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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

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INTERNATIONAL NEWS

Signs of soft landing of world economy recede amid high inflation: IMF

Tentative signs earlier this year that the world economy could achieve a soft landing—with inflation coming down and growth steady—have receded amid stubbornly high inflation and recent financial sector turmoil, according to the latest World Economic Outlook released by the International Monetary Fund (IMF).

Although inflation has declined as central banks have raised interest rates and food and energy prices have come down, underlying price pressures are proving sticky, with labour markets tight in a number of economies, it says.

The war in Ukraine could intensify and lead to more food and energy price spikes, pushing inflation up. Core inflation could turn out more persistent than anticipated, requiring even more monetary tightening to tame, it notes.

Side effects from the fast rise in policy rates are becoming apparent, as banking sector vulnerabilities have come into focus and fears of contagion have risen across the broader financial sector, including non-banking financial institutions. Policymakers have taken forceful actions to stabilise the banking system, the report notes.

Other major forces that shaped the world economy in 2022 seem set to continue into this year, but with changed intensities, it says.

Debt levels remain high, limiting the ability of fiscal policymakers to respond to new challenges. Commodity prices that rose sharply following Russia's invasion of Ukraine have moderated, but the war continues, and geopolitical tensions are high.

Infectious COVID-19 strains caused widespread outbreaks last year, but economies that were hit hard—most notably China—appear to be recovering, easing supply-chain disruptions, it says.

The baseline forecast, which assumes that the recent financial sector stresses are contained, is for growth to fall from 3.4 per cent in 2022 to 2.8 per cent in 2023, before rising slowly and settling at 3 per cent five years out––the lowest medium-term forecast in decades.

Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 per cent in 2022 to 1.3 per cent in 2023.

In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5 per cent in 2023––the weakest growth since the global downturn of 2001, barring the initial COVID-19 crisis in 2020 and during the global financial crisis in 2009––with advanced economy growth falling below 1 per cent.

Global headline inflation is set to fall from 8.7 per cent in 2022 to 7 per cent in 2023 on the back of lower commodity prices, but underlying (core) inflation is likely to decline more slowly. Inflation's return to target is unlikely before 2025 in most cases, the IMF report says.

Fragmentation into geopolitical blocs has the scope to generate large output losses, including through its effects on foreign direct investment, it adds.

Source: fibre2fashion.com- Apr 11, 2023

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Cotton Highlights from April WASDE Report

USDA has released its April 2023 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton:

The 2022/23 U.S. cotton supply and demand forecasts show higher exports and lower ending stocks relative to last month, with production and domestic mill use unchanged. The export forecast is raised 200,000 bales, to 12.2 million, based on the pace of recent sales and shipments.

Ending stocks are now forecast at 4.1 million bales, equivalent to 29% of total disappearance. The marketing year price received by upland cotton producers is projected to average 82 cents per pound, a decrease of 1 cent from last month.

In the global 2022/23 cotton balance sheet, higher production and reduced trade are contributing to higher ending stocks. World production is forecast 829,000 bales higher than in March as a 1-million-bale increase for China more than offsets a lower Brazilian crop.

World 2022/23 ending stocks are projected 867,000 bales higher, with the largest increase in India, where projected stocks are 450,000 higher on lower exports. The expected volume of world trade in 2022/23 is 745,000 bales lower this month, with imports reduced for Bangladesh, China, and Turkey.

On the export side, higher U.S. and Australia exports are more than offset by a 550,000-bale reduction for Brazil and a 400,000-bale reduction for India. Projected 2022/23 global consumption is 65,000 bales higher this month as a 500,000-bale increase for China more than offsets declines in Bangladesh and Turkey.

Source: cottongrower.com- Apr 11, 2023

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Advanced Textiles Sector Needs to Engage with End-Users

The advanced textiles sector, including hygiene and medical nonwovens, needs to effectively reach out and engage with its end-user community.

Technical textiles use different fibers such as those that have functionality and those that are sustainable (cellulose-based). This technical information needs to be provided to practitioners like doctors, nurses, and laboratory personnel. In addition, disposal aspects, safe practices, and sustainability efforts by the PPE industry must be relayed to those who use them daily.

The end-user community is broad, and the industrial and trade associations in the field can help the sector with engagement and outreach. These outreach efforts will help with greater buy-ins for the nonwovens and advanced textile products.

The nonwovens and industrial textiles industry develops many products which are life savers, contribute to environmental protection, and provide jobs. The usefulness and details of the products need to be shared with the end-user community such as medical practitioners, nurses, hospital staff, emergency personnel, and others.

The outreach efforts will help with greater understanding of the characteristics and functionalities of these value-added products, resulting in greater acceptance and buy-ins by the users.

This aspect was evident in a recent presentation in my graduate class on Fiber Forensics by Bianca Rendon, researcher with the Biosafety Response Laboratory at Texas Tech University. A BSL-3 laboratory headed by Professor Steven Presley, it was the first in Texas to undertake COVID-19 testing when the pandemic broke out in early 2020.

The presentation highlighted different nonwoven and cotton-based textiles that are used daily by the personnel in biosafety laboratories.

"PPEs are life savers," stated Rendon, who uses different types of nonwoven-based PPEs daily when testing select and non-select biological agents.

Products such as PPEs with cotton cuffs, laminated and absorbent wipes, protective shrouds, and helmets are a few of the advanced textile products needed in medical and biological safety laboratories.

"Practitioners like me will benefit if the industry provides us with information on the structure and finish applied on the products we touch and use on a daily basis," added Rendon.

Technical textiles found in PPEs use different structures such as woven, nonwovens, and laminates. Polypropylene fibers are commonly used in the case of nonwovens, while medical drapes and coats use blends such as cotton, polyester, and rayon.

"I understood the different structures and functionalities of fibers after attending the Fiber Forensics class, and it will be useful if the industry reaches out to actual users of the products," emphasized Rendon.

The technical textiles sector has a lot of opportunities to penetrate different market segments by effective outreach and engagement with the daily user-community. It was evident from the discussion that the user-community is interested in using safe methods, cost effective single use products, and exploring sustainable ways and products towards use and disposal.

Source: cottongrower.com- Apr 12, 2023

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US retail prices for apparel up in February: Cotton Inc

In February, retail prices for apparel saw a month-over-month increase of 0.7 per cent, according to the latest data from the Bureau of Labor Statistics. The Consumer Price Index (CPI) for clothing also showed a year-over-year increase of 3.9 per cent. Compared to the pre-pandemic levels in 2019, retail apparel prices were 4.4 per cent higher in February, indicating continued inflationary pressures in the sector, as per Cotton Incorporated.

The average import cost per square-metre equivalent (SME) of cotton-dominant apparel imports in seasonally adjusted terms was $4.04 in February. While this is a decline from the recent peak of $4.32/SME in November, it is significantly higher than pre-pandemic levels, which averaged $3.36/SME in 2018 and $3.45/SM in 2019, Cotton Inc said in its Executive Cotton Update - US Macroeconomic Indicators & the Cotton Supply Chain for April 2023.

The Consumer Confidence Index increased slightly in March, remaining above the long-term average but below the post-COVID peak. After a surge in January, overall consumer spending decreased in February but remained up year-over-year. Spending on garments also decreased slightly in February but increased year-over-year.

Despite concerns of a recession, the US labour market is still adding jobs and consumer spending remains robust, with overall spending up 9.7 per cent relative to 2019 and spending on apparel up 25.7 per cent. However, inflation remains higher than the rates seen in the past decade and wage growth has not kept up. The Federal Reserve has continued to boost interest rates, contributing to recent turmoil in the banking sector, and it remains unknown what the eventual impact of higher interest rates might be. Savings rates have also decreased from record highs during the pandemic.

The U.S. economy added 236,000 jobs in March, the smallest monthly addition since December 2020, with revisions to figures for previous months mixed. The unemployment rate decreased from 3.6 per cent to 3.5 per cent between February and March, and the labor participation rate is within the range of values before the pandemic.

Average hourly wage growth has been trending lower and was at 4.2 per cent in March, while the overall rate of inflation was at 6.0 per cent. Despite job growth, more workers are entering the economy, preventing the unemployment rate from falling even lower, Cotton Inc said.

