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Currency Watch	
USD	82.67
EUR	88.40
GBP	102.44
JPY	0.59

INTERNATIONAL NEWS

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INTERNATIONAL NEWS

Price concerns alter US consumer shopping patterns: Report

Rising inflation in the US, which peaked at 8.5 per cent in March 2022, is impacting consumer behaviour and influencing brand choice and shopping habits. Footfall data across major brands has revealed that consumers are likely to change their shopping destinations and brand preferences based on cost considerations, as per a recent report.

Walmart was the only large-scale retail brand to have its footfall peak in the third quarter (Q3) of 2021, with traffic surging by 20 per cent compared to Q1 2021, according to the Q1 Consumer Trends Report by Gravy Analytics. Brands such as Kohl's, Target, and Macy's experienced footfall below Q1 2021 levels during Q2 and Q3 2021. However, these brands witnessed a significant upswing in footfall during the final quarter of 2021, likely spurred by consumer spending during the winter holiday season.

Post the holiday season, Kohl's, Macy's, and Target saw a noticeable decline in footfall, most likely in line with seasonal shopping patterns. Walmart, however, did not witness a severe drop, potentially due to its competitive pricing which might have appealed to budget-conscious shoppers amid the inflation.

The report further posited that during periods of high inflation, low-income households tend to allocate a larger portion of their budget to necessities like fuel, which could explain why more affordable brands may be outperforming their competitors. Factors such as geographical location and the age of consumers can also influence purchasing decisions.

In light of the inflation and ongoing supply chain challenges, the report stressed that brands need access to enterprise-level data, such as location analytics, to better comprehend changes in consumer behaviour and adapt their business strategies accordingly. The insights from the report highlight the significant role of inflation in shaping consumer shopping patterns, underscoring the need for brands to be responsive to these market shifts.

Source: fibre2fashion.com– May 30, 2023

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BIS certification of India will affect China's polyester filament exports

I. BIS certification of India

The Ministry of Electronics and Information Technology (Meity) notified the "2012 Electronic and Information Technology Goods (Mandatory Registration) Regulation" on October 3, 2012. The regulation came into effect on July 3, 2013, and stipulates that no person or enterprise may manufacture or store orders that do not comply with Indian standard regulations for sale, import, and sale or distribution.

Manufacturers of products are required to undergo BIS certification from an approved laboratory before applying for registration with the Bureau of Indian Standards (BIS).

The BIS then registers manufacturers who are allowed to claim that their products comply with Indian standards, and allows them to use the notified BIS mark to enter the Indian market. Otherwise, they will not be able to clear customs.

BIS certification in India is divided into ISI factory inspection and CRS without factory inspection based on different product categories. Due to the impact of the COVID-19 pandemic, products that require factory inspection cannot be applied for registration at that time. Polyester filament yarn is one of the products that require factory inspection.

II. BIS certification for PFY

Product Name	Indian Standard	Concern Ministry	Issue Order	Extension Order	Implementation Date
100 % Polyester Spun Grey and White Yarn (PSY)	IS 17265:2019	Department of Chemicals and Petrochemicals	31 March 2023 Click Here		3 July 2023
Polyester Industrial Yarn (IDY)	IS 17264:2019	Department of Chemicals and Petrochemicals	31 March 2023 Click Here		3 July 2023
Polyester Partially Oriented Yarn (POY)	IS 17262:2019	Department of Chemicals and Petrochemicals	31 March 2023 Click Here		3 July 2023
Polyester Continuous Filament Fully Drawn Yarn (FDY)	IS 17261:2019	Department of Chemicals and Petrochemicals	31 March 2023 Click Here		3 July 2023
Linear Alkyl Benzene Polyester Staple Fibres (PSF) Synthetic Micro-Fibres for use in Cement Based Matrix	IS 12795:2020 IS 17263:2022 IS 16481:2022	Ministry of Chemicals and Fertilizers		29th September 2022 Click Here	3 April 2023 & 24 April 2023 (As per attached QCO)

India's mandatory BIS certification for polyester filament yarn was first heard in 2020, but the news may have been ignored due to the outbreak of the COVID-19 pandemic. The latest news is that BIS certification will be implemented for polyester POY, FDY, and industrial yarn from July, 2023. It is learned that many factories in China that export to India have started to apply for this certification last year, and some even earlier, but they were stuck in the inspection stage. Indian officials did not come to inspect the factories in person. With only over a month left before the official implementation date, time is very tight, and some exporters can only choose to ship their products early to cope with this situation. This is also one of the reasons for the recent increase in sea freight to India.

III. The effect of BIS certification on China's PFY exports

Exports of China's PFY to India in 2021-2023 (Unit: tons)				
PFY category	**2021**	**2022**	**Jan-Apr, 2023**	**Proportion in Jan-Apr, 2023**
POY (54024600)	125158	117317	87691	29.2%
FDY (54024700)	115437	144747	86974	33.9%
DTY (54023310)	5820	7884	5496	1.0%
PIY (54022000)	40875	34972	11403	5.9%

Major PFY exported to India include POY and FDY, followed by PIY, all within the product scope of the BIS certification. Exports of China's PFY to India surged by 266.5% on annual basis in Jan-Apr, 2023, which was stimulated by this news to a great extent. Some players purchased in advance, which was similar to the status in Brazil in 2022.

