स्वच्छ भारत
एक कदम स्वच्छता की ओर

TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU
TEXPROCIL

TEXPROCIL
NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 63 of 2023 April 6, 2023

NEWS CLIPPINGS

Currency Watch	
USD	81.92
EUR	89.23
GBP	101.96
JPY	0.62

INTERNATIONAL NEWS

No	Topics
1	Trade growth to slow to 1.7% in 2023 following 2.7% expansion in 2022
2	World Bank predicts 5.1% growth in East Asia & Pacific for 2023
3	China, France ready to deepen commercial ties
4	European textile industry under pressure in Q4 2022
5	What These Textile Recyclers and Clothing Resellers Say About Fashion’s Circular Future
6	Vietnam's economic growth to stand at 6.5% in 2023, 6.8% in 2024: ADB
7	Risk of global recession to pressurise Bangladesh's exports: WB
8	Bangladesh urges EU to ease textile criteria for GSP
9	Pakistan: The need for policy reforms
10	Pakistani textile merchants explore Chinese market

NATIONAL NEWS	
No	**Topics**
1	Centre approves 64 applications under the Production Linked Incentive scheme for Textiles
2	More than 92,000 entities recognized as startups since launch of Startup India
3	Foreign Trade Policy 2023: Old policy for new world
4	FY '24 will show the positive impact of India-UAE's CEPA
5	RBI should prioritise inflation over growth, say FinMin officials
6	Russian Chamber of Commerce & Industry opens India office to bolster surging trade volumes
7	Indian apparel brands eye lucrative UAE market with high-quality products
8	Textile industry demands restoration of technology upgradation fund scheme
9	Govt mulls lab to check yarn quality

SAYING NO TO CHILD LABOUR

G20 भारत 2023 INDIA

INTERNATIONAL NEWS

Trade growth to slow to 1.7% in 2023 following 2.7% expansion in 2022

Global trade growth in 2023 is still expected to be subpar despite a slight upgrade to GDP projections since last fall, WTO economists said in a new forecast on 5 April. Weighed down by the effects of the war in Ukraine, stubbornly high inflation, tighter monetary policy and financial market uncertainty, the volume of world merchandise trade is expected to grow by 1.7% this year, following 2.7% growth in 2022, a smaller-than-expected increase that was pulled down by a sharp slump in the fourth quarter.

The WTO's trade projections, set out in the new "Global Trade Outlook and Statistics" report, estimate real global GDP growth at market exchange rates of 2.4% for 2023. Projections for both trade and output growth are below the averages for the past 12 years of 2.6% and 2.7% respectively (see chart).

WTO Director-General Ngozi Okonjo-Iweala said: "Trade continues to be a force for resilience in the global economy, but it will remain under pressure from external factors in 2023.This makes it even more important for governments to avoid trade fragmentation and refrain from introducing obstacles to trade. Investing in multilateral cooperation on trade, as WTO members did at our Twelfth Ministerial Conference last June, would bolster economic growth and people's living standards over the long term."

The 2.7% increase in world trade volume in 2022 was weaker than the WTO's October forecast of 3.5%, as a sharper-than-expected quarter-on-quarter decline in the fourth quarter dragged down growth for the year. Several factors contributed to that slump, including elevated global commodity prices, monetary policy tightening in response to inflation, and outbreaks of COVID-19 that disrupted production and trade in China.

Notably, trade growth last year turned out to be in line with the 2.4% to 3.0% baseline scenario in the WTO's March 2022 initial report on the war in Ukraine, and well above its more pessimistic scenario in which trade would have grown just 0.5% as countries started to split into competing economic blocs. In the event, international markets remained broadly open. A follow-up study the WTO released last month documented how vulnerable economies were able to compensate for essential food supplies cut off by the war by finding alternative products and suppliers.

The 1.7% forecast for trade growth in 2023, meanwhile, is up from the previous estimate of 1.0% from last October. A key factor here is the relaxation of COVID-19 pandemic controls in China, which is expected to unleash pent-up consumer demand in the country, in turn boosting international trade (see table).

WTO Chief Economist Ralph Ossa said: "The lingering effects of COVID-19 and the rising geopolitical tensions were the main factors impacting trade and output in 2022 and this is likely to be the case in 2023 as well. Interest rate hikes in advanced economies have also revealed weaknesses in banking systems that could lead to wider financial instability if left unchecked. Governments and regulators need to be alert to these and other financial risks in the coming months."

Looking ahead to 2024, trade growth should rebound to 3.2%, as GDP picks up to 2.6%, but this estimate is more uncertain than usual due to the presence of substantial downside risks, including geopolitical tensions, food supply shocks, and the possibility of unforeseen fallout from monetary tightening.

The full report is available here.

Source: wto.org- Apr 05, 2023

HOME

****

World Bank predicts 5.1% growth in East Asia & Pacific for 2023

Growth in developing East Asia and the Pacific is forecast to accelerate to 5.1 per cent in 2023 from 3.5 per cent in 2022, as China's reopening helps the economy rebound to a 5.1 per cent pace from 3 per cent last year, the World Bank said.

Economic performance across the region, while robust, could be held back this year by slowing global growth, elevated commodity prices, and tightening financial conditions in response to persistent inflation, according to the World Bank's East Asia and Pacific April 2023 Economic Update.

Growth in the region outside China is anticipated to moderate to 4.9 per cent from the robust post-COVID-19 rebound of 5.8 per cent in 2022, as inflation and elevated household debt in some countries weigh on consumption.

"Most major economies of East Asia and the Pacific have come through the difficulties of the pandemic but must now navigate a changed global landscape," said World Bank East Asia and Pacific vice president Manuela V Ferro. "To regain momentum, there is work left to do to boost innovation, productivity, and to set the foundations for a greener recovery."

Among the larger economies of the region, most including Indonesia, the Philippines, and Vietnam, are anticipated to grow more modestly in 2023 than in 2022. Most Pacific Island countries are forecast to grow faster in 2023, but Fiji's exceptionally strong economic pace in 2022 is likely to moderate.

Most countries in the EAP region have seen two decades of higher and more stable growth than economies in other regions. The result has been a striking decline in poverty and, in the last decade, also a decline in inequality. However, the catch-up to the per capita income levels of advanced economies has stalled in recent years as productivity growth and the pace of structural reforms has slowed. Addressing the significant 'reform gap', especially in services, could magnify the impact of the digital revolution and boost productivity in sectors from retail and finance to education and health, the World Bank added.

The economies of the region must also cope with three important challenges as policymakers act to sustain and accelerate economic growth in the aftermath of COVID-19. Rising tensions between major trading partners will affect trade, investment, and technology flows across the region. The rapid aging of the major economies of East and Southeast Asia heralds a new set of challenges and risks with implications for economic growth, fiscal balances, and health. Finally, the region is particularly exposed to climate risks, in part due to the high density of population and economic activity along its coasts.

“De-globalisation, aging, and climate change are casting a shadow over the growth prospects of a region that has thrived through trade and is growing old fast,” said World Bank East Asia and Pacific chief economist Aaditya Mattoo. “However, promoting trade, addressing population dynamics, and enhancing climate resilience could strengthen growth.”

Source: fibre2fashion.com – Apr 06, 2023

HOME

****

China, France ready to deepen commercial ties

Trade, investment and tech will grow, boosting bilateral links, global recovery

China and France, considered two major manufacturing powerhouses of the world, are expected to deepen their commercial relations in trade, investment and beyond to stimulate both the business vitality of the two sides and global economic recovery, said analysts and business leaders.

Encouraged by the tangible growth achieved under the framework of the Belt and Road Initiative, China's opening-up measures and the "France 2030" investment plan, the two countries will likely scale up trade and investment in fields like the digital economy, trade in services, new energy and high-end manufacturing, they said.

