products can be included in GST, if states agree.

"The provision is already available for petroleum products to be brought under the GST. My predecessor (Arun Jaitley) had already kept the window open. Once the states agree, we will have the petroleum products also covered under the GST," the finance minister said.

Five petroleum products — petroleum crude, motor spirit (petrol), high-speed diesel, natural gas and aviation turbine fuel have temporarily been kept out of GST.

Sitharaman said that the government's focus is to ensure that the public expenditure continues to grow as it will have a desired multiplier effect on all the sectors.

"For the last 3-4 years, there has been a consistent emphasis on public capital expenditure. This year's Budget has seen a 30 per cent increase in capital expenditure. This is the first time in many years that the capital expenditure has reached double digits, making it the clear focus of this Budget," finance minister said.

She also highlighted that inclusion is an important pillar of the Budget. It also made a provision for the free-food programme and self help groups (SHGs) can ensure that the money is directed to the right places, generating multiplier effects.

"There are more than 8.1 million women's SHGs in the country. To ensure that these groups have greater access to resources, professional assistance, and market linkages, we are adding branding and market-finding activities to their portfolio. With these initiatives, we hope to enable true women's empowerment, allowing them to scale up their activities. They can run a professional, profitable, and government-supported women's group," she said.

Source: business-standard.com - Feb 15, 2023

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# India-UK ongoing FTA negotiations won't be hit by BBC row: Govt official

A day after BBC India's offices in Delhi and Mumbai were searched by income tax officers, a senior government official said that this will not affect the ongoing free trade agreement (FTA) negotiations between India and the United Kingdom (UK).

The income tax officers had searched the British broadcaster's offices weeks after the government banned a BBC documentary on Prime Minister Narendra Modi and his role in Gujarat riots in 2002. "As per the UK government, BBC is an autonomous organisation and the even UK government is not owning up to it," the official added.

Trade talks

The commerce and industry ministry on Wednesday said that the next round of negotiations for the proposed FTA between India and the UK was scheduled from March 20-24. Commerce secretary Sunil Barthwal said both countries have closed as many as 13 out of 26 chapters. After the eight round of talks in March, it can be assessed how many more rounds would happen and how much more time the talks would take to conclude, he said.

The 26 chapters in the agreement include goods, services, investments, and intellectual property rights. The last round of talks concluded last week in London. India and the UK launched negotiations for the FTA in January last year with an aim to conclude talks by Diwali (October 24), but the deadline was missed after political developments in the UK.

Reduction or elimination of customs duty under the pact would help Indian labour intensive sectors like textiles, leather, and gems and jewellery, to boost exports in the UK market.

The UK is seeking duty concessions in areas like Scotch whisky and automobiles.

Source: business-standard.com - Feb 15, 2023

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# A separate ministry for self-employed & micro businesses is needed: survey

As small businesses and micro enterprises are still reeling under the impact of Covid, there is a need to accord a special focus possibly through the formation of an independent Ministry for self-employed and micro businesses to address specific issues facing this segment, pointed out the Consortium of Indian Associations (CIA).

"Though the government has been talking about the 'ease of doing business', Micro Entrepreneurs continue to be governed by complicated and outdated laws and dispensable compliance burdens," CIA said. Given this, the Association feels that the government should redraft these laws," K E Raghunathan, Convenor of CIA said in a statement.

CIA also proposed that the Government should amend the Micro, Small, and Medium Enterprises Development Act, 2006, to strengthen the state facilitation councils.

Micro Small Enterprises Facilitation Centres should be given more power to conduct their proceedings in a transparent and time-bound manner and enforce payment of the specified interest to the aggrieved MSMEs. The government also needs to make changes to the GST Act to make it SME-friendly.

"Many of the central government schemes are not propagated or used by State Governments, thereby limiting the beneficiaries," he said.
About the survey

These recommendations are based on the report of a mega nationwide survey conducted by the 25 Associations during February 2-8, post-the presentation of the Union Budget for 2023-24.

The survey collected opinions of 1,08,500 self-employed and small businesses that include manufacturers, service providers, and exporters.