Source: fibre2fashion.com – Apr 13, 2023

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UK's retail sales soar 5.1% in March 2023: BRC

UK retail sales rose by 5.1 per cent in March 2023, compared to the same period last year, according to data by the British Retail Consortium. This figure surpasses the 3-month average growth of 4.8 per cent and the 12-month average growth of 2.6 per cent. The like-for-like retail sales also saw a significant increase of 4.9 per cent in March, compared to a decline of 0.4 per cent in March 2022. This was also above the 3-month average growth of 4.6 per cent and the 12-month average growth of 2.1 per cent.

Non-food sales increased by 1.8 per cent on a total basis and 1.4 per cent on a like-for-like basis over the three months to March 2023, which is higher than the 12-month total average decline of 0.1 per cent. For the month of March, non-food sales were in growth year-on-year (YoY).

Furthermore, instore non-food sales increased by 5.2 per cent on a total basis and 4.6 per cent on a like-for-like basis since March 2022, which is higher than the 12-month average growth of 3.7 per cent. However, online non-food sales decreased by 2.1 per cent in March 2023, compared to a decline of 29 per cent in March 2022. This figure was higher than the 3-month average decline of 3 per cent and the 12-month decline of 5.2 per cent, as per BRC.

The report also noted that the proportion of non-food items bought online, known as the penetration rate, decreased to 38.4 per cent in March 2023 from 40.7 per cent in March 2022.

Helen Dickinson OBE, chief executive, British Retail Consortium, said: "While the wettest March in over forty years dampened sales growth for fashion products, Mother's Day brightened up sales for the month.

"With consumer confidence edging up and big events on the horizon such as the King's Coronation, retailers have reason for a spring in their step. However, extensive cost pressures on business remain, and government must ensure it minimises incoming regulatory burdens. Unless these future costs are brought to a heel, we will likely see high inflation continue for UK consumers who already face rising household bills from this month."

Paul Martin, UK Head of Retail, KPMG, said: “Many retailers hoping for a Mother’s Day boost will have been disappointed with overall sales growth of just 5 per cent in March, against a backdrop of rising inflation running at more than 10 per cent.

“High street retailers saw some limited growth across most categories in March. Online retailers also benefited from the boost in sales of home items but saw continued decline in sales across most other categories, particularly clothing.”

Source: fibre2fashion.com– Apr 12, 2023

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USA: Apparel Prices Buck Easing Inflation Trend

Inflation concerns continue to linger in the U.S., although there are signs that the Fed rate hikes could be starting to take effect.

The U.S. Labor Department said on Wednesday that the Consumer Price Index (CPI) for March rose 0.1 percent, seasonally adjusted, after increasing 0.4 percent in February. Over the last 12 months, the CPI has risen 5 percent excluding any seasonal adjustment.

Retail apparel prices before seasonal adjustment rose 3.3 percent in March, up from February's 0.8 percent increase.

A deeper dive into March's data shows that men's apparel prices rose 2.7 percent, versus a 0.4 percent gain the prior month. Boys' apparel prices rose 3.4 percent, up from the 1.3 percent increase the month before.

Women's apparel was up 3.7 percent last month, versus the 1.4 percent increase the month before. And girls' apparel jumped the most at up 5.7 percent, versus the 0.3 percent uptick the month before.

Retail footwear prices rose 0.3 percent last month, versus 0.1 percent increase the month before. Boys' and girls' footwear rose 2.2 percent, but that was down from the 3.5 percent increase in the prior month. In comparison, men's footwear prices fell 2.3 percent, versus the 1.6 percent decrease the month before, while women's footwear prices were up 1.7 percent, against a 0.4 percent decrease in the prior month.

While overall inflation cooled in March, it is still above the Fed target range of 2 percent. But the indication that it appears to be decelerating could be the good news the Federal Reserve is looking for.

"Seasonally-adjusted headline CPI prices increased at the second-smallest pace in nearly three years in March as energy prices declines and food price increases slowed, and despite a solid increase in core prices," UBS economist Alan Detmeister wrote in a research note Wednesday. "We expect inflation will gradually slow over the course of the year, though we do not expect to see much slowing next month as gasoline prices are projected to reverse their decline this month and used vehicle prices are expected to increase considerably."

The expectation is that the Fed's May meeting could result in just a 0.25 percentage point increase, after which there might be pause in rate increases. The Fed began aggressively tightening interest rates last year, raising it nine times or a total of 4.75 percentage points, to effect a slowdown and tame rising inflation.

The March 21-22 Federal Open Market Committee (FOMC) meeting minutes, released on Wednesday, showed that the central bank considered pausing rate increases following the failure of regional banks Silicon Valley Bank and Signature Bank. But while there was concern over the wider impact of the banking sector's failures on lending, a still tight labor market and stubbornly high inflation was deemed the higher priority. The FOMC members decided to raise rates by 25 basis points.

While core consumer prices are rising faster than the Fed's target, "slower inflation is coming in the months ahead as the economy cools and finds better balance in a post-pandemic world," Wells Fargo economists Sarah House and Michael Pugliese wrote in a research note on Wednesday. The two noted that inventories of goods continue to normalize, while the ongoing contraction in the manufacturing sector "suggests further softening in goods inflation."

The Wells Fargo economists expect a 25 basis point rate hike at the May meeting, but said that even though the outlook past May is "increasingly uncertain," the FOMC is likely to keep rates "steady for an extended period of time" in the 5-5.25 percent range as it assesses the effectiveness of its tightening policy.

Source: sourcingjournal.com – Apr 12, 2023

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USA: 'Freight Recession' Sinks Container Prices

Cargo container prices are a long way off from where they were to kick off 2023, with North American shipping containers now more than 20 percent cheaper for importers.

But according to the latest monthly report from container logistics platform Container XChange, industry professionals forecast that container demand is likely to rebound by the end of the year—and prices along with it—after cratering in the second half of 2022.

The container price sentiment index (xCPSI), a sentiment analysis tool by Container XChange that concurrently surveys supply chain professionals on their short-term price expectations, continued to show negative readings in mid-March, as seen below.

But the results consistently turned positive on March 24, when the index swung from -12 to 10—a figure that stuck through the next four days. By April 1, the index had reached an all-time high of 32, when the index started showing confidence building for the coming quarter.

Container XChange's survey of 664 supply chain professionals appears to back up the expectation that 2023 will bring a better peak season than 2022 did. Forty-eight percent of respondents expect 2023 will be better based on a potential revival of container rates leading up to the peak season, while 42 percent don't anticipate a better peak season this year.

Another 9 percent responded "maybe," indicating that there is still a shroud of uncertainty hanging over the rest of the year.

In Container XChange's April container market global forecaster, co-founder and CEO Christian Roeloffs, attributed much of the doubt to ongoing external factors that continue to impact the state of the shipping industry.

"The global container logistic ecosystem is like a spider's web. One disruption does not linearly impact the knot. Instead, every disruption reverberates across the web—sometimes in unexpected directions," said Roeloffs. "The increase in Fed rates, the banking sector crisis and the strikes might seem concentrated in one region, but they have their impact across all trade lanes."

The prices of 20-foot dry cargo containers declined in every major region in the first quarter of 2023, the forecaster said. North America registered the biggest decline in average prices for these containers at 20.6 percent. The Middle East and Indian subcontinent (ISC) combined for the second-largest drop at 15.2 percent, while 20-foot cargo containers in Southeast Asia had prices plummet 13.7 percent during the January-to-March period. Across the board worldwide, container prices plummeted 14.3 percent in the three-month stretch.

Most of the container price fluctuation leveled out since the early parts of the first quarter, with global prices declining just 2.7 percent in the final month of the period. Within that stretch, the Middle East/ISC region saw the biggest one-month price drop at 8 percent, while Northern Europe and Northeast Asia experienced 0.7 percent and 1.7 percent container price increases.

On a week-over-week basis, global containers saw a 1 percent price increase, likely feeding into some of the optimism that a bounce back is in play.

Harry Duong, a shipper-owned container (SOC) team lead at international freight forwarding company Pudong Prime, is one of those that remains upbeat about how 2023 is expected to play out. Duong noted in the April forecast that non-vessel operating common carriers (NVOCCs) and freight forwarders cannot afford to wait to adapt to current freight demands.

