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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Global cotton consumption to fall below output after 2 years: ICAC

Global cotton consumption is anticipated to drop below production levels for the 2022-23 fiscal, according to the latest report from the International Cotton Advisory Committee (ICAC). Both cotton production and consumption are projected to decrease, but the decline in consumption is expected to be more significant. This will result in a larger gap between consumption and production for the first time in two years.

In its May 2023 report, the International Cotton Advisory Committee (ICAC) stated that global cotton production is expected to decrease to 24.55 million metric tons (MMT) in 2022-23, down from 25.18 million MMT in 2021-22. Previous estimates from the international organisation indicated production levels of 23.99 MMT in 2020-21, 26.26 MMT in 2019-20, 25.98 MMT in 2018-19, and 27 MMT in 2017-18. These figures demonstrate that global cotton production has not been able to surpass the peak achieved five years ago, remaining volatile and expected to decline further this year.

Regarding consumption, the ICAC reported that global cotton usage is expected to reach 23.79 million metric tons (MMT) in 2022-23, a sharp decline from the 25.81 MMT consumed in 2021-22. World cotton consumption has also exhibited volatility in recent years. The ICAC estimated consumption levels of 25.69 MMT in 2020-21, 23.05 MMT in 2019-20, 26.01 MMT in 2018-19, and 26.36 MMT in 2017-18.

The global trade body projected world's opening stock at 19.42 MMT in 2022-23 (last year: 20.19 MMT), exports at 8.98 MMT (9.73 MMT), imports at 8.98 MMT (9.60 MMT) and ending stock at 20.19 MT (19.42 MT). Ending stock/mill use ratio was projected at 69.57 per cent for 2022-23 (last year: 61.85 per cent) globally except China. Ending stock/mill use ratio for China increased by 118.07 per cent from 103.46 per cent of 2021-22.

As per the report, ICAC projected India's cotton production at 5.2 MMT and consumption at 5.01 lakh bales during 2022-23. Last year, the production and consumption were estimated at 5.22 MMT and 5.30 MMT, respectively.

For the current year, China's production and consumption are expected to be 5.98 million metric tons (MMT) and 7.5 MMT, respectively. In comparison, last year's figures were 5.73 MMT for production and 8.31 MMT for consumption.

The United States is likely to see a reduction in production, with an estimated 3.20 MMT in 2022-23 compared to 3.81 MMT in 2021-22. Meanwhile, Brazil's production is projected to be 3.02 MMT, up from 2.55 MMT in the previous year.

Source: fibre2fashion.com– May 04, 2023

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US manufacturing sector slightly improves; PMI at 50.2 in Apr 2023

The US manufacturing sector registered a slight improvement in operating conditions in April 2023 with a seasonally adjusted purchasing managers' index (PMI) at 50.2 in April, up from 49.2 in March, and broadly in line with the earlier released flash estimate of 50.4. The latest index reading was the first to post above the 50.0 neutral mark for six months and was the highest since October 2022.

Supporting the renewed overall upturn was a return of new order growth following six successive months of contraction. The rise in new sales was only fractional, however, as manufacturers continued to note hesitancy among customers to place orders amid higher prices and global economic uncertainty. The improvement in demand was also limited to the domestic market, as new export orders contracted for an eleventh consecutive month and at a solid pace, according to S&P Global's latest US manufacturing PMI survey.

Meanwhile, input costs and output charges increased at steeper rates during April. Higher supplier prices reportedly drove inflation as firms passed through greater operating expenses to customers. The rate of cost inflation quickened to the sharpest in three months, while the pace of increase in selling prices also accelerated above the series average.

Firms purposefully depleted stocks of purchases and finished goods, as inventories were used to supplement production, with contractions seen in both. The filling of long-held vacancies and anticipations of greater new order inflows to come led to a stronger increase in employment in April. Manufacturers expanded workforce numbers at the fastest pace in seven months in an effort to broaden capacity.

In turn, goods producers were better placed to process incomplete work. Backlogs of work fell further and at a solid pace, albeit the slowest in the current seven-month sequence of decline. Manufacturers were upbeat in their year-ahead output expectations in April. The degree of optimism rose to the strongest for three months and was broadly in line with the series long-run average. Planned investment, greater supply chain reliability, and hopes of an uptick in client demand reportedly drove confidence.

Chris Williamson, chief business economist at S&P Global Market Intelligence, said: ""Although only modest, the rise in new orders hints at a tentative revival of demand, notably from consumers but there are also signs that fewer customers are deliberately winding down their inventory levels.

"The brightening demand picture was accompanied by a lifting of business confidence about the outlook and increased hiring. The downside was a reigniting of inflationary pressures, with a stronger order book encouraging more firms to pass through higher costs to customers."

Source: fibre2fashion.com– May 06, 2023

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IMF projects rise in APAC growth to 4.6% in 2023; China biggest driver

Global growth is expected to decelerate and bottom out in 2023, as rising interest rates and Russia's war in Ukraine weigh on activity, according to the International Monetary Fund's (IMF) Regional Economic Outlook for Asia and the Pacific.

Global inflation is easing but remains stubbornly high, and banking strains in the United States and Europe have injected greater uncertainty into an already complex economic landscape, it said.

Despite the somber backdrop of a challenging year for the world economy, Asia and the Pacific (APAC) remains a dynamic region, it noted.

Growth in the APAC region is projected to increase this year to 4.6 per cent, up from 3.8 per cent in 2022. This reflects an increase of 0.3 percentage points compared with projections IMF had made in the October 2022 World Economic Outlook.

The biggest driver of Asia's upward growth revision this year is China, while other emerging economies in the region are on track to enjoy solid growth, though in some cases at slightly lower rates than seen last year.

In Asia's advanced economies, growth will slow this year to 1.6 per cent. This is about 0.4 percentage points lower than IMF's October projection.

APAC economies are expected to contribute about 70 per cent of global growth in 2023, which is a significantly larger share than IMF has seen during the past few years.

The Chinese economy is expected to expand by 5.2 per cent this year. Data from the first quarter, which includes a very sharp rebound in exports, have confirmed IMF's forecast of a dynamic start to 2023.

IMF sees this boosting growth in the rest of Asia as well—typically, a one percentage point increase in Chinese growth leads to an increase, on average, of about 0.3 percentage points in the rest of Asia.

One factor that is weighing on the short-term outlook for the region is the weakening of external demand, with the United States and Europe expected to have very weak import growth in 2023 and 2024. In recent data, this is putting pressure on Asia's exports of manufactured goods. IMF noted.

