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INTERNATIONAL NEWS

China sets economic growth target at 5% for 2023, lowest in over 25 years

China on Sunday set a five per cent growth target for 2023 as the country's rubber-stamp Parliament commenced its annual session which also heralded a new era for Xi Jinping's presidency as he began an unprecedented third five-year term. China unveiled its lowest growth target in more than a quarter-century as Beijing faces challenges in the domestic and global economy following its emergence from three years of strict Covid-19 measures.

Premier Li Keqiang, 67, the Number 2 ranked leader after Xi and is widely regarded as far less powerful than his predecessors, signed off his 10-year stint by presenting his last work report to the National People's Congress (NPC) in which China, the world's second-largest economy, set a five per cent growth target for 2023, lowest in decades.

He also firmly warned of "escalating" external attempts to "suppress, and contain" China. "The term of this government is about to come to a close," said Li, as he began his 39-page address to NPC, the national legislature, outlining the decade-old achievement of his administration which included seismic changes in China and its relations with the world.

The NPC during the session will herald new official appointments at the top expected to be packed with Xi's loyalists many of whom were elected along with him at the last October's once-in-a-five-year Congress of the ruling Communist Party of China (CPC). The session formally heralded the beginning of the 'unprecedented' third five-year term for Xi. The Congress, besides electing Xi, 69, for an unprecedented third term also chose most of his loyalists for key bodies consolidating his power at all levels.

Li, an economist and a contender for the post of General Secretary of the CPC in 2012 along with Xi, settled for a number two position after his mentor and former president Hu Jintao backed Xi at the last minute, enabling him to emerge as the most powerful leader heading the party, the military and the Presidency. As Xi became more powerful, Li mostly confined himself to managing the economy, unlike his predecessors who enjoyed more power in running the government.

Li is widely expected to be succeeded by Li Qiang, a Xi loyalist and the former party boss of Shanghai, to head the new administration to grapple with China's external and internal challenges under Xi's leadership.

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

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US, EU stakeholders work on strengthening due diligence cooperation

Stakeholders from the European Union (EU) and the United States recently met at a roundtable under the EU-US Trade and Technology Council to discuss due diligence for responsible business conduct in supply chains. The exchange focused on promoting labour rights in supply chains, including the elimination of forced labour and the importance of multi-stakeholder engagement in trade policy.

Over 400 stakeholders representing various industries and non-governmental organisations (NGOs) met EU and US government representatives to discuss recent developments, potential areas of cooperation and the role stakeholders can play in implementing effective due diligence in supply chains, an EU press release said.

They also discussed legislative and non-legislative initiatives in the EU and US addressing labour rights in global supply chains, as well as ways to strengthen stakeholder capacity through sharing best practices to conduct due diligence.

They examined a number of case studies of due diligence practices, including in the cotton and textile industry.

The conclusions from the event will feed into the next ministerial meeting of the Council, which will take place before the summer in Sweden.

Source: fibre2fashion.com- Mar 06, 2023

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China Railway Express (Shenyang) Hub opens in Liaoning province

The China Railway Express (Shenyang) Hub, a new cargo consolidation point for China-Europe freight trains recently started operating in Shenyang, capital of northeast China's Liaoning province, with a train carrying 55 containers leaving for Russia on March 4. The hub can store 3,000 twenty-foot equivalent units and handle 1,000 China-Europe freight trains every year.

The hub covers 92,000 square metres, according to a state-controlled news agency.

The hub lays a solid foundation to create a 'road-rail-sea' multimodal international logistics hub with the logistics services linking Shenyang and sea ports of Yingkou and Dalian in Liaoning, said Li Haiping, deputy manager of operations with the China Railway Express (Shenyang) Hub Construction and Operation Co. Ltd.

Source: fibre2fashion.com- Mar 06, 2023

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Turkiye-UAE CEPA to see bilateral trade volume rise to $25 bn in 5 yrs

The United Arab Emirates (UAE) and Turkiye recently signed a comprehensive economic partnership agreement (CEPA) to boost trade, according to President Recep Tayyip Erdogan, who said the agreement will take economic and trade relations to a new phase and will enable trade volume between the countries to increase to $25 billion in five years.

“We will build an economic bridge which has strong foundations and is extending from Europe to North Africa, from Russia to the Gulf region,” Erdogan told the signing ceremony via video link.

“The progress the Türkiye-UAE relations, based on strong foundations, have made in every area is a source of pride for us. We are marking this year the 50th anniversary of the establishment of our diplomatic relations. The Comprehensive Economic Partnership Agreement, which has just been signed, is of historic importance in terms of this feature as well as of all the terms. With the signing of this agreement, our economic and trade cooperation has entered a new phase,” he added.

The two sides are warming up after years of tense relations, especially after the conflict in Libya, where the UAE and Turkiye have backed opposing sides.

Source: fibre2fashion.com- Mar 04, 2023

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Vietnam's Feb industrial production index up by 5.1% MoM, 3.6% YoY

The index of industrial production (IIP) in Vietnam rose by 5.1 per cent in February compared to the January figure, according to the General Statistics Office (GSO), which attributed the rise to more working days than January and more workers returning to factories after the Lunar New Year holiday. The IIP rise was 3.6 per cent year on year (YoY) in the month.

Manufacturing activity during the month expanded by 3.3 per cent YoY. The two-month industrial production index rose in 44 provinces and cities and decreased in the remaining 19.