Unveiled by the French government in 2021, the "France 2030"investment plan aims to support the transformation of automotive, aerospace, digital, green, biotechnology, culture and healthcare industries. They are all considered fields where excellence has been pursued, achieved and needs to be sustained, according to Business France, a French government agency that promotes the country's exports and seeks to attract foreign investment.

Despite headwinds such as waning global demand and rising global trade protectionism in recent years, interdependence between China and France remains stable in bilateral trade across industries, said Cui Hongjian, director of European Studies at the Beijing-based China Institute of International Studies.

"With China undergoing a new round of industrial upgrading as well as green and low-carbon transformation, it will continue to export consumer goods and make use of France's environmental protection solutions and high-tech products, including electronic products, passenger aircraft, medical equipment and industrial parts," said Cui.

As both the Chinese and French economies have been disrupted by challenges ranging from the COVID-19 pandemic to geoeconomic fragmentation, their bilateral trade value dropped 4.4 percent year-on-year to $81.23 billion in 2022, data from China's General Administration of Customs showed.

In addition to passenger vehicles and aircraft, water treatment, chemical and pharmaceutical products, France's exports to China also include fashion, energy infrastructure and agricultural products. China exports mainly construction machinery, manufacturing equipment, steel, electronics, textiles, garments and household appliances to the European country.

Zhao Ping, vice-dean of the academy of Beijing-based China Council for the Promotion of International Trade, said China's ongoing consumption and industrial upgrade have attracted more French investment in many areas like high-end manufacturing and green development in recent years.

Echoing that sentiment, Yin Zheng, executive vice-president of Schneider Electric's China and East Asia operations, said that under the high-quality development goal, Chinese industries are accelerating their transformation toward digitalization and decarbonization. This, he said, provides more opportunities and growth spaces for French and European companies like Schneider Electric.

Operating in China for 36 years, the French multinational has grown from a joint venture factory to one with 29 factories and distribution centers in China today, with a more than 90 percent local purchase rate. China has become its second-largest market around the world.

Yin said Schneider Electric has established two research and development centers and one innovation lab for different business segments across China over the past four months.

"We are much more confident that 2023 will be a great year for growth, partnership and expansion, and China will continue to develop its economy in a positive way," said Christophe Lauras, president of the French Chamber of Commerce and Industry in China (CCI France Chine).

"Backed by China's optimized COVID-19 response and economic growth, we will see an improvement of business confidence and investment plans from many French companies this year," he said.

A survey conducted by CCI France Chine between Jan 31 and Feb 17 saw 305 companies participating. The chamber's members said they are more willing now than before to expand their activities in China over the next three years.

The survey findings showed that up to 47 percent of respondents are planning to increase their investment in China, which is a significant increase from the 23 percent reported in the chamber's previous survey in September 2022.

Source: chinadaily.com.cn– Apr 06, 2023

HOME

****

European textile industry under pressure in Q4 2022

The latest figures compiled by Euratex, the European Apparel and Textile Confederation, show that European textile output contracted in Q4 2022, the first downturn recorded in almost two years. Conversely, after declining in Q3, European apparel production began to increase again at the end of last year.

The trends were revealed by the Euratex index, which is based on pre-pandemic levels and more specifically on Q4 2019, which acts as reference point (with a value of 100).

After reaching a peak value of 116.6 in Q3 2022, the textile output index fell to 116.3 over the following three months. Since Q3 2020, the sector had experienced only one other inflection point in output, in Q1 2021.

Euratex said that the supply chain is "still struggling with tough market conditions and insufficient demand." However, Euratex welcomed the apparel sector's "strong rebound in activity."

European apparel production finally returned to pre-pandemic levels in Q1 2022, when the production index reached 100.6, before jumping to 110.5 in the following quarter and then falling back down to 106.7 in the next three months, as energy costs became a major issue for the sector. The index's value eventually jumped up to 114.9 in Q4 2022.

Industry's confidence wanes

"The European gas benchmark price has fallen below its pre- [Ukraine invasion] level. Despite the energy shock and ensuing record-high inflation, the EU economy managed a broad stagnation in the fourth quarter, instead of the expected contraction," noted Euratex.

Click here for more details

Source: fashionnetwork.com – Apr 05, 2023

HOME

****

What These Textile Recyclers and Clothing Resellers Say About Fashion's Circular Future

When most people think about recycled clothing, they think of charity, Goodwill, Salvation Army, secondhand donations—dot-org, not dot-com. But the fact is, recycling clothes and textiles is already a big business and one that's only going to grow bigger for years to come.

According to a study by Markets and Markets, the textile recycling market was valued in 2022 at $6.9 billion and expected to reach $9.4 billion by 2027, and by 2050 apparel will account for a quarter of the world's carbon production, potentially raising demand for recycling.

It's a trend Adam Baruchowitz saw coming back in 2004 when he started Wearable Collections, by putting bins inside of New York-area apartment buildings that he'd pick up and sell as secondhand or as recyclable textiles. A decade later, he was setting up a collection table shop at farmers markets and by the eve of Covid, he was collecting and re-selling 2.5 million pounds of material each year and hosting 31 greenmarket events each week.

The value proposition Baruchowitz identified early on came from the sorting end of the chain.

"You're getting paid for 50 percent of the stuff [secondhand clothing], which the sorters will make money from. The other 50 percent from the rags and stuff, they lose money on, so I've been more obsessed with this 50 percent [of textiles], thinking that when you change the economic value proposition of that 50 percent, now you're changing the incentive base to collect," he told Sourcing Journal. "And when you change the incentive base to collect, you're likely going to divert more from landfills and there's going to be more reason for more people to get into the game."

But finding that quality second-run clothing gets harder and harder as the gospel of sustainability spreads and more and more consumers sell their best used items through online channels like Poshmark.

Out in western New York, St. Pauly Textiles has been profitable in the recycled clothing business, but second-generation owner Joe Howlett has never seen it as busy as it is now.

"A lot of that comes down to people being more cognizant of their finances and wanting to get something at a much more reasonable price, but in addition to that, people are becoming more conscientious of the environment," Howlett told Sourcing Journal. "Educating the general public that we don't want this stuff going into the landfill is just a matter of getting that mindset."

St. Pauly Textiles in Farmington, N.Y. was started by Howlett's father in 1996 and has little trouble filling up its donation sheds.

"Basically, what we do is set up relationships with different non-profit groups collecting clothing, usually using it as a fund-raiser," Howlett said. "We're purchasing the product that comes in and we're able to sell it."

Whereas Baruchowitz seeks out quality secondhand clothing to maximize his profit on the recycled rest, Howlett puts his focus on resale first and recycled textiles a distant second. Howlett believes that as momentum for recycling mounts it will eventually run afoul of the fashion industry, which relies on consumers regularly buying new products to maintain profits.

"Our biggest focus is trying to get the highest quality clothing to go around the world; that's one of the biggest pushes we need to have across the board," he said. "I know it's not a popular thing for people who manufacture clothing to make it at a higher quality—which essentially means it's lasting longer, which means people aren't buying new. But for sustainability in the future, we have to have higher quality clothing in the second market. Fast fashion is a detriment."

Last week in Dubai, Howlett was one of a record 204 attendees for the annual convention for SMART, the trade organization representing recycling in the clothing and textiles industries since 1932.

"What the companies have always done in the industry is to look for a way to make some money for their waste, or at least get rid of the cost of waste," Steve Reeves, SMART president and founder of his own textile recycling company Wipeco, told Sourcing Journal. "More and more municipalities and more and more governments are trying to figure out landfill issues and textiles are one of the last behemoth things… It's at a point where it's gone from companies to a real focus on communities."

