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## IBTEX No. 56 of 2023 — March 21, 2023

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**INTERNATIONAL NEWS**

**NATIONAL NEWS**

# INTERNATIONAL NEWS

## China's FDI in actual use surges 6.1 per cent YoY in Jan-Feb 2023

China's foreign direct investment (FDI) in actual use saw a growth of 6.1 per cent year-on-year (YoY) to reach 268.44 billion yuan in January and February 2023, as per government data. In terms of US dollars, FDI inflow increased by 1 per cent YoY to $39.71 billion.

FDI inflow for high-tech industries saw a significant rise of 32 per cent from the previous year, whereas high-tech manufacturing witnessed a massive surge of 68.9 per cent, according to China's ministry of commerce.

Additionally, during this period, investments from Belt and Road countries and the Association of Southeast Asian Nations rose by 11 per cent and 11.8 per cent YoY, respectively.

FDI investment in China rose by 14.5 per cent YoY in January 2023, reaching 127.69 billion yuan. When converted to US dollars, the country's FDI inflow for the period increased by 10 per cent to $19.02 billion, compared to the corresponding period of the previous year.

Source: fibre2fashion.com- Mar 21, 2023

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# New freight route for RCEP countries opens in China's Shenyang

The Chengtong Trade Port Free Trade Zone in Shenbei New District, Shenyang, capital of northeast China's Liaoning province, saw the departure of a train carrying cargo containers from Regional Comprehensive Economic Partnership (RCEP) member countries, including Laos, Vietnam, and Japan recently. This train marks the beginning of a new international freight route for RCEP member countries, linking Shenyang to Europe via entrepot trade.

The Chengtong Trade Port has extensive rail resources, enabling it to connect different logistics routes such as the China-Europe freight trains and the China-Laos Railway. This connection streamlines the collection and transportation of general trade goods, cross-border e-commerce goods, transit goods, and bonded goods at the same location, facilitating trade among RCEP member countries, according to local media reports.

According to local authorities, Shenbei New District plans to build a 20,000-square-metre RCEP enterprise service centre to expand its focus from a single logistics channel to a comprehensive industrial layout and supply chain. This expansion aims to support RCEP member countries in conducting international trade by providing comprehensive services and logistics solutions.

Source: fibre2fashion.com- Mar 21, 2023

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# Euro area's annual inflation stands at 8.5%, EU's at 9.9% in Feb 2023

The euro area's annual inflation rate was 8.5 per cent in February 2023, down from 8.6 per cent in January, while a year earlier, the rate was 5.9 per cent. The European Union's (EU) annual inflation was 9.9 per cent in February 2023, down from 10.0 per cent in January; a year earlier, the rate was 6.2 per cent, as per the Eurostat.

The lowest annual rates were registered in Luxembourg at 4.8 per cent, Belgium at 5.4 per cent, and Spain at 6.0 per cent. The highest annual rates were recorded in Hungary at 25.8 per cent, Latvia at 20.1 per cent, and Czechia at 18.4 per cent, according to figures published by Eurostat, the statistical office of the EU.

Compared with January, annual inflation fell in fifteen member states, remained stable in two, and rose in ten. In February, non-energy industrial goods at 1.74 percentage points (pp) and energy at 1.64 pp were among the groups that largely contributed to the annual euro area inflation rate.

Source: fibre2fashion.com- Mar 21, 2023

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# US' overall retail spending down, core spending up in February: NRF

Overall retail sales dipped slightly in February, but core spending rose, the National Retail Federation has said. NRF's calculation of retail sales—which excludes automobile dealers, gasoline stations and restaurants to focus on core retail—showed February was up 0.5 per cent from January and up 6.5 per cent unadjusted year over year.

Clothing and clothing accessory stores were down 0.8 per cent month over month seasonally adjusted but up 4.1 per cent unadjusted year over year. Online and other non-store sales were up 1.6 per cent month over month seasonally adjusted and up 8.5 per cent unadjusted year over year, NRF said in a press release. In January, sales were up 2 per cent month over month and up 6.9 per cent year over year. NRF's numbers were up 6 per cent unadjusted year over year on a three-month moving average as of February.

"February's retail sales growth is not surprising given the strong growth we saw last month, continuing to reflect consumers' ability and willingness to spend thoughtfully on household priorities," NRF president and CEO Matthew Shay said. "While recent volatility in banking and financial markets is adding to economic uncertainty, the underlying fundamentals in the consumer economy remain on solid footing as jobs and wages are growing and inflation is trending down."

"Sales growth has slowed in recent months, but consumers' economic health still looks good," NRF chief economist Jack Kleinhenz said. "February is typically the slowest month of the year, so monthly fluctuations are expected. Sales are higher than last year and that's due in large part to the strong labour market, which means more income and spending. We are seeing a decent trend for retail sales growth built on the upward revisions to December and January sales."

The US Census Bureau said overall retail sales in February were down 0.4 per cent from January but up 5.4 per cent year over year. In January, sales were up 3.2 per cent month over month and up 7.7 per cent year over year.

Source: fibre2fashion.com- Mar 20, 2023

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# Germany's industrial producer price index jumps 15.8% YoY for Feb 2023

The index of producer prices for industrial products in Germany for February 2023 increased by 15.8 per cent year-on-year (YoY), as per the Federal Statistical Office (Destatis).

In January 2023, the increase had been 17.6 per cent. Compared with the preceding month, January 2023, the overall index decreased by 0.3 per cent in February 2023, –1.2 per cent in January 2023 on December 2022.