However, the IIP figure for the first two months this year fell by 6.3 per cent YoY as the global economy kept facing several difficulties and inflation in many countries remained high despite having moderated, according to a news agency. Manufacturing slid by 6.9 per cent YoY during the two-month period.

Source: fibre2fashion.com- Mar 05, 2023

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Bangladesh's garment exports up 14.06% to $31 bn in July-Feb 2023

Readymade garment (RMG) (Chapter 61 & 62) exports from Bangladesh increased by 14.06 per cent to $31.361 billion in the first 8 months of fiscal 2022-23 (July-June FY23) compared to exports of $27.497 billion in July-February 2023, as per provisional data released by the Export Promotion Bureau (EPB). Woven RMG exports grew at a faster pace than knitwear.

RMG exports from Bangladesh were 4.36 per cent higher than the target of $30.052 billion for July-February 2023, as per EPB data.

Exports of knitwear (Chapter 61) increased by 13.21 per cent to $17.060 billion in July-February 2023, as against exports of $15.069 billion during the same months of the previous fiscal.

Exports of woven apparel (Chapter 62) increased by 15.08 per cent to $14.301 billion during the period under review, compared to exports of $12.427 billion during July-February 2022, as per the data.

Home textile exports (Chapter 63, excluding 630510) decreased by 22.53 per cent to $769.86 million during the period under review, compared to exports of $993.76 million during July-February 2022.

At the same time, woven and knitted apparel, clothing accessories and home textile exports together accounted for 88.73 per cent of Bangladesh's total exports of $37.077 billion during July- February FY23.

In 2021-22, Bangladesh achieved an all-time high in the value of its RMG exports, reaching $42.613 billion, which represents an increase of 35.47 per cent compared to the exports of $31.456 billion in fiscal 2020-21. Despite the global slowdown, Bangladesh has succeeded in achieving positive growth in garment exports in the recent months.

Source: fibre2fashion.com- Mar 06, 2023

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Pakistan: Weekly Cotton Review: Prices remain stable amid depreciating rupee

An alarming drop of 2.5 million bales (34.39%) is expected in local production of cotton. However, the price of cotton remained stable under the influence of rising dollar. In order to fulfil the conditions of the International Monetary Fund (IMF), the government has withdrawn the incentives given to export industry. Recent increase in the interest rate by 3% is not only destructive for the country's economy, but it is being termed as a 'death warrant' by industry.

The crisis of the textile sector has become very serious. Withdrawn of farmers' incentives will affect cotton and other agricultural produces. For the stability of the Pakistani economy, special attention should be paid for a substantial increase in cotton production.

In the local cotton market, the price of cotton remained stable during the last week. At the start of the week, some groups of textile mills showed interest in buying cotton. Later, on Wednesday, the rate of dollar suddenly started to increase after that ginners were cautious and started demanding higher prices, while the spinners remained silent due to higher prices.

The government has withdrawn the subsidies on energy given to five export industries, including the textile sector, in order to meet the IMF conditions due to which the price of electricity has reached at Rs 40 per unit from Rs 19 per unit.

The interest was also increased by 3% from 17% to 20%, and the inter bank rate of dollar after an increase of 19 rupees reached at 286 rupees. It reached to 300 rupees in the open market but later it reduced a little bit.

Due to the unsustainable rise in interest rates and the rise in the cost of energy, some industrialists and economists called it a 'death warrant' not a disaster for the economy. The textile sector has already been in hot waters and. Its crisis will become more serious and unemployment will reach to its peak

The textile sector, which plays a key role in the country's economy, export and employment, is on the brink of collapse. All Pakistan Textile Mills Association (APTMA) has requested the government to restore energy concessions as the industry is unable to survive because in the regional countries energy prices are relatively low, making it impossible for the Pakistani textile sector to compete with them.

However, due to the extremely high rate of the dollar, the exports of textiles, etc., will increase, while on the other hand, the prices of imported raw materials, accessories, etc., and inputs will also increase enormously.

Cotton demand and prices are expected to rise in the domestic cotton market, but cotton stocks in the domestic market are very low while delivery of imported cotton is delayed due to L/C issues and due to sharp rise in dollar prices. Due to this, the value of imported cotton will increase.

The price of cotton in Sindh province was in between Rs 19,000 to 20,500 per maund depending on the quality, which is available in small quantity. The price of Phutti in Sindh was in between Rs 6500 to Rs 8500 per 49 kg.

The rate of cotton in Punjab was in between Rs 19,000 to Rs 20,000 per maund while the rate of Phutti was in between Rs 7,000 to Rs 9,500 per 40 kg. The prices of Banola Khal and oil prices were relatively stable.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 2,00 per maund and closed it at Rs 20,000 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman has said that the rate of cotton remained stable in international cotton markets. According to the weekly USDA export report one lac and seventy thousand and six hundred bales were sold for the year 2022-23. China was at the top by buying 81 thousand 600 bales. Vietnam stood second after buying 78,900 bales, including 900 bales from China and 100 bales from Japan. India bought 18,400 bales and stood third.

Ninety thousand and two hundred bales were sold for the year 2023-24.

Pakistan was at the top by buying 8,000 bales. Thailand bought 7,000 bales and came second. Indonesia bought 2 thousand 200 bales and ranked third.