“The anticipated changes in the industry, particularly after contract renewals towards the end of the first half of 2023, signal a crucial time for preparation,” said Duong in a statement. “With cautious optimism, we foresee that this year’s peak season will be better than the previous year….” Roeloffs seemed less enthusiastic in his comments on the outlook for the rest of the year, but does expect demand to kick back in later in the year.

“Despite avoiding a global financial and economic recession for now, the shipping industry is experiencing a freight recession due to the postponement of inventory replenishment cycles by retailers who overstocked,” Roeloffs said. “As we look ahead, we anticipate a subdued rebound in demand as retailers begin to deplete their excess stock in the coming months, leading up to the peak season.”

Amid all the concerns regarding container prices and demand, the Container XChange report also called out the ongoing shifts in sourcing, with companies seeking to diversify countries of origin or in some cases, develop “China Plus One” strategies.

The market forecaster cited trade data from Vietnam and China to illustrate how the countries are being impacted by the shifts. According to Vietnam customs data, Vietnam’s two-way trade in February was up almost $3 billion over January, despite February being a slightly shorter month. On the other hand, China’s exports to the E.U. totaled 552.837 billion yuan ($80.3 billion) from January to February 2023, a year-over-year decline of 5 percent.

“The diversification of trade will prove to be beneficial for ocean trade because this will cause a boom to the regional trade within Asia,” Roeloffs said. “It will also lead to more locations adding to the direct trade from the region to North America or to Europe. So, diversification will play a role and in general, this will soak up more capacity than what we would have had on transpacific China to the U.S. or China to Europe alone.”

Source: sourcingjournal.com – Apr 11, 2023

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E-com in Vietnam shifting towards sustainability, users rising: Report

E-commerce in Vietnam is entering a new stage focused on sustainable development and based on market technology through selective investment and cost optimisation during a phase of elevated economic uncertainties, according to a report released recently by the Vietnam Chamber of Commerce and Industry (VCCI) and e-commerce platform Lazada.

The number of e-commerce users in Vietnam is continuously rising. It reached 52 million in 2022—a 13.5 per cent increase year on year (YoY), said the report, titled 'Sustainable development in e-Commerce: Driving Force for the Digital Economy'.

Sustainable e-commerce will connect individual shopping behaviours towards long-term shopping trends including search, selection, purchase, payment and exchange, it said.

A new generation of consumer—generation Z—has been cultivated with clear manifestations that have led to significant changes in shopping, a news agency cited the report as saying.

Consumers now also shop smarter, looking for more refined experiences and expecting higher value as opposed to hunting discounts; they are also increasingly seeking eco-friendly products, it said.

Fifty-seven per cent of Vietnamese consumers have purchased certain products or services because of their impact on the environment, data from Lazada shows.

Current technologies effective for consumer experience on e-commerce include shoppertainment, customisation, personalisation and virtual reality.

Sustainable e-commerce will continue to focus on long-term investments in infrastructure, technology, logistics and human resources. It will also create more value for stakeholders as it builds a community based on synergised values for and from partners, businesses and consumers, the report said.

Payment in e-commerce will grow in features and options, connecting to a variety of financial partners and transitioning towards 'buy now, pay later' to meet consumer demands, while making purchases on e-commerce increasingly more flexible and easier, it added.

Source: fibre2fashion.com - Apr 12, 2023

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How Vietnam Became the Biggest Importer of Australian Cotton

The deteriorating trade relations between Australia and China since 2020 has led to Australian cotton producers diversifying their export markets.

Consequently, Vietnam has become Australia's largest export market for raw cotton after just a few years.

Similarly, Australia is one of the fastest growing import sources of raw cotton for Vietnam. Between 2020 and 2021, imports of raw cotton from Australia increased by 899 percent or US$555 million.

But this phenomenal growth is not solely due to the strained trade relationship between Australia and China. Vietnam has a number of other advantages over China that Australian cotton producers are able to exploit – free trade agreements, a convenient location, and huge demand from apparel manufacturers.

How Vietnam became popular with Australian cotton exporters

Australian raw cotton export to Vietnam vs China, 2016 to 2021

Year	**Trade value of Australian raw cotton exports ($US)**	
	To Vietnam	**To China**
2022	$1,170,216,264	$75,061,987
2021	$615,999,989	$76,861,018
2020	$54,463,286	$169,135,431
2019	$80,962,803	$775,325,664
2018	$346,662,307	$223,749,039
2017	$284,982,384	$249,188,833
2016	$173,031,601	$346,499,550

Source: UN Comtrade Database

How Vietnam became popular with Australian cotton exporters

Trade tension between China and Australia

In response to calls from the Australian government for an investigation into the origins of the Coronavirus, Chinese authorities, in 2020, implemented a number of measures to limit access to the Chinese market for Australian goods.

Cotton, along with a range of other Australian exports, was subject to huge tariffs which saw Chinese manufacturers look elsewhere for their cotton.

Furthermore, Chinese cotton millers are often granted annual import quotas with tariffs set on a sliding scale between 5 and 40 percent. Buyers of Australian cotton were also at risk of higher tariffs under this quota system.

As a result, Australian cotton producers went in search of other markets.
Australian cotton producers went on the offensive

With the Chinese market increasingly difficult to penetrate, the Australian Cotton Shippers Association (ACSA) went on the offensive, sending a delegation to Vietnam to talk up the benefits of Australian cotton. This included displaying garments made of Australian cotton during the Vietnam International Fashion Week and providing Vietnamese spinners with technical skills and know-how.

“Spinners find Australian cotton more efficient when introduced into the spinning process… [They] will get more output from using Australian cotton,” ACSA President Matthew Bradd, told the ABC back in March.

But an effective marketing strategy and good quality product was only part of the equation. Buying Australian cotton needed to be cost effective and that’s where Vietnam’s appetite for free trade agreements comes in.
The three FTAs supporting Australian cotton exports to Vietnam

Vietnam and Australia are members of three key free trade agreements (FTAs), including the ASEAN-Australia-New Zealand FTA (AANZFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP).

Australian raw cotton, when it meets the conditions outlined in Decree 115/2022/ND-CP, Decree 121/2022/NĐ-CP, and Decree 129/2022/NĐ-CP, will receive a preferential import tax under these agreements.

Overall, these FTAs have opened up supply chains for Vietnam's manufacturers, giving them better access to the raw materials they need to produce their goods. Notably, whereas Australia has a huge ability to produce raw materials, Vietnam has the high-value, low-cost labor needed to turn those raw materials into high-value products. A clear win-win for all involved.

Demand for cotton in Vietnam is rising

The demand in Vietnam for raw cotton has been another key driver of growth in Australian raw cotton imports.

Vietnam's textile and garment industry is expected to export in the vicinity of US$46-47 billion of clothing and apparel in 2023.

Although Vietnam produces some of its own cotton, its output is not enough to meet current demand. Cotton is usually only grown for artisanal purposes and is not produced on a commercial scale. This has resulted in Vietnam having to import a large amount of raw cotton from other countries.

As a result, Vietnam is among the top three largest cotton importers alongside Bangladesh and China. Recognizing this growing demand, Australia has boosted exports to the point that it was in the top three sources of cotton for Vietnam after China and the US in 2021.

Geographical proximity

With a vast coastline bordering the South China Sea, Vietnam has an excellent location compared to other importers in the Americas and Europe.

The shipping time from Australia to Vietnam is faster than between Australia and most other locations – it takes only 21 days, which is faster than between Vietnam and Brazil or the US. At the same time, the reduced shipping time also helps importers and exporters minimize logistical costs, thereby lowering operational costs and generating higher profit margins.

Will this situation last in the long term?

The Vietnamese market is considered a key growth area for Australian cotton merchants. The trade tensions with China, the benefits of a range of FTAs, high demand within the Vietnamese textiles industry, and Vietnam's proximity to Australia, have cumulatively allowed Vietnam to swiftly replace China as the largest export market for Australian cotton.

However, although Chinese trade barriers have not been removed, the bilateral relationship between Australia and China is improving in the present day, and exports are gradually resuming.

For now, both Vietnam and Australia have benefited greatly from the trade-enabling environment set up between their respective markets and there are few signs that this would change in the immediate future.

