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IBTEX No. 104 of 2023 — June 08, 2023

Currency Watch			
USD	EUR	GBP	JPY
82.57	88.43	102.76	0.59

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INTERNATIONAL NEWS

China's instability shaking global luxury markets

Although the greatest glory lies in never falling, but in rising every time we fall, it seems that China's chips are finally down with slow economic recovery and deflation fears that has driven down stock prices and yuan value in the apparel segment to their lowest levels post-Covid. For the luxury apparel industry to maintain strong growth in given scenario, China has to quickly get its act together. However, even though the market is recovering, growth needs to be cautious.

Over lingering Covid lockdowns in China which deflated the economy, the US markets had taken over the luxury segment with Gucci sneakers, Rolex watches and Louis Vuitton handbags in the shopping bags of affluent shoppers. However, with post-Covid buying sprees almost over and recession setting in, the US markets are also slowing down and all eyes are back on China.

US sales of luxury brands slow down

When China finally reopened post lockdown, long after the rest of the world was back to normal, many European luxury goods groups, including LVMH Moet Hennessy Louis Vuitton SE, Kering SA, Hermes International, and Cie Financiere Richemont reported better than usual sales in their physical stores. Even a few months ago, Chinese shares were among the best-performing globally as investors from all industries bet on China's economic recovery after the lifting of the pandemic restrictions after the new Covid wave in 2022.

However, recent economic data out of China looks unreliable as manufacturing and production output is even slower than in April, while services expansion eased. China is still a big question mark for the global luxury apparel segment as although there has been a rebound in Q4. In 2022, when lockdowns were finally lifted, recovery was slower than expected with a lot of psychological denting.

A Washington Post report highlighted even well-heeled Chinese customers who usually buy luxury goods are being cautious and President Xi Jingping's agenda to increase the common prosperity levels in the country has taken a backlash. Along with the global recession, another emerging Covid wave may just happen and although the Chinese government may not reintroduce restrictions and lockdowns of last year, luxury apparel sales will definitely be affected. Across South East Asia, there is cautious growth in all the major cities of Hainan, Macau, Hong Kong and Singapore where malls and premium shopping centers are recording slower growth.

However, there is still some post-Covid splurging demand among richer global consumers who are significant drivers of spending on premium products. Some top-of-mind luxury brands with big budgets such as LVMH, Hermes and Richemont are still doing reasonably well while profits of Kering, are looking more unpredictable. UK-based Burberry Group that accounts for about 30 per cent of sales from affluent Chinese and US shoppers now looks shaken and unpredictable.

Sarah Willersdorf, Global Head of Luxury, Boston Consulting Group points out, China was the big unknown for growth next year as it is seeing a strong recovery across most categories in the country. As China continues to open up, tourist traffic flows will be different. One needs to be able to serve a Chinese customer well in Australia, versus in US cities.

Luxury sales from the Chinese community are expected to remain strong for now, as Chinese tourism to Europe and the Western world has commenced again from this year and into 2024 increasing global sales of luxury apparel. As per Morgan Stanley by April this year, travel from China was back to 47 per cent of 2019 levels but flight shortages and European visa issues are a bug bear. Domestic demand may now be unreliable but there is hope that China will be back on its feet soon.

Source: fashionatingworld.com – June 07, 2023

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China & India supply 65% of Sri Lanka's Q1 2023 fabric imports

Sri Lanka imported $449.9 million worth of fabric during the first quarter of the current year, with China and India being the top suppliers, contributing a combined 65 per cent. Specifically, imports from China totalled $166.195 million, representing 36.94 per cent of the total, while imports from India amounted to $126.799 million, accounting for 28.18 per cent.

Among the top five sourcing countries, Taiwan's imports were $32.565 million (7.25 per cent), Pakistan's were $26.259 million (5.84 per cent), and Italy's were $24.427 million (5.43 per cent), according to Fibre2Fashion's market insight tool TexPro.