Mainly responsible for the increase of producer prices compared to February 2022 still was the price increase of energy, due to the high weighting percentage combined with exceptionally high changes. Moreover, prices also rose significantly, in parts due to the price development for energy products, for non-durable consumer goods, intermediate goods, durable consumer goods, and others, Destatis said in a press release.

Also, for the decrease of producer prices on a monthly basis the development of energy prices is the main reason. Energy prices as a whole were up 27.6 per cent compared to February 2022. Mainly responsible for the high rise of energy prices were the strong price increases of natural gas (distribution). Compared with the previous month, January 2023, energy prices fell by 1.4 per cent as well mainly caused by the decrease in the prices of natural gas.

Natural gas prices (distribution) were up 38.9 per cent on February 2022. For trade and commerce, prices increased by 91.5 per cent, for resellers by 40.2 per cent. Industrial consumers had to pay 8.9 per cent more for natural gas than one year before.

Power plants' prices were up 26.8 per cent. Across all customer groups, natural gas prices were down 4.2 per cent compared to the previous month, January.

Electricity prices across all customer groups rose by 27.1 per cent compared to February 2022. Compared with the previous month, January, electricity prices considered across all customer groups increased by 2.5 per cent.

Prices of mineral oil products were up 5.1 per cent from February 2022 and decreased by 1.7 per cent from January 2023. Light heating oil prices increased by 8.3 per cent compared to February 2022, which was –7.3 per cent on January 2023, those of motor fuels were up 3.5 per cent, which was –2.0 per cent on January 2023.

The overall index disregarding energy was 10.2 per cent up on February 2022, which was 0.5 per cent compared to January 2023, added the release.

Prices of non-durable consumer goods increased by 17.9 per cent compared to February 2022 and rose by 0.9 per cent compared to January 2023. Prices of durable consumer goods increased by 10.5 per cent compared to February 2022.

Source: fibre2fashion.com- Mar 21, 2023

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# Global central banks take coordinated action to boost USD liquidity

The Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank have announced a coordinated action to enhance the provision of liquidity via the standing US dollar liquidity swap line arrangements.

To improve the swap lines' effectiveness in providing US dollar funding, the central banks currently offering US dollar operations have agreed to increase the frequency of 7-day maturity operations from weekly to daily. These daily operations will commence today, and will continue at least through the end of April, the central banks said in a joint press release.

The network of swap lines among these central banks is a set of available standing facilities and serves as an important liquidity backstop to ease strains in global funding markets, thereby helping to mitigate the effects of such strains on the supply of credit to households and businesses.

Source: fibre2fashion.com - Mar 20, 2023

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# Brazil cotton prices weak; domestic sales more beneficial than exports

Brazil's cotton prices have remained weak, with the export parity value underpinned by the dollar's appreciation. Despite this, domestic market remuneration has been higher than that from exports, with domestic prices higher than that paid for the cotton already exported. This trend has made selling cotton in the Brazilian market more advantageous than exporting it, according to Center for Advanced Studies on Applied Economics (CEPEA).

Between February 28 and March 15, the CEPEA/ESALQ Index for cotton dropped 3.6 per cent, closing at BRL 4.9888/pound on March 15. On the other hand, the US dollar rose 1.4 per cent against the Real in the first fortnight of March, to BRL 5.294 on March 15. The Cotlook A Index decreased 3.82 per cent, to $0.9555/pound on March 15. Thus, the export parities FAS (Free Alongside Ship) decreased 2.5 per cent, to BRL 4.4060/pound ($0.8323/pound) at the port of Santos (SP) and BRL 4.4165/pound ($0.8343/pound) at the port of Paranaguá (PR) on March 15. On average, the cotton Index was 13 per cent above the export parity in the first half of March, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

From August 2022 to the first eight working days of March 2023, Brazil exported 1.148 million tons of cotton, 17 per cent less than the volume shipped between August 2021 and March 2022.

In the Brazilian spot market, sales in the first fortnight of March were limited by both the gap between asking and bidding prices and the quality of the cotton available. According to CEPEA collaborators, the demand for cotton yarn and finished products is low, limiting cotton sales in the spot market.

Cotton farmers kept some of the remaining batches due to recent devaluations of the product. They were willing to lower asking prices only for lower-quality cotton.

Brazil’s National Supply Company (CONAB) estimates the national area allocated to cotton crops at 1.665 million hectares in the 2022-23 season, 0.53 per cent smaller than that in the report from February but 4 per cent larger than that in the 2021-22 season. Productivity estimates were revised down by 8.03 per cent from that previously reported but may be 4.8 per cent higher than that last season, forecast at 1,672 kg/hectare.

Thus, the Brazilian cotton output may total 2.783 million tons, 8.51 per cent lower than that forecast in February but 9 per cent higher than that in 2021-22. The 2022-23 crop is not expected to be a record anymore, currently estimated to be the second highest, only lower than the 2019-20 crop (3.002 million tons).

Source: fibre2fashion.com- Mar 20, 2023

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## Bangladesh: Surging Garment Imports from Bangladesh, a cause of concern for India

Bangladesh's garment exports to India surges significantly to over 61 % to $753 million during the first eight months of the current fiscal year of Bangladesh. The surge in imports to India has been attributed to the high-quality and affordable clothing produced in Bangladesh, which is in high demand in India.

In the past, India has expressed concerns over the surging imports of garments from Bangladesh. The Indian government has voiced its concern over the growing trend of imports from Bangladesh, which has put the domestic garment manufacturing industry at risk.

The Indian garment industry is one of the country's largest employers, and the rise in imports has led to a decline in domestic production, leading to job losses and decreased revenues.