About 63 million micro and small enterprises (MSEs) and 40 million self-employed were hit hard by the pandemic and the consequent lockdown. As their work was unaffected in the past year, the survey sought to find out the recovery of business in this segment.

During the last five years, the performance of 72 per cent of the respondents is either stagnant, decreasing, stopped, or wound up. Only 28 per cent of the respondents have confirmed that they are growing. 82 per cent of the respondents are demanding a separate ministry for Micro Enterprises for better concentration and support. 87 per cent feel the budget is disappointing or a big let down have no comments.

On the main issues faced by the entrepreneurs, 79 per cent of the respondents felt that access to bank finance was their big issue. Around 42 per cent cited profit margin concerns, 70 per cent are concerned about delayed payment receipts, 40 per cent about raw material price and availability, 52 per cent find adherence to statutory compliances is tough, 62 per cent are worried about demand and order book position and 38 per cent have fear of manpower sourcing and employability skills in the youth.

Source: thehindubusinessline.com- Feb 15, 2023

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# Cotton production in Telangana up 33% in six years

Cotton production in Telangana, which is the third biggest cotton-growing State in the country, has gone up by 33 per cent to 25 lakh tonnes in 2021-22 as against 18.85 lakh tonnes in 2015-16.

This despite no significant increase in growing area. The area under cotton increased by 12 per cent to 19 lakh hectares from 17 lakh ha during the period.

The higher output helped the State export more cotton during the period — valued at ₹3,000 crore, which is nearly five times the ₹600-crore worth export achieved in 2014-15.

(The area under cotton peaked in 2020-21 when it crossed the 23.5-lakh ha mark, registering an output of 30.42 lakh tonnes.)

The gross sown area (GSA) in the State has increased by 51 per cent to 80 lakh ha in 2021-22 from 53 lakh ha in 2014-15.

| Year | Cotton acreage (in hectares) | Production (in lakh tonnes) |
|---|---|---|
| 2015-16 | 17.72 | 18.85 |
| 2016-17 | 34.82 | 18.73 |
| 2017-18 | 14.09 | 27.82 |
| 2018-19 | 18.39 | 21.53 |
| 2019-20 | 21.26 | 37.63 |
| 2020-21 | 23.58 | 30.42 |
| 2021-22 | 46.88 | 25.08 |

(Source: Telangana Socio-Economic Outlook 2023)

"The State could achieve this because of the planned investments in new irrigation projects and revitalisation of existing irrigation systems," a senior Government official said.

Though paddy gained the most from the augmented irrigation facilities, cotton also benefited. While assuring sufficient water for existing cotton growing area in several places, it also helped farmers bring additional area under the fibre. crop.

Cotton production witnessed a compound annual growth rate (CAGR) of 8.8 per cent during the period. This puts Telangana in the second spot after Rajasthan, which registered a CAGR of 16 per cent. The CAGR at the country level is 0.25 per cent, according to the Telangana Socio-Economic Outlook 2023.

Procurement

Telangana played a crucial role in the procurement of cotton, contributing 40 per cent of all cotton procured by the Cotton Corporation of India (CCI).

Prof R Jagadeeshwar, Director of Research at Professor Jayashankar Telangana State Agricultural University (PJTSAU), said that a relative decrease in pink bollworm attack, favourable weather conditions, and an increase in plant population helped farmers reap more in recent times.

From 7,000-8,000 plants an acre in the past, farmers in some areas increased the number of plants to 15,000 per acre, he said.

“Additional irrigation facilities in (undivided) Mahboobnagar and Rangareddy districts also played an important role in the increase in production,” he said.

Source: thehindubusinessline.com- Feb 15, 2023

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# India's RMG exports up 5.22% to $13.3 bn in Apr-Jan FY23

India's exports of readymade garment (RMG) of all textiles increased by 5.22 per cent to $13,335 million in the first ten months of fiscal 2022-23 (FY23, April 2022 to January 2023), as per the data released by the department of commerce under India's ministry of commerce and industry. RMG exports were noted at $12,673 million in the same period of the previous year.