Source: fibre2fashion.com– May 06, 2023

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European road freight rates decline again in Q1 2023: Report

Spot rates in the European road freight market have experienced their second consecutive quarter of decline, marking a significant shift since the onset of the COVID-19 pandemic. The spot rates index fell by -7.5 points quarter-on-quarter (QoQ) to 132.5 points. This is the first-time rates have fallen for two consecutive quarters since the second quarter (Q2) of 2020.

Additionally, the spot market index had fallen below its Q2 2022 level, a time when costs rose following the war in Ukraine first became clear. Despite this, spot rates remain up by 8.9 points year-on-year (YoY), according to a report titled 'The European Road Freight Rate Development Benchmark Q1 2023' by the International Road Transport Union (IRU) and Upply. The contract rates index has also fallen by 2.8 points QoQ, the first fall in six quarters, but it is still up 10.7 points YoY. With volumes slackening and available capacity improving, the downward trend in rates looks set to continue in 2023.

Spot rates have declined 1.5 times faster than contract rates on average in Q1 2023. This comes as a result of falling demand from European economies, reducing the immediate demand-side pressure on spot market rates.

Despite some easing of inflation and QoQ growth in seasonally adjusted monthly consumption figures in Spain at 1.0 per cent), France at 0.4 per cent, and the UK at 0.5 per cent, YoY figures reflect the ongoing impact of persistent inflation over the past 12 months.

Average seasonally adjusted monthly consumption is down YoY by 6 per cent in Germany, 3.9 per cent in France, 2.8 per cent in Italy, and 4.3 per cent in the UK. As wage growth lags behind inflation, the cost-of-living crisis worsens, reducing the appetite and ability to consume goods. This will further reduce demand-side pressure on road freight rates, allowing for further rate falls in both markets.

"While it's typical for road freight rates to dip during Q1 after the holiday peak season, this year's drop is hitting harder than usual. The market appears to be recalibrating after experiencing a hefty double-digit surge in 2022, but how far will it go? It's doubtful that we'll return to pre-pandemic conditions, especially with capacity shortages remaining a major concern," commented Thomas Larrieu, chief executive officer at Upply.

Although fears of an energy crisis have subsided and energy prices have fallen, last year's high prices continue to act as a drag on Europe's industrial growth. Available Q1 2023 data from official sources reveal a decline in production in the UK by -0.5 per cent, Spain by 0.3 per cent, and Poland by -0.1 per cent, while production in France by 0.9 per cent and Germany by 0.5 per cent has grown.

Inflation is eroding the demand for consumer goods, while demand for capital goods remains steady. High interest rates will likely deter major expansions in production in 2023, limiting the pressure on rates and allowing for further rate falls.

"The stagnation in freight demand from Q4 2022 has continued into 2023, flattening the driver shortage curve—for now. But nothing has changed in the long-term outlook of the profession. The share of young drivers remains extremely low. Any jump in demand from European economies will further exacerbate the shortage of drivers, which in turn will limit economic growth. We can't take our eye off the ball. We need to continue pushing for both immediate and structural solutions to driver shortages," said IRU senior director for strategy and development Vincent Erard.

Despite the easing of demand-side pressure, the supply pressures remain. A worsening driver shortage is eroding capacity, while fuel costs have fallen from their 2022 high, they remain elevated compared to 2021. The cost-of-living crisis across the continent is also increasing wage demands in 2023, resulting in labour costs increase. The likely result is further freight rate falls from falling demand. However, the size and scope of these falls will be limited by supply-side pressure that has created a higher cost base which will prevent freight rates from reaching historic lows, the report added.

"In Q1 we saw contract rates started to follow spot rates in their drop off as predicted and we expect to see this trend continue downwards in Q2. As volumes dropped off in Q1 we saw a continuous increase in available capacity easing pressure on rates, but capacity remains constrained by driver shortages. The outlook is for rates to continue to fall in Q2, although seasonal demand will support higher rates in Q2. We expect rates to remain at a higher level than their pre-pandemic base," said Michael Clover, Ti's head of commercial development.

Source: fibre2fashion.com– May 05, 2023

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Luxury store openings across Europe jump 77% in 2022

Renewed activity across Europe's luxury market saw store openings increase by 77 per cent last year, as the continent welcomed back international visitors and saw a strong recovery in luxury spend. Globally, there was an 11 per cent increase in new luxury store openings in 2022 as the market continues to outperform the wider retail sector.

China continued to dominate, accounting for 41 per cent of all new luxury store openings. However, there was a decrease in the total number of luxury openings in China compared with 2021, with weakened occupier confidence likely impacting new acquisitions in the face of rolling lockdowns throughout some parts of the country, according to the latest Savills Global Luxury report. Similar to Europe, the Middle East also enjoyed an uplift in luxury openings, seeing a 125 per cent increase on 2021 (albeit from a relatively low base). This was a continuation of the trend seen during the pandemic, as luxury brands refocus on relatively underserved affluent markets, with Dubai remaining a primary focus alongside emerging locations such as Doha.

"A relatively fast recovery in luxury spend in the region, helped in part by the return of international visitors, has no doubt helped move Europe back up the agenda for expanding luxury brands. Likewise, a rebasing of rents on a number of key luxury streets, combined with improved availability in some cases, has bolstered leasing activity further," commented Anthony Selwyn, co-head of prime global retail at Savills.

"While we have seen a strong number of openings across traditional luxury markets, what has become increasingly clear is that brands are now open to a wider variety of locations, a trend we expect to continue. While the major luxury destinations of Milan, London, and New York will continue to hold the greatest appeal to many acquisitive luxury brands, availability challenges in these markets will temper activity over the next 12-18 months, meaning new store activity in markets beyond this top tier will continue to expand," said Marie Hickey, commercial research director at Savills.

Source: fibre2fashion.com– May 05, 2023

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Japan's demand for Cambodian apparel grows; home textiles lose ground

Cambodia's apparel exports to Japan continue to rise in the current year, after registering a healthy growth in 2022. The exports increased 8.68 per cent to $1.201 billion during the last year. The shipment was recorded at $334.145 million in the first quarter of the current year. However, the exports of home textiles to Japan halved due to gradual decline in previous years.

The exports eased to $1.043 billion in 2020 from $1.147 billion in 2019 because of disruption from COVID-19. But it bounced back to $1.105 billion in 2021, according to Fibre2Fashion's market insight tool TexPro. The shipment was noted at $1.065 billion in 2018.

On a quarterly basis, the trade increased to $334.145 million in Q1, 2023 from $280.554 million of Q4, 2022 and $303.040 million of Q1, 2022. It shows that the momentum remained intact during the current year. The shipment was recorded at $380.611 million of Q3, $237.491 million of Q2 and $303.040 million of Q1, 2022. The export was noted at $296.524 million in Q4, 2021.