The Indian government has urged the industry to improve its competitiveness and quality to better compete with the imports from Bangladesh. At the same time, efforts are underway to strengthen the domestic industry, such as providing incentives to textile manufacturers and streamlining regulations to reduce the cost of doing business.

Despite these measures, it is likely that we will see further growth in imports from Bangladesh to India in the future, as both countries continue to work together to enhance trade ties.

The rising imports from Bangladesh are a challenge for the Indian garment industry, but with the right policies and strategies, it can remain competitive and thrive in the face of this new competition.

Source: fashionatingworld.com - Mar 20, 2023

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# B'desh's garment exports to non-traditional markets surge by 35% in first eight months of FY'23

Bangladesh's garment exports to non-traditional markets, excluding the European Union, United States, and Canada, surged by 35per cent in the first eight months of the current fiscal year, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).During the July-February period of FY'23, the country earned $5.69 billion, up from $4.21 billion in the same period of the previous fiscal year.

During the same period, Bangladesh's exports to India grew by over 61 per cent to $753 million, while exports to Japan increased by 47.65 per cent to $1.08 billion. The country's share of the non-traditional markets increased from 15.32 per cent to 18.13 per cent during the same period.

The BGMEA President added that Bangladesh's exports to the European Union, the United Kingdom, and Canada grew by 14.29 per cent, 14.52 per cent, and 20.05 per cent, respectively. However, exports to the US declined by 2.87 per cent to $5.60 billion.

Despite the overall global market share declining due to the geo-political situation triggered by the Russia-Ukraine war and high inflationary pressure across the world, Bangladesh is striving to increase export earnings to non-traditional markets.

The garment sector's contribution to the overall export earnings is increasing, and now accounts for about 85% of the total. If the earnings of home textiles and other textile goods are taken into account, the share would be around 89 to 90 per cent.

Source: fashionatingworld.com - Mar 20, 2023

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## Bangladesh: 67% RMG export earnings come from 10 items

About 68 per cent of Bangladesh's annual export earnings from apparels is still confined to just 10 items, indicating that product diversification in the industry is yet to reach expected levels even after a journey of four-and-a-half decades.

The 10 most exported apparel items accounted for $30.94 billion of the country's $45.70 billion earnings from the industry last year, according to data from the Export Promotion Bureau compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

As always, knitted cotton T-shirts saw the highest exports in 2022, registering earnings of $8.93 billion with roughly 26 per cent year-on-year growth.

This means that T-shirts contributed some 20 per cent of the total apparel exports that year, when Bangladesh captured 23 per cent of global trade in the sector, the data shows.

Men's woven trousers were the second highest earner, registering about 23 per cent year-on-year growth to hit $5.94 billion with a 13 per cent share of the total apparel exports. Locally made men's trousers, including child sizes, hold a 21 per cent stake in the global market.

Women's trousers were the third largest export item, earning $3.63 billon with year-on-year growth of 19.10 per cent. The sector has a global market share of around 16 per cent.

Meanwhile, cotton jerseys and pullovers placed fourth in terms of earnings while those made of manmade fibre stood at fifth.

Men's cotton woven came next at sixth, women's cotton knitted trousers seventh, synthetic woven trousers eighth, men's cotton knitted shirts ninth and men's cotton knitted trousers was the tenth most exported apparel item in 2022.

Bangladesh's share in the global market for these 10 items was about 15 per cent of the $160.43 billion registered that year. At the same time, the country grabbed an 8 per cent share of the overall global apparel market valued at $431.94 billion.

Among these top 10 garment items, only 12 per cent of the export earnings in 2022 came from non-cotton apparels while cotton-based apparels made up the rest, said BGMEA President Faruque Hassan.

"Although we have experience and a good capacity for producing cotton-based apparels, we are still lagging behind in the non-cotton sector," he added.

Hassan went on to say that while only 25 per cent of the textiles consumed worldwide are made of cotton, 75 per cent of Bangladesh's garment industry is concentrated on making cotton clothes.

"So, huge opportunities await but we have a capacity shortage when it comes to making high-end garments such as sportswear, lingerie and outerwear," he said.

"To increase Bangladesh's hold on the global non-cotton apparel market, we need to increase efficiency and technical know-how in the industry," the BGMEA chief added.

Hassan then said more investments are needed in backward linkage industries while the environmental aspect of industrial production should be kept in mind.

During the first two months of 2023, garment exports from Bangladesh grew by some 10 per cent year-on-year.

A significant part of the growth was contributed by shipments to the European Union (EU), the largest export destination for Bangladesh.

Exports to the EU amounted to $4.22 billion during the January-February period, registering year-on-year growth of 8 per cent.

However, Bangladesh saw negative growth in exports to eight of the 27 countries in the EU, namely Germany, Austria, Bulgaria, Denmark, Finland, Latvia, Malta, Poland and Slovenia, the data says.

During the two-month period, exports to Germany fell 12.37 per cent to $1.17 billion. On the other hand, shipments to France and Spain grew by 14 per cent and 22 per cent to $477.87 million and $645.68 million respectively.

At the same time, exports to the US fell roughly 14 per cent to $1.33 billion from $1.54 billion. Shipments to Canada also dropped by some 3 per cent to reach $206.80 million.

However, exports to the UK saw 21.63 per cent year on-year growth to stand at $964 million during the first two months of the current calendar year.

Bangladesh's exports to non-traditional markets rose remarkably in the January-February period, showing year-on-year growth of 42.51 per cent to hit $1.64 billion from $1.15 billion.

Currently, the share of export earnings from clothing sent to non-traditional markets stands at 19.64 per cent. Japan is the top destination among major non-traditional markets, fetching $321.12 million during the period.