Reeves' Illinois-based company Wipeco is an industrial supply company which produces wiping rags from a mix of secondhand clothing, reclaimed linens from hospitals and hotels and other businesses, as well as unused partial rolls of fabric. He said pushes for labeling on clothing that will allow a garment to be tracked through a QR code would be especially helpful for recyclers needing to separate certain fabrics before they can be mashed into a pulp and repurposed.

"Right now we can break down 95 to 100 percent cotton goods, only some polyesters and for any blended materials—unless it's being chopped into fiber, it doesn't work," Reeves said. "So any info on a garment that can be scanned quickly can definitely help stream textiles into higher value."

Ninety companies and 14 nations were represented at SMART, including India and Pakistan, where Reeves said a majority of the recycling workforce exists now. This makes Dubai a strategic site for a conference because of its geographic location and its relatively easy visa protocols.

"A lot of our conversation right now is based on closing the loop," Reeves said. "The talk was about how, as an industry, we need to have a seat at the table." Governments and municipalities have to "get the message out" that people shouldn't just throw their clothes and textiles in the garbage, Reeves said.

Howlett, a regular at these conferences, said there was a "buzz" in Dubai he hadn't felt before.

"I think there was an energy that's difficult to quantify," he said, adding, "The buzz was, 'hey, we all need to work together and get better.'"

Howlett said the push to make recycling the norm will take a combination effort from for-profit and non-profit organizations alike.

"The need is so strong that everyone wants to be part of it," he said. "I've always been taught that you don't have to be a nonprofit to do the right thing."

The collection bins inside of buildings that Baruchowitz helped pioneer nearly 20 years ago, is being taken to the next level of technology by Dallas-based CheckSammy, which earlier this month presented its novel approach to recycling of not just clothing but electronics and plastic devices too at the Aspen Ideas Summit.

Operating since 2018, CheckSammy has programmed its bins from coast to coast to signal when they are more than 75 percent full. That triggers a fleet of more than 5,000 gig economy drivers to come get the haul and deliver it to hubs, called "sustainability centers," where advanced technology is used to separate and bundle and bale each product type, providing statistics of how much of each type was present in each load.

"We're aggregating on mass specific commodities and it's in one door and out the other," CheckSammy co-founder and CEO Sam Scoten told Sourcing Journal. "We're basically collecting the product, putting them into bailing machines where we get 1,000-pound bricks, then they're on a 53-foot [truck], like a Jenga, and they're on to the next destination."

Scoten said the process of hiring thousands of drivers is not so different from a ride-sharing service.

"Our typical hauler will have a 20-foot box truck, but it could also be a 53-foot rig, or a semi," Scoten said. "The onboarding process makes sure that they're fully insured, fully compliant and they're permitted in the jurisdiction that they're working."

Scoten said placing bins inside of residential settings proves to be the best for getting the coveted secondhand clothes of quality.

"You have to control the source and the source is typically going to be from the individual's closet, i.e., their residence," Scoten said. "The benefit of a multifamily structure is you could have 100 residents or 500 to 600 and you have to have a mechanism to come back to collect, and that's been the beauty of the bin-and-bag process is that process starts by educating not only the property management, but by educating the suppliers of the textiles, which would be the residents."

When the QR coded bins and bags are brought to the center, they are weighed immediately.

"We actually narrow it right down to exactly what is inside the bag," Scoten said. "Is it menswear? Womenswear? What's the seasonality? Are there children's products in there? We can get very granular on the data and then we hand those items off to either institutional buyers or charitable entities."

Scoten said today CheckSammy is the largest sustainability operator in North America, a superlative they claim thanks to vertical integration.

“We’re a for-profit entity…We’re about maximizing shareholder returns, but we’re also about doing the right thing,” Scoten said. “We found the system was broken where you have one company doing the operations, another is doing the data collection, a third is going to do the de-branding and so on. But we’re a one-stop shop… We can come to our clients and say when we collect, we will show you the data right down to the poundage, what it is we’re taking off the property, the cadence, and customize that process over a period of time by cutting costs and then coming back to them with their sustainability [figures].”

That process has allowed CheckSammy to remain profitable every year it’s been in operation, even through the pandemic.

“It’s a very powerful marketplace that we built and it is a profitable way of approaching [recycling] but at the same time mitigating the waste to landfill and nobody has done what we’ve we’ve done if you look at the couriers to the waste operators, to some of the bespoke recyclers that are out there,” Scoten said. “It’s phenomenal. But it all comes down to the core and the core is the logistics.”

Baruchowitz’s business was all but leveled by the pandemic. With social distancing putting a halt to farmers markets, he had to sell his fleet of “Feed the Monster” emblazoned trucks, and dismiss the staff of Wearable Collections, which is now Baruchowitz alone.

He’s now hosting about 8 greenmarkets per week, down significantly from the 31 pre-Covid, but with his expenses cut to the bare minimum, the former Wall Street day trader can see the second life of his American Dream.

“There’s a lot of pressure on do-gooders to do good, you know? I want to prove out through a company that you can do well by doing good,” Baruchowitz said. “You know how many billions of dollars needs to be invested to really change this for the better? This is not like some moonshot prize, this is systemic change that needs to happen, and who benefits from that?”

While he believes in environmental cause, the word “sustainability” is one Baruchowitz would to see chucked into the landfill.

"I don't even like to use the word sustainability," Baruchowitz said. "I'm strictly talking about circularity because circularity means something to me. It's like thinking about the end of life at the beginning phase and taking responsibility for it in the middle."

Source: sourcingjournal.com - Apr 05, 2023

HOME

****

Vietnam's economic growth to stand at 6.5% in 2023, 6.8% in 2024: ADB

After a strong performance in 2022, Vietnam's economic growth is expected to moderate at 6.5 per cent this year and further expand at 6.8 per cent in 2024, as per the Asian Development Bank (ADB).

The global economic slowdown deepened in the fourth quarter of 2022 and will likely continue in 2023. Falling global demand is expected to weigh on industrial growth, according to the Asian Development Outlook (ADO) April 2023.

Public investment will be another key driver for economic recovery and growth in 2023 and 2024, spurring economic activities. Along with the move to monetary easing in March 2023, public spending is expected to generate substantial multiplier effects, creating strong growth stimulus for the economy.

The prolonged pandemic exposed structural issues that are among the main downside risks to the economy. Domestic capital markets come under pressure. Although the market turbulence has not yet caused serious systemic risks due to banks' resilience, risks are becoming evident. In the long term, financial sector reforms should be sustained to reduce the dependence of the economy on bank finance and enhance transparency in capital markets.

"Vietnam's economic growth will be constrained in 2023 by the global economic slowdown, continued monetary tightening in advanced economies, and spill-over from global geopolitical tensions," said ADB country director for Vietnam Andrew Jeffries.

"However, Vietnam's growth support policy with monetary easing, a large amount of public investment to be disbursed in 2023, and the reopening of China will help the country counter these headwinds."

Source: fibre2fashion.com - Apr 05, 2023

HOME

****

Risk of global recession to pressurise Bangladesh's exports: WB

The World Bank recently said the rising risk of a global growth recession would put downward pressure on Bangladesh's exports, whose growth is likely to moderate.

Though Bangladesh benefitted from a diversion of export orders from China, particularly in the European market, the global economy is slowing, particularly with challenging financial sector conditions in Europe and the United States, the two largest export destinations of Bangladesh, the World Bank's Bangladesh Development Update said.

Official figures showed the country's export earnings dropped for the first time in five months in March due to a slowdown in the global economy following the severe impact of the Russia-Ukraine war and the COVID-19 pandemic.

The country's Export Promotion Bureau data showed exporters brought home $4.64 billion in March, down by nearly 2.5 per cent from a year earlier.