Seed cotton (Phutti) equivalent to over 4.8 million or exactly 48,75,222 bales have reached ginning factories across the country till March 1,2023 registering decrease of 34.49 percent as compared to corresponding period of last year.

According to a fortnightly report of Pakistan Cotton Ginners Association (PCGA) released on Friday, over 4.8 million or 48,56,178 bales have undergone the ginning process, i.e., converted into bales. Cotton arrivals in Punjab were recorded at over 2.9 million or 29,96,203 bales registering a decrease of 23.74 percent as compared to corresponding period of last year when arrivals were recorded 39,28,690 bales.

Sindh generated over 1.8 million or 18,79,019 bales registering a decrease of 46.51 pc as compared to the corresponding period of last year when arrivals were recorded 35,13,143 bales.

Textile sector bought 44,21,007 bales while exporters purchased 4900 bales and Trading Corporation of Pakistan (TCP) didn't buy during the cotton season 2022-23.

Sanghar district of Sindh topped with 8,13,526 bales followed by Bahawalnagar district of Punjab with 6,06,914 bales. Total 97 ginning factories were operational in the country. Exactly 4,49,315 cotton bales unsold stock was available in ginning factories

Naseem Usman, chairman of Karachi Cotton Brokers Forum, while commenting on the report, said that this year according to the estimates of the government the production of cotton in the country will be one Crore ten lac bales, but cotton crop was damaged in the cotton producing areas of Sindh, Punjab and Balochistan due to torrential rains and floods. Due to above mentioned reasons 60 lac less bales were produced then the initial estimates.

The total production of cotton this year is expected to be around 50 lac bales which is twenty five lac sixty thousand and six hundred and eleven bales less than the production of seventy four lac and forty thousand and eight hundred and thirty three bales during the same period last year.

Under the influence of severe recession in international markets, the local textile sector is also suffering from a severe crisis.

Generally, the consumption of cotton in the country is about 1 Crore forty lac to fifty lac but this year due to the crisis and closure of fifty percent textile sector the consumption of cotton will be around one Crore ten lac to twenty lac bales. Textile spinners will have to import seventy lac bales to meet their demands. Up till now import agreements of fifty lac bales have been signed.

Coordinator Federation of Pakistan Chambers of Commerce and Industry Malik Sohail Talat said that 34.49% cotton shortage was recorded in Pakistan as compared to the previous year, which is the main factor in the destruction of the economy. The ruling elites are in a tug of war for their power acquisition and survival, while the country's agriculture, industry and economy is on the verge of collapse.

Every year, billions of dollars are being invested in the import of cotton, due to which the Pakistani currency has reached around 280 rupees per dollar, while a 3% increase in the total mark by the State Bank of Pakistan will prove to be a further disaster for the industry.

For the stability of Pakistan's economy, special attention must be paid to the substantial increase in cotton production; otherwise, the nation will never be able to get freedom.

Source: brecorder.com- Mar 06, 2023

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NATIONAL NEWS

Export figure for last year already crossed in February; confident that merchandise and services exports would touch USD 750 billion this year: Shri Piyush Goyal

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal said that the export figure for last year had already been crossed in February and expressed confidence that merchandise and services exports would touch USD 750 billion this year. He was addressing the 8th edition of the Raisina Dialogue in New Delhi today.

Responding to a question on India achieving the highest export figure in the past year, the Minister said that it was the result of a deep-dive analysis and extensive planning where India's capabilities were thoroughly assessed, new markets were sought out, districts, especially remote ones were empowered to become export hubs and all Indian Missions abroad were effectively leveraged to promote trade, technology and tourism. The Minister noted that last year, merchandise and service trade had crossed USD 650 billion.

Shri Goyal opined that the transformational initiatives undertaken by the government over the last decade, such as the Swachh Bharat Mission, electrification of around 35 million homes in rural India, creation of a robust power grid, housing for all, free healthcare for over 500 million people had held India in good stead to overcome the challenges posed by the pandemic.

He lauded the Prime Minister, Shri Narendra Modi's decisive leadership and said that all through the pandemic PM Modi constantly sought ideas not only to overcome the pandemic but to transform the challenges it posed into opportunities.

Responding to a query on global uncertainty caused due to conflict, Shri Goyal said that these turbulent times had given India an opportunity to showcase its resilience. He explained that food security had emerged as a serious challenge before the world and said that PM Modi had the foresight to plan ahead to fortify India's food security by ensuring an adequate supply of fertilizers.

Speaking of the time when fertiliser prices hit the roof, Shri Goyal said that PM Modi had ensured that farmers, especially small and marginal farmers did not take a hit by taking the burden of the increased prices on the central government. ‘India is self-sufficient on food security, and we will continue to produce at greater levels than last year so that we can support some of our neighbours and other friendly nations’, he said.

The Minister stressed that the government had been creating an enabling environment to attract investment into India. He highlighted that India was a nation of 1.4 billion people who are both youthful and aspirational with excellent skills, including managerial skills. He observed that the government had been successful in meeting the basic requirement of life of the people, liberating them from he struggle to secure the basic amenities of life, thereby empowering them to aspire for better things in life.

These enhanced aspiration levels, the Minister said, presented a huge market opportunity to investors, in addition to sharpening India’s competitive edge in the world market due to the willingness people have to work harder and contribute more to India’s growth story. ‘Government has focused on greater Ease of Doing Business, reducing compliance burden, decriminalising laws, implementing PLI scheme in critical sectors, digitising the economy promoting Startups. The world will not get a better friend and trusted partner like India’, he noted.