Exports to other non-traditional markets such as Australia, India, South Korea, Turkey and the UAE are also rising but shipments to Russia, China, South Africa and Chile have declined, the data shows.

Source: thedailystar.net- Mar 20, 2023

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# Pakistan: Commerce minister agrees to redress garment sector's SMEs liquidity crisis

Federal Commerce Minister Syed Naveed Qamar has agreed with the demands presented to him by the apparel exporters, especially to resolve the issue of liquidity crunch faced by the SMEs due to blockage of sales tax refunds, creating the crucial cash flow problem for the garment exporters to cater the new orders.

The minister attended an interactive session along with Defence Minister Khawaja Aasif and TDAP Director General (DG) Shahzad Ahmed Khan, in his maiden visit to Sialkot on request of PRGMEA, also largely attended by the exporters from all industrial export-oriented sectors. He was quite impressed with the activity of Sialkot-based garment exporters and overall PRGMEA participation in economic growth from Lahore and Karachi members.

Syed Naveed Qamar said that he would convene a meeting with the officials of Federal Board of Revenue (FBR) to resolve this issue on urgent basis. The minister said that the government was committed to providing a level-playing field and reducing the cost of doing business for export-oriented sectors including textile whole chain. This shall help boost exports and reduce the current account deficit.

He stated that it is time to promote value-added products and that the government will provide incentives for this purpose as soon as the economic conditions get better. Naveed Qamar stated that the Ministry of Commerce had formulated the Textiles and Apparel Policy 2020-2025, which will address matters including value addition, product diversification, skill development, productivity and ease of doing business.

We need to attract investment in the textile and apparel sector to enhance our manufacturing capacities, saying that the SMEs across the world are engines of growth for any country, he said and added that in the global textile industry Pakistan has less than 2 percent share which needs to be enhanced with practical steps.

The commerce minister said that export-led economic growth is the only viable solution towards achieving national prosperity. Acknowledging the role played by Sialkot-based exporters in earning foreign exchange for the country, Naveed Qamar appreciated the revolutionary initiatives taken by the business community of this industrial city. He assured the PRGMEA of his all-out support to provide an enabling environment to increase exports, stressing the members to keep the close liaison with the commerce ministry for their input in policy making for growth of value-added apparel exports.

International Apparel Federation (IAF) regional chief and ex-chairman of the PRGMEA Ijaz Khokhar, in his welcome address, presented core demand of PRGMEA to establish Sialkot Garment City like Lahore and Faisalabad's ones, the approval of which is already a part of textile and apparel policy 2020-25.

He also requested him for the completion of Garment Technical Training Centre in Sialkot for which the PRGMEA has done the procurement of land and now it was seeking for the funds to build up the building with the funds of exporters' own export development funds (EDF).

The commerce minister shown his consent and Khawaja Asif also supported this demand for the cause of the Sialkot industry's growth because currently there is ample of garment business available but due to shortage of skilled workers, they are not being materialised. Ijaz Khokhar, on this occasion, committed with the minister if these two projects are completed the exports of Sialkot garments can be doubled to the level of $1 billion from current figure of almost $500 million.

He stated that PRGMEA is the main value-added stakeholder of apparel sector in Pakistan with its presence in Karachi, Lahore and Sialkot. Apparel industry is playing pivotal role as it's a major foreign revenue earner, largest employment generator and the highest tax payer segment of our economy. Ijaz Khokhar requested the Ministry of Commerce to implement the Textile and Apparel Policy 2020-25, calling for conducting quarterly review to achieve the selected goals.

He said that currently Pakistan's product basket has only few articles. "We can add new products but due to lack of new fabrics we are unable to produce, as we are dependent on imports.

So, we need to form soft import policies for re-export, as the policies available are not friendly for SMEs which are more than 90 percent of total exporters. At present, available EFS Scheme is not SMEs' friendly," he added.

He said that the prevailing utility prices have made it difficult to compete in the region. “We do understand that the government financial issue and IMF conditions due to which subsidies withdrawn on utility. To sustain our export, we suggest the restoration of DLTL/DDT which is the part of Textile and Apparel Policy 2020-25, as this support will help us to sustain in the market,” he maintained.

Source: nation.com.pk- Mar 20, 2023

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# NATIONAL NEWS

## Indian cotton arrivals rise to 3-year high in March

Cotton arrivals in India have begun to increase to a three-year high across agricultural produce marketing committee (APMC) yards in the growing regions in March. This is in view of the natural fibre prices stabilising between ₹60,000 and ₹62,000 a candy (356 kg) and the quality of the arrivals being good, said traders and industry leaders.

Increasing arrivals have left the market confused over the exact production of cotton this season (October 2022-September 2023). According to data from Agmarknet, a unit of the Agriculture Ministry, cotton arrivals between March 1 and 18 are at a three-year high at 2.43 lakh tonnes(lt).

Peculiar situation

“We are witnessing a steady increase in arrivals across all markets,” said Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation (ITF).

“Arrivals are good and their quality is excellent. We are facing a peculiar situation this season as farmers held back their produce and now seem to be ready to sell,” said Ramanuj Das Boob, a sourcing agent for multinationals from Raichur, Karnataka.

“Arrivals have shown improvement over the last 15 days. However, all-India arrivals (October-March 20) are 30 per cent less compared with the last season due to the holding of stocks by the farmers,” said Sanjay Gupta, MD and CEO, NCML.

“Arrivals have increased as prices have stabilised in the region of ₹60,000 a candy. But for rains, arrivals are between 1.6 lakh bales (170 kg each) and 1.8 lakh bales,” said Anand Popat, a Rajkot-based trader in cotton, yarn and cotton waste.