The overall export earnings were in the positive territory between July and March of the current fiscal, with receipts growing by 8.07 per cent year on year to $41.72 billion. The pace of growth has been, however, far below than posted in the last fiscal when it stood at 33 per cent.

Upsides are contingent on Bangladesh's ability to maintain export market share and take advantage of recession-induced shifts in preferences in advanced economies towards low-value apparels, electronics, and light engineering products, the World Bank added in its report.

Source: fibre2fashion.com - Apr 05, 2023

HOME

****

Bangladesh urges EU to ease textile criteria for GSP

A delegation from Bangladesh urged the European Union (EU) to consider textile threshold criteria for Bangladesh in the newly proposed generalised scheme of preferences (GSP) provisions. The delegation met European Parliament vice president Heidi Hautala in Brussels recently.

Issues of bilateral trade, graduation from the least developed country (LDC) status, the proposed EU GSP scheme for 2024-2034, its challenges, preparedness to face those and the continuation of the development momentum of Bangladesh were discussed by the delegation led by Mohammad Tofazzel Hossain Miah, principal secretary to the prime minister.

The delegation urged the international organisation to extend the transition period after LDC graduation from three years to six years.

The delegation included Bangladesh Garment Manufacturers and Exporters Association president Faruque Hassan, commerce secretary Tapan Kanti Ghosh, Bangladesh ambassador to Belgium Mahbub Hassan Saleh and former Metropolitan Chamber of Commerce and Industry president Nihad Kabir.

According to the proposed provisions Bangladesh is likely to qualify for GSP Plus after its LDC graduation, but the specified EU safeguards would exclude the country's clothing exports from any tariff preferences.

The delegation said the country’s apparel sector would not benefit from the GSP+ facility and would lose competitiveness in the EU market, which would hurt the sector, according to Bangladeshi media reports.

The two sides also discussed trade and investment, Everything But Arms (EBA) provision and Bangladesh's relations with the EU in the post-LDC era.

Source: fibre2fashion.com - Apr 03, 2023

HOME

****

Pakistan: The need for policy reforms

Industrial economic size refers to the scale or size of industrial activities within an economy, typically measured by the total output, employment, or capital investment of the industrial sector. It is a key indicator of the level of economic development and competitiveness of a country or region.

The size of the industrial sector can vary greatly between countries, depending on factors such as natural resources, labor force, technological advancements, infrastructure, and government policies.

A larger industrial economic size can provide several benefits, such as higher productivity, employment opportunities, and economic growth.

However, it also requires significant investment in infrastructure and technology, as well as skilled labor force to sustain its operations.

Some of the features of the economic size of Pakistan's textile industry include:

1- Limited scope: Efficiency, Innovation and Sustainability are the key elements that indicate the scope of an industry. An efficient industry can produce high-quality textiles at a lower cost, allowing it to offer competitive prices in the international market.

In contrast, an inefficient industry may struggle to compete, leading to lower revenues and reduced growth potential. Innovation is also critical for the textile industry's long-term success.

Limited access to capital in the industrial sector of Pakistan, coupled with unprofessional managers, results in low productivity for several reasons. Firstly, without adequate access to capital, industrial units are unable to invest in modern technologies, equipment, and infrastructure that can boost productivity.

Secondly, unprofessional managers may lack the necessary skills and experience to manage operations effectively, resulting in inefficiencies and waste. In addition, limited access to capital often leads to a reliance on informal financing sources, such as family and friends, which may be insufficient to support the growth and expansion of industrial units. This results in a lack of competitiveness and innovation in the market.

Firms in Pakistan have not achieved the same level of growth and competitiveness as those in India or other regional players, due to various factors such as political instability, regulatory unpredictability, limited access to finance, and lower levels of human capital development.

This has led to a concentration of wealth and power among a few elites, which has limited economic opportunities for others and stifled entrepreneurialism contributing to a low level of productivity, with the country's workers producing far less output per hour than workers in other countries. This, in turn, has limited the country's ability to compete in the global market and attract foreign investment.

Pakistan has a high prevalence of zombie firms, a decline in private investments, and a limited presence of large firms, which suggests inefficiencies in resource allocation.

The low presence of high-growth firms (HGFs) and a small number of superstars (top exporters) impede growth and diversification of exports. Furthermore, the crowding-out of private sector credit by government borrowing has reduced incentives for innovation.

The differences in productivity explain variation in standards of living among countries, with productivity limiting distortions being high in Pakistan.

Some of these distortions include size-dependent policies, high import duties, and entry-level distortions. These distortions create barriers to entry, reduce the number of firms in the market, limit innovation, and stimulate informality.

Removing these distortions could potentially increase aggregate productivity by 40%. Pakistan faces productivity challenges, with publicly listed firms experiencing a decline in aggregate total factor productivity over the period 2012-2020.

Poor managerial practices and limited technology adoption are some of the reasons for this decline. Innovation and productivity are strongly linked, and patent applications and investment in R&D have declined in Pakistan in the past decade. Growth in international trade and global value chains have significant effects on development.

In Pakistan's case, its per capita GDP growth has been inconsistent and generally low for the past two decades, with occasional periods of rapid growth interrupted by external vulnerabilities and Balance of Payments crises.

The country's growth model is centered on consumption and government expenditure rather than investment and exports, leading to a lack of investment, savings, and export culture.

With limited foreign direct investment and low exports, financing the current account imbalance has become a challenge, resulting in foreign exchange shortages and a depreciation of the Pakistani rupee. As a result, Pakistan is facing challenges in liquidity, debt sustainability and therefore a limited scope.

In Pakistan, small industrial unit sizes have been identified as a major factor that hamper productivity and innovation in the industrial sector. Small industrial unit sizes in Pakistan limit access to resources and economies of scale, hindering investment in research and development, technology, and expansion. Initiatives to promote the growth of small and medium-sized enterprises aim to increase productivity and competitiveness.

2- Variations in industry structure: The structure of Pakistan's textile industry refers to the various stages involved in textile production, such as fiber production, spinning, weaving, knitting, dyeing, printing, and finishing. The structure of the textile industry can vary from country to country, depending on factors such as access to raw materials, labor costs, and technological advancements.

For instance, Pakistan's textile industry has a significant focus on the production of cotton yarn and fabric, with the country being one of the largest cotton producers globally. This structure reflects the abundance of cotton as a raw material in Pakistan, making it an attractive location for textile manufacturing. In contrast, some other countries may have a more diversified structure, with a focus on producing finished garments or value-added products, such as high-end fabrics or technical textiles.

Comparing the economic sizes of textile industries across different countries can be challenging due to these structural differences.

However, since different countries have different industry structures, this measure may not accurately reflect the relative competitiveness of their textile industries. For example, if a country produces a high volume of raw cotton, it may have a larger economic size than a country that specializes in producing high-end fabrics, even if the latter's textile industry is more advanced and technologically sophisticated.

When comparing the economic size of Pakistan's textile industry to other countries, it is essential to consider the specific structure of each industry to make a fair comparison.

This means looking at metrics beyond just the value of goods produced, such as employment levels, export volumes, or technological advancements. By doing so, we can gain a more nuanced understanding of the textile industry's performance in different countries and identify areas for improvement.

3- Different economic environments: The economic environment in which the Pakistan textile industry operates refers to the various factors that impact the industry's performance, such as trade policies, labor laws, and infrastructure. These factors can vary significantly between countries, creating different economic environments that can influence the industry's economic size and overall competitiveness.

Trade policies, for example, impact the Pakistan textile industry's ability to compete in the global market. Tariffs, subsidies, and quotas can affect the cost of imported and exported goods, making it more or less attractive for businesses to operate in Pakistan.