But Cambodia's home textiles exports to Japan have registered constant declining trend in the previous years. Gradually, it halved to just $17.327 million in 2022 against the shipment of $35.920 million during 2018.

The shipment was recorded at $33.036 million in 2019, $24.025 million in 2020 and $22.784 million in 2021, as per TexPro. Cambodia exported home textiles worth $4.626 million during the first quarter of current year 2023.

Source: fibre2fashion.com– May 06, 2023

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Vietnam & Cambodia achieve shortest port turnaround in ASEAN

Vietnam and Cambodia had the shortest port turnaround times in the Association of South East Asian Nations (ASEAN) region in June 2022 with both countries averaging 0.9 days for container shipping. Thailand has the second-fastest turnaround time of 1.0 day in the ASEAN region, followed by Malaysia and Singapore at 1.2 days, the Philippines at 1.3 days, Indonesia at 1.8 days, and Myanmar at 2.0 days.

Singapore received the top rank in the Logistics Performance Index (LPI), with 4.3 points, followed by Malaysia at 3.6 points, Thailand at 3.5 points, the Philippines and Vietnam at 3.3 points each, and Indonesia at 3.0 points. No ranking was available for Myanmar, according to data by the World Bank.

The World Bank stated that digitalisation is enabling emerging economies to reduce port delays by up to 70 per cent compared to those in developed countries.

Despite challenges such as COVID-19, the bank said that logistics services were 'broadly resilient' for both the best and worst performers worldwide. The LPI comprised six indicators, which are the effectiveness of customs and border management procedures, the standard of trade and transportation infrastructure, the simplicity of arranging shipments at reasonable rates, the proficiency and quality of logistics services, the capability to track and trace consignments, and the frequency of timely deliveries.

In recent times, major shipping lines worldwide have invested in the construction and operation of seaports in Vietnam. DP World Group of the UAE has invested in and currently operates Saigon Premier Container Terminal, whereas PSA Group of Singapore has SP-PSA Terminal located in Ba Ria-Vung Tau Province, among various other locations.

Large shipping lines have been attracted to open routes from Vietnam to other countries worldwide due to improved seaport services and increasing shipping demands. The establishment of direct service routes linking important markets worldwide will generate chances for the export of Vietnamese products.

Vietnam's ministry of transport has approved a plan to upgrade the Cai Mep-Thi Vai port cluster, and work on the project is expected to be completed in 2025. The channel for navigation, starting from buoy No.0 up to the upstream of Cai Mep International Terminal, is intended for the two-way movement of 160,000 deadweight tonnage (DWT) ships when fully loaded, and for 120,000 DWT vessels. The project has a total investment capital of VND1.4 trillion from the state budget.

"While most time is spent in shipping, the biggest delays occur at seaports, airports, and multimodal facilities. Policies targeting these facilities can help improve reliability," Christina Wiederer, World Bank's senior economist who co-authored the report, was quoted as saying by local media reports.

Source: fibre2fashion.com– May 03, 2023

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Turkiye's apparel exports to Azerbaijan soar 150 per cent in 5 years

Azerbaijan and Turkiye have signed a protocol amending the Preferential Trade Agreement (PTA), reflecting Azerbaijan's confidence in the further growth of bilateral trade. Over the past five years, Turkiye's apparel exports to Azerbaijan have surged by more than 150 per cent, while fabric exports have also seen substantial growth. Azerbaijan is emerging as a significant textile market for Turkiye.

“The implementation of the document will give a further impetus for increasing the trade turnover with the brotherly country,” Mikayil Jabbarov, minister of economy of Azerbaijan, said in a tweet.

Textile and apparel exports from Turkiye to Azerbaijan have experienced robust growth in recent years. Exports rose to $87.620 million in 2021 from $28.286 million in 2018. However, there was a decline, with exports reaching $75.186 million in 2022.

The outbound shipments increased by 167 per cent in 2022 compared to 2018 trade. Exports were recorded at $38.890 million in 2020 and $34.701 million in 2019, according to Fibre2Fashion's market insight tool TexPro.

Fabric exports to Azerbaijan have nearly doubled in the last five years. Shipments reached $26.316 million in 2022, up from $14.623 million in 2018. Exports were recorded at $22.224 million in 2021, $18.294 million in 2020, and $18.431 million in 2019, as per data obtained from TexPro.

Although Azerbaijan is an emerging market for Turkiye's textiles and apparel, it is still a relatively small market. In 2022, it accounted for just 0.41 per cent of Turkiye's total apparel exports of $18.449 billion.

Source: fibre2fashion.com– May 05, 2023

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FDI proposals to Bangladesh's BIDA rise by 126% in Q1 2023

During the first quarter of this year, the Bangladesh Investment Development Authority (BIDA) saw a 126.06 per cent year-on-year (YoY) increase in fully foreign and joint-venture investment proposals, reaching a total of Tk 28,086.31 million.

BIDA received 231 investment proposals in all worth Tk 1,67,862.49 million, latest data shows.

Two hundred and six proposals worth Tk 1,17,497.40 million were received from domestic investors during the quarter, while there were 11 fully foreign and 14 joint venture proposals, according to Bangladesh media reports.

All these proposals are expected to create 39,900 jobs.

Source: fibre2fashion.com– May 06, 2023

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Letter of credit opening for Bangladesh imports falls in Jul-Mar FY23

During the July-March period of this fiscal year, the initiation of letters of credit (LC) for imports in Bangladesh dropped by approximately 25.38 per cent to $51.36 billion, compared to $68.84 billion in the same timeframe of the prior fiscal year, due to import limitations, according to Bangladesh Bank data.

Imports of capital machinery, intermediate goods, consumer goods and industrial raw materials significantly declined during the period.

Imports of consumer and intermediate goods also fell by 15.99 per cent and 30.91 per cent respectively, totalling $6.19 billion and $4.1 billion in the nine months of FY23.

LC opening for capital machinery was $2.29 billion in the first nine months of FY23, compared with that of $5.19 billion in the same period of the previous fiscal, Bangladesh media outlets reported.

LC settlement or import payments also declined by 5.87 per cent to stand at $57.05 billion during the period compared with $60.61 billion in the same period in FY22.

The government and the Bangladesh Bank have since April last year implemented a series of initiatives, such as imposing high LC margin on imports, especially of non-essential and luxury items, to curb the rapid growth of imports and protect the country's reserve.