Source: vietnam-briefing.com - Apr 12, 2023

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Bangladesh 3rd largest apparel supplier to Japan; $1.34 bn in 2022

The Japan-Bangladesh Joint Economic Dialogue emphasised bilateral trade prospects in various industry sectors. In the realm of textiles, Japan is a prominent importer, and Bangladesh is one of the top suppliers of textile products globally. Recent data revealed that Bangladesh was the third-largest supplier of garments to Japan, holding a 5.37 per cent market share. In 2022, Japan imported garments worth $1.340 billion from the South Asian nation.

The Economic Dialogue was held virtually and organised by Japan. Trade officials from both countries participated and discussed various issues during the event. Md Tofazzal Hossain Miah, principal secretary to the Prime Minister, led the Bangladesh delegation. The Japanese delegation was led by Hirai Hirohide, vice-minister for international affairs of Japan's ministry of economy, trade, and industry.

Last year, Japan imported apparel worth $24.953 billion, with Bangladesh ranking as the third-largest exporter after China and Vietnam. Shipments from Bangladesh grew to $1.340 billion in 2022 compared to $1.165 billion in 2021. Japan's apparel imports from Bangladesh were affected by the COVID pandemic in 2020, dropping to $1.033 billion from $1.167 billion in 2019. The trade value stood at $1.122 billion in 2018, according to Fibre2Fashion's market insight tool TexPro.

Trousers and shorts were the most dominant garments in Japanese imports last year, accounting for 36.72 per cent of the total import value. Jerseys and T-shirts held a 19.32 per cent and 17.16 per cent share, respectively, in terms of value.

Japanese fabric imports from Bangladesh also increased, jumping to $1.733 million from $1.108 million in 2021, as per TexPro. However, fabric imports were negligible compared to apparel imports.

Source: fibre2fashion.com - Apr 13, 2023

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NATIONAL NEWS

Shri Piyush Goyal addresses India – France Business Summit and CEOs Roundtable

Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles Shri Piyush Goyal mentioned that there is a huge delta of opportunities in India during his address at the India – France Business Summit and CEOs Roundtable yesterday in Paris, France.

"We are one the largest consumers of goods and services. Exports of goods and services are growing by over 50% and we hope to continue this growth trajectory. We hope to see our exports of goods and services to triple from $765 billion to $2 trillion by 2030," he added.

The Embassy of India, Paris, France, in association with the Confederation of Indian Industry (CII), the Mouvement des entreprises de France(MEDEF) and the Indo French Chamber of Commerce and Industry(IFCCI), organised the India – France Business Summit and CEOs Roundtable.

Minister Delegate for Foreign Trade, Economic Attractiveness and French Nationals Abroad, Government of France, Mr Olivier Becht shared that he is confident that both sides will foster bilateral & multilateral meetings. “India being the world's most populous country has the potential to attract numerous manufacturing activities, already, many French companies are actively engaged in India, and there is tremendous untapped potential for further collaboration”, he said.

Vice-President, CII and Chairman & Managing Director, ITC Limited, Mr Sanjiv Puri shared that the presence of a large delegation from the CII in France underscores the significant importance that India attaches to its relationship with France.

DG CII, Mr Chandrajit Banerjee highlighted that India and France are committed to collaborative engagement in areas like innovation, financial inclusion, ESG in businesses, and deepening global engagement towards Africa.

Sessions were held on ‘Building a green future’; Critical and Emerging Technologies: The New Strategic Frontier; ‘Defence Cooperation: Securing a Shared Future Through Atmanirbhar Bharat’ and France and India: Springboard to Europe and Indo-Pacific.

Builiding a Green Future

Both India and France attach the highest importance to building a green future. Both countries have ambitious climate goals. Building a green future creates enormous market opportunities, but it also requires huge investments and technological breakthroughs.

In recent years, there has been significant increase in investments, collaborations and joint ventures, especially from France to India, in “green technologies”.

The Session brought out ways on how businesses could tap opportunities in green transition; discussed new technologies in various areas – renewable energy, mobility, buildings, infrastructure, construction, energy efficiency, industrial processes, agriculture. The Session was moderated by the Head of AFD Activities in Eastern Europe – Middle East and Asia, Mr Cyrille Bellier.

Critical and Emerging Technologies: The New Strategic Frontier

Collaboration and competition are growing around critical and emerging technologies, including advanced computing, communications and networking technology, advanced materials, engine technology, space technologies and systems, sensors, renewable energy technology, semiconductors and microelectronics, directed energy, hypersonics, etc.

As two countries with strong belief in sovereignty and strategic autonomy, the Session highlighted ways on how India and France can enhance their cooperation in critical and emerging technologies; complementarities between the two countries and opportunities therein; recommendations on increasing India-France Technology Cooperation. The Session was moderated by the Ambassador for Digital Affairs, Ministry for Europe and Foreign Affairs, Mr Henri Verdier.

Defence Cooperation: Securing a Shared Future Through Atmanirbhar Bharat

The evolving geopolitics, including the growing challenges in the Indo Pacific region, and emergence of contests in new domains such as Space and cyberspace, have further increased the salience of this partnership. France has been a longstanding and an increasingly important source of defence platforms, equipment and technology for India. The Session brought out how we go beyond assembly and also develop and design defence technologies; specific defence platforms and equipment where we see maximum potential for India-France partnership. The Session was moderated by DG, CII, Mr Chandrajit Banerjee.

France and India: Springboard to Europe and Indo-Pacific

In the past three years, France has been ranked the most attractive investment destination in the EU, which is also reflected in the rising foreign investment figures. While India is among the leading Asian sources of investments in France, the value of investments is small and concentrated in a few sectors. Indian companies are reviewing their European strategy in the context of the post-Brexit EU. France could be the next big destination for Indian investments. Since generating a part of the value in the market is important for success, the Session shed light on how can Indian companies invest more in France to cater to India's largest destination for exports, the EU; and on how markets can be accessed. The Session was chaired by President, FIEO, Mr A Sakthivel.

CEOs Roundtable

More than 50 CEOs from Indian and French companies participated at the CEOs Roundtable which was addressed by Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, Shri Piyush Goyal and the Minister Delegate for Foreign Trade, Economic Attractiveness and French Nationals Abroad, Government of France, Mr Olivier Becht. Sectors such as agriculture, tourism, defence, manufacturing, pharmaceuticals, textiles, aerospace were represented at the Roundtable. Along with the Ministers, perspectives were shared by Ambassador of India to France, Mr. Jawed Ashraf, Vice-President, CII and Chairman & Managing Director, ITC Limited, Mr Sanjiv Puri, DG, CII, Mr Chandrajit Banerjee, Executive Director, International Energy Agency, Mr Faith Birol and CEO, Danone, Mr Antoine de Saint-Affrique. Other CEOs participated in a discussion with Shri Goyal as well.

Source: pib.gov.in- Apr 12, 2023

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Shri Piyush Goyal meets Mr. Olivier Becht, Minister Delegate for Foreign Trade, Economic Attractiveness and French Nationals Abroad, Government of France

Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, Shri Piyush Goyal met the Minister Delegate for Foreign Trade, Economic Attractiveness and French Nationals Abroad, Government of France, Mr. Olivier Becht yesterday as part of his visit to France.

The Ministers discussed their respective state of the economy where Mr. Becht highlighted that France has had the lowest inflation rate of 5.2% in the Euro Zone, which is half of the average of other EU countries; the unemployment stood at 7% and GDP growth in 2022 finished at 2.6%; expected growth is 0.6-1% for this year.

Shri Goyal mentioned that the Indian economy is stable. India is used to double-digit inflation and now we are 6 - 6.5%. from double-digit, he said. He shared that this year growth has been at 6.8% of GDP and a growth of 13% at nominal rates.

He shared that Trade has been growing and much more can be done. With the purchase of Rafale and the recent Airbus order, more value has been added to this partnership. Mr. Becht mentioned that bilateral trade was USD 15.1 Bn in 2021-22, doubled in the last decade; FDI has been USD 10 Bn from France which has been a top foreign investor in India. There is a will from French companies to invest in India, he added.

Indian companies are increasing investment in France and at the moment around 300 Mn Euro is invested, he shared. Shri Goyal highlighted that through breaking language barriers trade can further be expanded.

The Ministers discussed priority areas related to India - EU FTA negotiations where issues related to Market Access were deliberated. Shri Goyal further highlighted that India is looking to buy 2000 Commercial Aircrafts in the next 10 years and there is a huge opportunity to make commercial aircraft in India to meet domestic and International demand.