In the first quarter of 2023, Sri Lanka imported 60.375 million kg of fabric, valued at $449.9 million. This is a decrease from the $488.922 million (61.893 million kg) imported in Q4 of 2022, and significantly less than the $661.787 million (74.194 million kg) imported in the same quarter of the previous year. The country imported fabric worth $535.457 million (52.043 million kg) in Q3 and $606.465 million (57.670 million kg) in Q2, 2022.

Over the past year, the total value of fabric imports was $2,292.708 million (245.802 million kg). According to TexPro, the previous years saw imports valued at $2,263.534 million (258.878 million kg) in 2021, $1,758.769 million (210.193 million kg) in 2020, $2,239.207 million (256.028 million kg) in 2019, and $2,195.201 million (246.761 million kg) in 2018.

Source: fibre2fashion.com – June 08, 2023

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Japan's Textile & Apparel Imports-Mixed Picture with Concerns

The latest data on Japan's textile and apparel imports reveal a mixed picture in April. While there was a modest year-on-year increase of 1.7%, a significant month-on-month decline of 13.7% raises some concerns.

Among imports, China remains a dominant player, supplying 108kt of textiles and apparel to Japan. This represents a notable year-on-year growth of 10.5%, emphasizing the ongoing reliance on Chinese imports.

However, the month-on-month drop of 14.3% suggests potential fluctuations in the market. In terms of import value, Japan's overall import value reached 338.68 billion yen, with clothing accounting for a substantial portion at 240.25 billion yen, indicating robust consumer demand.

While the figures indicate stability and growth in certain areas, the declining trend from the previous month warrants further analysis.

Source: fashionatingworld.com – June 07, 2023

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Online UK, US, French buyers worried over fashion's environment impact

Online consumers in the United Kingdom, the United States and France have taken to social media to express concern over the entire fashion industry's impact on the environment, from textile waste to pollution and carbon dioxide emissions, a recent report by the artificial intelligence-enabled consumer intelligence platform Ipsos Synthesio revealed.

Ipsos Group—the parent organisation of Synthesio Inc—is a multinational market research and consulting firm headquartered in Paris.

Online conversations about fast fashion have increased by 52 per cent between 2020 and 2022, and negative sentiment related to the topic has steadily risen, it found.

Cheap, trendy clothing is under the microscope in social media conversations, not only because of its impact on the environment, but because of fast fashion brands' treatment of workers, it said.

Sustainable brands, alternatives and shopping behaviours are top of mind for social media users. Between 2020 and 2022, sustainable fashion comprised 37.6 per cent of fashion-related conversations in the three countries, while upcycling contributed 16.9 per cent.

In 2022 alone, the volume of sustainable fashion mentions increased by an average of 13 per cent, with the greatest increase in the United Kingdom (16 per cent).

Textiles 2030 is a voluntary initiative led by Worldwide Responsible Accredited production (WRAP), which seeks to engage UK fashion and textile organisations in joint climate action.

So far 17 businesses, making up more than half of UK clothing and textile sales, have signed the agreement, committing themselves to reduce their carbon impact by 50 per cent and water impact by 30 per cent.

The initiative also provides a 'Roadmap to 2030' which guides signatories on how they can achieve these ambitious targets.

While the initiative does not yet include targets around textile waste, it aims to develop a target around reducing the amount of virgin textiles use by 2025.

Signatories to the agreement include the UK Department for Environment, Food and Rural Affairs (DEFRA), as well as a number of brands and retailers and reuse and recycling organisations.

Within the retail sector, these commitments are turning into action. For example, the number of in-store and online clothing and textile take back schemes, as well as bring banks, have increased since 2019, a press release by Ipsos said.

These actions support the move towards a more circular economy by helping to extend the useful life of textile products and increase reuse and recycling. However, there are currently some limitations to such schemes implemented by retailers.

First, uptake of retailer takeback schemes by the public is low, with only 2 per cent of people choosing this method to donate their unwanted clothing.

Additionally, in a consumer survey by WRAP, 15 per cent of respondents who had disposed of an item via a retailer take-back scheme in their last big clear out stated that they always bought new clothing at the time of dropping off their unwanted clothing items, and a further 20 per cent stated that they often did so.

This suggests that such schemes may inadvertently encourage further textile consumption, the press release added.