Changes in trade policies can lead to fluctuations in demand for Pakistani textile products, affecting the industry's economic size and growth potential. The recent discontinuation of the ZRI Package, for example, has created an economic catastrophe for the industry, closing 20% of the industry due to higher electricity tariff.

Labor laws are also an essential factor in the economic environment that can impact the Pakistan textile industry's performance. The cost of labor, labor regulations, and the availability of skilled workers can all affect the industry's competitiveness. In some countries, labor laws may be more restrictive, leading to higher costs and potentially reducing the industry's economic size.

Infrastructure is another critical factor in the economic environment that can influence the Pakistan textile industry's performance. The availability and quality of transport networks, power supply, and communication systems can impact the industry's efficiency and productivity. A lack of infrastructure can lead to delays in production, increased costs, and reduced competitiveness.

Different economic environments can create different challenges and opportunities for the industry, impacting its economic size and overall competitiveness.

To address these challenges, policymakers and industry stakeholders need to work together to create an enabling environment that supports the industry's growth and development.

This may involve reforms to trade policies, labor laws, and infrastructure development initiatives to support the industry's economic size and competitiveness. Restoration of the ZRI Package in this scenario is necessary.

4- Changing global market conditions: The global textile market is subject to constant change, driven by factors such as evolving consumer preferences, technological advancements, and changes in international trade policies. These changes can have a significant impact on the performance of Pakistan's textile industry, both positively and negatively.

Consumer preferences are a major driver of change in the global textile market. As consumers become more aware of sustainability and ethical issues, they may demand eco-friendly and socially responsible products.

This can create opportunities for Pakistan's textile industry, which has been working towards sustainability and ethical production practices.

On the other hand, changes in consumer preferences towards new materials, designs, and styles can also pose challenges to the industry, requiring businesses to invest in research and development to stay competitive.

Technological advancements are another major factor that can impact the Pakistan textile industry's performance. Innovations in production processes, such as automation and digitalization, can increase efficiency, reduce costs, and improve product quality. However, these advancements also require significant investments in technology and skilled labor, which can be challenging for smaller businesses in the industry.

For Pakistan to attain higher economic growth, it must enhance its textile sector by incorporating value addition, specifically in the highly productive cotton-focused industry. The Pakistani textile millers need to concentrate on specialized yarn to cater to the burgeoning market for athleisure and sportswear.

Nevertheless, the country's fixation on short staple fiber raw cotton and the existing MMF tariff regime impedes its ability to keep pace with the rest of the world, causing it to disregard the rapidly expanding MMF market that dominates more than 70% of the global textile trade.

International trade policies are also an important factor that can influence the global textile market and, consequently, the Pakistan textile industry's performance. Changes in trade policies, such as tariffs, subsidies, and trade agreements, can affect the cost of imports and exports, creating opportunities or challenges for businesses in Pakistan. For example, the recent trade tensions between the US and China have created opportunities for Pakistan's textile industry to increase exports to the US market.

Therefore, it is crucial for Pakistan's textile industry to stay informed and adaptable to changing global market conditions. By monitoring trends in consumer preferences, investing in new technologies, and keeping up-to-date with changes in international trade policies, the industry can remain competitive and adapt to changing market conditions, maintaining its economic size and growth potential.

In conclusion, Pakistan's growth model, which relied on state intervention and protectionist policies, has hindered its industrial sector's growth, leading to a narrow export base and limited diversification.

The country requires policy reforms to promote competition and innovation, such as improving access to finance for small and medium-sized businesses, reforming regulations, and investing in education and skills development.

The textile industry is vital to Pakistan's economy, but it faces challenges such as limited scope, low productivity, and declining investment and exports. To address these, the country must remove entry barriers, promote innovation, productivity, and sustainability, and prioritize transparency and accountability in business operations.

By implementing these policies, Pakistan can promote growth in its industrial sector and continue to make a positive impact on the economy.

Source: brecorder.com - Apr 05, 2023

HOME

****

Pakistani textile merchants explore Chinese market

Pakistan has been exporting cotton and yarn to China for 40 to 50 years and now Pakistani textile merchants are trying to develop exports of fabrics and ready-made garments, said Usman Saeed, head of the China operations of a Pakistani textile company.

Talking to media at the Intertextile Expo held in Shanghai, Usman said the international textile exhibition provided a platform to showcase Pakistani products. Pakistani exhibitors can also benefit from the state-of-the-art technologies and trends from their Chinese counterparts, he added.

Usman hoped that more Chinese enterprises would participate in the upcoming 4th International Textile Expo to be held in Karachi next month for technical and professional exchanges, CEN reported on Wednesday.

There will be products ranging from raw materials to finished goods at the expo that are competitive in price and quality all around the world, he added. Pakistan is a leading textile country with a production capacity spanning the whole industrial chain.

Most of its textile products are exported to Europe and America. Usman's company has also contributed to Pakistan's textile exports by manufacturing for international sports brands.

Believing that China's large population, with its diverse tastes, could make room for many products, the company started its business in China in 2016 by opening an office in Dongguan, Guangdong.

Usman sees a golden opportunity to tap the Chinese market, where dying and processing policies are becoming more stringent. With the development of high technology, the rising labor cost in China has challenged the development of the labor-intensive textile manufacturing industry.

Pakistani men's garments export to China increased by nearly 33% in 2022 and its T-shirt export to China reached $ 5.53 million in the first two months of 2023, up 106% compared with the same period in 2022.

The figures boost confidence in Pakistan's ailing textile industry, which is teetering on the brink of default, and highlight its pillar status and potential, said Usman. It only takes seven days to export textiles by land from Pakistan to China with zero tariffs. Usman and his team are working hard to make the most of these huge benefits.

"We have Chinese technicians working with us in our Pakistani factory to produce fabrics that meet Chinese standards. We hope that in the near future, more fabrics and garments produced by Chinese standards can be exported to China and around the world," Usman concluded.

Source: dailytimes.com.pk - Apr 06, 2023

HOME

****

NATIONAL NEWS

Centre approves 64 applications under the Production Linked Incentive scheme for Textiles

Government has approved the Production Linked Incentive (PLI) Scheme for Textiles on 08.09.2021 with an approved outlay of Rs.10,683 crore over a five year period to promote production of MMF Apparel, MMF Fabrics and Products of Technical Textiles in the country to enable textiles industry to achieve size and scale and to become competitive.

Financial Year 2022-23 and 2023-24 are gestation periods under the PLI scheme for Textiles. Performance years commences from financial year 2024-25 to 2028-29. Government has approved 64 applications out of 67 applications received. In the approved 64 applications, the proposed total investment is Rs.19,798 crore and projected turnover of Rs. 1,93,926 crore with a proposed employment of 2,45,362. A total of 12 companies have proposed to set-up projects under the said Scheme in Madhya Pradesh, 7 companies in Uttar Pradesh and 4 companies in Rajasthan. There is no proposed project to be set-up in Odisha.

The details of India's textiles & apparel exports including handicrafts exports during the last five years are as follows:

(USD bn)

Commodity	2017-18	2018-19	2019-20	2020-21	2021-22
India's textiles & apparel exports including handicrafts exports	37.55	38.40	35.18	31.59	44.44

Source: DGCIS provisional data, figures are rounded off.

The textile industry provides direct employment to around 45 million people in the country.

This information was given by the Minister of State for Textiles Smt. Darshana Jardosh in the Lok Sabha in a written reply today.

Source: pib.gov.in- Apr 05, 2023

HOME

****

More than 92,000 entities recognized as startups since launch of Startup India

The Government with an intent to build a strong ecosystem for nurturing innovation, startups and encouraging private investments in startup ecosystem of the country launched Startup India initiative on 16th January 2016.