The Ministers also discussed mutual topics of interest at the World Trade Organisation.

Mr. Becht further dwelt on direct investments of French companies in India and shared that there is mutual opportunity in infrastructure, renewable energy and mobility. He highlighted that France has supported Public Projects in Kochi, Nagpur and Ahmedabad.

Shri Goyal invited Mr. Becht to India along with the French community at the sidelines of the G20 Trade Ministers meet in August, 2023.

Source: pib.gov.in - Apr 12, 2023

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QUICK ESTIMATES OF INDEX OF INDUSTRIAL PRODUCTION AND USE-BASED INDEX FOR THE MONTH OF FEBRUARY 2023 (BASE 2011-12=100)

The Quick Estimates of Index of Industrial Production (IIP) are released on 12th of every month (or previous working day if 12th is a holiday) with a six weeks lag and compiled with data received from source agencies, which in turn receive the data from the producing factories/ establishments.

2. For the month of February 2023, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at 138.7. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of February 2023 stand at 129.0, 136.8 and 174.0 respectively. These Quick Estimates will undergo revision in subsequent releases as per the revision policy of IIP.

3. As per Use-based classification, the indices stand at 139.7 for Primary Goods, 104.4 for Capital Goods, 143.2 for Intermediate Goods and 164.0 for Infrastructure/ Construction Goods for the month of February 2023. Further, the indices for Consumer durables and Consumer non-durables stand at 108.4 and 154.3 respectively for the month of February 2023.

4. Details of Quick Estimates of the Index of Industrial Production for the month of February 2023 at Sectoral, 2-digit level of National Industrial Classification (NIC-2008) and by Use-based classification are given at Statements I, II and III respectively. Also, for users to appreciate the changes in the industrial sector, Statement IV provides month-wise indices for the last 12 months, by industry groups (as per 2-digit level of NIC-2008) and sectors.

5. Along with the Quick Estimates of IIP for the month of February 2023, the indices for January 2023 have undergone the first revision and those for November 2022 have undergone final revision in the light of the updated data received from the source agencies. The Quick Estimates for February 2023, the first revision for January 2023 and the final revision for November 2022 have been compiled at weighted response rates of 92 percent, 94 percent and 95 percent respectively.

6. Release of the Index for March 2023 will be on Friday, 12th May 2023.

Note: -

This Press release information is also available at the Website of the Ministry -http://www.mospi.gov.in

Press release in Hindi follows and shall be available at:
https://www.mospi.gov.in/hi

Click here to see Annexures:

Source: pib.gov.in- Apr 12, 2023

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India-EU trade deal will pave way for huge opportunities

Commerce and Industry Minister Piyush Goyal's visit to key EU member-countries, France and Italy, assumes significance in view of post-Covid supply chain disruptions, the Ukraine-Russia war and US-China and Australia-China trade tensions.

India is rapidly emerging as a strategically preferred trade partner for the European Union, thanks to India's neutral stand in the rapidly emerging multi-polar world.

India's latest outreach to France and Italy will have a significant impact in its relations with the EU. Reports suggest top French and Italian businesses are keen on engaging more with India. India's rapid economic and technological rise in turbulent times — most countries are still struggling to come out of their economic woes — is a key reason for EU firms evincing interest.

Technological complementarities between the EU and India offer excellent opportunities to collaborate in a range of high-tech goods including machinery, drone and aircraft manufacturing, pharmaceutical and IT research. This will help both sides — India in terms of achieving self-reliance, and the EU which is looking for an alternative manufacturing location to China.

In view of our thrust on 'Make in India', collaboration in technology-intensive manufacturing and defence production has fast emerged as a key area of mutual synergy and immense investment opportunities.

The EU is India's third largest trade partner whereas India is EU's tenth largest. While India's merchandised trade grew by 30 per cent in the last decade, trade with the EU has witnessed spectacular growth in recent years, with exports rising from $41 billion in 2020-21 to $67 billion during April- February 2022-23 and imports from $40 billion to $54 billion.

Interestingly, India had a trade deficit with the EU in 2018-19 that turned into a trade surplus of $13 billion during April-February 2022-23.

India-EU trade negotiations, which had stalled since 2013, resumed in June 2022 and is evolving into a 'balanced, ambitious, comprehensive and mutually beneficial' trade agreement. The fourth round of India-EU trade negotiations took place in March in Brussels and the fifth phase is scheduled to resume in mid-June.

India-EU FTA is likely to be more comprehensive than India's recent deals with Australia and the UAE, as it has an ambitious aim to liberalise 94 per cent of the trade in goods. It is also expected to have a separate chapter linking trade with sustainable development.

The ambitious timeline of concluding the negotiations by 2023 seems quite challenging but to keep up the pace and facilitate consensus, complex and contentious issues such as geographical indications and investment protection, are being negotiated separately but parallelly.

Technically, an FTA can be approved by the European parliament, but the investment protection agreements need to be ratified not only by the EU parliament but also by the parliaments of individual member-countries. Therefore, separate negotiations are expected to facilitate speedy deliberations and early conclusion of negotiations in the areas of consensus.

India's spectacular GDP growth rate of 6.9 per cent in 2022, almost double that of the EU's 3.5 per cent, makes India a lucrative market as well as an attractive investment destination for the EU.

India-EU FTA is likely to pave way for enormous opportunities not only in trade and investment but also in forging strategic international partnership at the world fora, making it a win-win deal.

With divergent national interests and intricacies associated with a group of 27 countries within the EU, negotiators from both sides need to be sensitive to each other's ground realities for expeditious conclusion of the deal.

Source: thehindubusinessline.com- Apr 12, 2023

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India remains concerned about global economic outlook, geopolitical environment: FM Nirmala Sitharaman

India remains concerned about the global economic outlook and geopolitical environment, despite this year's projected growth rate of over six per cent for the country's economy, Union Finance Minister Nirmala Sitharaman has said.

She also told global leaders during a meeting here that the current headwinds and strained global supply chains have put a tremendous pressure on the global economy, marked by persistently high interest rates, northbound inflationary pressures and currency depreciation.

The recent turbulence in the banking sector in some advanced economies has further increased the challenges to global economic recovery and increased fiscal pressures, especially on EMDEs and LDCs, she said at the 107th meeting of the Development Committee on Wednesday during the annual meeting of the International Monetary Fund (IMF) and the World Bank.

Continued disruptions to global supply chains are still straining food, fuel and fertiliser supplies, and endangering food and energy security. This is disproportionately impacting the poor, the disadvantaged and the marginalised, particularly in the developing world, the minister observed.

"The need of the hour is a people centric, equity driven, consensus-based, and collective approach to face global developmental challenges," the Union minister said.

These circumstances challenge multilateralism more than ever before, she told the 'Development Committee' and added that against the backdrop of the WBG's 'Evolution Road Map' discussion, "we encourage the World Bank Group (WBG) to evolve into a bigger and better bank, which is 'fit for purpose' to address the new world challenges".

In her address, she called upon all shareholders and stakeholders to adopt an innovative, bold and robust approach to transform the WBG into an institution capable of effectively addressing present and future challenges.

"We look forward to a WBG that deploys innovative ways to mobilises resources, unleashes its full potential as a solutions and knowledge bank, and fully leverages its comparative advantage to build a better world." Sitharaman said.

Sitharaman told the 'Development Committee' that despite challenges and global headwinds, the IMF in its Global Economic Outlook forecasts above six per cent economic growth rate for India, making it the only major economy growing at that rate.

"With a manageable current account deficit and a growth rate highest among the major economies in the financial year 2023, the Indian economy has shown resilience in navigating the turbulence of the (Covid) pandemic as well as geopolitical spill-over," she said.

The minister asserted that an optimistic business environment, robust industrial output and rapid vaccination coverage against Covid have provided a strong momentum to the Indian economy, as evidenced by an estimated GDP growth of 9.1 per cent for FY22.

India has moved on beyond the pandemic, staging a full recovery in FY22-23, ahead of many countries, and positioned itself in an upward pre-pandemic growth path, she said.

“The unparalleled (anti-Covid) vaccination drive has not only ensured quick economic recovery but also ensured economic prospects for this year and beyond. Successful implementation of agriculture and labour reforms have provided the boost for medium-term growth,” the minister said.