Exports of POY to India accounted for 29.2% of China's total polyester POY export in Jan-Apr, 2023 and those of FDY to India occupied 33.9% of the total FDY exports. Therefore, if Indian's BIS certification is implemented as schedule, polyester POY and FDY will be the most affected and the effect on PIY may be smaller. Even if they succeed in obtaining certification, factories also need to bear application fees, annual fees, sample inspection fees, and other expenses, which adds to the cost of exports.

Source: ccfgroup.com – May 31, 2023

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China's logistics sector sees 7.5% revenue growth in Jan-Apr 2023

China's logistics industry has witnessed robust growth in the first four months of 2023, with total revenue soaring by 7.5 per cent compared to the same period last year, according to the China Federation of Logistics and Purchasing. This rate represents a 0.8 percentage point increase from the industry's performance in the first quarter.

The country saw a significant upturn in the logistics of industrial products, with a growth of 3.6 per cent year-on-year (YoY) in the January-April period, a rise of 0.6 percentage points compared to the first quarter of 2023.

Between January and April, China's social logistics climbed 4.4 per cent YoY, reaching an aggregate value of 107.6 trillion yuan (approximately $15.19 trillion).

Source: fibre2fashion.com – May 31, 2023

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Europe more exposed than ever says Euratex

Textile industry association Euratex reports that for the first time in history, the European Union's trade in textiles and clothing exceeded the €200 billion mark in 2022.

This record growth in total trade is mainly due to a sharp increase of clothing imports of +36.6% in value – especially from China and Bangladesh –which far outweighs a positive export performance.

As a result, the EU's trade deficit in textiles and clothing increased to €70 billion in 2022, which is 48% higher than in 2021.

This growing deficit is a cause for concern as the stated objective of the EU's Industrial Strategy is to strengthen resilience and "strategic autonomy". Instead, dependency has increased, and has becomes critical in certain raw materials and fibres.

The deficit also challenges the European Commission's ambition to promote high quality and sustainable textile products across the Single Market – regardless of where they have been produced.

With imports now reaching €140 billion, it will be a challenge to effectively control quality and compliance and market surveillance will need to be stepped up massively, without becoming a barrier to trade, according to Euratex director general Dirk Vantyghem.

"We also need to strengthen our efforts on the EU's export performance to rebalance our trade relations with the rest of the world," he said. "EU companies are world leaders in high-end fashion products and in technical textiles and more needs to be done to support their activities in both established and emerging markets. The ongoing free trade agreement negotiations with India, for example, should focus on improving market access and ensure "fair" competition with local companies."

The Euratex Spring Report highlights significant differences between trade in value and in volume. The EU's export of textile products has increased by 13% in value, but actually dropped by nearly 7% in volume. This obviously reflects the very high inflation figures from last year, caused initially by rising energy prices and changing central bank policies.

This in turn is leading to consumer uncertainty, resulting in low demand and gloomy prospects for the entire value chain.

“This report confirms once again that the textile industry is one of the most globalised sectors of the European economy, and underlines the importance of taking that global dimension into account when designing EU and national policies,” Vantyghem said. “Failing to do so may have a devastating effect on the global competitiveness of the European textile industry.

“It is essential to stabilise inflation, restore consumer confidence and ensure a level playing field for all operators in the textile industry. On that basis, European companies can prosper and retain quality jobs for 1.3 million workers.”

Source: innovationintextiles.com – May 30, 2023

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Spain's retail trade records 0.9% growth in April 2023

Spain's retail trade industry showed positive trends in April 2023, according to data released by the National Statistics Institute of Spain. The retail trade index (RTI) saw an increase of 0.9 per cent between March and April, indicating an uptick in retail activity, with the rate being two-tenths higher than the previous month. The general index, which excludes service stations, also recorded a notable monthly growth rate of 4.1 per cent.

Breaking down sales by product, non-food products experienced a robust growth of 2 per cent. In terms of distribution classes, all categories showed positive monthly rates, with single retail stores recording the highest growth at 4 per cent. In annual terms, the RTI, adjusted for seasonal and calendar effects, registered a variation of 5.5 per cent in April 2023 compared to the same month of the previous year. However, this rate was 4.4 points lower than that of March 2023, as per the National Statistics Institute of Spain.

The original RTI series at constant prices reported an annual variation of 5 per cent, a figure lower by 4.9 points than the previous month's rate. Excluding service stations, the seasonally and calendar-adjusted index saw a strong annual increase of 8.2 per cent in April. Breaking down these sales by product type, non-food products experienced a significant jump of 14.3 per cent.

April's retail figures also painted a positive picture across all autonomous communities in Spain, with Illes Balears, Comunidad de Madrid and Comunitat Valenciana registering the highest annual increases at 12.4 per cent, 10.4 per cent and 7.1 per cent respectively. In contrast, Castilla y Leon registered a slight decrease of 0.6 per cent.

As for employment in the retail trade sector, the index registered an increase of 1.8 per cent compared to the same month in 2022. The rate was slightly higher than the one recorded in March. All but one of the autonomous communities saw an increase in retail trade employment in the annual rate, with Illes Balears registering the highest growth at 5.3 per cent.

Source: fibre2fashion.com – May 31, 2023

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Vietnam registers over 61K new enterprises in Jan-Mar 2023

Vietnam registered more than 61,900 new enterprises with a total registered capital of VND568.7 trillion in January-May 2023, indicating a 1.6 per cent year-on-year (YoY) decrease in the number of enterprises and a significant 25.3 per cent drop in registered capital.