As per eligibility conditions prescribed under G.S.R. notification 127 (E) dated 19th February 2019, entities are recognised as 'startups' under Startup India initiative by the Department for Promotion of Industry and Internal Trade (DPIIT). Since the launch of Startup India initiative in 2016, DPIIT has recognised 92,683 entities as startups as on 28th February 2023.

The number of startups recognised in the country in the last five years is as under:

The regular businesses are often measured by success or failure in a specific number of years of operation, whereas, the startups and scale-ups (established startups) are more accurately measured by failure or success in a particular phase making it difficult to put together a statistic covering all types of new businesses and their failure rate with any level of accuracy. Therefore, the information with respect to the success or failure of startups is not centrally maintained by the Government.

Startup India initiative was launched on 16th January 2016 with an objective to build a strong eco-system for nurturing innovation and startups in the country that would drive sustainable economic growth and generate large scale employment opportunities. The details of various programs undertaken by the Government to promote startups across the country under Startup India initiative are given below.

Programs Implemented under Startup India initiative

The details of various programs undertaken by the Government to promote startups under Startup India initiative across the country are as under:

Startup India Action Plan: An Action Plan for Startup India was unveiled on 16th January 2016. The Action Plan comprises of 19 action items spanning across areas such as “Simplification and handholding”, “Funding support and incentives” and “Industry-academia partnership and incubation”. The Action Plan laid the foundation of Government support, schemes and incentives envisaged to create a vibrant startup ecosystem in the country.

Fund of Funds for Startups (FFS) Scheme: The Government has established FFS with corpus of Rs. 10,000 crore, to meet the funding needs of startups. DPIIT is the monitoring agency and Small Industries Development Bank of India (SIDBI) is the operating agency for FFS.

The total corpus of Rs. 10,000 crore is envisaged to be provided over the 14th and 15th Finance Commission cycles based on progress of the scheme and availability of funds. It has not only made capital available for startups at early stage, seed stage and growth stage but also played a catalytic role in terms of facilitating raising of domestic capital, reducing dependence on foreign capital and encouraging home grown and new venture capital funds.

Click here for more details

Source: pib.gov.in - Apr 05, 2023

HOME

****

Foreign Trade Policy 2023: Old policy for new world

The long-awaited Foreign Trade Policy 2023 (FTP 2023) was unveiled at a time when India's merchandise export performance is a mixed bag. While several technology-intensive sectors are showing dynamism over the past year, with the electronics sector leading this group, labour-intensive sectors, especially the textiles and clothing sectors, are downbeat. In general, exports have been affected by a slowing global economy, and this situation could get worse if the projections for the next two years are any indication.

Given the challenges Indian exporters could be up against, FTP 2023 needed to go beyond its standard format, which has remained unchanged since the policy was introduced in 2004.

At the outset, every Foreign Trade Policy informs us that the policy is "notified by [the] Central Government, in the exercise of powers conferred under Section 5 of the Foreign Trade (Development & Regulation) Act, 1992". This Act empowered the Centre to "make provision for the development and regulation of foreign trade by facilitating imports and increasing exports" and to "make provision for prohibiting, restricting or otherwise regulating... import or export of goods or services or technology". So, the 1992 Act was set in the 20th-century mindset of regulating and restricting trade and had accordingly included trade policy instruments.

The framework of trade policy in the 21st century has since moved to development and facilitation of trade, but there is no reflection of this in FTP 2023. Instead of recasting this vitally important policy, FTP 2023 is a compilation of "Foreign Trade Procedures" in which the words, regulate, prohibit, and restrict find more mentions than "facilitate".

Focus on the latter would have given FTP 2023 an entirely new character, one that includes strategies needed to adopt 21st-century trade policy instruments. Today, most countries rely on improvements in product quality and production efficiencies by rapid infusion of technology to expand their presence in global markets instead of using export incentives.

This approach meant that product and process standards are the new trade policy instruments. This is evident from the bilateral/plurilateral trade negotiations India is currently engaged in. The negotiating draft of the EU includes a plethora of these regulatory standards. Similarly, the three pillars of the Indo-Pacific Economic Framework in which India is participating are about these standards. These standards are increasingly being used by most member countries of the WTO. Thus, the ability of India's businesses to meet these standards would eventually determine the benefits that they can garner.

FTP 2023 was an ideal platform for the government to prepare India's exporters to cope with the challenges in the global market. This would require the Directorate General of Foreign Trade (DGFT) to coordinate with all the standard-setting agencies of the government, the export promotion councils, and the relevant institutions in the private sector to prepare a roadmap for upgrading institutions and production facilities. This means that the DGFT's primary role would have to be that of a facilitator while the regulatory functions should be small but effective. In contrast, FTP 2023 would like the DGFT to continue playing the role of imposing import "prohibitions" or "restrictions", one example being the list of "Principles of Restrictions" .

Export promotion schemes were rejigged after a WTO dispute settlement panel ruled against India in 2019 following a complaint by the US. The panel's finding was that these schemes, especially the Merchandise Exports from India Scheme, provide export subsidies, which are not allowed under WTO rules.

A new scheme was launched in 2021 to neutralise the effect of taxes and duties that are included in exported goods, namely, the Remission of Duties or Taxes on Export Products (RoDTEP) Scheme. When it was introduced, the RoDTEP Scheme covered 8,555 tariff lines. In December 2022, the Scheme was extended to cover 10,436 tariff lines.

The Rajya Sabha's Standing Committee on Commerce examined the Scheme and, in its report, presented in December 2022, found several weaknesses, especially the fact that rates of remission of duties were lower than desirable. In view of its salience for exporters, FTP 2023 could have responded to the recommendations of the Standing Committee, which it has not. This lacuna has continued possibly because the description of the RoDTEP Scheme has not been updated from an earlier version of the Foreign Trade Policy: Paragraph 4.5(x) of FTP 2023 says that the "Scheme will take effect for exports from 1st January 2021" (emphasis added).

Developing districts as export hubs is a novel idea mooted in FTP 2023. If it can be implemented effectively, the objective of balanced regional development, once an integral part of development programmes, can be realised.

However, FTP 2023 merely speaks of export promotion committees that are to be set up at the level of the districts and states/UTs. What is missing is a commitment to support the critical component of such a programme, namely, efficient infrastructure.

Source: indianexpress.com- Apr 05, 2023

HOME

****

FY '24 will show the positive impact of India-UAE's CEPA

India presently commands 43 per cent share in UAE's apparel imports which makes UAE one of the major buying destinations for the Indian apparel export industry. And it is now more than over a year since India and UAE signed the historic Comprehensive Economic Partnership Agreement (CEPA) or Free Trade Agreement (FTA) on 18th February 2022 (which came into effect from 1st May 2022).

Due to these initiatives, India now does not face 5 per cent duty on textiles and garments, which is a big advantage for Indian companies. Though looking at the overall scenario, so far there has not been much positive impact on ground level, but in FY '24, the results are estimated to be profitable.

The importance of the agreement was also higher as it was India's first comprehensive trade agreement in a decade. It was claimed at that time that this agreement will unleash the infinite potential that both nations hold and it will give a huge impetus to several sectors, including textiles. The benefits of this agreement to the textile sector shall be an additional increase in exports projected at US $ 2 billion over the next five years.

Notably, duty-free exports for the upcoming five years is projected at US $ 650 million per year for man-made fibre (MMF). Apparel exports to the UAE also cater to the apparel needs of Saudi Arabia, Kuwait, Bahrain, Oman and the UK. It is a large retail market with players across the value chain including big western fashion chains and wholesale buyers from North Africa and the Middle East.

