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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

Textile industry impacted as U.S. imports from low-cost Asian countries shift away from China

The share of U.S. imports of manufactured goods from 14 low-cost Asian countries and regions, including the Chinese mainland and Hong Kong, decreased from 53.5% in 2021 to 50.7% in 2022, according to Kearney's Reshoring Index report.

While, U.S. imports from these 14 countries increased by 11% to more than $1 trillion in 2022, China's share continued to decline as many companies moved their manufacturing out of the nation.

Apparel and textile industry has accelerated its move away from China due to increasing labor costs, supply chain bottlenecks, and social concerns.

As the manufacturing exodus from China continues, traditionally less industrialized nations such as Cambodia, along with Thailand, Vietnam, and India, are also early beneficiaries of the move of manufacturing away from China.

Source: fashionatingworld.com – April 26, 2023

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European economy shows resilience, recovery path more challenging: EY

The EY European Economic Outlook released this month signals that latest data increased the likelihood of a softer landing for the European economy, which has proven more resilient than many expected, leading to an upward revision of EY's gross domestic product (GDP) forecast for this year.

However, downside risks prevail, making the recovery path more challenging.

Despite headline inflation declining due to falling energy prices, underlying price pressures are proving sticky, indicating that interest rates may remain higher for longer.

"It is essential to remember that the energy crisis and many other disturbances, including those driven by changes in the geopolitical landscape, are not transitory shocks. We should get used to an extended period of uncertainty and volatility. It is crucial for businesses and policymakers to remain vigilant and be prepared for further risks to materialize," the Outlook says in its summary.

Considerable budgetary support measures for households and firms helped weather the energy crisis, assisted by a mild winter and ample natural gas storage at European facilities, which kept a lid on energy costs.

Resilient labour markets continue to support consumer income and China's reopening has contributed to the global demand recovery, the Outlook said.

Euro area inflation has passed its peak (10.6 per cent in October 2022) and begun to decelerate, driven by falling energy prices and base effects.

Moreover, in coming quarters, declining inflation will bring some respite to consumers. Most European economies are expected to avoid GDP contraction in 2023.

Prolonged elevated energy prices and inflation, compounded by monetary policy tightening, will continue to affect household consumption and economic growth.

While EY forecasts inflation in Europe to fall relatively quickly this year, in annual average terms, it will remain elevated. In the euro area, inflation will reach 6.1 per cent this year and should reach the European Central Bank target of 2 per cent in the second half of 2024, but core inflation may remain higher until the second half of 2025.

In EY's baseline scenario, in which it is assumed that the recent financial sector turmoil is contained, GDP growth in the euro area should decrease from 3.5 per cent in 2022 to 0.7 per cent this year, recovering to 1.3 per cent in 2024 and 1.9 per cent in 2025.

Therefore, growth is expected to be slower than the pre-pandemic 2014-19 average of 1.9 per cent. European economies will remain well below pre-COVIDtrends, pointing to the long-term negative effects of the pandemic and the war in Ukraine, EY said in a release.

The slowdown in global trade from 5 per cent in 2022 to 1.1 per cent in 2023 and 2.5 per cent in 2024 will weigh on Europe's exports, and thus, on manufacturing. The recovery in the United States, the United Kingdom and China will be of key importance, as these represent, in descending order, the EU's most important trading partners.

Manufacturing activity in Europe will also be affected by the often excessive build-up of inventories during the post-pandemic boom, particularly in Germany, Poland and France. Faced with slower demand, many companies will adjust inventories accordingly, which will amplify the adverse cyclical impact on industrial output.

Supply bottlenecks are receding quickly, which allows supply to recover. With a tight labour market, workers may use their bargaining power to recoup lost income.

EY analysis shows that Europe is more vulnerable to a renewed increase in energy prices than other major economies, in particular the United States. In the event of another spike in energy costs, the most adversely impacted European economies would include Romania, Hungary and Czechia.

Source: fibre2fashion.com – April 26, 2023

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China urges pushing for resumption of domestic offline expos

China has issued new guidelines to improve the scale and structure of foreign trade. To promote trade development, governments at all levels were urged to promote the full resumption of important domestic offline expos for better supply and purchase matchmaking, as per a circular issued by the country's General Office of the State Council.

The circular also called for facilitating cross-border business personnel exchanges. The guidelines aimed to enhance market development services to stabilise exports to developed economies, guide enterprises to further develop markets in developing countries, the Association of Southeast Asian Nations (ASEAN), and other regional markets.