Inflows gather pace

Agmarknet data showed that cotton arrivals picked up last week at 77,498 tonnes compared with 49,573 tonnes a year ago and 30,334 tonnes in 2022.

Last week, the Cotton Association of India (CAI) lowered its cotton crop estimated for the current season to 313 lakh bales against 307.05 lakh bales last season. In its second advance estimate, the Centre lowered its crop forecast to 337.23 lakh bales (311.18 lakh bales last season) and the USDA has pegged it at 313.76 lakh bales.

Currently, prices of Shankar-6 grade ginned (processed) cotton, the benchmark for exports, are ruling at ₹61,750 a candy in Gujarat. Kapas (raw cotton) are quoting at ₹7,900 a quintal against the minimum support price of ₹6,080.

In the global market, cotton futures for delivery in May on InterContinental Exchange (ICE), New York, are ruling at 77.90 US cents a pound (₹50,900 a candy). On MCX, cotton for delivery in April closed at ₹61,160 a candy.

Stagnant demand

“Over the last couple of weeks, cotton prices have stabilised. We expect this to continue at least till April 10,” said Das Boob. “Demand has stagnated due to global macroeconomic factors such as rising interest rates, an unstable financial environment and fears of recession. Cotton prices are trading on the lower side of ₹60,000-62,000,” said Gupta.

“Spinning mills have begun building inventories, though slowly since prices have stabilised, But lower yarn demand is almost impacting their purchases,” said Popat.

“Mills are still not confident about going for higher inventories due to the muted global demand signals for textile and apparel products. We are seeing only pockets of recoveries from a few countries due to their exhaustion of inventories,” said Dhamodharan.

Cautious purchase

Gupta said owing to lower seed and oilcake prices, ginners were facing problems of disparity. “Yarn sale is not promising but demand for finer quality yarn is allowing mills to run at good capacities. Arrivals are expected to increase in the forthcoming weeks as and when the farmers liquidate part of their stocks putting additional pressure on the prices,” he said.

A majority of markets and buyers are still cautious in buying. Chinese pent up demand trend is also not playing out as expected, said the ITF Convenor.

Cottonseed prices were not supporting growers, said Das Boob, wondering if 130 lakh bales could arrive in the market over the next 4-5 months going by the production forecasts.

ITF's Dhamodharan said the current cotton season is expected to be much longer and "the continuing weak demand signals may keep a constant check on cotton prices".

"Though the area under cotton was higher, the yield is reported to have dropped," the Raichur-based sourcing agent said.

If prices drop below ₹59,000, arrivals could decline, said Popat.

Slack exports

On the other hand, export demand is lukewarm. "Export purchases are small. This season's our exports will be lower," said Das Boob. "The volume of Bangladesh's purchase has been less. We don't see much export demand coming," said Popat.

CAI has pegged exports at 30 lakh bales this season against 43 lakh bales last season.

Source: thehindubusinessline.com- Mar 20, 2023

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# How to boost e-commerce exports

India's e-commerce exports have the potential to grow at a faster pace than the IT exports in early 2000s. With global Business to Consumer (B2C) e-commerce exports estimated to grow from $800 billion to $8 trillion by 2030, India's strengths in high-demand customised products, expanding seller base, and higher profit margins per unit of export place it in a prime position to benefit from this trend.

Despite its potential, India's current e-commerce exports remain far below their potential. Currently, they account for only $2 billion, less than 0.5 per cent of India's total goods export basket. The country must plan to export $350 billion, or about one-third of its total goods, through e-commerce by 2030.

This will require focus on developing the ecosystem for e-commerce exports as India's current e-commerce export provisions are a patchwork of rules framed for regular B2B exporters. This creates an enormous compliance burden on small firms, and India needs to address all such issues in one place. To address such needs, the government may issue a separate E-commerce Export Policy. E-commerce policies in China, Korea, Japan, Vietnam, etc., have helped many firms sell globally.

As the needs of the e-commerce export sector are vastly different from the regular export sector, the E-Commerce Export Policy should be an independent document addressing all pain points faced by exporters.

This policy should be jointly issued by the RBI, Customs, and DGFT after making necessary changes to their regulations.
Action points

Twenty-one recommendations have been identified to increase e-commerce exports from India. These cover five broad categories:

Redefine the responsibilities of sellers. Small and medium-sized firms rely on e-commerce platforms for global exposure and value-added services, such as timely payment assurance. However, this conflicts with FEMA regulations as the platform is responsible for receiving payment, while the ownership of goods remains with the seller.

China has solved this issue by separating the responsibilities of the seller and the compliance process entity. The seller is only responsible for creating an e-commerce marketplace account, obtaining product-specific licences, and creating commercial invoices and packing lists. This separation has been a major contributor to China's e-commerce export industry and should be adopted by India.

Simplify payment reconciliation. Payment reconciliation is a major roadblock for third-party e-commerce exporters. The RBI guidelines for B2B exports need changes to accommodate B2C exports. The changes needed to simplify payment reconciliation are:

Sellers must receive forex within nine months of shipment, which is challenging for shipments sold over 12-18 months. More time is needed to reconcile payments.

Lower restrictions on receipt of export proceeds: Forex received must not vary more than 25 per cent of the value stated in the export document. A 25 per cent reduction cap is too restrictive for e-commerce sales that involve discounts and returns.

E-commerce exports have a high number of small shipments and invoices per large shipment, which increases the payment reconciliation burden. An expensive consignment-wise EDPMS (Export Data Processing and Monitoring System) closure process must be eliminated.