Hence, one cannot deny the huge scope that UAE has for India, but despite all this, India's apparel exports to UAE in 2022-2023 (April-January) have been just US $ 998.55 million, while in FY 2021-2022, India's exported garments worth US $ 1824.91 million. For the calendar year 2022, the total apparel imports of UAE were US $ 4.90 billion.

Even during pre-Covid in 2018-19, India's apparel exports to UAE were worth US $ 1991.15 million.

So India has not been able to take any advantage of trade agreements in 2022-23. There have been many external factors that have pulled India back from taking significant strides towards growth.

Recent months reflect low sentiments

During the past few months, exporters working with top companies in UAE have observed low sentiments in UAE-based buyers as they have not seen good shopping at the stores. So until inventory doesn't get cleared, fresh orders are hard to be confirmed. Even top brands have also put their delivery on the hold and assured to take it later.

Supplying womenswear to Apparel Group and Aeropostale (for UAE), Ameer Hasan, Director, Apmode International, Jaipur believes that as there are no orders for Ramadan from UAE, it may take 3 to 4 months to improve the overall order booking in this important market.
Dependent on product categories and material base

As far as womenswear (knitted and woven) is concerned, UAE has more demand for polyester-based garments and that too for cost-effective products but many Indian exporters still lack on this front. But with the developments taking place like PLI scheme for MMF and industry's growing focus on polyester, there will be fewer issues with regard to availability and price concern in this segment going ahead.

The majority of Indian exporters, especially small-level exporters, working with the UAE or catering to Dubai-based clients, have their set one or two clients and they are working with them in a routine way. So for them, there has been no major benefit of FTA on the ground level.

Offering mainly cotton-based garments, Prabhat Kumar Sadh of KK Global Exports, Noida agrees on this point as his 2 UAE-based clients are continuing with their routine business even after FTA.

Kidswear is one such category with a plethora of benefits and doesn't have a dependency on polyester and this product category witnesses the least impact from market sentiments. A few of the Indian kidswear exporters exporting kidswear to UAE are enjoying good growth, and in the last 5-7 months, their business has grown well there. They have witnessed more enquiries and momentum for future businesses.

"I see 15- 20 per cent growth in my UAE business and it is mainly owing to FTA. It is a growing market and I am hopeful for even more growth in the future," says Amit Goenka, Director, Moozoo Fashions, Kolkata who works with wholesalers and retail chains of UAE.

Many exporters have direct business with countries like Kuwait and Saudi, so they don't have anything to do with this FTA but as there are few wholesalers and importers in UAE which supply apparel to these countries as well as to some African countries, the FTA advantage can be availed by Indian exporters who are working with these kinds of wholesalers and importers.

FY '24 going to be strong

Big leading groups of UAE like Apparel Group, Landmark Group, Red Tag as well as leading UAE-based buyers are expected to soon place prospective orders in India, as during mid-March, most of the stores will see decent footfall owing to Ramadan and the inventories are expected to get cleared at this time.

On the request of anonymity, one of the top sourcing professionals of one such group told Apparel Resources (AR) that few of the leading retailers have placed good and urgent orders very recently during this time of shopping for Ramadan.

Various international retailers like Carrefour have been offering attractive discounts for almost one-and-a-half months, which started in the third week of February to pull in maximum customers.

It is also worth mentioning here that growth in the UAE is expected to remain robust this year. The latest Economic Insight report for the Middle East, commissioned by ICAEW and compiled by Oxford Economics, says that the UAE's tourism industry is also recovering. After receiving a boost from the World Cup in Qatar, Dubai is again among the world's busiest international airports, with passenger numbers rising by 67 per cent year-on-year in Q4 of 2022 to their highest levels since 2019.

After Ramadan, the scenario regarding the coming season will be more clear. But FTA has a long-term impact, so there are enough chances that in near future, India will have stronger business collaborations with the UAE.

Source: apparelresources.com- Apr 04, 2023

HOME

****

RBI should prioritise inflation over growth, say FinMin officials

Finance ministry officials are of the view that the Reserve Bank of India (RBI) should prioritise bringing inflation down within the mandated range of 2-6 per cent, even if economic growth is adversely impacted in the process.

"The central bank should focus on combating inflation until it is within the tolerance level of 6 per cent, even if it pares (down) growth," a senior government official told Business Standard. He said that inflation is still elevated, which could have an impact on low-income strata.

The comments come ahead of the bi-monthly monetary policy review of the RBI on Thursday. Eight of the 10 respondents in a Business Standard poll have said that the monetary policy committee (MPC) is expected to lift policy rate by another 25 basis points (bps) to 6.75 per cent before hitting pause.

Retail inflation — the main yardstick of the central bank for policy-making purposes — eased only marginally in February to 6.44 per cent, from 6.52 per cent in January.

Core inflation — which excluded volatile food and fuel inflation and a key concern for the RBI — has remained sticky above 6 per cent in recent months.

The RBI has a mandate to keep retail inflation at 4 per cent within a band of 2 percentage points on either side.

The official further said that India is comfortably placed on a sustainable macroeconomic stability front and there is no such concern there.

"Revenue collection has shown strong momentum — both on direct and indirect taxes. Even the bank's balance sheet looks good as we started cleaning up in 2018 in the aftermath of the Infrastructure Leasing & Financial Services and YES Bank fiascos," said the official.

Direct tax collection rose 17.63 per cent to Rs 16.61 trillion in 2022-23 (FY23), marginally exceeding the Revised Estimates target, showed the provisional data released by the finance ministry on Monday.

Additionally, the goods and services tax collection in FY23 grew 22 per cent to breach Rs 18 trillion, the finance ministry said on Saturday.

However, the official said that before a change in stance from 'withdrawal of accommodation' to 'neutral', the central bank needs to pay attention to the inflation trend.

The RBI expects retail inflation to average 5.3 per cent in 2023-24 (FY24), with the first quarter at 5 per cent. While it has projected inflation for the January-March quarter of FY23 at 5.7 per cent, experts believe inflation woes are not over yet and the said quarter may see average inflation of 6.3 per cent.

"We anticipate a narrow majority of MPC members may choose to vote for another rate hike in the April 6 monetary policy. This would take the repo rate to 6.75 per cent, which is more than 100 bps higher than the MPC's Consumer Price Index inflation forecast for the second half of FY24, and may be adequate, given that gross domestic product (GDP) expansion is at best likely to be similar to potential GDP growth in that period," said Aditi Nayar, chief economist, ICRA.

Nayar believes the MPC should pause through the remainder of FY24, and assess the transmission of policy tightening, as well as the evolving risks to food inflation.

Higher inflation has been a concern for central banks the world over, including India, due to uncertainty in the midst of the Russia-Ukraine war causing supply-side disruptions in a purported post-Covid world still recovering from economic shocks.

The US Federal Reserve has recently hiked rates by 25 bps, keeping the focus on inflation in the face of the ongoing worries in the US banking sector.

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

HOME

****

Russian Chamber of Commerce & Industry opens India office to bolster surging trade volumes

The Russian Chamber of Commerce and Industry has opened its office in New Delhi eyeing to push trade and investment ties in the backdrop of huge surge in bilateral trade during the past year.

On Tuesday President of the Chamber of Commerce and Industry of the Russian Federation Sergey Katyrin opened in New Delhi the office of the honorary representative of the Chamber in India.

In his welcoming speech at the opening ceremony, he stressed that the institute of representatives of the Chamber is an important element of the infrastructure for supporting international cooperation, which has been used by the Chamber for many years.

“In response to the request of our business, to the growing interest in India from the business community of Russia, it was decided to appoint an honorary representative in India, Igor Pyasetsky, who has extensive experience working in India as an entrepreneur and has been performing his duties since February 2023 ”, -said Katyrin.