The circular called for more fiscal and financial support, efficient use of the central financial fund policy, more credit support for import and export, better use of export credit insurance, and optimised cross-border settlement services. The guidelines also stressed the need to stabilise and improve processing trade and enhance favourable policies for border trade.

Digitalisation of trade was also highlighted in the guidelines, with five to 10 exemplary cases of digitally boosted high-quality development to be selected for popularisation and application in Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta from 2023 to 2025. The guidelines also emphasised green trade, management of unreasonable trade restrictions occurring abroad, and better utilisation of free trade agreements.

Source: fibre2fashion.com– April 27, 2023

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UK and Netherlands to build largest offshore power line

The UK and the Netherlands are set to build the world's largest multi-use electricity power line under the North Sea. The LionLink, a first-of-its-kind electricity link, will connect offshore wind farms between the two countries, providing clean, affordable, and secure energy to the UK. The project was announced during the recent North Sea Summit in Oostende, where Dutch and British ministers came together to discuss plans for new renewable energy and interconnector projects.

Once operational by the early 2030s, LionLink will carry 1.8GW of electricity, enough to power 1.8 million homes, more than Birmingham and Manchester combined. This cross-border electricity line will be only the second of its kind in the world, and it will be able to carry more than four times the amount of electricity as its predecessor. LionLink will connect the UK and Netherlands with offshore wind farms, reducing the need for further onshore construction and visible infrastructure, lessening the impact on the North Sea's wildlife, according to a press release by the UK's department for energy security and net zero.

The project will be developed by National Grid Ventures and TenneT, and is intended to benefit both the UK's coastal communities and the environment.

The summit saw nine countries meet in Ostend to agree ambitions for building future offshore wind farms. The energy security secretary Grant Shapps, who led a British business delegation to the summit, also signed a historic agreement with Denmark to boost trade in cheaper, cleaner energy.

The UK currently has 8.4GW interconnector capacity, and LionLink alone will increase that by up to a fifth, meaning more clean and affordable power for UK homes and businesses. Britain's contributions to the North Sea energy sector are expected to bring £20 billion a year of investment to the UK's coastal regions and create 40,000 skilled green jobs.

This project will build on the success of Germany and Denmark's Kasso-Froslev, which carries 0.4GW of electricity. The project marks a significant milestone in the transition from fossil fuels to renewable technologies, offshore wind especially.

"Today's historic deal with the Netherlands connects our two countries together through this exciting feat of innovation and engineering—the largest of its kind in the world which will provide enough electricity for more homes than in Manchester and Birmingham combined," said energy security secretary Grant Shapps.

"With the North Sea becoming the largest supplier of green electricity for the Netherlands and large parts of Europe, we are ready to expand the interconnection between the two countries. LionLink provides close to 2GW of electricity to both countries, enough to power 2 million households. This new connection further boosts energy security and energy independence in Europe. Close collaboration on offshore wind energy and interconnection amongst the North Sea countries is imperative. So, in case there is a surplus of wind generated electricity, it can be shared instantly to locations with a shortage of power, and vice versa," said Rob Jetten, minister of climate and energy for the Netherlands.

Source: fibre2fashion.com– April 27, 2023

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Source: fibre2fashion.com– April 27, 2023

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65% global retailers optimistic about economic growth in 2023: Report

Global retailers largely agree that economic and operational uncertainty will continue in 2023, but that there are signs of optimism, with 65 per cent of respondents expecting that the economy will grow this year, either slowly or rapidly compared with 11 per cent who believe the economy will decline, as per a recent survey.

Less than 13 per cent of retail leaders surveyed state that their organisations are investing in longer-term strategies such as AI-powered solutions to tackle these challenges, with most focused on short-term fixes like increasing prices and running marketing campaigns, according to a report titled 'Amid Uncertainty, AI Gives Retailers a Path to Resilience' by Boston Consulting Group (BCG) and the World Retail Congress (WRC).

In response to the rising costs of goods, 55 per cent of respondents said their organisations are raising consumer prices, and 52 per cent are renegotiating with suppliers, except in Asia where the leading solution is cost-tracking and management processes.

Almost half of retailers who cited their supply chains as a top concern are trying to improve inventory management tools. Other retailers are focused on bettering vendor management, improving transportation, and diversifying their supplier base as solutions to supply chain complexity and ongoing volatility.