India's 'Long-Term Low-Carbon Development Strategy' envisages a transition to a low-carbon development pathway that entails costs towards deployment of new technologies, development of new infrastructure and other transaction costs, Sitharaman said.

She added that the Union Budget has also pursued energy transition by encouraging domestic production of solar power equipment and batteries, in line with India's climate commitments, she said.

Sitharaman said the WBG should continue to focus on its vision of a 'World Free of Poverty' as well as on the twin goals of 'Ending Extreme Poverty' and 'Promoting Shared Prosperity'.

"This said, we underscore the need to ensure that the twin goals are achieved in a manner that is inclusive so as to reach all persons, resilient so as to safeguard them against developmental shocks and sustainable from the social, economic and environmental angles so as to ensure the wellbeing of future generations," she said.

"While we concur that climate change, pandemic and fragility are global challenges, it is also important to focus on other global development challenges such as food insecurity, water and energy access and affordability, digitalisation and debt sustainability," the minister said.

Sitharaman said given the limited scale of available resources, it is, therefore, crucial to reach a consensus on the definitions of global development challenges and "develop selectivity criteria that is consistent with the WBG's mandate and its comparative advantage".

Source: thehindubusinessline.com- Apr 12, 2023

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Master developer for PM Mitra parks to be selected in three months: Union Textiles Secretary

Almost a month after the Centre announced its decision to set up seven mega textile parks under the PM Mega Integrated Textile Regions and Apparel (PM MITRA) scheme, Union Textiles Secretary Rachna Shah said the institutional mechanism to begin the works in two mega parks in Tamil Nadu and Karnataka will be ready in three months. Ms. Shah said the Centre has asked the States to expedite the process to form a Special Purpose Vehicle (SPV) and to select a master developer to implement the scheme.

Talking to The Hindu, Ms. Shah said the SPV, which will be formed between the States and the Centre for each of the parks, will become the agency that will oversee the implementation of the park. "We have signed MoUs (Memorandum of Understanding) with Tamil Nadu and Karnataka. Other MoUs will be signed in the due course.

The SPV, in turn, would be selecting a master developer. These are mega parks of at least 1,000 acres. Fifty per cent of the parks will be used for developing core infrastructure. There will be common facilities and special facilities such as testing, skills training and logistical arrangements. Commercial areas will be allowed in 10%. The master developer will conceptualise and prepare the plan for development of the park comprising these elements," Ms. Shah said.

The Textiles Secretary said the parks have already elicited interest from investors. "It is in early stages. We will reach out to big and small investors in India and abroad. In Tamil Nadu, we have investors who have indicated interest for investment worth ₹1,100 crore.

We are expecting that each park will be able to get investment of about ₹10,000 crore. In Karnataka, investment interest worth about ₹1,900 crore has been expressed. The State has entered into an MoU with some of the investors. We expect that each park will generate one lakh jobs," she added.

The incentive for the manufacturing will be to bring in their entire value chain to the park, Ms. Shah said. "There is no specific incentive to shift to this park. But it will help them to consolidate their investment. All clearances will be taken care of by these parks," she said.

Ms. Shah, however, did not commit to a timeline to begin production or business activities at these parks. “It is difficult to put a timeline. The SPV formation will not take longer than one to one-and-a-half months.

We have asked the State governments to expedite the process of finding the master developer. We are hopeful that two to three months down the line, we will have the basic institutional mechanism in place, which can get into the detailed planning of each park,” she said.

The release of money from the Centre to these parks, however, will be linked to certain milestones and deliverables. Assistance from the Centre is promised to the tune of 30% of the project cost, with a ceiling of ₹500 crore. “This money will be released in different stages depending on the progress. Our implementation period is till 2026-27.

The SPV formation will happen immediately. Based on getting the master developer on board, and the works get started, the disbursement for the infrastructure will start,” she said.

On the nature of the master developer, she said it can be an anchor investor who is a textile player, or a developer of parks or infrastructure. “Also, for each of the projects, there could be separate developers. The SPV will have to take the call. The preferred option is one master developer,” Ms. Shah said.

Source: thehindu.com- Apr 13, 2023

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India's cotton export projection drops to 1.8 mn bales for Apr 2023

Indian cotton exports for 2022-23 are projected down 500,000 bales in April 2023 to 1.8 million, roughly equal to its import forecast. Exports have historically exceeded imports by a significant margin, and the last time that imports exceeded exports was nearly 20 years ago.

Lower domestic supplies, increased demand for foreign long and extra-long staple grades, and the Australia-India Economic Cooperation and Trade Agreement (ECTA) have all supported this recent dynamic.

The sum of 2022-23 beginning stocks and production is projected at a 14-year low of 33.1 million bales, significantly pressuring exports. Moreover, Indian spot prices relative to global prices surged earlier in the year, in part due to lower cotton supplies, slowing shipments to major markets including China, according to the 'Cotton: World Markets and Trade' report by the United States Department of Agriculture (USDA).

Higher imports are supported by lower domestic supplies and other factors including favourable import policies. Pleas from the domestic textile sector resulted in the temporary rescinding of the tariff on all cotton origins from April 2022 through September 2022, which supported strong early-season imports. All origins are now subject to an 11 per cent import duty.

The Australia-India ECTA is also expected to strengthen import demand. The agreement took effect this calendar year and allows India to import approximately 230,000 bales of Australia cotton duty free. High quality and competitively priced Australian supplies are expected to support spinners' late summer demands when domestic cotton supply is seasonally low.

India has recently become the largest consumer of long and extra-long staple cotton. Since the country doesn't grow enough domestically, grades including Egypt's Giza 94 and US Pima are imported to support consumption. India will thus remain a steady source of import demand for this species of cotton.

Despite forecast to be the third largest exporter in 2022-23 at 1.8 million bales, exports are forecast drastically lower than the 6.2 million exported in 2021-22. Looking forward, the recent expansion in domestic spinning capacity could channel a greater share of supplies into domestic spinning instead of exports. Global production is up from the previous month to 115.9 million bales and attributed to higher production in China more than offsetting a lower crop in Brazil. Consumption is practically unchanged at 110.2 million bales and due to higher consumption in China offsetting lower use in Bangladesh and Turkey.

Global trade is forecast down more than 700,000 bales from the previous month to 38.8 million bales, the lowest level in six years. This month's adjustments are mostly attributed to less imports in China, Turkiye, and Bangladesh. Lower Brazil and India shipments more than offset higher Australia and US exports.

Global ending stocks are forecast up close to 900,000 bales to 92.0 million and mostly attributed to upward projections for China, India, and Brazil, added the report.

The US balance sheet includes higher exports and lower ending stocks compared with last month. The projected US season-average farm price is forecast down 1 cent to 82 cents per pound. Global cotton prices were mostly down since last month's WASDE with prices on the Intercontinental Exchange (ICE) settling at roughly 83 cents per pound. Strong US export sales and shipments were offset by global macroeconomic concerns due to the second-largest bank failure in US history.

Commodity exchange-traded funds and the Dow Jones Industrial Average were mostly unchanged after falling in late March, while the S&P Retail Index was lower compared with last month. Macroeconomic concerns raised speculators' short positions and pressured prices.

Lower Brazil prices once again reflect slower-than-expected demand as witnessed by lower exports. Pakistan prices were down for the second consecutive month on both a weaker exchange rate relative to the US dollar and seasonally slow domestic use.