Source: fibre2fashion.com– May 05, 2023

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Bangladesh's garment exports up 9% to $38.5 bn in July-Apr 2023

Readymade garment (RMG) (Chapter 61 & 62) exports from Bangladesh increased by 9.09 per cent to $38.577 billion in the first ten months of fiscal 2022-23 (FY23) compared to exports of $35.362 billion in July-April 2022, as per provisional data released by the Export Promotion Bureau (EPB). Woven RMG exports grew at a faster pace than knitwear.

RMG exports from Bangladesh were 1.05 per cent higher than the target of $38.177 billion for July-April 2023, as per EPB data. Exports of knitwear (Chapter 61) increased by 8.97 per cent to $20.967 billion in July-April 2023, as against exports of $19.242 billion during the same months of the previous fiscal.

Exports of woven apparel (Chapter 62) increased by 9.24 per cent to $17.609 billion during the period under review, compared to exports of $16.119 billion during July-April 2022, as per the data.

Home textile exports (Chapter 63, excluding 630510) decreased by 29.34 per cent to $940.8 million during the period under review, compared to exports of $1,331.42 million during July-April 2022.

At the same time, woven and knitted apparel, clothing accessories and home textile exports together accounted for 86.51 per cent of Bangladesh's total exports of $45.677 billion during July- March FY23.

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

Source: fibre2fashion.com– May 04, 2023

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NATIONAL NEWS

India's exports likely to touch $900 billion in FY24

India's exports of goods and services could touch $900 billion in the current financial year, up from $770 billion in the previous year, keeping resilient despite global headwinds, a top official of a grouping of exporters said.

Merchandise exports could expand to between $495 billion and $500 billion, while services exports could touch $400 billion in the year ending March 2024, said Ajay Sahai, director general of the Federation of Indian Export Organisations (FIEO).

Overseas demand remains strong in many markets, he added.

Trade Minister Piyush Goyal urged exporters to explore new markets, however, in view of the possible impact of war in Ukraine and a global slowdown.

"The times ahead are going to be very, very tough," Goyal said speaking at a industry event late on Wednesday, while warning of the fallout from the conflict.

Prime Minister Narendra Modi's government has set an export target of $2 trillion by 2030, offering benefits to boost exports of electronics, engineering, pharmaceutical, and other goods.

India's exports have increased by more than $200 billion in the last two years, led by a surge in exports of software, mobile exports, and agricultural and petroleum products.

Exports of engineering, gems, and jewellery goods have slowed in the last few months, however.

Exports of agricultural, petroleum, and electronic goods remained strong in the Western markets due to pricing factors while exports to Asian and Middle east countries have grown substantially, exporters said.

Sahai, who was part of a 50-member business delegation to Russia last week, said there was a huge demand for Indian goods, particularly food, after the Western sanctions imposed over the Ukraine war.

"Indian exporters are hopeful that both countries would soon work out a mechanism allowing payments in local currencies that would facilitate the shipments of Indian goods to Russia," Sahai said.

But Indian officials have said Russia was reluctant to accept payments in the rupee currency for its oil exports.

India has not explicitly condemned Russia's February 2022 invasion of Ukraine and has called for dialogue to resolve hostilities.

Source: economictimes.com- May 04, 2023

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India-U.S. partnership is the defining moment of the 21st century: Sh. Goyal

Union Minister of Commerce & Industry, Textiles and Consumer Affairs, Food & Public Distribution Shri Piyush Goyal said that the India-U.S. partnership is the defining moment of the 21st century and reiterated the “ChaleinSaathSaath: Forward Together We Go” motto underscoring the depth of the partnership. During his Inaugural Address on 'US-India Partnership: Forging Ahead' at American Chamber of Commerce in India (AMCHAM) India's 31st Annual General Meeting today in New Delhi, he talked about diversifying and deepening India-U.S. trade and investment ties for mutual growth and prosperity.

The Minister emphasised that the leaders of both the countries, Prime Minister of India, Shri Narendra Modi and President of the United States of America, Mr. Joe Biden, understand each other and work smoothly together to find solutions to complex geopolitical problems around the world. Shri Goyal mentioned the 5Ts-Talent, Technology, Tradition, Trade and Trusteeship- identified by the Prime Minister as the vision for the India-U.S. relationship.

The Minister noted that the bilateral trade between India and U.S. has been the highest in the last couple of years and said that it is aimed to increase multifold in the coming years. He said that the target of US$2 trillion exports by the year 2030 is doable with the increasing eminence and recognition of India across the world and with strengthening partnerships with like minded countries having shared values like the U.S.

Shri Piyush Goyal cited the examples of many Indian companies operating in the U.S. and vice versa and highlighted how significantly they are contributing to each other’s economy. The Minister said that these business relations are deepening the partnership between the two countries. He expressed hope that more and more U.S. based corporations will work together with Indian companies in the near future.

The Minister encouraged companies from the U.S. to establish their base in India and expand to newer frontiers like the markets of Africa and South-East Asia. He said that India offers assured prosperity and growth to the U.S. companies with the recent policy reforms undertaken with focus on the fundamental macroeconomic parameters, affordable labour costs, inclusive and sustainable development and increasing ease of doing business.

The Minister said that the businesses in both countries can work together to expand to the next level in many sectors like defence manufacturing, pharmaceuticals, textiles, engineering products, auto components, electrical products, agricultural products, etc. on the merchandise side while IT, accounting, business processes outsourcing, research & development, tourism, etc. on the services side. He said that the bilateral trade between both the countries is growing rapidly and has tremendous potential to scale further heights. He said that the technical and managerial talent offered by India to businesses around the world cements India's relationship with the world; he cited the example of many U.S. corporations having Indian or Indian-origin CEOs.

The Minister said that Amrit Kaal is the defining period for India in which the demographic dividend is contributing to the growth of the economy bringing prosperity & future for the country. He said that the reform processes undertaken by the government in the last 9 years will turn India into a global manufacturing hub. He said that the efforts of the government towards improving logistics infrastructure like connectivity, power, etc. is leading to better quality of life for the people of India and enabling the aspirational youth to contribute to the rapid development of India. Shri Goyal stressed that it is important for the industry to stand on its own feet with delivery of high quality products and services with government interference in business to the minimum.

The Minister said that there is multifarious interaction between India and the U.S. at various platforms like the Indo-Pacific Economic Framework for Prosperity (IPEF), U.S.-India CEO Forum, Quad, etc. He said that the comprehensive & strategic partnership between India and the U.S. is based on the strong foundation of shared values, commitment to the rule of law, transparency, freedom of business, freedom of media, independent judiciary, etc. The Minister said that there is complementarity between the India-U.S. economy and both countries collaborate to make prosperous and rational decisions.