E-commerce exporters receive payments in rupee (post-conversion), which requires an additional document — Foreign Inward Remittance Certificate (FIRC) — for export remittance. The requirement for FIRC must be eliminated, and e-commerce exporters should be allowed to receive forex like regular exporters.

Simplify foreign inventory management documentation: Documentation burden for forward deploy inventory to an overseas warehouse is cumbersome. Foreign inventory management documentation must be simplified.

Online bank processes: Issuing Authorised Dealer (AD) code letters and submitting documents to banks are done offline. For e-commerce exports, banks don't recognise the fund flow as an export transaction, causing a delay (around two weeks) in AD code letter generation.

Simplify export policy and process: Raise the value cap for e-commerce exports from ₹5 lakh to ₹25 lakh. As most trade is shifting to GVCs (global value chains) requiring timely deliveries, exporters must be allowed to choose the shipment mode as per their business requirements.

Create separate customs codes for e-commerce shipments to avoid delays caused by ad hoc document requests by customs officials and allow green channel clearance for e-commerce shipments, similar to China's customs supervision codes.

Exempt import duties on rejects and treat reimports as duty-exempt imports in line with global practices to reduce costs and expedite the delivery of merchandise.

Reduce the Courier Shipping Bill processing time from 3-4 hours to less than 20 minutes by making changes in the Express Cargo Clearance System (ECCS).

Simplify the format of the Courier Shipping Bill (CSB-II) to allow filing of more than one order details in one shipping bill.

Allow e-commerce exporters to claim GST refunds and export incentives to make the export product globally more competitive.

Develop business ecosystem: Launching the India Quality Product (IQP) label for high-potential product categories can help small firms with quality products to earn more money per sale.

The government should support all modes of e-commerce exports, whether a firm uses its own website or platforms, to maximise India's exports. Over one lakh firms are registered with such platforms for exports.

The government can consider paying the product listing fee on global marketplaces to support small firms. Governments in countries like Singapore and New Zealand finance 70-90 per cent of such expenditures incurred by small firms, and the government may set aside ₹5,000 crore annually for this purpose.

Recognising e-commerce export houses can benefit small firms looking to export. These firms can help sellers develop product categories, brands, and international markets, and provide market intelligence and training, allowing sellers to focus on the product and outsource everything else.

Set up e-commerce national trade network. This network will bring together the RBI, Customs, DGFT, GSTN, India Post, courier companies, platforms like Amazon and eBay, and the user to create a central technology platform that streamlines the entire process.

E-commerce will democratise export process by allowing lakhs of small firms to export. Exports will grow exponentially with removal of onerous regulatory compliances.

Source: thehindubusinessline.com- Mar 20, 2023

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# Fashion retailers expected to see 45 per cent growth in sales in FY23 : ICRA

Fashion retailers expected to end the financial year with an estimated 45 per cent year-on-year growth in sales, according to a report by ICRA. However, the profit margins are expected to be in the range of 7-7.3 per cent, the report added.

The ratings agency stated that in the first nine months of the fiscal revenue expansion was estimated 55 per cent led by seasonally strong Q3. But the revenue growth is expected to moderate sequentially due to a muted Q4.

Sakshi Suneja, Vice President & Sector Head – Corporate Ratings, ICRA, said, "Driven by improved economic activity and an uptick in discretionary spends, the retail sector reported a robust 55 per cent year-on-year revenue growth in first nine months in FY2023. While this was admittedly partly led by a low base, it also reflects a sharp 35 per cent growth over the pre-pandemic period of 9M FY2020. " She added that this favourable performance was also aided by nearly 5 million sqft of additional store space set up during FY2020-FY2022.
Inflationary pressure hits value-fashion segment

"Segment-wise, the revenue growth is led by premium brands in the metros/Tier-I cities. The value-fashion segment, on the other hand, is facing inflationary headwinds and reported a negative same-store-sales growth when compared with the pre-covid period of 9M FY2020," she added.

With fashion retailers passing on raw material costs to consumers, the gross margins for the retailers in the first nine months of FY23 remained largely in line with the FY22 levels. Rental, employee costs and promotional expenses also saw a hike. "Consequently, despite robust revenue growth, OPMs of fashion retailers are likely to remain range-bound at around 7-7.3 per cent in FY2023, trailing the pre-pandemic OPM," the report added.

"Entities in our sample set increased their capital spending to ₹14 billion in FY2023, implying a YoY expansion of 55 per cent. While players present in the value-fashion segment continued with their capex plans in FY23, ICRA expects some curtailment/re-calibration in capex spending by these players in FY24, till inflationary pressures ease," Suneja added.

Online sales up

Online sales also continue to grow, though at a slower pace, with the waning impact of the pandemic. ICRA expects the share of online sales to inch up to 12-14 per cent of revenues by FY2024-25, compared to 8 per cent in FY2022. Online sales is unlikely to replace the brick-and-mortar sales any time soon.

Despite the sizeable capex plans, the credit profile of large, listed entities is expected to remain adequately supported by strong balance sheets on the back of healthy liquidity and strengthened net worth post the equity raising in FY2021, the report added.

Source: thehindubusinessline.com- Mar 20, 2023

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# Tamil Nadu Budget announcements will boost value-addition: textile industry

A new textile policy to be announced by the State government is expected to focus on holistic development of the entire textile value chain, with measures for development of latest design and to textile machinery manufacturing, said Ravi Sam, chairman of Southern India Mills' Association.

Welcoming the announcements in the Tamil Nadu Budget on SIPCOT industrial parks in Coimbatore, Vellore, Kallakurichi, and Virudhunagar, 10 mini handloom parks at an outlay of ₹20 crores, and factory skill schools, he said the handloom parks would upgrade the standard of handloom products by using latest technologies and creating market linkages.