The study revealed that outside of Asia, most retailers were neglecting AI as a tool to provide a more personalised shopping experience to help overcome declining consumer spending. Instead, the most common approaches were investments in loyalty programmes at 45 per cent, product offering optimisation at 44 per cent, price promotions at 40 per cent, and digital customer experience investments at 40 per cent.

The report outlines the ways retailers starting their AI journeys can address their top concerns and deliver quick wins along the way. They can identify challenges the organisation faces and how AI can help solve them while creating sustainable advantages. Retailers can determine the use cases that can unlock the most business value.

This focus on business value helps ensure the entire organisation is engaged in the AI project—not just the data scientists. These high-value use cases can then be prioritised based on business opportunity, feasibility, and ambition. Retailers can build, test, and iterate the technology and then scale quickly to deliver fast impact, build capability, and transform the organisation throughout the journey.

“It is clear from this research that many retailers are missing out on the potential of AI-powered solutions to address the challenges facing retailers today and create long-term resilience for their businesses,” said Ian McGarrigle, chair of World Retail Congress.

“The new, post-pandemic retail environment is more challenging, complex, and competitive than before. The vast majority of retailers are overlooking an opportunity to embrace AI-powered solutions. It is now a matter of acting today to harness this advantage to drive the business into the future,” said Tiffany Yeh, BCG managing director and partner and co-author of the report.

Source: fibre2fashion.com – April 26, 2023

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Philippines-Australia textile trade picks up, garment exports rising

Textile trade between Australia and the Philippines has picked up in recent years, with the Philippines' garment exports consistently growing in previous years. The latest data shows that cotton imports from Australia also multiplied during 2022. The Philippines is one of the world's significant garment exporting countries, while Australia is a major cotton-producing and exporting country.

The Philippines' garment exports to Australia jumped 20 per cent to reach $7.711 million during 2022. The trade has registered consistent growth during the last five years except for 2020. The export value rose to $4.441 million in 2019 from the preceding year's shipment, which was noted at $1.662 million, according to Fibre2Fashion's market insight tool TexPro.

Due to disruptions in trade and economic activities caused by COVID-19, the export value decreased to $3.553 million in 2020. It then bounced back, reaching $6.406 million in 2021 and $7.711 million in 2022.

The Philippines' cotton (HSN Code 5201) imports reached $10.822 million during 2022. The inbound trade was negligible in 2021, recorded at $1.845 million. TexPro data shows that the Philippines is emerging as an important market for Australian cotton. Price dynamics play an important role in the trade of raw materials. Due to geopolitical tension with China, Australia needed to explore new markets for its cotton crop.

Source: fibre2fashion.com – April 26, 2023

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Japan's clothing imports rise 26.1% to 3,619,550 mn yen in FY23

Japan's clothing and accessories imports increased by 26.1 per cent to 3,619,550 million yen (approximately $26,979.35 million) in April 2022-March 2023 (FY23), accounting for 3 per cent of the total imports of 120,954,964 million yen during the period under review, according to the provisional trade statistics released by the country's ministry of finance.

The imports of textile yarn and fabric were valued at 1,275,608 million yen in FY23, a 23.2 per cent rise from the same period in the previous fiscal. Yarn and fabric imports accounted for 1.1 per cent of the total imports by Japan.

The imports of textile yarn and fabric from China were at 212,694 million yen in FY23, which was 10 per cent higher than FY22. The imports accounted for 1.1 per cent of Japan's total imports from China, as per the data.

During FY23, Japan exported textile yarn and fabric worth 776,999 million yen, a 12.7 per cent year-on-year increase. The country's exports of textile machinery were valued at 306,781 million yen, a 19.3 per cent increase from the exports in FY22, contributing 0.3 per cent to the total exports.

In March 2023, Japan's clothing and accessories imports increased by 22 per cent to 321,790 million yen (approximately $1,683.14 million), accounting for 3.4 per cent of the total imports of 9,578,794 million yen during the month.

The imports of textile yarn and fabric were valued at 107,714 million yen in March 2023, a 11.1 per cent rise from the same period last year. Yarn and fabric imports accounted for 1.1 per cent of the total imports by Japan in March this year.

Source: fibre2fashion.com – April 27, 2023

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Sri Lanka, B'desh eye 25% increase in bilateral trade through textile trade agreement

Bangladesh and Sri Lanka are currently in talks to establish a Preferential Trade Agreement (PTA) that could have significant implications for the textile industry in both countries.

The global trade of textiles and clothing was valued at $706 billion in 2020, and Bangladesh was the second-largest exporter of clothing after China.