He mentioned the significance of the recent visit of United States Secretary of Commerce, Ms. Gina Raimondo to India for the strengthening and deepening of the India-U.S. Partnership. He said that during her visit, Ms. Raimondo met the Prime Minister of India, Shri Narendra Modi and praised his visionary leadership in transforming

India. He said that Ms. Raimondo noted the efforts of the Government in eliminating poverty and improving the lives of the people of India through the efficient use of technology and effective policy formulations.

The Minister said that India is committed to the fight against climate change and praised the performance of India as it performed better than the commitments it had made with being among the top 5 countries in performance on climate action. He said that India is consistent in the fight against climate change under the visionary leadership of Prime Minister, Shri Narendra Modi who brought less developed, developing and developed countries together for the signing of the Paris Agreement.

The Minister appreciated the important role played by AMCHAM and the impetus provided by it for the India-U.S. partnership. He said that the collective effort between the leadership of both countries, warmth between people, etc. enables both the countries to partner in uncharted territories for mutual growth and development. The Minister also released two reports at the event: 1. The India edge - US Industries catalysing the growth trajectory and 2. Future of Urban Mobility- Integration of Platforms.

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

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Canada, India to hold talks on trade, investment

Canada's Minister of International Trade, Export Promotion, Small Business and Economic Development Mary Ng will host India's Minister of Commerce and Industry, Consumer Affairs and Food, and Public Distribution and Textiles, Piyush Goyal, in Canada from May 8 to 11, according to a release from Global Affairs Canada, the country's foreign ministry.

The release also noted that the two ministers will meet in Ottawa on May 8, for the sixth Canada-India Ministerial Dialogue on Trade and Investment (MDTI).

An interim trade pact will be an important aspect of the agenda. As the release stated, "Minister Goyal's visit provides an opportunity for Canada and India to further their work towards an Early Progress Trade Agreement (EPTA)."

It pointed out that at the fifth MDTI held in March 2022, when Ng visited New Delhi, both ministers re-launched negotiations regarding a Canada-India Comprehensive Economic Partnership Agreement (CEPA). "In pursuit of that goal, negotiations towards an EPTA, as a transitional step towards the CEPA, have been underway. Seven rounds of discussions have taken place with the most recent round taking place from April 3 to 6, 2023, in Ottawa," it said.

"Strengthening bilateral trade and investment ties helps create new opportunities and deepen economic relations between our two countries," it added.

Ng will visit India in August for the trade ministers vertical of the G20 in Jaipur.

Indian officials are hopeful Goyal's visit will give "political momentum" to the EPTA negotiations.

Goyal will visit Toronto on May 9 and 10 for meetings with trade and industry representatives and chambers of commerce, including addressing the apex Canada-India Business Council (C-IBC).

The trade dialogue between the two countries started in March last year when Ng visited New Delhi and met Goyal. They also launched the EPTA process. The EPTA, if concluded, will be a transitional step towards the Comprehensive Economic Partnership Agreement (CEPA).

Goyal's possible visit, a senior Indian official said, could help give political direction to the talks and give them "momentum".

Both countries originally hoped to finalise the agreement within a year but that deadline has elapsed and they are targeting potential finalisation of the document this autumn.

Overcoming key hurdles will depend on political will, and critical decisions could be made when Ng meets Goyal.

Both nations have focused on strengthening trade ties recently. After Canada's Minister of Foreign Affairs Melanie Joly met External Affairs Minister S Jaishankar in New Delhi this March, the latter tweeted the talks encompassed bilateral issues including, among other matters, "trade, connectivity and people to people ties".

Joly told attendees at the Indo-Canadian Business Chamber (ICBC) meet in New Delhi in March the "economic potential contained in strengthening the Canada-India relationship can't be understated".

Source: hindustantimes.com- May 04, 2023

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Rejection rates of DGTR's proposals by FinMin to impose duties rise

The rejection rate of the commerce ministry's recommendations to impose anti-dumping and countervailing duties on different imported products by the finance ministry has gone up substantially between September 2020 to October 2022, according to a report.

The report of the 'Centre for Digital Economy' also said that the rejections are almost invariably without giving any reasons.

From September 2020 to October 2022, as many as 70 anti-dumping and countervailing duties recommendations of the commerce ministry were rejected out of 120.

From 1991 to 2020, only seven recommendations were turned down by the finance ministry out of 1,052 cases recommended by the commerce ministry's investigation arm -- Directorate General of Trade Remedies (DGTR).

DGTR is a quasi-judicial body which deals with anti-dumping duty, safeguard duty, and countervailing duty. These duties are trade remedy measures, provided under an agreement of the World Trade Organisation (WTO) to its member countries.

They are used to provide a level-playing field to the domestic industry in case of dumping of goods, a significant increase in imports and subsidised imports.

"From September 2020, the Ministry of Finance has rejected a large number of recommendations made by the DGTR. The rejections of the recommendations by DGTR are almost invariably without giving any reason. The Government merely stated that it has been decided not to accept the recommendation. No reasons whatsoever have been given," it said.

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

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Weaving a bright future: Growing importance of Indian textiles in global trade

The textile industry is one of the oldest and most prominent industries in India. It has a plethora of advantages, such as the ready availability of raw materials, a vast manufacturing base, a wide range of innovative products, and a burgeoning demand from both domestic and international consumers. India has already established itself as a market leader in several industry segments, such as silk, cotton, and jute production, further solidifying its position as a prominent player in the global textile arena. The industry has a rich history and has been a significant contributor to India's economy for centuries. Over the years, the industry has grown and evolved, and today, it is one of the fastest-growing sectors in the country.

Growth Rate

With a robust market value of over US$ 100 billion, the Indian textile and apparel industry is a powerhouse, employing over 45 million people and making up 14% of the nation's industrial output. According to the Confederation of Indian Industry (CII), the Indian textile industry is expected to hit US$ 250 billion production by FY25, rising at 12% CAGR between FY22-FY25. Exports are projected to reach US$ 185 billion by FY25, doubling India's share of global textile trade to 10%. Growth would be driven by demographics, rising demand for lifestyle products, and the spread of e-retailing/organized retailing in smaller towns/rural areas. The industry growth will create jobs and generate value, attracting US$ 180 billion in investments.

The Global Leader

India has established itself as a global leader in producing several textile products, such as being the second-largest producer of silk, cotton, and Multimode Fibre (MMF). The country also holds the distinction of being the world leader in jute production, accounting for nearly 70% of global production. Moreover, India boasts the second largest vertically integrated production base after China, giving it a competitive edge with a strong manufacturing base across the value chain and a vast raw material base. The value chain encompasses weaving, spinning, garmenting, and processing, further strengthening its leadership position in the global textile industry.