The Minister responded to a query on semiconductors and said that many companies were already in dialogue for investing in India in the semi-conductor chain because of the India’s stability and investor-friendly business ecosystem. Demystifying the reasons behind India’s trade deficit and import reliance, the Minister stressed that with the high levels of investments coming into manufacturing in India, India had been succeeding in producing high quality goods and services at competitive prices, rapidly reducing reliance on imports.

He underscored that the government was focusing extensively on bringing in quality consciousness through various initiatives such as Quality Control Orders (QCOs). The Minister also mentioned that the number of QCOs had grown by over four times and stands at about 440 products now and in the next two years, it would grow upto 2000 helping achieve India’s aspiration of achieving ‘Zero Defect, Zero Affect’.

The Minister spoke of India's sustainability thrust and said that since time immemorial, respect for nature was deep rooted in India's civilizational ethos. 'Sustainability and quality are the two factors that will hold India in good stead in the times to come', he added.

Shri Goyal said that India would soon touch the mark of being a USD 5 trillion economy and said that it would emerge as the third largest economy in the world by 2027-28. By 2047, India will be a developed economy with a USD 32 trillion economy, a prosperous economy where every last citizen would have access to a good quality life, he said and added that if the nation came together as one, India could even dream of building a USD 40 trillion economy by 2047.

Source: pib.gov.in- Mar 04, 2023

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BGMEA, Texprocil to work on Indo-Bangla trade

There is a huge prospect for enhancing trade between Bangladesh and India, especially in garment and textile sectors, according to Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Collaboration between the governments and among the businesses could pave the way for more bilateral trade, he said.

Hassan was speaking at a meeting with a delegation of India's Cotton Textiles Export Promotion Council (Texprocil) led by Chairman Sunil Patwari at the BGMEA complex yesterday to discuss challenges and opportunities of the bilateral trade.

"With a growing middle-class population, India is a highly potential market for Bangladesh's garment exports. Bangladesh is also a promising market for Indian cotton, manmade fibres, dyes, chemicals and other raw materials," he said.

The apparel and textile sectors have the potential to complement each other and get reciprocal benefits, he added.

The BGMEA president also called upon the countries to remove trade barriers and build adequate infrastructure and transport facilities at land ports to accommodate increased transportation demand.

In the meeting, the BGMEA and Texprocil agreed to collaborate to facilitate more business between the countries.

Source: thedailystar.net- Mar 05, 2023

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Bank of Ceylon, SBI, Indian Bank talk benefit of rupee trade in Colombo

The Bank of Ceylon, State Bank of India (SBI), and Indian Bank talked about the benefit of rupee trade in Colombo.

The High Commissioner of India to Sri Lanka had organised a discussion on the use of the Indian Rupee for transactions between India and Sri Lanka on Thursday.

Meanwhile, India's policy of facilitating trade in rupee is gaining momentum with the total number of special rupee vostro accounts touching half a century mark in about six months.

Following the Russia-Ukraine war and the sanctions imposed by the West, India has been trying to promote rupee trade.

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

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Govt to set up more 'technology centres' for growth of MSMEs: Minister

Union Minister Bhanu Pratap Singh Verma on Sunday said the central government will increase the number of technology centres to provide tools, trained personnel and consultancy to MSMEs for stimulating growth of industries.

Verma, the union minister of state for micro, small and medium enterprises (MSMEs), inaugurated a two-day 'MSME Technology Centers Conclave' here, and highlighted the crucial role played by the sector during the COVID-19 crisis. "The MSME sector plays a major role in the development of manufacturing as well as services and contributes significantly to the growth of the Indian economy. MSMEs also generate the largest employment after the agriculture sector," he said.

The technology centres, set up countrywide by the Ministry of MSME, offer stimulus for growth and integrated development of industries by way of providing quality tools, trained personnel and consultancy, Verma said.

"The ministry is in the process of setting up more such technology centres across the country to cater to increasing technological needs of the MSME sector owing to competitiveness in the global market," he said. Such centres will also fulfil the MSME sector's demand for skilled manpower to become competitive globally and self-reliant in the domestic market, the minister said.

The two-day conclave is organised to showcase the strength of these technology centres and hand-hold MSMEs of the northeastern region. In these facilities, modern technology, machinery, testing equipment and various services are offered to MSMEs at a very competitive price, Verma said. "The ministry has been investing periodically to upgrade these centres by introducing the latest technologies such as 3D printing, CAD/CAM, CNC machines, vacuum heat treatment, robotics and process automation," he added.

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

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New export strategy must be a result of introspection

The commerce ministry is preparing a vision and strategy document giving a road map for boosting exports of products and services from India. It has given a list of topics to be included in the text, and sought inputs from the trade. The document is expected to be finalised and released by this month-end.

This is not the first time that the government has contemplated such a document, although it is the first time that it has called for inputs from the trade. In fact, the commerce ministry released a Foreign Trade Policy Statement in April 2015 outlining its vision, goals and objectives underpinning the foreign trade policy for the period 2015-2020. That document was reviewed in a hurry in December 2017 retaining most of the original text and features.

The 2015 document described the market and product strategy envisaged and the measures required not just for export promotion but also for the enhancement of the entire trade ecosystem. The vision was to make India a significant participant in world trade by the year 2020 and to enable the country to assume a position of leadership in international trade discourse.