The target fixed to double the installed power generation capacity by 2030 and increase the share of green energy to 50 % is laudable as the export market is prioritising sustainability, he said.

A. Sakthivel, chairman of Federation of Indian Export Organisations, said the Budget proposals focused on industrial and infrastructure development to make the State a top exporting hub. At present, Tamil Nadu contributed 9.5 % of the country's exports ($ 30.5 billion).

The proposal for new SIPCOT industrial parks, allocation for global investors meet, and factories for manufacture of non-leather footwear would all boost industrial production in the State.

According to K.M. Subramanian, president of Tiruppur Exporters' Association, the Salem and Virudhunagar parks would pave way for the growth of textile exports and generate more employment.

Welcoming the allocation of ₹25 crores for the factory skill schools, he said skilled workers were essential to increase productivity and quality and reduce waste generation. He sought extension of the metro rail project to Tiruppur.

The Indian Texpreneurs Federation convenor Prabhu Dhamodharan said the government's plan to set up a textile park in Salem on 119 acres at a total cost of ₹880 crores, with investment from the Centre and the private sector too, would enable the textile supply chain in the western districts move towards value-addition. The new park can target apparel and home textile segments.

The Open End Spinning Mills Association president G. Arulmozhi said in a press release that infrastructure development would attract investment to the State.

According to the South India Hosiery Manufacturers Association, the Budget announcements show the commitment of the State government to boost industrial growth. While there were several welcome measures, there was no announcement for Tiruppur, it said.

Source: thehindu.com- Mar 20, 2023

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# Rs 880-crore textile park in Salem to boost exports

SALEM: The textile industry in Salem is hopeful of a revival in fortunes once the proposed Rs 880-crore textile park becomes a reality. “The textile industry is spread across rural and urban parts of Salem. Branded garments are an important segment and there are 200 units that exclusively export to the USA and European countries. Sarees and dhotis for the domestic market are widely produced with hundreds of handlooms, power looms and auto looms operating in Salem,” said A Alagarasan, president of Salem yarn colouring park.

“The growth of the textile industry was stunted due to the lack of any major infrastructure development. In this backdrop, the government has announced setting up a new textile park. This will revitalize the sector, as both central and state governments would grant subsidies to entrepreneurs willing to open shop here. Starting from the installation of machinery, other expenses will be met through contributions from the industry side,” he added.

K Mohan, an exporter, said, “The textile industry in Salem will go to the next level through this new textile industrial park. It will help to boost exports. It will also increase employment opportunities.” “About 100 units are to be established in this textile park. Aside from these, all dyeing process units in Salem are to be brought under one roof inside the park. There are 85 dyeing process companies operating in Salem.

Common effluent treatment plants (CETP) facility is also set up for these needs at a cost of Rs 150 crore. This is also included in that Rs 880 crore. This will improve the environment in Salem,” said another industrialist. An officer from the industry department said, “The new textile park will be established in Zakir Ammapalayam. A total of 119 acres of land owned by the government will be offered to private players who would develop and set up the park. Further announcements regarding this will be released soon.”

Kalaignar Centenary Library in Madurai will welcome readers from June
Madurai: Finance minister Palanivel Thiaga Rajan’s announcement that the Kalaignar Centenary Library in Madurai will have its first readers in June has brought cheer to bibliophiles. Construction of the eight-storey building is almost complete, and only 5% of interior work remains. The

building, situated on two lakh square feet and having state-of-the-art facilities, is being built at Rs 114 crore.

Around 3.5 lakh books would be housed in the library in the first phase on various subjects including English, Tamil, literature, Engineering, Law and Research. There will be an exclusive section for children's reading books with audio and video facilities. Separate sections have been provided for competitive exam aspirants. K S Saravanan, writer, and headmaster of Dr T Thirugnanam Primary School at East Santhapettai suggest programmes to attract children to the library regularly.

Source: newindianexpress.com- Mar 21, 2023

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# UP To Build Mega Textile Park In Lucknow To Implement PMMITRA

As a part of the implementation of the Pradhan Mantri Mega Integrated Textile Region and Apparel (PM-MITRA) Scheme, the Uttar Pradesh government will be constructing a Mega Textile Park in Lucknow. The park will be spread across 1162 acres and will be constructed between Lucknow and Hardoi districts.

It may be recalled that the Centre had recently announced that Mega Textile Parks will be constructed in seven states to promote the textile industry and also provide employment to the people. These mega textile parks will also see investments coming into the state. The seven states which were selected for the project are Tamil Nadu, Telangana, Gujarat, Karnataka, Madhya Pradesh, Uttar Pradesh and Maharashtra. The Centre is investing nearly Rs 70,000 crores in the project.

According to the official information, the mega textile park will be built on 1162 acres, out of which 903.07 acres will be in Lucknow and 259.09 acres will be Hardoi. It will be known as the Sant Kabir PM Mitra Textile and Apparel Park Limited.

In Lucknow, the textile park will be built in the Attari village of Malihabad tehsil of Lucknow. This will be the centre for crafts like Chikankari and Zari-Zardozi of Lucknow, Handloom of Hardoi and Barabanki, dari and carpets of Sitapur, Zari Zardozi of Unnao, Hosiery and Textile of Kanpur, Block Printing and Zari Zardozi of Farrukhabad, Zari Zardozi of Shahjahanpur, handloom terricot industry of Ambedkarnagar, Azamgarh Gorakhpur and Rampur. Silk, handloom and textile clusters of Mau and Varanasi and apparel clusters of Gautam Budh Nagar.