Meanwhile, Sri Lanka has a strong presence in the high-end clothing and textiles market. The PTA could provide opportunities for both countries to diversify their export markets and reduce their dependence on a few key markets.

Besides the economic benefits, the proposed PTA could also strengthen the diplomatic ties between the two countries. Both countries have a history of friendly relations and are members of the South Asian Association for Regional Cooperation (SAARC).

However, the negotiations will need to address potential challenges, such as different priorities and interests when it comes to trade negotiations and concerns about the impact of increased trade on domestic industries and employment.

According to data from the Sri Lanka Apparel Exporters Association (SLAEA), Sri Lanka's apparel exports to Bangladesh were worth $16.72 million in 2020, while Sri Lanka's imports of textiles and clothing from Bangladesh were worth $196.8 million.

The proposed PTA could potentially increase the volume of trade between the two countries, leading to a 25% increase in bilateral trade within five years, according to a study by the Bangladesh Institute of Development Studies (BIDS).

The textile industry is a significant contributor to the economies of both countries, with the apparel industry accounting for around 40% of Sri Lanka's total exports and whereas apparel industry accounts for around 84% of Bangladesh's total exports.

Both countries have faced challenges in the textile industry, including the withdrawal of the European Union's GSP+ trade concession for Sri Lanka and criticism over working conditions and worker rights in Bangladesh's garment factories.

The proposed PTA between Bangladesh and Sri Lanka has the potential to provide significant benefits for both countries, particularly in the textile industry. Careful negotiation and consideration of potential challenges will be necessary to ensure a mutually beneficial outcome.

Source: fashionatingworld.com– April 26, 2023

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Cambodia, Vietnam to boost cooperation between border provinces

Ministries, government agencies and localities from Vietnam and Cambodia will coordinate to formulate legal frameworks and cooperation mechanisms to facilitate collaboration, including in trade, between border provinces, it was agreed at the 12th meeting on cooperation and development between border provinces of both sides held in Vietnam's Tay Ninh recently.

The conference was co-chaired by Vietnamese deputy prime minister Tran Luu Quang and his Cambodian counterpart Samdech Krolahom Sar Kheng.

Both reviewed economic, trade and investment ties, a news agency reported. Two-way trade exceeded $10.57 billion last year, up by nearly 11 per cent from 2021.

Both sides have made joint efforts to ensure security in border areas, and border trade has been growing. The two countries signed an agreement on border trade when Prime Minister Pham Minh Chinh visited Cambodia in November last year.

The two sides will invest more in border gates and cultivate border trade in particular, while encouraging border provinces to enhance cooperation. Vietnam is now Cambodia's third biggest trade partner, after China and the United States, and the country's biggest trade partner in the Association of Southeast Asian Nations (ASEAN).

Vietnam is running 205 projects worth $2.94 billion in the neighbouring country, ranking first in ASEAN and fifth among foreign investors in Cambodia. Cambodia ranks second among the 79 countries and territories in which Vietnam has invested.

Collaboration in other fields like national defence, security, energy, transport, agro-forestry-fishery, education-training, culture, information and tourism has also been enhanced.

Source: fibre2fashion.com– April 26, 2023

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Vietnam: Domestic firms eye increasing trade with Mexican market

Many Vietnamese businesses are interested in increasing trade with Mexico, a big and potential market of strong consumption power, according to experts.

With a population of some 130 million, Mexico consists of all consumer segments. Meanwhile, Vietnam's export market share in the North American nation has reached only about 1.3%, hence a plenty of room for growth.

Both countries are members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), therefore, taking advantage of tariff preferences brought about by the pact is an important lever to promote their bilateral trade.

Accordingly, Mexico has committed to eliminating 77% of tariff lines from January 14, 2018, and 98% after a decade since the coming into force of the agreement. Some Vietnamese products that can take advantage of the tax incentives include Tra and basa fish, tuna, rice and garment-textile.

Cao Thi Phi Van, deputy head of the Ho Chi Minh City Investment and Trade Promotion Centre, said the Vietnam-Mexico economic and commercial ties have been flourishing, particularly after the CPTPP was signed and took effect.

However, statistics showed that Vietnam exported more than 575 million USD to Mexico in the first two months of 2023, down 16.9% year-on-year. Part of the decrease was attributable to a reduction in Vietnam's shipment of computers and electronic components to the market during the period.