The document had six sections, one each on introduction and backdrop, market strategy, product strategy, the services sector, trade ecosystem and trade promotion and infrastructure. It talked of a 'whole-of-government' approach to foreign trade policy. It identified actions necessary to attain the vision and goals. The document recognised that trade performance is closely and inextricably linked with overall economic performance and that trade policy has a direct connection with domestic economic policies.

The government now intends to have 10 chapters in its 2023 document, some of which will cover the same or similar ground as the 2015 document.

The new chapters include innovation and start-up ecosystem, integrating Nari Shakti into international trade and value chains, and improving trade resilience, i.e., setting up a robust system to deal with unforeseen developments such as the Covid-19 pandemic.

The government has given a brief outline about what each chapter will deal with. The chapter on Nari Shakti would cover initiatives that the government intends to take to encourage women to get into export-oriented businesses. This chapter would highlight gender biases and barriers that become more pronounced when women get engaged in international trade.

The chapter on services would deal with the emergence and harnessing of new business models through technology development, artificial intelligence, internet of things, capacity building, and a strong intellectual property regime.

The 2015 Foreign Trade Policy Statement said that the government aims to increase India's exports of merchandise and services from $465.9 billion in 2013-14 to approximately $900 billion by 2019-20, and to raise India's share in world exports from 2 per cent to 3.5 per cent.

Eight years later, the aggregate of exports of goods and services is less than $700 billion, despite a dramatic rise in the exports of services. Our share of global exports is only around 2.5 per cent. Since 2014, India has become more protectionist, hurting the competitiveness of the downstream industries. India has walked out of regional trading arrangements and thus stayed away from global value chains.

Given the disappointing export performance, a new vision and strategy document will help only if it is a result of honest introspection. It should avoid self-congratulatory and unnecessary platitudes.

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

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CBDT gives five-year tax exemption for insolvency regulator IBBI

In a big boost to the insolvency regime, the Central Board of Direct Taxes (CBDT) has granted tax exemption to certain specified incomes of the insolvency regulator IBBI for five financial years starting from the current fiscal.

The exemption will be available with respect to the financial years 2022-2023, 2023-2024, 2024-2025, 2025-2026 and 2026-2027, the CBDT said in an order.

The specified incomes of IBBI that are now exempted from income tax are Grants-in-aid received from Central Government; Fees received under the IBC; Fines collected under the IBC and any interest income on these receipts.

The enactment of Insolvency and Bankruptcy Code (IBC) in the year 2016 was seen as one of the success stories of Indian economic reforms. This is because IBC has been playing a critical role in reshaping the behaviour of borrowers.

The income tax exemption comes at a time when the IBBI has taken efforts to shore up its finances and reduce dependence on Centre's grant in aid.
Fee incomes

It maybe recalled that IBBI had last September imposed a regulatory fee of 0.25 per cent on corporate insolvency resolution plans (CIRP) as part of its overall efforts to shore up its finances and reduce dependence on the Centre's grants-in-aid.

The regulatory body had also imposed a 1 per cent regulatory fee on third-party service providers and professionals appointed by IPs.

The regulatory fee of 0.25 per cent — which came into effect from October 1 last year — is being applied on the realisable value to creditors under the resolution plan, and only in those cases where the amount of the resolution plan exceeds the liquidation value.

Last June, IBBI issued a discussion paper, declaring its intent to impose a regulatory fee of 0.25 percent of CIRP value.

A back of the envelope calculation showed that if the average aggregate corporate insolvency resolution plan approved every year through the IBC is about ₹40,000 crore (it has been over this level in the last two years), then the IBBI will end up pocketing at least ₹100 crore under this head.

This is being seen as huge windfall for the regulator, who is now recording receipts of about ₹5 crore a fiscal, said some insolvency experts.
IBBI’s expenditure

Prior to the levy of 0.25 % regulatory fee, IBBI was only meeting 20 per cent of its operational expenses from the fee it levies, and the rest was met by grants-in-aid received from the Central government.

The IBBI’s expenditure has only increased through the years, and this trend is expected to continue with the introduction of pre-pack and cross-border insolvency mechanisms. This fee will ensure that this anticipated increase in the expenditure of the IBBI is covered and it will also allow the regulator to steadily reduce its reliance on Central government fund.

Many industry experts however felt that the IBBI move to impose a regulatory fee smacked of a regulatory tax and is inherently fraught with “conflict of interest”. This will put a burden on industry and ultimately on the consumer, they said, adding that it was unfair to expect regulatory fees for a regulatory body to perform sovereign functions.

Source: thehindubusinessline.com - Mar 04, 2023

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Govt likely to lower rail freight rates for coastal shipping of coal

The Centre may lower railway freight rates for thermal coal transported via coastal shipping, by changing the formula for price calculation under the rail-sea-rail (RSR) mode, Business Standard has learnt. With the peak coal demand months around the corner, the Centre is aiming to increase coal dispatch while reducing pressure on the railway network, and keep the cost of sea-borne coal under control.

This also comes after Finance Minister Nirmala Sitharaman indicated in her 2023-24 Union budget speech that coastal shipping would be promoted. Following this, the ministries of railways and shipping are soon scheduled to have a high-level stakeholder meeting to decide the framework to bring in 'telescopic freight' rates for coastal shipping of coal.