In May alone, the country recorded more than 12,000 new enterprises, with a registered capital of VND103.7 trillion, a decrease of 24.2 per cent in the number of firms and a 32.9 per cent drop in registered capital, as per the General Statistics Office (GSO).

Almost 6,000 enterprises returned to operation during this period, marking a 14.3 per cent YoY increase, although this was a 38.1 per cent decrease compared to the previous month.

The first five months saw the average registered capital for a new enterprise at VND9.2 billion, marking a 24.1 per cent decline YoY. The GSO noted a continued drop in newly established firms and those resuming operations, with an increase in businesses temporarily suspending their operations or awaiting dissolution.

The first five months of the year witnessed the lowest new business capital in four years. The registered capital of new businesses fell 25 per cent YoY, and 15 per cent lower than the same period in 2019, showing the economic challenges companies are currently facing.

Including changes in the capital of existing businesses, a total of VND824.90 trillion was registered, reflecting a 43 per cent YoY decrease. The logistics, manufacturing, and property sectors saw the majority of suspensions, with an average of 17,600 companies suspending or ceasing their operations each month.

Many businesses cited the lack of access to low-interest credit as a significant challenge faced this year. The average loan interest rate from 35 commercial banks was at 10.23 per cent by the end of March, a 0.56 percentage point increase since December.

Ongoing global inflation, stock market plunges, and issues within the bond market have also significantly impacted Vietnam's business landscape, according to GSO data.

A survey by the government's Private Sector Development Committee and VnExpress revealed that over 82 per cent of businesses plan to scale down or cease operations in the remaining months of the year. A significant 71 per cent of businesses aim to reduce their workforce by more than 5 per cent, and 81 per cent have a negative outlook on the economy this year.

Source: fibre2fashion.com – May 31, 2023

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FDI into Vietnam reaches $10.86 bn during Jan-May this year

The total foreign investment inflows into Vietnam this year till May 20 was worth nearly $10.86 billion, according to the Foreign Investment Agency (FIA) under the ministry of planning and investment. This includes new and added investment and contributions for share purchases by foreign investors.

The figure was down by 7.3 per cent year on year (YoY), but up by 10.6 percentage points compared with the figure in the first four months of this year. Nine hundred and sixty two new projects received more than $5.26 billion, representing YoY increases of 27.8 per cent in value and 66.4 per cent in number, FIA said.

The processing and manufacturing sector was the largest recipient of FDI, with more than $6.64 billion, accounting for 61.2 per cent of the total pledges. One thousand two hundred and seventy eight transactions of capital contribution for share purchases were recorded during the period, with a combined value of nearly $3.32 billion—down by 5.6 per cent in number of transactions, but up by 67.2 per cent in value.

Four hundred and eighty five projects registered to adjust their investment with additional capital of nearly $2.28 billion—a drop of up to 59.4 per cent from the corresponding time last year. Among the 82 countries and territories investing in Vietnam during the period, Singapore led with over $2.53 billion, making up more than 23.3 per cent of the cumulative figure.

Japan and China ranked second and third with nearly $2.1 billion and $1.61 billion respectively. Other large investors included Taiwan, Hong Kong and South Korea.

Fifty out of the 63 cities and provinces received FDI. Hanoi received the most, ($1.87 billion), accounting for about 17.2 per cent of the sum, followed by the northern province of Bac Giang, and HCM City, Binh Duong and Dong Nai provinces in the south.

Source: fibre2fashion.com – May 30, 2023

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BTMA demands buying of domestic yarn by Bangladesh RMG manufacturers

The Bangladesh Textile Mills Association (BTMA) has urged woven and knit garment manufacturers to open back-to-back letters of credit (LCs) and buy yarn from the domestic market to reduce stockpiling of unsold yarn and save US dollars.

The government should raise the allocation from the Export Development Fund (EDF) from $20 million to $30 million to help manufacturers overcome the crisis resulting from unsold yarn, it demanded.

Addressing a press conference yesterday in Dhaka, BTMA president Mohammad Ali Khokon said the association had sent a letter to the National Board of Revenue (NBR) in April demanding necessary steps against selling illegally imported yarn, clothes and dress material in the market.

Bangladesh has a viable backward linkage industry in the primary textile sector and the mills are supplying the bulk of export-quality yarn and fabrics to the export-oriented garment sector, the letter mentioned.

“We have come to know that there has been a large trade of the illegally imported yarn and cloth in the major textile hubs, especially Narayanganj, Araihajar, Gausia, Madhabadi, Baburhat, Narsingdi, Tangail, Sirajganj, Belkuchi and Pabna,” the letter said.

The resulting liquidity crunch in the mills is quite evident due to a massive rise in stock of yarn and cloth manufactured in the domestic mills, Bangladesh media outlets reported. The government is also losing revenue because of this, while mills face cash crunch, the letter stated.

Global recession in the context of the Ukraine-Russia war, problems in importing raw materials due to the dollar crisis and reduced purchasing power of buyers, including not getting fair prices for finished yarns and fabrics, have aggravated the crisis.

Source: fibre2fashion.com – May 31, 2023

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Bangladesh: BGMEA, Cotton USA to collaborate on increasing mutual trade

A delegation from Cotton USA met with Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan today to discuss potential collaboration on creating trade opportunities that would be beneficial for both sides.