Commenting on the issue, Luu Van Khang, Vietnamese Trade Counselor in Mexico (concurrently Guatemala, Honduras, El Salvador, and Belize), said after the shortage of electronic chips is resolved, the countries' trade turnover will bounce back.

In order to increase the identification of Vietnamese goods in Mexico, trade experts suggested that the Ministry of Industry and Trade consider organising a delegation of 10-15 businesses to participate in large specialised fairs in Mexico every two years.

They noted that Mexican distributors do not import directly from businesses and need products that are already registered and distributed in Mexico. Therefore, Vietnamese processed food products that want to penetrate this market must have distribution agents in the host country.

This is an opportunity for companies to open a representative branch in Mexico, then bring their goods into the local supermarket chains and distribution systems.

Source: en.vietnamplus.vn– April 27, 2023

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Pakistan: Cotton spot rate remains steady amid thin trading

The local cotton market on Wednesday remained steady and the trading volume remained low.

Cotton Analyst Naseem Usman told Business Recorder that the reason behind low trading volume is that people were busy in greeting each other after Eid.

The rate of cotton in Sindh is in between Rs 17,000 to Rs 20,000 per maund. The rate of cotton in Punjab is in between Rs 18,000 to Rs 21,000 per maund.

The rate of Phutti in Sindh is between Rs 5,500 to Rs 8,300 per 40 kg. The rate of Phutti in Punjab is in between Rs 6,000 to Rs 8,500 per 40 kg.

The Spot Rate remained unchanged at Rs 20,000 per maund. Polyester Fiber was available at Rs 375 per kg.

Source: brecorder.com– April 25, 2023

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NATIONAL NEWS

High-level delegations from India and EFTA meet to boost bilateral trade and economic partnership

Ministers and high-level representatives from India and the European Free Trade Association (EFTA) States (Iceland, Liechtenstein, Norway, and Switzerland) gathered in New Delhi today to discuss the prospects of resuming their negotiations towards a Trade and Economic Partnership Agreement (TEPA).

The high-level delegations were composed of Shri Piyush Goyal, Minister of Commerce & Industry, Consumer Affairs & Food & Public Distribution and Textiles of India; Jan Christian Vestre, Minister of Trade and Industry of Norway; Helene Budliger Artieda, Swiss State Secretary at the State Secretariat for Economic Affairs SECO; Martin Eyjólfsson, Permanent Secretary of State of Iceland at the Ministry for Foreign Affairs; Kurt Jäger, Ambassador and Permanent Representative of Liechtenstein to EFTA, WTO and the UN in Geneva; and Henri Gétaz, Secretary-General of the European Free Trade Association.

The meeting provided an opportunity for both sides to exchange views on the state of play of their negotiations and explore ways to advance the talks.

The participants acknowledged the challenges posed by the current global economic and trade environment, as well as the need to address the bilateral trade and economic partnership issues in a constructive and pragmatic manner.

Both sides agreed to continue their efforts to resolve all outstanding issues and work towards deepening and strengthening the economic partnership, while contributing to a more inclusive global trading system.

Source: pib.gov.in- April 26, 2023

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Indo-Korea bilateral trade grows 17 pc to record USD 27.8 bn in 2022

The bilateral trade between India and Korea grew by 17.3 per cent to USD 27.8 billion in 2022, according to Korea Trade-Investment Promotion Agency (KOTRA). In 2021, the value of bilateral trade between the two countries stood at USD 23.7 billion.

Korea's exports to India increased by 21 per cent to USD 18.9 billion, while imports increased by 10.5 per cent to USD 8.9 billion.

Addressing India-Korea Future Industry Partnership Event 2023, Ambassador of the Republic of Korea to India Chang Jae-bok on Wednesday said, "India and Korea must focus on the critical issue of green energy and learn from each other's strengths. Green energy, hydrogen energy, and EVs are the future, and Korea's leadership in producing EVs since 2005 is an excellent example for India".

The two-day event is organised as part of a 50-year celebration of the India-Korea diplomatic relationship.

Through collaboration and cooperation, both countries can further emphasise the importance of adopting green energy and work towards achieving the sustainable development goals that both countries are committed to, Jae-bok said.

Executive Vice President for Economic Cooperation & Trade Affairs, KOTRA, Taeho Kim said both countries must prioritise cleaner energy and focus on SDGs, which are the need of the hour. Both countries will continue to work towards achieving these goals.

G20 Sherpa Amitabh Kant, who joined the event virtually, said as India takes on the G20 presidency, we aim to bring together countries to promote sustainable development goals that will benefit not only India but the world.