The Growth Drivers

The Indian textile industry is highly competitive, with a vast network of small and large manufacturers, exporters, and traders. The sector has witnessed substantial growth in recent years, owing to favorable government policies and increasing demand for Indian textiles globally. The industry has also received a boost from the ‘Make in India,’ “Aatmanirbhar Bharat,” and Performance Linked Incentives (PLI) initiatives, which aim to promote domestic manufacturing and boost exports.

The industry’s growth can be attributed to several factors, including the availability of affordable labour, a large consumer base, favorable government policies, and very innovative entrepreneurs. Additionally, India’s skilled workforce and technological advancements have enabled the country to produce high-quality textiles that meet global standards.
India’s textile and garment exports have been growing at a steady pace, making it one of the leading textile exporters in the world. The industry exports a wide range of products, including cotton textiles, yarn, fabrics, and readymade garments. The United States, the United Arab Emirates, and the United Kingdom are the largest export destinations for Indian textiles.

The Indian government has taken several steps to support the textile industry’s growth and development. The government has implemented several schemes and initiatives, such as the Technology Upgradation Fund Scheme (TUFS), which provides financial assistance to textile units for the modernization and upgradation of technology. Additionally, the government has introduced schemes to promote the use of natural fibers such as cotton, silk, and wool, which has helped boost the demand for Indian textiles.

Dominance in Exports

According to Apparel Export Promotion Council (AEPC) during the period Apr-Mar 2021-22 apparel sector, with its share of approx. 4.4% of the total exports, was been able to make a decent contribution. Indian textiles and apparel exports are primarily focused on the USA, European Union, Asia, and the Middle East markets. For knitted garments, the USA has the largest share of 26.3%, followed by UAE at 14.5%, and the UK at 9.6%, according to AEPC. In FY22, the US was the top export destination with 27% of textile exports, followed by the EU at 18%, and Bangladesh at 12%.

Promoting ‘Brand India’

India boasts of an abundance of raw materials including cotton, jute, silk, and wool, which are the largest in the world. This is supported by the world’s second-largest spinning and weaving capacity, offering the industry an exceptional opportunity for a domestic value addition of up to 95%. India’s products are renowned for their sustainability and adherence to social and environmental compliances, in line with the import requirements of respective countries. The industry is committed to promoting the “Brand India” on multiple global platforms, highlighting its strengths in sustainability, circularity, ethical sourcing, and manufacturing, labour standards, and empowering women through employment. These efforts reflect the industry’s unwavering commitment to showcasing India’s potential to the world.

Over the years India has created a robust textile ecosystem from fiber to fashion including manufacturers, trims and accessories players, dyes and chemical units, machine manufacturers, tech startups, designers, buying agents, exporters, MSME units, brands, and fashion institutes from across the country all under one roof. On the other hand, the export opportunities have also been enhanced via the signing of various Free Trade Agreements with important trade partners for India including UAE, Australia, the UK, and others.

In a nutshell, the Indian textile industry is a crucial contributor to the country’s economy and has been growing rapidly in recent years. With favorable government policies, a skilled workforce, and technological advancements, the industry is poised for continued growth and success. The sector has the potential to create more employment opportunities and boost the country’s exports, making it a vital industry for India’s economic growth.

Source: timesofindia.com- May 05, 2023

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EU carbon tax to test India's mettle

Starting January 2026, the Indian steel, cement, aluminium, and fertiliser industries will pay steep Carbon Border Tax (CBT) imposed by the European Union (EU). The US, Canada, and other nations are also exploring similar mechanisms.

Indian industry must understand the diverse impact of the tax and prepare trade and low carbon production strategies to promote exports.

Understanding the impact

The highest tax is on developing countries like India. Steel and aluminium sectors have high emission intensity and hence would attract high taxes. The estimated tax for steel made from the blast furnace route is 39.6 per cent, and using an electric arc furnace is 19.8 per cent. The tax is zero if steel is made using green hydrogen as fuel and a reducing agent. Tax for iron ore pellet is 52.7 per cent, aluminium is 20.3 per cent, cement is 90 per cent, and urea is 21.9.

Indian firms risk losing market share to EU-based producers or those in other more carbon-efficient nations. CBT will affect substantial exports as the EU is an important trade partner for India. CBT will increase the cost of exporting steel, cement, aluminium, fertilisers, and electricity from India to the EU. India's global exports of these products in CY2022 were $31.4 billion. Of these, $8.2 billion, or 26.2 per cent of the total, went to the EU.

The share for many Indian exports covered under CBAM going to the EU is high. For example, 31.4 per cent of iron and steel exports, 20 per cent of steel products, 19.9 per cent of iron ore and pellets, and 27.7 per cent of aluminium went to the EU in CY2022.

CBT will depend on the carbon price paid in the home country and the production process used. Since most developed country industries would pay high carbon prices in their home countries, the tax rate will be zero or low. CBT will create FTA-like trade diversion effect. Even though a product from India may be cheaper than an American product, tax plus product price will make Indian products more expensive. This will lead to the EU firms sourcing more from developed countries. Thus, the trade will divert to costlier suppliers. Just the way it happens in FTAs. CBT's impact will be worse than any FTA since CBT @ 20-35 per cent will be much higher than developed countries' average MFN import duties @2-3 per cent. CBT will lead to sharper trade diversion and more trade among developed countries.

Prepare trade strategy

Indian firms must step up to succeed in the CBT regime.

Grab market share from competitors. The EU buys half of its $60 billion in steel from five countries — China, Russian Federation, Turkey, India, and South Korea. Most Chinese and Russian firms use the blast furnace routes to make steel, while many Indian and South Korean firms use electric arc furnaces, a more carbon-efficient process. Indian electric arc furnaces steel makers must assess their strength vs other significant suppliers in the EU. Indian firms have scope to gain extra market share despite high taxes.

Replace EUs home production: EU will phase out free carbon permits from the steel sector just as the new tax comes into force. Many steel units may shut down, and imports may rise. An increase in the price of steel will also increase the prices of engineering goods, automobiles, high-tech goods, aerospace, and computer appliances. Construction, consumer goods, mining, and quarrying will also be impacted.

Many EU businesses may start importing finished products like machinery instead of importing steel and making machinery. Indian metal and engineering firms can leverage this shift.

Wrest EU's export market share: The EU firms that have decarbonised may lose in many global markets that only care about low prices and not if one has paid carbon tax. Firms in the EU are pressing for subsidies or a carbon price rebate on exports to stay competitive. Indian firms must watch out to benefit.