The team included William R. Bettendorf, Director, Supply Chain Marketing and South Asia; Stephanie Thiers-Ratcliffe, Director, European Brands and Retailers; and Ali Arsalan, Bangladesh Consultant, Cotton USA.

BGMEA Director Tanvir Ahmed was also present at the meeting held at BGMEA Complex today, said a press release.

Their discussion focused on how both organisations could work together to pave the way for more trade between Bangladesh and the USA, particularly in the apparel and cotton sectors.

BGMEA President Faruque Hassan said the lifting of the rule of mandatory fumigation of US cotton by Bangladesh has created a huge opportunity for both the USA and Bangladesh to enhance mutual trade.

"Now US cotton can be imported by Bangladeshi importers without fumigation. It will reduce the time, hassles, and cost of doing business for the importer when importing cotton from the USA," he said.

He said if the US government allowed duty-free access to the garments made of cotton imported from the US, it would allow the US importers to purchase more clothing from Bangladesh.

He sought the cooperation of Cotton USA in this matter.

He added that it would benefit both Bangladeshi RMG exporters and US cotton growers, thus creating a win-win situation.

Faruque Hassan informed the Cotton USA team about the BGMEA's initiative to organise the Bangladesh Apparel Summit in the USA in October 2023 and requested that they extend their support in organising the event by inviting US cotton exporters and apparel buyers to the summit.

Bangladesh is the second largest cotton-importing country in the world, as 98 per cent of the cotton required for its export-oriented RMG industry is met by imports.

The United States is the leading cotton exporter in the world.

Source: thefinancialexpress.com.bd– May 30, 2023

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Pakistan, Italy to cooperate in trade, higher education

Pakistan and Italy have signed a substantive roadmap for cooperation in diverse fields including trade and investments, heritage, culture, climate change, agriculture and higher education.

The document was signed as Minister for Climate Change Senator Sherry Rehman and Italian Deputy Minister for Foreign Affairs and International Cooperation Maria Tripodi, co-chaired the fifth session of 'Pakistan-Italy Joint Economic Commission' (JEC) at the Italian Ministry of Foreign Affairs in Rome on Monday.

Lauding the forthcoming establishment of the Italian Trade Agency office in Islamabad next week, both sides concurred to establish a joint framework for combating climate change and cooperation in water management.

Both sides appreciated the unprecedented bilateral trade of $2 billion in 2022, with Pakistani exports breaking the billion dollar barrier, and the near $1 billion home remittances from 300,000 Pakistanis residing across Italy, which is the largest expat community across the European Union.

A robust presence of Pakistani businessmen at the 'G2B Session' representing leather, textiles and footwear associations was matched by Italian counterparts from national chambers, trade and investment finance agency (SIMEST), Italian Trade Agency (ITA) as well as footwear, textiles, agricultural machinery and olive culture.

Welcoming finalisation of 'Agreement for Abolition of Visas for Diplomatic Passports', both sides reaffirmed commitment to fast-track negotiations to finalise framework for 'Migration & Labour Mobility' along with other under-consideration accords.

Source: dawn.com – May 31, 2023

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Pakistan: Exporters struggle with refund process

Towel Manufacturers Association of Pakistan (TMAP), Senior Vice Chairman, Syed Usman Ali voiced his distress regarding the implementation of the State Bank of Pakistan's FE Circular No 02 of 2023, which became effective on May 1, 2023.

"The exporter's amount, if realised even a single day late from the due date, the bank marks it as lien on the export proceeds. Interestingly, most banks are unaware of the further procedure to return these amounts to the exporters," he stated.

"A lien is a legal right to retain possession of someone else's property until a debt owed by that person is fully paid off. Banks mark the received amount from exporters as lien, allowing them to utilise it for future Letter of Credits (LCs)," explained textile sector analyst Nasheed Malik whilst speaking to The Express Tribune.

However, due to Pakistan's foreign exchange crunch, banks are currently hesitant to open LCs for imports.

In cases where proceeds from exporters are delayed beyond their maturity date, banks impose a lien and compensate the exporters at a lower offered price, while retaining the remaining margin. Importers then have to approach SBP adjudication for an appeal to recover the remaining amount.

"Unfortunately, no government official is ready to listen to the voice of exporters who are the backbone of Pakistan's economy," added Ali. The TMAP vice chairman further explained that the refund process, after the marked lien, takes four to five months. Once the delayed remittance is received, the bank places the lien as per SBP directions.

The bank sends details of these liens to the SBP on a weekly basis. The SBP's Foreign Exchange Adjudication Department (FEAD) then issues a show cause notice to the exporter, who must present their case and explanation in response.

He further expressed concerns that their members have reported lien markings on their amounts from May 2nd or 3rd, but they have not received any response from the SBP's FEAD even after 25 days. This unfavourable environment, coupled with billions of rupees of stuck-up refundable sales tax with the Federal Board of Revenue (FBR), is adding to the financial crunch faced by exporters.

The marking of liens on late realised amounts by AD (Banks) is creating another significant hurdle for exporters, particularly small and medium-sized enterprises (SMEs), causing financial constraints and delays in fulfilling orders.

“We should rely on our own resources rather than loans, and our survival is impossible without the growth of our exports,” emphasised Ali, highlighting the need for support from all institutions for the export sector’s growth.