"Our belief in 'One World, One Family' drives us to contribute towards SDGs and promote sustainable practices that will enable future generations to live a greener and cleaner life. Through our efforts, we can create a more sustainable world that is harmonious and equitable for all."

Items which Korea imported from India include petroleum products, vegetable substances, ferroalloy and steel products, while it exported mainly semiconductors communication devices and displays, among others.

Source: economictimes.indiatimes.com- April 26, 2023

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Several Textile Units Coming Up In J&K: Union Minister Darshana Jardosh

Union Minister Darshana Vikram Jardosh on Wednesday said several textile units are coming up in Jammu and Kashmir, which will pave the way for making the Union Territory an alluring industrial hub.

The minister of State for Railways and Textiles was speaking during her public outreach programme at the government degree college for women in Kathua district.

The event was aimed to provide a platform for the public to project their issues and concerns before the Union Minister for redressal, an official spokesman said.

"The textile ministry is taking new initiatives to promote production and value addition of textile products. Several textile units are coming up in J&K, which will pave the way for making it an alluring industrial hub of the country," she said.

The Union Minister also threw light on the 5 'F' vision of Prime Minister Narendra Modi - Farm to Fibre to Factory to Fashion to Foreign – and said this will help further the growth of the textile sector.

Referring to the latest intervention by the Modi-led government, the minister said Railways has been witnessing a total revamp with the introduction of speedy trains coupled with modern stations giving befitting grandeur to the largest railway network in the world.

"Besides, our engineers are being equipped with the latest knowhow about state-of-the-art technology," Jardosh, who also visited the iconic 1.3 km Chenab railway bridge in Reasi district and inspected the track, said.

The bridge, located 3,359 metres above the riverbed makes it 35 metres higher than the Eiffel Tower in Paris and forms a crucial link in the 111-km stretch from Katra to Banihal, which is part of the Udhampur-Srinagar-Baramulla Railway Link (USBRL) project.

The minister assured that halt of important trains will be considered for Kathua district keeping in view the needs of the locals and the industrial sector.

She said the outreach programmes have provided a platform for the public to raise their grievances and demands before the government representatives besides enabling the authorities to work towards public welfare accordingly.

She reaffirmed the government's resolve towards the welfare and development of its citizens with a focus on underprivileged segments of society.

The minister said the Modi government is according to high priority to peripheral regions like Jammu and Kashmir.

Source: republicworld.com- April 26, 2023

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India sees risks due to lower agri output, high prices, geopolitics

India needs to be vigilant against potential risks of lower agriculture output, elevated prices and geopolitical developments, the finance ministry's latest monthly economic review has cautioned.

Although the 6.5 per cent growth projection for this fiscal aligns with the estimates of the World Bank and the Asian Development Bank, there are factors that could affect the favourable combination of growth and inflation outcomes currently estimated, said the March edition of the review.

"The strength is seen in the economy, estimated to grow at 7 per cent, higher than the trend rate and the growth of the other major economies. Growing macroeconomic stability as seen in the improved current account deficit, easing inflation pressure, and a banking system strong enough to survive the increase in policy rates, has made the growth rate further sustainable," it said.

On the price situation, the report said, the sequential growth of core consumer price index (CPI)-based inflation in March this year was the weakest since June 2022 and can be attributed to the beginning of the pass-through of declining wholesale price index-based inflation in consumer goods prices. Although CPI for the full year rose from 5.5 per cent in FY22 to 6.7 per cent in FY23, the report said, it was much lower in the second half of FY23 at 6.1 per cent compared to 7.2 per cent in the first half.

"The easing of international commodity prices, the promptness of measures taken by the government, and monetary tightening by the RBI [Reserve bank of India] have helped to rein in domestic inflation. Inflationary expectations also appear to be anchoring, as witnessed in various surveys for households and businesses," it said.

The narrowing of the current account deficit, accompanied by a rising inflow of foreign portfolio investment resulted in a rise in foreign exchange reserves by the end of Q3 in the last fiscal.

Source: fibre2fashion.com- April 26, 2023

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A must-have for India: Horizontal industrial policy

No country in the world has managed to reduce poverty consistently or sustain GDP growth without a strong manufacturing base. Between 1979–2014, manufacturing remained at 16–18% of India's Gross Value Added (GVA). Since 2015, it has declined and reached 13% by 2019, the lowest ever since 1960. By contrast, in Bangladesh, it rose from 15% till 2006 to 21% in 2021. In Vietnam, it increased to 25% of GVA in 2021 from 17% till 2010. These countries have also attracted a significant share of FDI, except China, which vacates billions of dollars worth of manufactured exports.