A while ago, WRAP released a report on textile policy options accompanied by a cost-benefit analysis, providing detailed insights into measures that can be taken towards a more sustainable future.

The report emphasises the need to shift towards a circular economy, where materials are kept in use for longer, products are refurbished, and waste is minimised.

Source: fibre2fashion.com – June 07, 2023

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Philippines sees 4th month of slowing inflation, May 2023 rate at 6.1%

In May 2023, the Philippines recorded a further slowdown in headline inflation to 6.1 per cent, down from 6.6 per cent in April 2023, according to a recent report by the Philippine Statistics Authority (PSA). This marks the fourth consecutive month that the country has witnessed a deceleration in headline inflation.

Despite the decline, the inflation rate from a year ago in May 2022 was lower, clocking in at 5.4 per cent. The year-to-date average inflation rate, which is calculated from January to May 2023, currently stands at 7.5 per cent.

In addition, the indices of clothing and footwear maintained their previous month's annual growth rate at 5.1 per cent, as per the PSA.

Core inflation, which strips out selected food and energy items from the headline inflation, also decreased, down to 7.7 per cent in May 2023 from 7.9 per cent in April 2023. The five-month average core inflation rate from January to May 2023 is recorded at 7.8 per cent. In comparison, core inflation was considerably lower at 2.8 per cent in May 2022.

The National Capital Region (NCR) mirrored this national trend with its inflation rate further slowing to 6.5 per cent in May 2023 from 7.1 per cent in April 2023. The inflation rate in May 2022 was lower at 4.7 per cent. Specific sectors such as clothing and footwear saw a decrease in inflation, from 3.1 per cent to 2.9 per cent.

In the areas outside the National Capital Region (AONCR), the inflation rate also decelerated, falling to 6 per cent in May 2023 from 6.5 per cent in April 2023. A year ago, in May 2022, the inflation rate in these regions was marginally lower at 5.5 per cent. An exception to the general trend was noted in the clothing and footwear sector, which saw an increase in inflation from 5.5 per cent to 5.6 per cent.

Source: fibre2fashion.com – June 08, 2023

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Inflation in Netherlands hits 6.1% in May 2023

Statistics Netherlands (CBS) reports that consumer goods and services in the Netherlands were 6.1 per cent more expensive in May than in the same month last year. In April, the inflation rate stood at 5.2 per cent. Excluding energy and motor fuels, inflation would have been 7.9 per cent, up from 7.8 per cent in April, as per data released by Statistics Netherlands (CBS).

Clothing and footwear were 0.64 per cent more expensive in May this year compared to May 2022.

The price development of energy (electricity, gas and district heating) had an upward effect on the inflation rate. Although energy was 24.9 per cent cheaper in May than in the same month last year, in April the year-on-year price decrease was 32.2 per cent.

The price development of motor fuels had a downward effect on the development of inflation. Motor fuels were 18.3 per cent cheaper in May than twelve months previously; in April, this was 12.7 per cent.

Consumer prices rose by 0.2 per cent in May 2023 relative to April. The price level during the past twelve months was the highest in October 2022. After that, the trend was downward until February 2023. Prices have increased for four months in a row since then.

According to the European Harmonised Index of Consumer Prices (HICP), consumer goods and services in the Netherlands were 6.8 per cent more expensive in May than in the same month last year, up from 5.8 per cent in April. Inflation in the euro area fell from 7.0 per cent in April to 6.1 per cent in May.

Source: fibre2fashion.com – June 07, 2023

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Vietnam's garment-textiles sector sees 70,000 job cuts in Jan-May 2023

Workers in Vietnam's garment and textile sector suffered the most from a series of job cuts in the first five months this year, with 70,000 workers losing their jobs and 66,600 ending up with reduced working hours, according to a report by the ministry of labour, invalids and social affairs (MoLISA).

The total number of employees in the country affected by job cuts during the duration was nearly 510,000, of which 280,000 were laid off.

Vietnam Textile and Apparel Association (VITAS) president Vu Duc Giang attributed the mass lay-offs to a lack of orders. While many companies have large inventory that is not worthy of export, new orders are unavailable, he said.