The exports of cotton yarn, fabrics, made-ups, and handloom products declined by 28.74 per cent to $9,044.38 million in April-January 2023 from $12,692.75 million in the corresponding period of the previous fiscal. Carpet exports came down by 23.14 per cent to $1,156.18 million from $1,504.25 million in the same period in the last fiscal. Man-made yarn, fabrics and made ups exports went down by 11.52 per cent year-over-year (YoY) to $4,075.54 million from $4,606.30 million in the same period.

India's RMG exports decreased by 3.48 per cent to $1,492.98 million in January 2023. The exports were noted at $1,546.82 million in the same period of last year. The exports of cotton yarn, fabrics, made-ups, and handloom products declined by 37.42 per cent YoY to $869.26 million from $1,388.94 million. Carpet exports fell by 27.42 per cent to $104.95 million from $144.59 million in the same period. Man-made yarn, fabrics and made ups exports came down by 21.12 per cent to $396.77 million from $503.01 million in the same period.

India's overall exports (merchandise and services combined) in January 2023 are estimated at $65.15 billion, exhibiting a growth of 14.58 per cent over the same period last year. Overall imports in January are estimated at $66.42 billion, which was 0.94 per cent higher over the same period last year.

During April 2022-January 2023, India's exports of merchandise and services increased 17.33 per cent to reach $641.24 billion against the shipment of $546.55 billion during the corresponding period of last year. Overall imports also increased by 22.92 per cent to $753.19 billion from $612.75 billion during the same period.

Source: fibre2fashion.com- Feb 16, 2023

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# Poly spun yarn prices ease in India due to weak demand

India's polyester yarn prices eased today due to weak demand from the downstream industry after finding support last week due to improved buying after a rise in raw materials. The prices of polyester spun yarn reduced by ₹2-3 per kg in the Ludhiana and Surat markets. However, traders expect that polyester yarn will get support if cotton remains positive.

Polyester yarn gained ₹2-3 per kg in major trading centres including Ludhiana and Surat. Mills decreased their selling prices after demand slowed down. "Demand could not sustain therefore polyester yarn lost its previous gains. But PC yarn remained positive. Polyester yarn may increase again because it can get support from the increasing prices of cotton," Ashok Singhal, a veteran trader from Ludhiana market told Fibre2Fashion.

In Ludhiana, 30 count PC combed yarn (48/52) was sold at ₹215-228 per kg (GST inclusive), 30 count PC carded yarn (65/35) was priced at ₹200-210 per kg and 30 count poly spun yarn was sold at ₹153-160 per kg. Recycled polyester fibre (PET bottle fibre) was at ₹79-81 per kg, according to Fibre2Fashion's market insight tool TexPro.

Meanwhile, in Surat, Gujarat, 30 count poly spun yarn was traded at ₹141-142 per kg (GST extra) and 40 counts poly spun yarn at ₹156-157 per kg. Last week, the prices had gained ₹5-7 per kg, but they came down again this week.

Reliance Industries Limited decreased the prices of purified terephthalic acid (PTA) and MELT for the current week. However, monoethylene glycol (MEG) remained unchanged. On Friday, RIL fixed prices as PTA at ₹82 per kg (-0.50), MEG at ₹56.60 per kg (N/C), and MELT at ₹789.76 (-0.43) per kg. RIL also increased the prices of PSF by ₹1 to ₹106 per kg for the current fortnight.

In the North Indian cotton market, prices gained ₹100-150 per maund of 37.2 kg after multiple indications of support for demand. The market sentiments were supported by factors such as a lower production estimate, improved buying, price rise in cotton yarn, and reducing price disparity of Indian cotton with ICE cotton. According to local traders, cotton prices are unlikely to ease in the coming weeks, but further price rise will depend on demand for garment, which is yet to improve in domestic and global markets. Cotton arrival was 17,000 bales of 170 kg in North India. It was traded at ₹6,400-6,525 per maund in Punjab, ₹6,400-6,500 per maund in Haryana, and ₹6,570-6,650 per maund in upper Rajasthan, and at ₹61,200-63,000 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com- Feb 15, 2023

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