In India, manufacturing employment has not grown—the exact opposite of what is needed in a labour-surplus economy with 30 million unemployed pre-Covid (and nearing 40 mn now). Five to six million are added to the labour force annually (and twice that number to the working-age population). Meanwhile, employment in manufacturing as a share of total work rose from 10.5% in 2004–05 to 12.8% in 2011–12 and fell to 11.6% or less between 2019–22. This is despite 'Make in India' and the Performance Linked Incentive Scheme (PLI).

India had never had an explicit industrial policy or manufacturing strategy since 1991, although the Industrial Policy Statement (1991), when economic reforms began, did articulate what today can only be called an implicit industrial policy. It relied on (a) liberalisation of the domestic economy and deregulation of sectors, including a reduction in sectors reserved for the public sector; (b) opening up to a reduced tariff regime and a new focus on export orientation; (c) de-licensing of industrial capacity in existing or new industries.

However, there was little by way of explicit measures to ensure that India's manufacturing capacity was strengthened. It was only in 2011 that the government came up with a National Manufacturing Policy, followed by an Electronics System Design and Manufacturing Policy in 2012, along with a newfound emphasis on industrial policy in the 12th Five Year Plan chapter on industry (to which I had the good fortune of contributing as the director general of the Planning Commission's research institute). Unfortunately, that government went into policy paralysis in its last two years.

'Make in India' was not really an industrial policy at all, as it only emphasised on doing business and attracting FDI. The actual results in the last eight years have been the falling share of manufacturing in GDP as well as of manufacturing employment in total employment.

The only other initiative in manufacturing has been PLI, which has many issues. First, it is based on a conceptually flawed approach to industrial policy of picking winning firms (rather than sectors). This is the opposite of the successful approach adopted in East Asia, which did not select winning firms but adopted a combination of a horizontal, cross-sectoral industrial policy and a focus on some key sectors.

The second problem with PLI is the choice of sectors. Eleven of 14 sectors selected to receive financial subsidies are capital-intensive. India is in desperate need of more industrial jobs of good quality; hardly any jobs will result from PLI, except for a few thousand highly skilled ones. The country is desperate for more low and semi-skilled jobs where people can be employed in more labour-intensive sectors.

Third, giving the bureaucracy a role in picking winners harks back to Licence Raj; we know how well that went. It encouraged rent-seeking on a grand scale.

Fourth, there is a significant fiscal cost of PLI: ₹1.5 trillion over five years (between 2021–22 and 2024–25); this is when the fiscal deficit is at a historic high, and the debt to GDP ratio has increased in the Covid years from 60% to 85%. Besides, funds are needed for human capital (technical and vocational education, higher education, R&D), apart from an investment in hard infrastructure.

Fifth, there is a risk: on the completion of five years of subsidy, the beneficiary industries will demand an extension of benefits beyond five years, a demand that the Indian industry was used to making during the Licence Raj. A sunset clause is needed.

Finally, in PLI, there is no expectation that winning firms are expected to export when expanding capacity, an essential prerequisite in East Asia.
By contrast, in India, the labour-intensive manufacturing sectors like food processing, tobacco, textiles, apparel, leather, wood and furniture have declined since 2012. The tobacco and textiles sub-sectors within manufacturing have seen a fall in their share of total manufacturing employment in India (though total jobs grew slightly).

Nearly every successful economic growth take-off in post-war history in East Asia was associated with rapid expansion in apparel exports in the early stages. The ratio of jobs to investment is as follows: in apparel, 31.1, in autos only 2.6, and steel, 1.0 (based on the Annual Survey of Industries, 2013–14). India could take a part of the market share that China is losing in international markets due to rising Chinese wages. But India is losing to Bangladesh, Vietnam, Myanmar, and Ethiopia.

However, the government is focused exclusively on selecting winning firms in certain sectors through the Performance Linked Incentive Scheme. This has added to some exports of mobiles. But that does not amount to a broad industrial policy, just as Make in India has, far from increasing manufacturing contribution to GDP or employment, only managed to reduce it.

Source: newindianexpress.com- April 27, 2023

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‘Force IX to open over 200 stores in India’

The brand is set to open nine more stores this year and aims to have over 200 across India in the next few years.