The textile and clothing industry in Pakistan has faced a significant setback, with a decline of 14.22% amounting to $13.7 billion during the first ten months of the current fiscal year. This decline can be attributed to a notable decrease in production, driven by rising production costs, as per data released by the Pakistan Bureau of Statistics (PBS).

April’s export figures paint a grim picture, with a sharp and alarming decline of 29.11%. Exports dropped from $1.73 billion in the same month of the previous year to a mere $1.23 billion.

Source: tribune.com.pk– May 31, 2023

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NATIONAL NEWS

India's Q4 FY23 GDP data to be released today. Here's what to expect

The economic growth, as measured by Gross Domestic Products (GDP) may have grown between 6.8 to 7.1 per cent in FY23, according to estimates. The government will release Provisional Annual Estimates for FY23 and quarterly GDP estimates for the quarter January-March, 2023 (Q4 FY23) on Wednesday.

Estimates for Q4 FY23 have been in the range of 4.8 to 5.1 per cent. On February 28, the Statistics Ministry, in its second advance estimate, expected the real GDP growth rate at 7 percent as compared with that of 9.1 per cent in 2021-22.

It also gave the Q3 FY23 GDP growth number at 4.4 per cent. Based on the three quarter numbers, it was extrapolated that fourth quarter number is likely to grow 5.1 per cent.

On Tuesday, the Reserve Bank of India (RBI), in its annual report for FY23, said the Indian economy exhibited a robust resilience in FY23 amidst a global turmoil following the war in Ukraine, and recorded a growth of 7 per cent, the highest among major economies in the world.

"Sound macroeconomic fundamentals, a resilient financial system reflected in healthy balance sheets of banks and non-banking financial companies (NBFCs) and a de-leveraged corporate sector imparted resilience to counter the adverse global spillovers," the report said.

'Positive surprise'

Last week, RBI Governor Shaktikanta Das said the economic growth number for FY23 may hold a 'positive surprise'. Earlier, the RBI said that the GDP growth rate could be 7 per cent.

"All the high-frequency indicators maintained their momentum in the fourth quarter. Therefore, we should not be surprised if the growth is slightly more than 7 per cent for FY23," he had said.

Similar optimism has been expressed by a research report by State Bank of India, which said amidst this global hullabaloo, India is expected to continue its showdown in pursuing a different pathway of zeroing in on the growth drivers , looking for a renewed surge in resilient manufacturing while supporting services sector to embrace enhanced efficiency.

Locally, domestic consumption and investment stand to benefit from stronger prospects for agricultural and allied activities, strengthening business and consumer confidence and strong credit growth while supply responses and cost conditions are poised to improve as inflationary pressure is easing.

"SBI's Artificial Neural Network model, based on 30 high frequency indicators from key sectors and tuned/trained to project the GDP numbers, forecasts the quarterly GDP growth for the Q4FY23 at 5.5 per cent. At this rate, India's GDP growth for FY23 is likely at 7 per cent," the report said.

However, some other agencies are not so bullish. ICRAprojected the year-on-year (y-o-y) growth of the GDP in Q4 FY23 at 4.9 per cent, a modest step-up from the 4.4 per cent recorded in Q3 FY23. Similarly, according to a a research report by HDFC Bank, high frequency data suggests that economic activity held up in Q4 FY23.

Profit margins

"While slowdown in external demand weighed on domestic manufacturing sector GVA, the moderation in input costs and global commodity prices is likely to have been positive for profit margins. On the agriculture side, record wheat production bodes well for the sector's outlook. We estimate Q4 GDP growth at 4.9 per cent y-o-y compared with 4.4 per cent in Q3," the report said.

Source: thehindubusinessline.com– May 31, 2023

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Smt. Nirmala Sitharaman chairs 2nd meeting of Apex Monitoring Authority of National Industrial Corridor Development and Implementation Trust

Union Finance and Corporate Affairs Minister, Smt. Nirmala Sitharaman today chaired the 2nd meeting of the Apex Monitoring Authority constituted to review the activities of National Industrial Corridor Development and Implementation Trust (NICDIT). Union Minister of Commerce & Industry, Consumer Affairs, Food and Public Distribution & Textiles, Shri Piyush Goyal and Union Minister of Ports, Shipping and Waterways & Ministry of Ayush, Shri Sarbananda Sonowal also attended the meeting.

The Apex Monitoring Authority comprises of Finance Minister as Chairperson, Minister-in- charge, Ministry of Commerce & Industry, Minister of Railways, Minister of Road Transport & Highways, Minister of Shipping, Vice Chairman, NITI Aayog, and Chief Minister(s) of States concerned. Chief Ministers from four states, viz. Gujarat, Haryana, Uttarakhand, and Maharashtra; Ministers from 9 States viz. Bihar, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Kerala, Punjab, Jharkhand, Karnataka, and Rajasthan besides senior officials from all the states attended the meeting.

Smt. Nirmala Sitharaman at the very outset, thanked the State Chief Ministers and Ministers for their continued support and cooperation in the development of NICDIT projects and appreciated the efforts made by the NICDIT team in the successful implementation of its projects.

She emphasized upon the need to ensure continued coordination between the Central and the State Governments and said they should work collectively as ‘Team India.’ Union Finance Minister stated that “FIRE Corridors = F – Freight; I – Industrial; R – Railways; E – Expressways” will ignite industrialization & economic development in India.