Source: fibre2fashion.com- Apr 13, 2023

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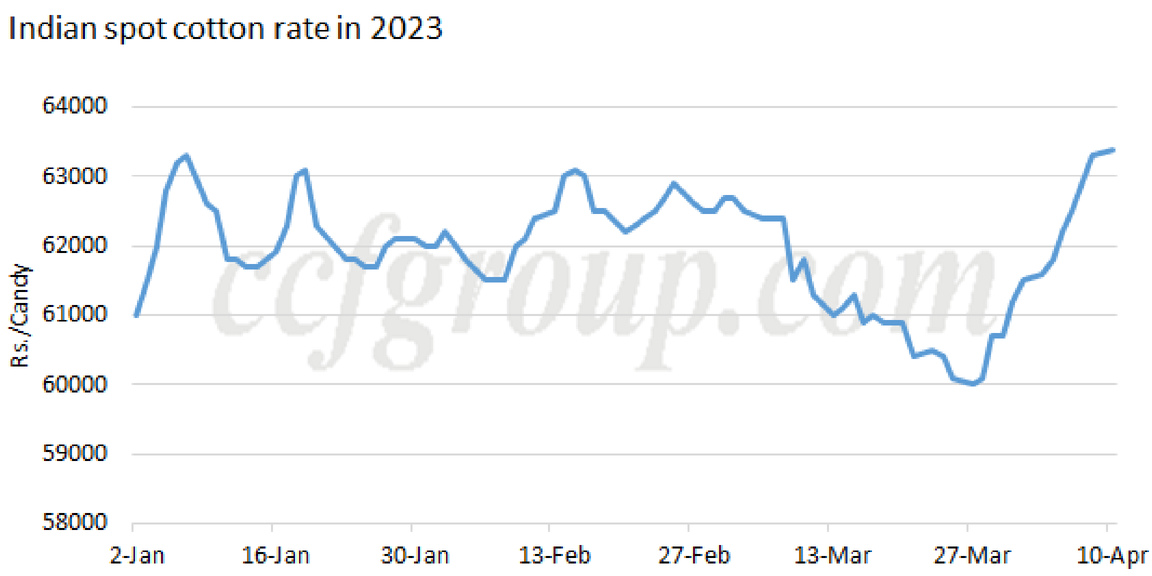
Why Indian cotton price rise against the weak global textile and apparel consumption?

In recent one month, panic mood was triggered by the banking system problems and plus the slow recovery of textile and apparel consumption, the international cotton prices have ticked down overall. Though the fears cool down currently, the consumption is still in slow recovery, while only Indian cotton prices are firm, showing an uptrend. By Apr 8, the Indian spot cotton rate has risen to Rs. 63,300 per Candy, equivalent to about 98.58cent/lb, and the local S-6 cotton average offers increase to Rs. 62,150 per Candy, reaching the highest since Mar 9, as well as the prices of J-34 price. The reasons are analyzed below.



1. Continual low arrivals of Indian cotton

According to Ministry of Agricultural, arrivals of Indian cotton have been decreasing, and the weekly arrivals are only about 55kt last week, basically drawing to a close. By Apr 9, 2023, cumulative arrivals of Indian cotton were 3.068 million tons, far lower than previous years, and there was large gap with the CAI's production forecast of 5.32 million tons. Under such circumstance, local cotton prices gain strong support. Moreover, according to Cotton Association of India, the arrivals by end Feb were 2.632 million tons, a fall of 32% year on year, which was also not optimistic. Based on current arrivals, 2022/23 Indian cotton production is supposed to be hard to reach 5 million tons, and there are concerns over the large supply gap.

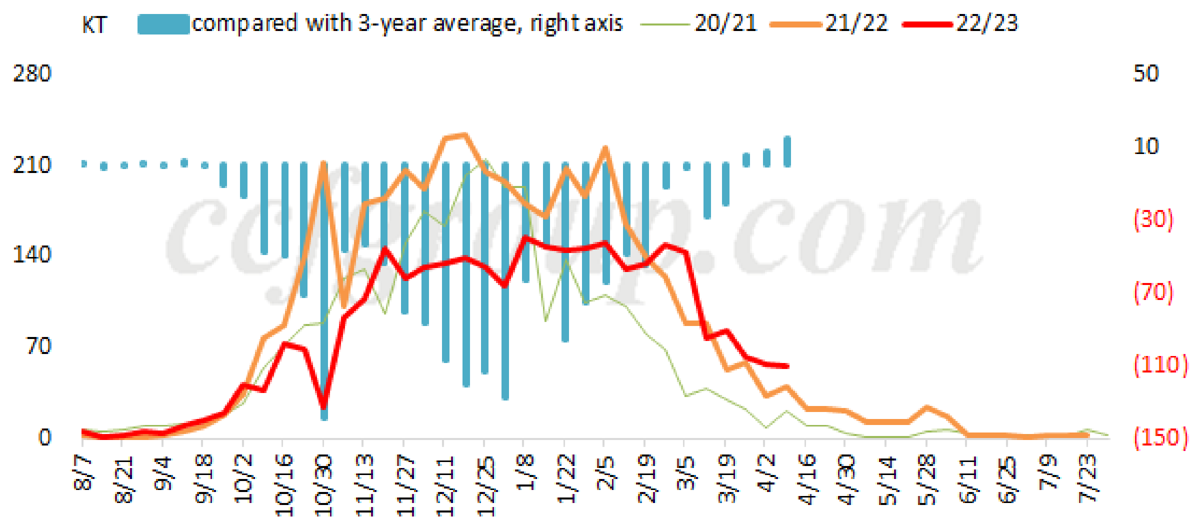
2. Growing demand for cotton from downstream market

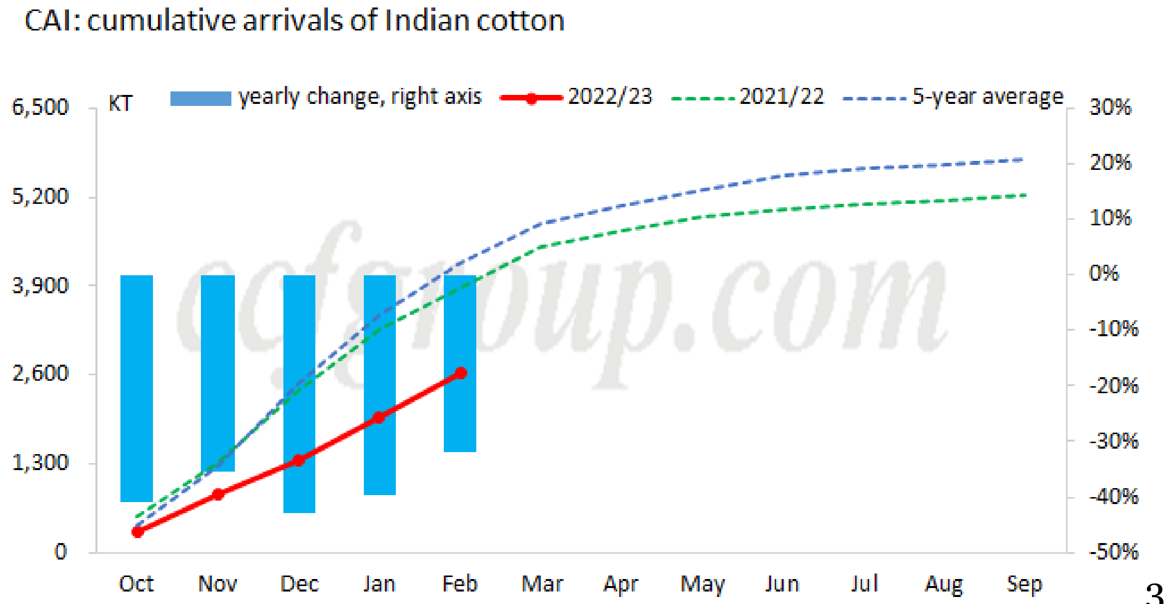
According to foreign media, buyers in the downstream industry were active in the first week of the new fiscal year 2023-24, cotton yarn transactions in South India picked up, and cotton yarn prices in the Mumbai market rose by 2-3 pounds per kilogram. Market players claimed that this wave of market conditions was mainly because that the local spinning mills' operating rate has reached a relatively high level, but the cotton inventory in spinning mills was lower than that of the same period in previous years. At the same time, the orders from Chinese market and from Turkey and Europe due to the impact of the previous earthquake have made the consumption of cotton increase. Indian cotton consumption has shown a rising trend in recent months.

Moreover, the government continues to release policy to support downstream capacity expansion, putting certain confidence to textile industry. At present, the plan of seven giant comprehensive textile zones and garment parks is advancing.

The Indian government has also introduced policies to reduce import tariffs on certain textile machinery, spare parts and accessories, including shuttleless looms in the category of zero tariffs. These policies are expected to alleviate the current problems of low value-added, high production costs and low profits in India's downstream textile industry, and promote the healthy operation of the downstream textile industry.

Weekly arrivals of Indian cotton (AGM)





3.