Though still in the works, sources said the Centre is pushing to enforce the new policy ahead of the impending peak power consumption season, as it wants to avoid a repeat of the coal demand-supply crisis of last year.

'Telescopic freight' would mean treating the trip from the coal mine to the port and from the destination port to the power house as one consignment, so that the final freight cost is brought down. At present, freight is charged separately for rail transport from mine to port, and from destination port to the power houses, making it much more expensive.

The policy seems to be facing some resistance from the ministry of railways, which would face a loss in revenue if it charges telescopic rates for rail transport in coastal shipping. Business Standard had reported that last year, NITI Aayog had asked the railways to consider lowering freight charges for transportation of coal.

Sources said that the national transporter is not keen on any proposal to lower the base freight rate, as coal transportation is the bread and butter of railways, and accounts for over half of the nearly Rs 1.65 trillion (FY23 estimates) of goods revenue for railways. “The initial discussion between railways and other stakeholder ministries is in the context of coal since there is an urgent need to promote coastal shipping ahead of peak power demand, but the wider aim is to have telescopic rates for commodities such as fertilisers and steel as well,” an official said.

While the Centre has identified coastal shipping as the keystone in its larger vision to bring down the cost of logistics, the situation on-ground presents a different picture. Recently, Punjab Chief Minister Bhagwant Mann expressed his opposition to a mandatory RSR condition for transportation of domestic thermal coal imposed by the Union power ministry.

He said that coastal shipping is in fact costlier than just using railways and will cause significant financial burden on the state. Power generation companies in the state already continue to financially struggle, and sources said that other states in northern India are also facing a similar issue, albeit not as severely.

The Centre has reportedly agreed to waive the condition off for Punjab now. Experts suggest that lower freight rates in RSR mode could go a long way towards easing this financial pressure on states, as there is no doubt about the need to find alternate ways to transport coal.

The Centre has been working on a coal logistics policy to avert the annual affair of a coal crisis, partly caused by a complete choking of railway networks during peak power demand. Under the energy corridor programme of the railways, it is working on projects worth over Rs 94,000 crore to build coal-linked corridors to ports and other transport hotspots to ease coal movement.

The Centre also wants to crowd in private investments in infrastructure as part of its Rs 111-trillion National Infrastructure Pipeline. In that context, another reason the telescopic rates proposal is being considered is to make coastal shipping attractive for private players. The ministry of ports, shipping, and waterways (MoPSW) has been tasked to identify such projects for the upcoming fiscal year.

“Currently, there is little interest in coastal shipping from the private sector and one of the sore points is financial viability, due to the cost, since RSR is currently costlier than all-rail. Currently, MoPSW is looking at projects which can attract private interest through viability gap funding (VGF),” another official said.

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

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India, Sri Lanka mulling over using Indian Rupee for economic transactions

India and Sri Lanka are exploring the possibility of using the Indian Rupee for economic transactions and have discussed the initiative that will help in building a stronger and closer partnership through trade and investment-led measures between the two countries. The High Commission of India here organised a discussion on the use of the Indian Rupee (INR) for transactions between India and Sri Lanka on Thursday.

"Representatives from the Bank of Ceylon, State Bank of India and the Indian Bank shared their experiences and informed the audience that they had started carrying out INR-denominated trade transactions through respective Vostro/Nostro accounts after the creation of enabling framework by the Reserve Bank of India (RBI) and the Central Bank of Sri Lanka (CBSL) in 2022," the High Commission said in a statement.

The participating banks also outlined the benefits of settlements denominated in INR which includes shorter timelines, lower exchange costs and easier availability of trade credits.

The beneficial impact of this initiative on the tourism and hospitality industry was also highlighted including its role in helping increase collections which could be utilised by other sectors.

High Commissioner of India to Sri Lanka Gopal Baglay highlighted the positive impact that the initiative will have in the joint efforts for building a stronger and closer economic partnership between the two countries through trade and investment-led measures.

Sri Lanka's finance minister Shehan Semasinghe appreciated the close economic relationship between the two countries and the financial and humanitarian support extended by India over the past year, including the strong financing assurances provided by New Delhi, in the context of the IMF support programme for Sri Lanka.

India extended assistance worth over USD 3.8 billion to Sri Lanka last year to help it deal with the economic crisis.

Governor of the CBSL, Dr. P Nandalal Weerasinghe, highlighted the strong desire among Indian and Sri Lankan business communities for enabling trade settlements in INR.

He called for expanding this facility, over a period of time, to utilise it for the full range of capital and current account transactions. He also appreciated the wide-ranging participation from stakeholders in Sri Lanka and India which included more than 300 attendees in the physical format, apart from those that joined online, according to a report in The Island newspaper.

A team from RBI joined the discussion in the online format and indicated the possibility of settlement of current account transactions in goods, as well as services, in INR, apart from the option of undertaking permitted capital account transactions. The RBI team referred to the close cooperation with CBSL and RBI's commitment to further facilitate this process, it said.

Sri Lanka was hit by an unprecedented financial crisis in 2022, the worst since its independence from Britain in 1948, due to a severe paucity of foreign exchange reserves, sparking political turmoil in the country which led to the ouster of the all-powerful Rajapaksa family.

The IMF in September last year approved Sri Lanka a USD 2.9 billion bailout package over 4 years pending Sri Lanka's ability to restructure its debt with creditors - both bilateral and sovereign bondholders. With assurances from creditors, the USD 2.9 billion facilities could get the IMF board approval in March.