The Finance Minister stated that the rapidity with which the infrastructure is being developed since 2014 needs to be maintained. She urged the State Governments and NICDIT to maintain the same momentum for realizing the vision of Prime Minister Shri Narendra Modi of a Developed India by 2047.

She urged all the States to tie up loose ends and move forward and resolve all pending issues through greater exchange and sharing of information to expedite the progress of works in the respective States.

Shri Piyush Goyal emphasized upon the financial viability of the projects. He urged the States for faster allotment of lands at reasonable rates. He stated that States should adopt innovative models and offer package deals etc. for faster investments. He said that electricity rates should be affordable and consistent as high rates of electricity are a deterrent to the industry.

Union Commerce and Industry Minister urged the State Governments to expedite acquisition of contiguous, litigation encumbrance free land and grant early environmental clearances for the NICDIT projects. He further stated that States should focus on expediting the finalization and execution of the Shareholders Agreements and State Support Agreements.

He directed NICDC to foreclose the projects where the State Government is not able to provide committed land in a time bound manner and to conceive projects in other states that are willing to offer land to expedite investments in their respective states.

He concluded by saying, India is making rapid strides towards Aatmnirbharta and continuous support from States will be the best contribution in this nation building process.

Shri Sarbananda Sonowal stated that the development of economic zones in and around ports may also be looked into. This was followed by a special address by Shri Suman K Bery, Vice Chairperson, NITI Aayog.

The meeting started with a brief overview of the National Industrial Corridor Programme by the Secretary, DPIIT & Chairman, NICDC, Shri Rajesh Kumar Singh who talked about the status of land allotment and investment mobilized till date in his welcome address.

Smt. Sumita Dawra, Special Secretary- Logistics, DPIIT and CEO & MD, NICDC presented action taken on the directions of the 1st meeting and further spoke about the recent developments in the industrial corridor projects and gave a brief overview about the projects which are in the pipeline. During the presentation, she highlighted the adoption of PM's GatiShakti National Master Plan in Industrial Corridor projects. Smt. Dawra also apprised that as per the directions of the Union Finance

Minister in the previous meeting, Round Table Conferences, Roadshows & meetings with international associations are being organised at different places with the support of States & SPVs.

Chief Ministers/Ministers of Industries/Senior Officials of the respective states spoke about the projects which are/or will be undertaken in their jurisdiction and the steps they are taking to ease the land allotment process and to give faster clearances. They assured that all possible support will be extended to the projects under NICDIT for early implementation on the ground.

The meeting proved to be a valuable platform for key stakeholders to discuss and exchange ideas on the progress, challenges, and future strategies related to the National Industrial Corridor Development Program. It presented an opportunity to align efforts, foster collaboration, and accelerate the development of industrial infrastructure across the country. Further steps to be taken into consideration for the advancement of the National Industrial Corridor Development Programme were the main points of discussion during the meeting of Apex Authority.

The National Industrial Corridor Development Program aims to establish a network of industrial corridors that will serve as engines of economic growth, promote industrialization, and create employment opportunities across India. The program focuses on developing world-class infrastructure, attracting investments, and fostering sustainable industrial development.

Source: pib.gov.in– May 30, 2023

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Seed industry sees tight supply of some branded Bt cotton hybrids this season

Amid expectations that cotton acreage in the upcoming kharif season is likely to exceed the previous year's tally, the Bt cottonseed market is witnessing tight supply of branded hybrids, mainly in the central and south zones, as seed production was impacted last year due to excess rains, vendors said.

The unseasonal rains in April and May this year have triggered early planting of cotton in key producing States of Gujarat and Maharashtra, while the planting in Northern states of Punjab, Haryana and Rajasthan is almost in the last stages.

"The movement of branded cotton hybrid seeds is going fast and the market feels there will be some tight supply situation in central and south zones," said M Ramasami, Chairman, Rasi Seeds. As a result, all the carry forward stocks will be exhausted this year, he added.

In Maharashtra, the government does not allow the sale of Bt cotton seeds before June 1. However, the sales have been taking place over the past few days, Ramasami said.

The area under cotton is higher this season at 130.49 lakh hectares (lh) and the yield has been projected at 439.34 kg/hectare compared with 445 kg/hectare last season

The Bt hybrid cotton market in the country is estimated to be around 4-4.5 crore packets of 450 grams each and the industry normally has a carry-forward stocks of 1-1.5 crore packets.

"This year the carry-forward stocks of Bt hybrids from last year were at a minimum and the seed production last year was impacted by the excess rains," Ramasami said.

Despite the recent fall in cotton prices triggered by the heavy market arrivals, seed players expect that the fibre crop would sustain the growers' interest as other competing crops such as maize and soyabean are witnessing a bearish trend.

“There was a good demand for maize last year around this time. Now that it is not there and the expectation that soya may also come down, cotton may be a preferred crop in areas of Maharashtra, bordering Madhya Pradesh,” he said.

Ram Kaundinya, Director General, Federation of Seed Industry of India (FSII), confirmed that there’s a tight supply situation in Bt cottonseeds.

“Cotton hybrids, especially popular products are in tight position because of increase in demand. Last year production suffered due to rains and other factors. Production has not come up to expectations.” he said. Kaundinya estimates cotton area could go up by about 8-10 per cent this year.