Mumbai: Bollywood star Akshay Kumar, who recently partnered with Mandhana Industries to launch an apparel brand Force IX, said that he wants to invest only in businesses where he sees a brand connect.

“My personal belief is that it doesn’t make sense to invest in a start-up or any business for that matter where I don’t have a personal connect. I wouldn’t want to invest in a business just to be a shareholder and not be a part of it," Kumar said in an interview.

On 26 January, Kumar announced the launch of his apparel label, Force IX, and a select athleisure line was made available on the e-commerce platform Myntra. On Wednesday, Force IX opened its first exclusive store in Khar in the western suburbs of Mumbai. Kumar said the plan is to open nine exclusive stores by the end of 2023, and to increase the footprint to over 200 stores in the country over the next few years.

“This Khar store will be the flagship one, and we should open nine Force IX stores by the end of this year. Of course, the plan is to open 200-250 stores, along with the merchandise being available across other stores like Shoppers Stop etc," he said.

While Kumar declined to comment on the quantum of investment, he said that he has invested his money, time, knowledge and energies to bring alive Force IX, which is very close to his heart.

“It will have the kind of clothes I like to wear. It is very much inspired by the Indian armed forces. Each piece of clothing and style is done by me personally. It’s not just a business thing, it’s a part of me. We will start with athleisure and will add other categories".

Out of every product sold, ₹9 will go to ‘Bharat Ke Veer’, a trust created by the Ministry of home affairs and supported by Kumar, for the support of families of martyrs of Central Armed Police Forces (CAPF).

This is not the first time that Kumar has dabbled in the apparel business. He first had the idea to start the same 12-13 years back. But this time, he said he has found the right partner in Manish Mandhana (joint MD of Mandhana Industries).

“I tried, and invested money, but I was not happy with the kind of clothes they were coming out with 12-13 years ago. So, before starting it, I completely shut it down. When I met Manish and his team, they are all young lads, and very deep into it. They know the business and with my experience, we decided to start Force IX," Kumar said.

Mandhana Industries owns 10 production units and has 4700 employees across offices in Mumbai, Delhi, Bangalore, Chennai and Paris. The company has also partnered with Salman Khan for the Being Human apparel line.

Kumar, who also announced a partnership with the Good Glamm Group to launch personal care products for men, said that the plan there is to launch products which he uses for face, hair and other personal care.

“As I said, the business I want to get into are those which suits my personality and the way I am," he said.

Source: livemint.com- April 26, 2023

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DP World launches double-stack train services from Mundra port

Logistics solutions major DP World has started a new double-stack freight train facility between its inland terminal at Ahmedabad and the Mundra port in Kutch.

The maiden train was flagged-off from Mundra earlier this month with a full payload. The company looks at improved efficiency and connectivity with the double-stack freight train.

It is believed to significantly lower the overall logistics cost for cargo movement on the route even with fewer rakes, owing to the lower haulage rates and lesser or zero port ground rent (PGR) resulting from the faster evacuation of containers from the port, a statement from the company said.

Commenting on the launch of the new service, Adhendru Jain, CEO Rail and Inland Terminal, DP World Subcontinent said, “The new double stacked rail freight service will boost cargo carrying capacity substantially and will open new markets for MSMEs in and around Gujarat by leveraging DP World’s world-class integrated multimodal logistics infrastructure.”

Situated about 40 km from Ahmedabad, DP World’s Ahmedabad Inland Terminal is connected to the state highway and the rail network and has a container handling capacity of more than one lakh TEUs per annum.

The Terminal also offers services and features such as customs-notified warehouse, inventory management services, and specialised equipment to handle steel cargo.

Source: thehindubusinessline.com- April 26, 2023

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Rajasthan's exports rise 10%: REPC

Rajasthan has witnessed a significant 10.04 per cent year-on-year growth in its exports till February 2023, according to REPC.

The state's textiles, agro-food products, gems and jewellery and engineering goods have been the major contributors to this growth, Chairman of Rajasthan Export Promotion Council (REPC) and RAJSICO Rajiv Arora said.

Arora said that more than 31 lakh people in the state are employed in export units and allied services.

He also highlighted the efforts made by the state government under the initiative 'Mission Niryatak Bano' to provide necessary process and documentation training to over 9,000 entrepreneurs, artisans and handicraftsmen from different districts to make them exporters.

As a result, the exports from Rajasthan have increased from Rs 46,476 crore in 2017-18 to over Rs 70,000 crore as of February 2023.

Source: moneycontrol.com- April 26, 2023

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