Good performance of PMI in Mar

India's Manufacturing Purchasing Managers Index in Mar rose by 1.1 percentage points from the previous month to 56.4, indicating that India's manufacturing industry has relatively strong resilience after the epidemic. The textile industry is the main constituent system of India's manufacturing industry. Against the background of the sluggish performance of global commodities during the U.S. interest rate hike cycle, India's PMI can still be higher than 50. The signal of economic expansion has brought positive sentiment to India's local textile industry.

In general, in the case of low supply and high demand expectations, Indian cotton prices show an upward trend. If the subsequent reduction in Indian cotton arrivals leads to the intensification of domestic cotton supply and demand contradictions and an out-of-control market like last year, it cannot be ruled out the government may remove the cotton import duty, which can support global cotton prices up.

Source: ccfgroup.com- Apr 11, 2023

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GSTN mandates businesses with over Rs 100 crore turnover to upload e-invoice on IRP within 7 days

Businesses with turnover of Rs 100 crore and above will have to upload their electronic invoices on IRP within 7 days of the issue of such invoice with effect from May 1, GST Network has said. Currently, businesses upload such invoices on Invoice Registration Portal (IRP) on the current date, irrespective of the date of issue of such invoice.

In an advisory to taxpayers, GST Network (GSTN) said the government has decided to impose a time limit on reporting old invoices on the e-invoice IRP portals for taxpayers with aggregate annual turnover greater than or equal to Rs 100 crore.

"To ensure timely compliance, taxpayers in this category will not be allowed to report invoices older than 7 days on the date of reporting," GSTN said.

In order to provide sufficient time for taxpayers to comply with this requirement, this new format would be implemented from May 1, 2023.

This restriction will apply to invoice, and there will be no time restriction on reporting debit/credit notes, it added.

Giving example, the GSTN said if an invoice has a date of April 1, 2023, it cannot be reported after April 8, 2023.

The validation system built into the invoice registration portal will disallow the user from reporting the invoice after the 7-day window.

Hence, it is essential for taxpayers to ensure that they report the invoice within the 7-day window provided by the new time limit, the GSTN said.

As per GST law, businesses cannot avail input tax credit (ITC) if invoices are not uploaded on the IRP.

AMRG & Associates Senior Partner Rajat Mohan said this technological change would arrest backdating of e-invoices by large companies.

"After successfully implementing this for large taxpayers, government is expected to roll out these changes for all taxpayers in a phased manner," Mohan added.

Currently, businesses with turnover of Rs 10 crore and above are required to generate electronic invoice for all B2B transactions.

Under Goods and Services Tax (GST) law, e-invoicing for business-to-business (B2B) transactions was made mandatory for companies with turnover of over Rs 500 crore from October 1, 2020, which was then extended to those with turnover of over Rs 100 crore effective January 1, 2021.

From April 1, 2021, companies with turnover of over Rs 50 crore were generating B2B e-invoices, and the threshold was brought down to Rs 20 crore beginning April 1, 2022. From October 1, 2022, the threshold was further lowered to Rs 10 crore.

EY Tax Partner Saurabh Agarwal said implementation of timelines for reporting invoices on IRP would help in administering compliances and is an another great move towards digitalisation.

"This may also aid in increasing the GST collection once the said limit of Rs 100 crore turnover is reduced significantly or is made mandatory for all assesses required to generate IRN (Invoice Registration Number)," Agarwal said.

Source: economictimes.com- Apr 13, 2023

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DPIIT takes up startups' concerns with Finance Ministry

Quarterly Report: India Tech - Q1 2023' report, the startup ecosystem in India saw a considerable decline in investment in the first quarter of 2023 compared with the same period in 2018.

New Delhi: The Department for Promotion of Industry and Internal Trade (DPIIT) has raised, with the finance ministry, issues related to startups' concerns over the calculation of their fair market valuation, and the Budget proposal to include foreign investors under the ambit of the so-called angel tax that till now applied only to Indian residents.

Officials said talks were ongoing with the departments of revenue and economic affairs to address the concerns, as startups raise funds based on their market valuation but that also increases their tax liability. "We are talking to the revenue department and the department of economic affairs. Talks are ongoing," said an official.

Startups are valued at a price higher than the fair market value (FMV) as their investors look at liquidation preferences and other balancing rights. This discussion comes amid declining investment for startups, especially after the collapse of California-based Silicon Valley Bank, which was crucial to the startup ecosystem.

As per the latest 'Tracxn Geo Quarterly Report: India Tech - Q1 2023' report, the startup ecosystem in India saw a considerable decline in investment in the first quarter of 2023 compared with the same period in 2018.

In the budget 2023-24, the government proposed to include foreign investors under the ambit of the angel tax that was applicable to Indian residents. It will become effective April 1, 2024. Angel tax is levied on unlisted companies when they issue shares at a price that exceeds the FMV. The difference is then taxed at 20% or more.

Besides being an additional burden from a regulatory perspective, startups fear that the move will push investors away.

Source: economictimes.com- Apr 13, 2023

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Textile, garment sectors get ₹15k cr investment

Indore: Madhya Pradesh has landed investment in textile and garment sectors to the tune of Rs 15,000 crore in the last two years owing to availability of raw land bank and higher investment promotion assistance for setting up factories in far flung areas.

In the state housing more than 25 mega and large-scale textile companies, close to 15 textile and garment units have set up facilities at Ujjain, Dhar, Indore and Bhopal among other areas in the last two years.

Industrial policy and investment promotion department principal secretary Manish Singh said, “The state has received encouraging investments in textile and garments in the past two years. Close to 15 new textile and garment units have come up in different parts of the state and an investment of Rs 15,000 crore has been pumped in the last two years.” Recently, Best Corporation Ltd, New Zeel Fashion Wear Pvt Ltd, Gokaldas Exports, Biba and Yashoda Linen Yarn Ltd among others have set up new facilities in Madhya Pradesh.

The availability of cotton in Madhya Pradesh, the fourth largest cotton producer of the country, has also attracted many leading industries from southern India to establish their footprints in the state.

“Textiles and garment sector is emerging big in state. The conducive industrial ecosystem, law and order situation and the political economy of Madhya Pradesh are big advantages for the industry. The availability of land at competitive rates, availability of easy manpower and training support are again a big attraction for industries exploring options to make investments,” said Singh.

While developed industrial belts of the state have many takers from the textile sector, the government is offering higher investment promotion assistance for setting up factories in industrial belts of the state where development is low.

“Under Industrial Promotion Policy of Madhya Pradesh (IPP) 2014, the state is offering 1.2 times over and above the basic Investment Promotion Assistance to industries coming in locations where development of industries is low,” said Singh.

Madhya Pradesh government has released Rs 742.60 crore capital subsidy and Rs 1,786 crore as total incentives to industries across sectors in the financial year 2022-2023, according to the official data.

Source: timesofindia.com- Apr 12, 2023

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Tiruppur garment exporters seek low investment limit in PLI 2.0

Garment exporters in Tiruppur have sought minimum ₹10 crores as investment limit for industries that want to benefit under the second Production Linked Incentive (PLI) scheme for textiles.

K.M. Subramanian, president of Tiruppur Exporters' Association, said in a memorandum to Trade Advisor in the Union Ministry of Textiles Shubhra that most of the units in Tiruppur (76%) that invested under ATUFS scheme, had invested less than ₹2 crores. Hence, under the PLI 2.0 scheme, the government should fix minimum ₹10 crores as investment limit and triple that amount as turnover target for industries to get benefit.

The Textiles Secretary had conducted meetings with stakeholders on the PLI 2.0 and the indication is that the scheme will benefit units in the SME sector and those that are into cotton-based products. The Association had suggested ₹10 crores as the minimum investment limit for knitwear units.

Mr. Subramanian added that the Technology Upgradation Fund (TUF) scheme was one of the major factors that aided the growth of the Tiruppur garment cluster. Overseas buyers are particular about quality and the units need to invest in technology to meet the quality requirements of the buyers. "More importantly, the continuous modernisation of machinery is need of the hour to sustain in the highly competition prevailing in the global export business," he said.

The exporting units had assumed that a new TUF scheme will be introduced when the Amended TUF scheme expired on March 31, 2022. Many units made investments based on this expectation. But, there is no announcement related to a new scheme that will support modernisation of the textile industry. The government should come out with a new TUF scheme at the earliest, he said.

Source: thehindu.com- Apr 12, 2023

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