Since the beginning of the third quarter of 2022 till now, a significant number of businesses in the industry have observed a precipitous decline in orders, Giang was quoted as saying by a Vietnamese media report.

As textile companies make every effort to reduce production costs to retain workforce, Giang is concerned that cheap labour will no longer be a competitive advantage for Vietnam's garment and textile producers.

During the first quarter this year, the majority of businesses saw a reduction in orders between 30 and 40 per cent as a result of high inflation in import markets, prompting consumers to begin saving money and reduce consumption of superfluous products, VITAS reported.

In the meantime, rising energy prices have driven up production costs, adding to the challenges already being faced by businesses.

Source: fibre2fashion.com – June 07, 2023

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Pre-LDC graduation Cambodia should chase FTAs, trade reforms: ADB blog

Cambodia should pursue new free trade agreements (FTAs) and act promptly to accelerate trade reforms to deal with challenges that may arise when it graduates from the least developed country (LDC) status in 2027, a blog on the Asian Development Bank (ADB) site suggested.

Cambodia met the graduation criteria for the first time in 2021. Graduation means the loss of trade benefits enjoyed by LDCs, including duty-free status and favorable 'rules of origin'.

Cambodia is one of the few LDCs that has dramatically increased its exports to the European Union (EU) through preferential treatment and lenient rules of origin, allowing its products to enter Europe duty-free.

If not carefully managed, the loss of these preferences may hurt Cambodia's export performance, the blog by economic consultant Gerald Pascua; Pramila Crivelli, economist with ADB's economic research and regional cooperation department; and Stefano Inama, chief of technical assistance at the UN Conference on Trade and Development (UNCTAD), noted.

Cambodia must work to ensure that alternative market access is available after graduation and further improve its competitiveness, the authors said.

An FTA with the EU would avoid falling back on the Generalised Scheme of Preferences by 2031, while expanding 'extended cumulation' would facilitate compliance with rules of origin, they wrote.

As maintaining market access in Japan is also critical, consultations for an FTA with business-friendly rules of origin should start as soon as possible, they said.

At the regional level, discussions within the Regional Comprehensive Economic Partnership (RCEP) Secretariat, RCEP Joint Committee, ASEAN, and ASEAN+1 dialogue partners should focus on deepening RCEP tariff cuts, clarifying the functioning of RCEP tariff differentials, and achieving convergence on product-specific rules of origin in Asia and the Pacific, they said.

Cambodia should also use the 'specific trade concerns' mechanism of the World Trade Organisation to raise critical sanitary and phytosanitary measures imposed by its trading partners on agricultural exports, they said.

The country may consider entering digital economy agreements and negotiating FTAs with enabling provisions on e-commerce and digital trade to increase its digital trade participation further, they added.

Nevertheless, the lack of digital skills and affordability, which inhibit using digital tools and platforms, remain major obstacles limiting Cambodia's digital trade prospects, the authors noted.

Source: fibre2fashion.com– June 08, 2023

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Bangladesh RMG units must align items with global sourcing trends: PwC

Bangladesh's readymade garment (RMG) manufacturers need to align their product basket with global sourcing trends and may like to move towards more value-added products to reap more profits and get more competitive, a recent report by PricewaterhouseCoopers (PwC) Bangladesh said.

Customised strategies must be followed for each product-market combination to further penetrate existing markets, enter relevant new markets and diversify products, the report titled 'What's next for the RMG sector in Bangladesh?' noted.

Efficient functioning of businesses needs to be backed by industrial infrastructure and logistics to reduce cost of operations, make operations environment-friendly and safe, and reduce the response time and overall business risks, the report said.

Quality utilities need to be sufficiently available at competitive prices, it said.

Geopolitical tension between major markets and manufacturing countries, cotton price fluctuations, global geopolitical conflicts and the COVID-19 pandemic have changed the overall trade dynamics of the global textile and RMG industries, which have been experiencing a series of disruptions in the last five years, the report noted.

For such business in the country to survive and make profits, transformation is required at both the company and country levels, it said.

These labour-intensive industries need continuous skilling, re-skilling and up-skilling of human resources, adoption of new technologies, development of new products, improving process efficiencies and enabling innovation, said the PwC report.