Cotton was planted in 130.49 lakh hectares in the kharif 2022 season, higher than the previous year’s 123.72 lakh hectares.

Satyendar Singh, CEO, Seed Business of Crystal Crop Protection Ltd said the sentiments for cotton were okay this year. “Last year there was a positive sentiment because of the price. This year it is not negative,” he said.

No negative sentiment

“Prices of competing crops have crashed significantly. Cotton still has decent returns compared to other crops. There is no negative sentiment, neither from the trade or farmers. Overall, the area may remain the same, if not increase.” he said. In Gujarat, the planting is earlier than last year, while people in parts of Maharashtra have started planting before June. “There is shortage of branded seeds. In particular, specific hybrids may see a shortage,” Singh said adding that it was difficult to assess the shortage.

Mithun Chand, ED, Kaveri Seed Company Ltd, expects cotton acreages to remain flat this year.

“I don’t see much of an increase in the acreages this year as compared to the previous year because the other crops are doing well,” Chand told a post-earnings conference call.

Source: thehindubusinessline.com- May 30, 2023

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Textile and garment units gear up to meet sustainability norms

International buyers sourcing garments and home textiles from India are asking for compliance to environmental, social and governance (ESG) framework. Textile and garment manufacturers in the clusters in Tamil Nadu are gearing up to meet these demands.

"Individual brands and buyers are asking for specific compliances such as use of recycled cotton, green production facilities, waste water recycling, etc. As of now, almost all brands want to have a segment of their products under the ESG compliance. Some buyers are willing to pay a premium for the garments that meet these targets, others are not. This is a process that started about two years ago and caught on in the last few months, especially for baby garments," says K.M. Subramanian, president of Tiruppur Exporters' Association.

At present, the larger garment manufacturers in Tiruppur are able to meet these demands. Those who do not have the necessary infrastructure will have to invest so that they get orders. "We expect about 20 % of the orders to be ESG compliant in the coming years," he said.

According to Siddhartha Rajagopal, Executive Director of Cotton Textiles Export Promotion Council (Texprocil), individual buyers are working with their suppliers for sustainability goals. Some countries have started linking these to their trade policies. The suppliers in India will incur higher costs to meet these demands. "They (buyers) may ask for specification of the compliance details on the labels. In two-three years, this will become a big movement," he said.

The Council has taken up a project for traceability of cotton and some textile mills have come on board, he added.

Chandrima Chatterjee, Secretary General, Confederation of Indian Textile Industry, said the Association is looking for tie-ups with international agencies at two levels - compliance/reporting the compliance and green funding. "As of now, compliance is largely voluntary. But, ESG reporting is expected to become mandatory by 2026," she said.

The Association is working on collaboration with international agencies so that its member units get expert guidance and are able to build capacities to meet the ESG norms. In collaboration with Innovation Centre Denmark, Confederation of Danish Industries India office, and the lifestyle and design cluster Denmark, the Association organised a workshop recently on sustainable sourcing and ESG.

“The Indian government has formed an ESG task force and is focusing on it. Industries will also need funds to build infrastructure and bring in technology to meet the ESG framework specifications. Green funding agencies will be able to support the industries,” she said.

Source: thehindu.com- May 30, 2023

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States' GST challenge

When GST was launched manufacturing States had expressed concerns about its adverse revenue implications.

The Centre then assured to protect States against any revenue loss during an initial period of five years post implementation of GST. The formula for compensating States factored a compounded growth rate of 14 per cent on the respective base line revenue of States in 2015-16.

There was a dip in revenues during the pandemic for some States which eventually increased the compensation due to them. Despite the Centre's constraints, it cleared the dues through borrowings subsequently. In February 2023, the Centre cleared provisional dues by disbursing about ₹16,982 crore to States.

Compensation cess has been extended till March 2026 to enable the Centre to recoup the amount disbursed to States through union exchequer. However, States will not get any share from the proceeds of the extended levy and are no longer have assured revenue protection.

States are constrained in raising revenue as decisions on tax rates are taken by the GST Council. Here are some revenue raising measures for States.

Revenue raising steps

States can formulate a tax analytics strategy and processes to gain insights from data collated with respect to revenue and establish deeper fact-based decision-making. Data analytics tools may be used to evaluate data collated from internal and external sources.

Information related to movement of goods can be reconciled with e-way bill reports and information received from road transport departments to detect red flags.

However, such reports should be used judiciously and intelligently. Reliance on such comparison should be limited as information disclosed as per GST laws and financial statements (ROC filings) or Income Tax filings, may not reconcile due to various reasons.

To tackle non-compliance, based on risk profiling and history of such taxpayers, it is important to curate policy measures for each category of taxpayer differently and take enforcement measures based on profile category of the taxpayer. Enforcement measures should be used for cases pertaining to circular trading or fraudulent invoicing.

Widening tax base

States may assess the service industry and the various activities within its fold in their respective states. This need arises on account of widening of taxpayer base of states as they have right to levy GST on services also for the first time.

In contrast to goods where typically, taxation is linked to movement of such goods, services are taxed as per specific rules. The valuation mechanism for different services is also quite elaborate. Capacity building initiatives may be taken up in this regard.

GST audits are being conducted for the first time by field officers. Sensitising field formations on ways to increase positive engagement with taxpayers, trade facilitation kiosks and drives to create awareness about laws and procedures will also lead to widening of taxpayer base and increased compliance. This would lead to positive engagement with taxpayers and build confidence amongst businesses.