Source: economictimes.com- Mar 05, 2023

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Goods exports need healing touch

Indian goods exporters have started to feel the blues of global demand slowdown

After a blip in January, India's services exports made a comeback, showed the latest S&P Global India Services Purchasing Managers' Index (PMI) survey. In February, the New Export Orders Index for the services sector rose to 50.7 from 49.6 in January. A reading above 50 indicates expansion. In contrast, the same measure for the manufacturing sector eased to 50.5 from 51.2 in January. This drop is not surprising.

"The PMI findings on manufacturing exports are now converging with hard data, which has already been indicating weakness in India's goods exports," said Rahul Bajoria, managing director and head, emerging Asia (Ex-China) economics, Barclays. Until recently, PMI surveys showed that India's manufacturing exports were an outlier when other Asian exporters were bearing the brunt of weakening global growth.

The good part is, thanks to services exports, India's Composite (weighted average of manufacturing and services) New Export Orders Index managed to remain in the expansion zone at 50.5 in February.

"The strength of (India's) services exports is due to software services exports which accounts for nearly 50% share in total services exports and the US is the main destination," said Gaura Sen Gupta, economist, IDFC First Bank.

Interestingly, as chart 1 shows, not just in India, services exports are holding the fort in other regions as well. But the problem, at least in the case of India, could emerge from looming recession risks that do not bode well for IT services exporters. While a large contraction in India's services exports isn't expected, a moderation is on the cards, if the recession risk plays out, cautioned Bajoria.

PMI's gauge of year-ahead outlook or business optimism, the Composite Future Output Index, showed Indian firms were least confident about business prospects compared to Asian and global peers.

One reason could be that despite easing commodity cost inflation trends, pricing power is yet to meaningfully improve. In February, most manufacturers and service providers left output charges or selling prices unchanged, showed the PMI reports. This means, companies feel demand is not strong enough yet, to absorb steep price hikes.

“For the near-term, say, in the next three months, we expect India and Asia goods exports to be on a weak footing. This is because the price hikes by goods exporters have been nominal," added Bajoria. So, while the manufacturing New Export Orders Index is still in expansion zone, economists caution that Indian goods exporters have started to feel the blues too. They feel a near-term contraction in PMI’s New Export Orders Index cannot be ruled out.

In this backdrop, a key monitorable is China’s reopening. “When China was in a lockdown, expectations were that exports would pick up, but we were not able to capitalize on that in a meaningful way, barring in some categories," said Madan Sabnavis, chief economist at Bank of Baroda. Sabnavis is of the view that with China’s reopening, it would try to flood the global market with cheaper goods, given its competitive advantage, to make up for the lost opportunity and whatever little demand there is, will be grabbed by them.

What’s more, the interest rate hiking cycle of key central banks is still going on. As earlier rate hikes keep reflecting on economic activities, which tends to happen with a lag, global growth would further taper. “We expect global growth to slow down as the impact of rate hikes done by central banks last year is gradually felt on growth. Hence, we do see some slowdown in export growth this year," Sen Gupta added. The road to recovery for goods exporters may be long and weary.

Source: livemint.com- Mar 06, 2023

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Centre mulls possible extension of ECLGS

The Union government is looking at a possible extension of the Emergency Credit Line Guarantee Scheme, amid global economic uncertainty and expectation of slower domestic growth next fiscal.

The scheme, which was started in May 2020 amid the covid pandemic to support micro, small and medium enterprises (MSMEs), will come to an end on March 31.

According to sources, the government is looking at an extension of the scheme by another six months although a final decision is still to be taken. The thinking arises at a time when the economy has recovered from the pandemic but small and medium enterprises are seen to require more support and handholding as many of them are still struggling. Further export intensive sectors are expected to be impacted by the slowdown in global demand.

However, another source pointed out that the scheme has served its purpose with the pandemic now behind us and there are adequate channels of liquidity available for small businesses. The Union Budget 2023-24 also did not broach the issue but did announce a fresh set of measures to help MSMEs.

The finance ministry is understood to have also discussed issues with banks on the implementation and efficacy of the scheme and a final decision may be announced soon.

Announced as part of the Atmanirbhar Bharat initiative, the Emergency Credit Line Guarantee Scheme (ECLGS) aimed at providing additional liquidity to MSMEs to meet their operational liabilities and restart their businesses in the aftermath of the disruption caused by the pandemic.

The scheme has however, been extended twice already –the first time in September 2021 by a six-month period. It was then against extended in the Union Budget 2022-23 until March 31, 2023 with its guarantee cover expanded by Rs 50,000 crore to total cover of Rs 5 lakh crore and the additional amount earmarked for hospitality and related industries.

According to data with National Credit Guarantee Trustee Company Limited (NCGTC), which is the agency operating the scheme, guarantees amounting to Rs 3.61 trillion were issued, benefitting 11.9 million borrowers as on January 31, 2023. Of these, 95.18% of the loans guaranteed amounting to Rs 2.39 trillion or 66.16% in value terms, were to the MSME sector.

An SBI Ecowrap report in January this year said that its analysis showed that trading sector such as kirana shops benefitted the most from the scheme, followed by food processing, textiles and commercial real estate.

Private limited companies benefitted the most followed by proprietorship firms, it further said. Among states, Gujarat has been the biggest beneficiary followed by Maharashtra, Tamil Nadu and Uttar Pradesh.