Improve production strategy

Switch to low carbon process: The three steelmaking processes with progressively lower emission intensity are (i) Blast furnaces using iron ore and coal/coke, (ii) an Electric arc furnace using steel scrap as inputs and electricity. And (iii) Using hydrogen in a "direct reduction" process that converts iron ore to metallic iron for feeding into an electric arc furnace.

Study the possibility of switching from process 1 to 2 or 3 and from 2 to 3 — the cost of production increases because of heavy capital investment.

Set up low carbon facility but do not shut existing units. Do cost-benefit for switching to low carbon Technologies. Consider using two types of manufacturing setups. Use carbon-efficient steelmaking processes to supply steel to CBAM countries like the EU and existing techniques for the rest. Using carbon efficient process alone may jack up prices and keep a firm out of half of the world's markets.

Green Hydrogen challenges

Green hydrogen is produced from renewable energy sources. Using green hydrogen in steel plants can significantly reduce the carbon emissions of steelmaking, as it eliminates the use of coal and coke.

However, it faces challenges, such as: (i) scaling up the production and supply of green hydrogen, (ii) deploying the direct reduction technology that can use 100 per cent hydrogen as a reducing agent, (iii) ensuring the safety and reliability of hydrogen transport and storage, (iv) investing in the infrastructure and equipment for green hydrogen production and use and (v) competing with the low-cost conventional steelmaking based on coal and coke.

The CBT drill starts from October 1 this year when firms will have to start sharing authentic emission data. There is no time to waste.

Source: thehindubusinessline.com- May 03, 2023

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Debt restructuring for commodity exporters

The world is in the midst of a debt crisis. A recent report estimates that 61 emerging-market and developing economies—a third of the IMF's member countries—are facing debt distress. The G20's Common Framework for Debt Treatments, which aims to help low-income countries restructure their sovereign debts, was supposed to prevent this crisis from spiraling out of control. But progress so far has been slow and uneven.

Many of the debt-distressed countries are in Africa. Chad, for example, restructured its debt in 2021, the first to do so under the Common Framework. Zambia defaulted on its foreign debt in 2020 but has not convinced its creditors to agree on how to restructure its debt, partly because of China's refusal to join the Paris Club. Ghana, which defaulted on its external debts in December 2022, appears to be on its way to a successful restructuring. Meanwhile, negotiations between Ethiopia and its creditors, delayed due to the country's civil war, may resume soon. And Angola, which agreed to a three-year debt-relief package in September 2020, is still in trouble.

One of the main challenges for the countries is that they remain vulnerable to external shocks such as oil-price volatility. Suppose, the IMF supports a debt restructuring deal in which the creditors agree to a big write-down, and the indebted country agrees to strengthen its budget balance. Even if these measures are enough to stabilise the country's debt-to-GDP ratio today, the chances of an unforeseeable shock undermining its debt position in the future are worryingly high.

For most African economies, commodity prices represent the biggest source of uncertainty. This means that commodity-market fluctuations can wreak havoc on their finances, rendering even recently restructured debt unsustainable. A 50% drop in the price of an export commodity could mean a 50% increase in an indebted country's debt-to-exports ratio. Fortunately, there is a potential solution to this problem. By issuing debt that is denominated in terms of the price of a certain commodity, rather than in dollars or other currencies, exporters could shield themselves from market volatility.

Zambia, for example, could issue copper bonds, and Angola could issue oil bonds. If the prices of these commodities fall and lead to a drop in export revenues, the cost of the debt will automatically fall in proportion, preventing their debt-to-exports ratios from skyrocketing.

To be sure, commodity bonds are hardly a new idea. But commodity-exporting debtor countries have been wary of adopting them, partly because policymakers fear that there would not be enough demand from investors.

But there is an untapped market. Airlines and power companies are vulnerable to commodity-price volatility and have reason to go long on oil. Similarly, electronics manufacturers need to hedge against fluctuations in copper prices, chocolate makers need to hedge against increases in the price of cocoa, and steel producers need to hedge against increases in the price of iron ore. Of course, companies that want to hedge against commodity-price risks do not necessarily wish to expose themselves to the credit risk of, say, Chad. This is where multilateral lenders could come in. The World Bank or some other financial institution (perhaps a state-owned Chinese bank) could denominate loans to countries like Chad, Angola, and Nigeria in oil instead of lending in dollars or euros, thereby helping to create a market for commodity bonds.

Given that the World Bank jealously protects its balance sheet and triple-A rating, it does not want to be exposed to the risk of oil-market fluctuations. But, by offering investors a highly-rated World Bank bond linked to, say, a standard oil-price index, it could perfectly offset its collective exposure to oil markets. Similarly, countries that export cocoa, gold, coffee, iron ore, and other commodities could receive loans from institutions like the World Bank denominated in terms of the prices of the commodities they export. The World Bank, acting as an intermediary, could then unload that risk in the private market.

Airlines and chocolate companies, which are not in the business of investing, need not necessarily hold the World Bank commodity bonds directly. Hedge funds or other financial intermediaries could buy the bonds and lay off the commodity risk in the futures market. The airlines and chocolate companies could then take the other side of the futures contract, thus hedging their commodity exposure on better terms than they can now. That way, all parties—the borrowers, the intermediaries, the futures market, and the ultimate buyers—could avoid

While this idea may sound quixotic to some, commodity bonds should be an easier sell than GDP-linked bonds, which have already been put into practice. In addition to a natural, latent market, commodity bonds have another advantage: Transparency.

The commodity price index is observable in London or Chicago, is not subsequently revised, and is less vulnerable to government manipulation than GDP and inflation statistics.

Admittedly, commodity bonds will not help debtor countries that do not export commodities. Nor will they solve the problem if China intransigently refuses to coordinate with Paris Club sovereign creditors. But they could remove the most significant source of future risk facing many indebted countries in Africa, Latin America, and the Middle East. Commodity exporters, creditors, and multilateral institutions should embrace them.

Source: financialexpress.com- May 05, 2023

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Imports of 2.50 lakh cotton bales from Oz soon in Gujarat

AHMEDABAD: With lower arrivals in the domestic market, the textile industry is witnessing a higher demand for imported cotton. According to sources, Indian spinners have placed orders for 2.50 lakh bales from Australia which will be duty free. This stock is expected to reach India in three months.

Apart from Australia, many players are planning to import cotton from Africa as the central government has introduced a scheme of half import duty for imports from underdeveloped countries.

Jayesh Patel, the vice-president of Spinners' Association Gujarat (SAG), said, "India's cotton crop is estimated at more than 340 lakh bales. However, the arrivals have remained slowed this year because many farmers have not sold their entire crop in the anticipation of better prices."

He said that the prices of Indian cotton have remained higher than the international cotton. "Our cotton imports from Australia have increased significantly last year and this year too, we expect around 2.50 lakh duty-free imports of bales in the next three months. Importers have placed orders and shipments will start soon," said Patel.