The textile park will not only provide employment, but will also act as a bridge between companies and the weavers for getting direct work. The state governments are also in talks with investors to invest in the project.

The Chief Minister Yogi Adityanath asked the state government officials to do an assessment of the area earmarked for the project and present a feasibility report. As per the assessment, ground water is available below 40 feet in the area chosen for the project, due to which there is sufficient availability of water.

According to the assessment done for municipal and solid waste management, a waste to energy plant is located in Shivri village near Mohan Road, at a distance of 40 km from the project site. The presence of 33 and 11 KVA lines is already available in this area for power supply. Along with this, 400 KVA substation at Jhetha will also be very helpful for the Mega Textile Park.

Source: businessworld.in- Mar 20, 2023

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## Centre to shift textile commissioner office from Mumbai to Delhi

Jayashree Sivakumar, under secretary in the ministry of textiles, has written to textile commissioner Roop Rashi informing about the decision.

"I am directed to inform you that it has been decided with the approval of the competent authority to restructure the office of textile commissioner and textile committee (TC) in order to enhance effectiveness and achieve optimal use of resources. This restructuring exercise would involve shifting textile commissioner and few key officials to the Ministry of Textiles (MoT) to strengthen the technical arm of the ministry, deployment/deputation of officers/staff from head office and field office to TC head office and field offices," the letter read.

As a first step to initiate the process of restructuring/merger, it has been decided that the textile commissioner will be moved to New Delhi along with a few key personnel, including one joint textile commissioner, two deputy secretary level (director rank) and two deputy director level officers. The textile commissioner will be seated in the ministry and other officials in the regional office at NOIDA, according to the letter. The officials have been told to shift by April 5, 2023.

The textile commissioner acts as the principal technical advisor to the Ministry of Textiles and carries out techno-economic surveys and advises the government on the general economic health of the textiles industry through its eight regional offices at Amritsar, Noida, Indore, Kolkata, Bengaluru, Coimbatore, Navi Mumbai and Ahmedabad.

The office of the textile commissioner was established in 1943 during World War II for arranging the supply of cloth to the defence forces as well as civilian population.

After the end of the war, the textile commissioner was given the regulatory function of administering the prices, distribution and control of certain varieties of cloth meant for civilian consumption in the post-war conditions of scarcity. However, after Independence the office assumed a developmental role and contributed towards modernisation and growth of all segments of the textiles and clothing industry.

The post of the textile commissioner used to be occupied by senior IAS officers. Since the post was in Mumbai, many IAS officers of Maharashtra cadre used to apply for it so that their central deputation period was also completed.

Roop Rashi, a 1994 batch officer of Indian Audit and Accounts Service, is the current commissioner. She refused to meet this correspondent and also answer calls. The PRO of the textile commissioner office did not comment. One employee said that they were uncertain of how many employees will remain in Mumbai and how many will have to shift.

Reacting to the development, Shiv Sena (UBT) MP Sanjay Raut said, “Maharashtra has been a big textile centre. Mumbai was its capital, now Ichalkaranji and Bhiwandi have textile Industries. The central government is shifting many offices from Mumbai to Delhi and Ahmedabad. Why is the BJP-Shiv Sena government not raising protest? I condemn this and I will raise the issue in the Parliament.”

The party MP, Anil Desai, said, “Our Mumbai is very progressive and developed. This is an attempt to undermine Mumbai and lessen the importance. This is unfortunate.”

Shiv Sena deputy leader Vishakha Raut said, “It is a pity that they are robbing Mumbai of this office. My uncle worked as textile commissioner. Mumbai’s economy depended on mills. Unfortunately, these mills have closed and replaced by buildings.”

The Sena (UBT) has been criticising the centre’s move to shift various important offices and projects from Mumbai to Delhi and Gujarat. In 2013, the headquarters of Air India was shifted from Mumbai to Delhi. The Marine police academy which was to come up in Palghar was shifted to Dwarka in Gujarat. The trade and patent office which was based in Mumbai was also shifted to Delhi. The facility to construct transport planes for the Indian Air Force was to come up in Nagpur and was shifted to Gujarat. The Maha Vikas Aghadi (MVA) government was also vocal about the shifting of Adani airport offices from Mumbai to Ahmedabad.

Source: hindustantimes.com- Mar 21, 2023

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# India's viscose fibre import skyrockets to 93 mn kg in Jan-Nov 2022

India's import of viscose staple fibre (HSN code 550410) has shown significant growth in previous years. Last year, imports shot up to a new high as consumption diverted to some extent towards viscose after cotton prices touched a record level in April 2022. India's viscose import stood at $221.348 million (93.071 million kg) during January-November 2022. The value and volume of viscose imports increased by more than 50 per cent in the first eleven months of 2022.

India imports of viscose fibre worth in January-November 2022 was 63 per cent higher in value than the imports of $135.116 million in 2021. The import volume increased by 50 per cent, which was 62.432 million kg in 2021, according to Fibre2Fashion's market insight tool TexPro.

India's imports slipped to $86.252 million (46.352 million kg) in 2020 from $103.535 million (48.384 million kg) in 2019. But they bounced back in 2021 when they reached $135.116 million (62.432 million kg). Earlier, the country's import of viscose was $94.833 million (41.689 million kg) in 2018 and $66.253 million (27.725 million kg) in 2017.

Indonesia was the top supplier with a 29.57 per cent share in India's viscose import during January-November 2022. Among the top five suppliers, Austria had a share of 17.17 per cent, Hong Kong 15.62 per cent, China 10.68 per cent, and Singapore 10.02 per cent, as per TexPro.

Source: fibre2fashion.com- Mar 21, 2023

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