States such as Rajasthan, Karnataka and Delhi have set up dedicated units/task forces with the aim to augment revenues. It is essential for States to foster the image of a business-friendly tax administration and ensure ease of doing business.

States should work in tandem with other States in the spirit of co-operative federalism, wherein each State seeks to tax consumption in their respective States only in accordance with the GST laws and avoid attempts to draw a territorial nexus with every transaction even though tax may have been paid in another State. This would go a long way in boosting taxpayer sentiments, increase compliance and thereby augment revenue for the states.

Source: thehindubusinessline.com- May 30, 2023

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Technical textiles: $40-bn target for 2024 to be missed

India's target to raise the turnover of the domestic technical textiles sector to $40 billion by 2024 is set to be missed a wide margin, due to a variety of reasons including insufficient R&D and innovation.

The sector clocked a good annual growth of 8-12% in recent years, but it was still worth only $21.95 billion in FY22.

According to Ashwin Thakkar, vice-president, Textile Association of India, the country lags behind in the manufacturing of high-performance fibres, which are used in almost all the sectors of manufacturing, including healthcare. "India meets most of its high-performance fibre demands through imports. Vietnam, South Korea and Taiwan are doing better than us," he said.

PP Raichurkar, director, MANTRA, a Surat-based independent textile research body, said, "The ongoing research in technical textiles is going to play a crucial part for the future of the textile industry. In the coming times, the demand for medical, biodegradable, industrial, sports, healthcare, automobile and housing textiles will dominate the textile industry."

The technical textile industry is largely associated with manufacture of specialised textiles and apparels produced through technological modification of natural and man-made fibres. The industry produces fabric with higher tenacity, excellent insulation and improved thermal resistance. These new generation fabrics including nomex, kevlar, spandex, etc are used extensively in the healthcare, automobile, industries, housing and security industries.

According to a recent report by the textile ministry, the global technical textile market, in 2020, was valued at $260 billion and is expected to cross $300 billion by 2025. The driving factors for the industry will be new application areas like innovative R&D, climate change, useful physical properties of technical textiles and the shift from natural to manmade fibers.

The ministry further noted that though India ranks among the most important textile players globally, it is still a small segment with 10-12% share in the overall textiles & clothing industry. In many developed countries, technical textile constitutes anywhere between 30-70% of total production.

Export of technical textiles stood at $2.85 billion in FY22, up 28.4% on year, while imports came in at $2.46 billion, up 44% on year, reflecting a growing reliance on imports to meet domestic demand.

Packtech (41%), indutech (11%), mobiltech (10%), buildtech and hometech (10%) contribute more than two-thirds of the Indian technical textile sector, according to the ministry report.

Commenting on the future prospects of the sector, Thakkar said, “Nano fibre, filtration fabric and carbon nanotube are the emerging areas in the sector. Recently, tech giant Google and textile brand Levi’s have created a jacket using high-performance fibre which can be used for health-monitoring purposes. Nowadays, a specific part of hernia transplantation is being made with the use of technical textile. This is the indication that technical textile has a very bright future ahead.”

The National Technical Textile Mission plans to invest `1,480 crore for the growth of the industry, of which `1,000 crore will be spent on research on development.

Welspun group, SRF, Garware Technical Fibers and Arvind are the leading players in Indian technical textile industry. Pertinently, hometech and packtech are the two segments of technical textile where the production is more than the consumption in domestic markets.

Arvind Group’s advanced materials branch states that “technical textile is going to be the important catalyst in solving the growth and development ambitions of the country and the group endeavors to branch out into other areas of materials which use textile as backbone”. Similarly, the Welspun website states that the company caters to consumer demands through innovation and technology, and aims to achieve inclusive and sustainable growth in this niche sector.

Source: financialexpress.com - May 31, 2023

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New textile industry: Govt aims to attract Rs 25,000-cr financing

The Maharashtra cabinet on Tuesday approved the new textile industry policy — which officials said was aimed at attracting investment of Rs 25,000 crore in the sector in the near future — in a bid to boost investment in the state's cotton production industry.

According to the policy, there will be an increase in the cotton processing capacity in the state from 30-80 per cent in the next five years, and will likely attract investment of Rs 25,000 crore and generate employment up to 5 lakh.

Officials said that the Textile Commissionerate and the Silk Directorate will be merged to form the Textile and Silk Commissionerate, and the office at the regional level will be known as the Regional Deputy Commissioner – Textile and Silk.

The authorities aim to establish six technical textile parks across the state under the policy, said officials, adding that the Maharashtra Technical Textiles Mission will also be undertaken to ensure "aggressive growth" of the sector. The Technical Textiles sector is undergoing a paradigm shift in technology, leading to faster and more efficient systems. To promote research and development in these emerging technologies, a fund of Rs 50 crore will be earmarked every year, they added.

The Maharashtra State Textile Development Corporation (MSTDC) — a statutory corporation — will be created through a functional merger of the existing three corporations to develop a sustainable and fertile environment for the growth of the state's textile industry.

The state will also implement an integrated plan for the development of the silk industry. To promote the sector, the government is set to prepare a scheme with detailed guidelines to provide one free saree to every family below the poverty line every year, it added.

Source: indianexpress.com - May 31, 2023

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