Australian cotton has low moisture and spinners get better realisation for the yarns made of Australian cotton. Spinners also get premium prices for Australian cotton yarn because it is contamination free.

According to industry experts, a major portion of the Australian cotton will come to the Gujarat-based spinning units. India's cotton imports from Australia reached $283 million in 2022, which is more than four times the previous year's imports. Indian textile industry imported around 4.75 lakh bales of cotton last year which is more than 2.5 times higher than the previous year.

Bharat Chhajer, the former chairman of Powerloom Development and Export Promotion Council (PDEXCIL), said, "Textile industry is contemplating options of importing cotton from African countries as well. The central government has recently announced to half the import duty for imports from underdeveloped countries. This means that cotton can be imported at around 5.50% import duty from some African countries.

Indian cotton prices have remained firm and there are possibilities that traders may import cotton from Africa." Last year, cotton prices reached a historical high of Rs 1.10 lakh per candy (356kg) in India which are now around Rs 61,500 per candy.

Source: timesofindia.com- May 06, 2023

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Indian economy shining but T&A down due to war & inflation: Experts

India is seen as a bright spot amid the gloomy global economy, with two major indicators confirming resilient economic growth. The country's GST collection reached a new high of ₹1.87 lakh crore, and its manufacturing PMI climbed to 57.2, indicating healthy manufacturing activity. However, India's textile and apparel (T&A) industry is experiencing weaker sentiments. Industry experts attribute this to global concerns and other factors, leading to slower demand in the textile sector.

“It is really a mystery. No one has a clear understanding of the sustained low demand. However, Russia-Ukraine war, high global inflation and changes in the domestic lifestyle may be responsible for the present sluggish scenario in the sector,” Sanjay Jain, managing director of TT Limited and former chairman of Confederation of Indian Textile Industry (CITI) told Fibre2Fashion.

Ashish Gujarati, former President of South Gujarat Chamber of commerce and Industry (SGCCI) has said that higher compliance in various industries could be the reason for record GST collection. The new tax regime pushed industry hard through strict provisions to pay tax on their business. He said that better PMI shows good state of Indian manufacturing activities. However, slower export demand is causing weak sentiments in the textile industry. Domestic demand can support the textile value chain, but it has certain limitation. Despite high economic growth and prosperity in the country, consumers have limited purchasing capacity which is detrimental for textile and apparel industry.

Ravi Sam, chairman, Southern India Mills Association (SIMA), said that India in terms of exports and manufacturing activities, is doing well. But the textile industry is reeling under long drawn recession due to sluggish demand for textiles and clothing products. He also blamed costlier Indian cotton for the present sluggish demand. He explained that 11 per cent import duty is applicable on cotton fibre. Domestic prices of the fibre compete with the cost of imported supplies which supported domestic prices at a higher level. Indian cotton is traded 10-13 per cent higher than the global prices. Therefore, Indian exports became uncompetitive in the global market. Indian exports dropped around 23 per cent during last year.

Apart from industry bodies, trade community also feels the disparity of Indian cotton and global slowdown is responsible for slower demand. Gulshan Kumar Jain, a trader from Ludhiana, said, “India has 30-40 per cent additional capacity in textile sector which can be absorbed by only export demand. While Indian exports have become uncompetitive due to costlier cotton. Global challenges are also a cause for concern for the industry.”

Another trader from the Delhi market said that some other sectors might be performing better in domestic industries, driving GST collection and PMI. However, the textile sector faces challenges on both domestic and global fronts. The Indian textile industry is more dependent on export demand compared to other industries.

Source: fibre2fashion.com- May 05, 2023

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Aditya Birla Fashion to acquire 51% stake in TCNS Clothing for Rs 1,650 cr

Aditya Birla Fashion said it has entered into definitive agreements to acquire 51% stake in TCNS Clothing, owner of the listed women's branded apparel retailer that owns brands such as W, Elleven and Aurelia, for Rs1650 crore.

As part of the transaction, ABFRL will make a conditional open offer to acquire up to 29% stake at Rs 503 per share from public shareholders and acquire the remaining stake from the founder promoters to reach an overall shareholding of 51% in TCNS. Post the deal, TCNS will be amalgamated with ABFRL under the merger scheme where public shareholders of TCNS will receive 11 shares of ABFRL for every six shares that they hold in TCNS.

"This deal is yet another marker of the Aditya Birla Group's faith in the dynamism and buoyancy of the Indian consumer economy. The TCNS deal is indeed a significant milestone as it complements our existing portfolio of exceptional brands across the entire spectrum of Indian fashion. By embracing TCNS's portfolio of loved women's ethnic brands, we are reinforcing our commitment to ethnic wear, the largest category in the apparel industry," Kumar Mangalam Birla, Chairman, Aditya Birla Group, said.

With this acquisition ABFRL's ethnic wear portfolio is expected to reach Rs 5000 crore in the next three years. TCNS had sales of Rs896 crore during FY22.

"TCNS has been a pioneer in branded women's ethnic wear market in the country. The market continues to offer long-term growth opportunities and our partnership with ABFRL will help us fully realize this potential. ABFRL's proven brand- building capability, distribution strength and strong ecosystem of partners will help our brands into its next phase of growth and profitability," said Anant Daga, Managing Director of TCNS.

About seven years ago, the Aditya Birla Group restructured its retail business by carving out the apparel-making Madura Fashion and Lifestyle division from Aditya Birla Nuvo (ABNL) and merging it with listed loss-making Pantaloon. This created Aditya Birla Fashion & Retail (ABFRL), the country's largest listed branded apparel company, with annual sales of Rs 8,136 crore.

The company has segmented its business into six sub-categories — lifestyle, Pantaloon, athleisure, youth fashion, super premium and ethnic. However, most brands are focused on western style clothing, a segment significantly smaller than the overall women's ethnic wear in the mass market.

The company's lifestyle division runs nearly 3,200 stores for brands including Louis Philippe, Van Heusen, Allen Solly and Peter England. In addition, department store chain Pantaloons has another 396 stores, while the company also runs women's fashion brand Forever21.

In the ethnic segment, the company acquired Jaypore, a premium craft-based artisanal brand, and also invested in designer brands Shantanu & Nikhil, Tarun Tahiliani, Sabyasachi and Masaba. The company also bought the India business of global sportswear brand Reebok a year ago, and has long-term exclusive partnerships with brands such as Ralph Lauren, Hackett London, Ted Baker, Fred Perry, Forever 21 and American Eagle.

Source: economictimes.com- May 06, 2023

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