Industry experts, however, noted that extending the scheme without addressing some design issues will not help the MSMEs.

KE Raghunathan, national chairman, Association of Indian Entrepreneurs, said, “Extending the ECLGS with an additional amount or an additional time period makes no sense unless the eligibility criteria are more relaxed. Industry associations had at the time of the launch of the scheme itself had pointed out that the rider conditions relating to account status and outstanding loan criteria make it difficult for many MSMEs to avail the scheme. Further, banks insisted on additional security for the facility. A number of banks did not give the loan to the beneficiary but are adjusting it against the moratorium dues and outstanding statutory payments.”

Source: financialexpress.com- Mar 06, 2023

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Odisha govt approves 25 industrial projects with cumulative investment of ₹5,827 cr

Odisha govt approves 25 industrial projects with cumulative investment of ₹5,827 cr State Level Single Window Clearance Authority (SLSWCA) of the Odisha government recently approved 25 industrial projects with a cumulative investment of ₹5,827 crore, which is expected to generate employment for over 25,000 people.

At the 115 th meeting recently, SLSWCA also recommended three large projects of investment value of approximately ₹28,000 crore giving employment opportunities for around 19,000 people, to the High-Level Clearance Authority (HLCA).

Out of the multiple investment intents garnered during the MIO Conclave 2022, 16 projects were put up for approval at the meeting, said an official statement.

The State has witnessed massive investment intents spanning across sectors like infrastructure, food processing, tourism, IT infrastructure, IT and ESDM, pharmaceutical, plastic, chemical and petrochemical, steel, textile, apparel and technical textile and many more.
Sector-wise investments

As many as three projects in the plastic sector with a total investment of ₹392 crore was approved which is expected to jointly provide employment opportunities to 664 people of the state.

A total of eight projects received a nod in the steel segment, including three in the steel downstream segment and two projects in the steel, ferro alloys segment. It is estimated to provide employment opportunities to over 3,000 people of the State.

In the food processing segment, three projects got approval from SLSWCA.

While Dodla Dairy and one unit of Krupalu Kunja are set to establish their dairy products manufacturing units at Jagatsinghpur, Dhanpur, and Block-Korei respectively, another unit of Krupalu Kunja is set to put up a modern rice mill at Tajpur, Block-Korei area. In total, the segment witnessed an investment of ₹165 crore and is expected to generate 491 employment opportunities, it said.

In the IT & ESDM segment, the body approved two projects with a cumulative investment of ₹204 crore.

Source: thehindubusinessline.com- Mar 05, 2023

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Indian apparel market predicted to reach US $ 135 billion by 2025, say IFF 2023 speakers

The Indian textile and apparel industry is predicted to to reach US $ 190 billion by 2025-26 and will grow at 10 per cent CAGR from 2019-20. This comes from industry leaders speaking at the India Fashion Forum's second day. The rapid digitisation of consumers and brands is attributed to being the driver of this growth.

Indian apparel is expected to reach US $ 135 billion by 2025, with online and D2C shopping accounting for 30 per cent, according to a study by the Indian Brand Equity Foundation.

Commenting on the impact of covid on buyer behaviour in fashion, Bhaskar Ramesh, Director-Omnichannel Businesses, Google India, said, "The future of retail is omnichannel. The fact that Oxford dictionary added 'Goblin Mode' as the most trending word of 2022 defines the phenomenon that we want everything to come to our phone or to our fingertips. It's an indication that we really want everything in our comfort zone.

COVID has particularly changed consumer behaviour, and a lot of these behaviours are sticking. What happened during COVID was that commerce has taken off in a big way. A lot of companies in fashion and retail are moving their commerce business.

As COVID receded, consumers actually went back to what they were familiar with and at the same time they are expecting the same digital experience. So, on one side, digital is enhancing customer experience and on the other better profitability of businesses."

He further observed that out of 700 million internet users in India, around 190 million were shoppers and that number would jump to 400-420 million shoppers in the next few years which includes shoppers from Tier-2 and Tier-3 cities as well as rural areas.

He added that as of now, only 32 per cent of retail companies are offering hybrid experiences and that brands should adopt the omnichannel format sooner rather than later.

"It can be concluded that omnichannel in the new experience, retail companies are moving towards this experience, their ability to use first party data in a first-privacy way is also the next competitive advantage," Ramesh further remarked while talking about leveraging data.

Source: apparelresources.com – Mar 03, 2023

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Assam ban rattles Surat's power loom industry

Panic has set in among the power looms weavers in Surat following the ban on the sale of power loom-manufactured Mekhela Sador and Gamusa by the Assam government. Surat has been a major supplier to Assam for quite some time, making for over 60% of the North Eastern state's consumption.

Speaking to ET from Surat, the general secretary of the Federation of Surat Textile Traders Association (FOSTA), Champalal Bothra, said the sudden ban "on one hand, will impact around 700 to 800 traders and 300 to 400 weavers along with the labourers associated with the looms producing Mekhala Sador in Surat that has a turnover of around `3,000 crore annually."

He added that many traders in Assam who had stocked the already produced goods are now looking at returning the same. "So, it is a double-whammy for us." "We have met Darshana Jardosh, MoS Textiles, and she has heard us out," Bothra said. "But there has been no clear resolution so far."

Source: economictimes.com – Mar 05, 2023

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