According to the President of the Chamber, the growth of mutual interest of Russian and Indian entrepreneurs in the development of cooperation is largely facilitated by changes in the global foreign economic situation. “Trade in goods between our countries continues to maintain a positive trend, having exceeded the record figure of $35 billion in 2022 (an increase of 2.5 times compared to 2021),” Katyrin said.

According to him the main task is to use this historical "window of opportunity", to create all the necessary conditions for realizing the existing potential of economic relations between Russia and India, not only in the short term, but also in the long term.

Katyrin expressed confidence that in the context of the current realities, trade and economic relations between the two countries can reach a new qualitative level of their development, and the regions of our country play an important role in the implementation of this task. “In general, the development of business relations with Indian entrepreneurs at the interregional level is an invariable priority of the chambers of the system,” the head of the Chamber emphasized.

He drew attention to the fact that the leaders of the most active Russian chambers of commerce and industry on the foreign economic track are present today as part of the Russian delegation.

According to Katyrin, an important feature of cooperation is the high interest in developing business ties with India on the part of Russian small and medium-sized businesses. "This is of particular importance. It is on this segment that the stability of bilateral trade and economic cooperation and the prospects for its diversification largely depend.

Therefore, it is no coincidence that our delegation includes mainly companies from this segment. More than 60 companies from 27 regions of Russia operating in various sectors of the economy: light industry, chemicals, pharmaceuticals, IT industry, engineering, automotive, innovative technologies. “In all these areas, we see good prerequisites for building up cooperation with Indian partners,” he stressed.

On Wednesday, Katyrin opened the Russian-Indian Business Forum, which is taking place in New Delhi.

Before the start of the forum, Sergey Katyrin met with Shalesh Patak, Secretary General of the Federation of Indian Chambers of Commerce and Industry (FICCI), inviting him to pay a return visit to Moscow.

"The development of interregional cooperation is another important area of our work. At the Russian Chamber of Commerce and Industry, we always place special emphasis on this vector. Russia is not only Moscow and St. Petersburg. Russia is Krasnoyarsk, Ural, Kuzbass, Tula, Lipetsk, Novgorod, Tyumen and many other industrial centers that are now interested in establishing contacts in India."

Katyrin noted that the forum is being held on the eve of the next meeting of the Intergovernmental Russian-Indian Commission on Trade, Economic, Scientific, Technical and Cultural Cooperation (April 17-18, Delhi).

“Without support from the governments of our countries, it is impossible to talk about the comprehensive implementation of the existing potential for cooperation, which we understand today in the new geopolitical conditions that have developed,” said the President of the Chamber.

Among the priority issues for which business expects support, Katyrin attributed the liberalization of the customs, tax, visa regime; creation of effective investment protection mechanisms; improving the efficiency of existing and developing new transport and logistics routes, developing air traffic, including with the regions of Russia; development and ensuring the availability of financial infrastructure; elimination of administrative barriers and other restrictions on the access of products to the markets of our countries.

Many of these issues could be resolved within the framework of preferential economic cooperation regimes, he said and welcomed the resumption of negotiations on the creation of a free trade zone between the Eurasian Economic Union and India.

The President of the Chamber of Commerce and Industry of the Russian Federation expressed his hope that the results of the forum would make a practical contribution to the realization of the existing prospects. “I count on the effectiveness of the negotiations of entrepreneurs in the B2B format, which will be held in the second part of our forum,” said Sergey Katyrin.

The Indian business community was represented at the forum by over 300 entrepreneurs.

Source: economictimes.com- Apr 5, 2023

HOME

****

Indian apparel brands eye lucrative UAE market with high-quality products

Recent research suggests that Indian apparel brands are poised to tap into the lucrative UAE market by offering high-quality products that cater to the diverse fashion preferences of local consumers. Indian companies are finding a receptive audience in the UAE's diverse and growing consumer base across multiple industries.

This trend has been further supported by the strengthening of trade relations between India and the UAE through the Indo-UAE Comprehensive Economic Partnership Agreement (Cepa), which has led to increased exports from India to the UAE. Indian apparel brands have traditionally leveraged the Middle East market to access existing and new customers and explore potential collaborations with other brands.

The UAE market offers a significant opportunity for Indian apparel brands due to its large expatriate population with high purchasing power. Additionally, Dubai's well-developed retail market, luxurious resorts, hospitable culture, and diverse attractions for weddings, events, and celebrations make it an attractive destination for Indian brands seeking to expand their global presence.

According to recent data, apparel exports from India to the UAE were valued at $1.2 billion in 2022. To further promote Indian apparel brands in the UAE, the Clothing Manufacturers Association of India (CMAI) has announced a garment trade show at the end of the year to facilitate networking opportunities for Indian apparel brands in the UAE market.

Source: dfupublications.com- Apr 05, 2023

HOME

****

Textile industry demands restoration of technology upgradation fund scheme

AHMEDABAD: The technology upgradation fund (TUF) scheme for new investments in the textile industry ended in March 2022, with no announcement on it being renewed.

The Gujarat textile industry is demanding that the scheme be implemented with retrospective effect, as new projects have become at least 35% more expensive in the absence of TUF. Industry players also said that the Gujarat government should roll out new a scheme to promote the garments industry, as the existing one expired in October 2022.

Saurin Parikh, chairman of the GCCI textile taskforce, said, "The TUF scheme ended last March, and there has been talk about a new TUF scheme but nothing has been announced yet.

We believe government support is needed in spinning, weaving, processing and garment making to make India a global textile hub. We need stable cotton supply to remain competitive in the global market and for we need to increase cotton yield from the current 500kg a hectare to 750kg."

He added that the import duty on cotton should be abolished because the prices of Indian cotton are higher than international levels and new capacities are in pipeline in the spinning sector.

Rahul Shah, co-chairman of the GCCI textile taskforce, said, "Gujarat has seen new investments worth around Rs 500 crore since last March in textiles, and they should get the TUF scheme benefits. New projects have become 35% costlier due to absence of the scheme.

The Gujarat government's garments scheme ended in October last year and has not been extended. Similarly, the Gujarat Textile Policy will expire in December 2023 and a new policy should be prepared to help the industry."

Source: timesofindia.com- Apr 06, 2023

HOME

****

Govt mulls lab to check yarn quality

Guwahati: The Assam handloom and textile department is planning to rope in the Assam Textile Institute to set up a lab to check the quality of the yarn used in gamosa and mekhela-sadors along with other handloom products and whether the products are handloom or powerloom produced.

Assam sends samples to Kolkata for testing as the state does not have a testing lab to date.

Handloom and textile department director Parag Mahanta said the state is going to get a lab soon with the consent of the textile institute to play the role of expert. “The lab is in planning stage. Once set up, it will help detect powerloom gamosas and mekhela-sadors that are transported from outside the state and sold at a cheaper rate in the state, which has harmed local weavers,” he added.

He added that the department cannot file FIRs with the police against the traders who sell powerloom gamosas and mekhela-sadors defying the department’s order as a certificate from a testing lab is necessary to lodge the complaint. “It takes several days for us to get a certificate from a lab as we have to send the sample to Kolkata for testing. Therefore, we can only seize such products if they are being sold by any trader. We cannot take any action,” he added.

The state government on February 28 issued an order banning the powerloom gamosas and mekhela-sadors from outside the state, particularly from Tamil Nadu and Gujarat, with effect from March 1 in a bid to uplift the local handloom industry, which is dying. The deputy commissioners and the SPs of all the districts were directed to initiate immediate steps to seize powerloom products from March 1.

In the past month, the department has procured nearly two lakh gamosas and mekhela-sadors from local handloom weavers.

Source: timesofindia.com- Apr 06, 2023

HOME

****