Some of the new technologies that the report suggested could be adopted include business intelligence tools, 3D design, automation, barcodes, RFID, blockchain, laser technology and nano-bubble technology.

The industry also needs to focus on circular economy, sustainable product designing, green chemistry, net zero commitments, measurement and control of emissions and baselining the scope of emissions, living wages, and clearly defined career progression paths for the workforce, the report said.

The industry also must ensure continuous supply of good quality power at competitive prices, improved efficiency in port, road transport, custom clearance processes with lesser human intervention, improved occupancy of industrial zones and strengthening of textile manufacturing capacity, especially that of finished woven fabric, it added.

Source: fibre2fashion.com– June 06, 2023

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NATIONAL NEWS

Union Cabinet approves Minimum Support Prices (MSP) for Kharif Crops for Marketing Season 2023-24

The Cabinet Committee on Economic Affairs (CCEA) chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSP) for all mandated Kharif Crops for Marketing Season 2023-24.

Government has increased the MSP of Kharif Crops for Marketing Season 2023-24, to ensure remunerative prices to the growers for their produce and to encourage crop diversification, as provided in the table below:

Minimum Support Prices for Kharif Marketing Season (KMS) 2023-24 ((Rs. per quintal))

Crops	MSP 2014-15	MSP 2022-23	MSP 2023-24	Cost* KMS 2023-24	Increase in MSP over 2022-23	Margin over cost in per cent
Paddy -Common	1360	2040	**2183**	1455	143	50
Paddy-Grade A^	1400	2060	**2203**	-	143	-
Jowar-Hybrid	1530	2970	**3180**	2120	210	50
Jowar- Maldandi^	1550	2990	**3225**	-	235	-
Bajra	1250	2350	**2500**	1371	150	82
Ragi	1550	3578	**3846**	2564	268	50
Maize	1310	1962	**2090**	1394	128	50
Tur /Arhar	4350	6600	**7000**	4444	400	58
Moong	4600	7755	**8558**	5705	803	50
Urad	4350	6600	**6950**	4592	350	51
Groundnut	4000	5850	**6377**	4251	527	50
Sunflower Seed	3750	6400	**6760**	4505	360	50
Soybean (Yellow)	2560	4300	**4600**	3029	300	52
Sesamum	4600	7830	**8635**	5755	805	50
Nigerseed	3600	7287	**7734**	5156	447	50
Cotton (Medium Staple)	3750	6080	**6620**	4411	540	50
Cotton (Long Staple) ^	4050	6380	**7020**	-	640	-

*Refers to cost which includes all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred on use of material inputs like seeds, fertilizers, manures, irrigation charges, depreciation on implements and farm buildings, interest on working capital, diesel/electricity for operation of pump sets etc., miscellaneous expenses and imputed value of family labour.

^ Cost data are not separately compiled for Paddy (Grade A), Jowar (Maldandi) and Cotton (Long staple)

The increase in MSP for Kharif Crops for Marketing Season 2023-24 is in line with the Union Budget 2018-19 announcement of fixing the MSP at a level of at least 1.5 times of the All-India weighted average Cost of Production, aiming at reasonably fair remuneration for the farmers. The expected margin to farmers over their cost of production are estimated to be highest in case of bajra (82%) followed by tur (58%), soybean (52%) and urad (51%). For rest of the crops, margin to farmers over their cost of production is estimated to be at least 50%.

In the recent years, Government has been promoting the cultivation of crops, other than cereals such as pulses, oilseeds, and Nutri-cereals/ Shree Anna, by offering a higher MSP for these crops. Additionally, government has also launched various schemes and initiatives, such as the Rashtriya Krishi Vikas Yojana (RKVY), the National Food Security Mission (NFSM), to encourage farmers to diversify their crops.

As per Third Advance Estimates for 2022-23, total Foodgrain production in the country is estimated at record 330.5 million tonnes which is higher by14.9 million tonnes as compared to the previous year 2021-22. This is the highest increase in the last 5 year.

Source: pib.gov.in– June 07, 2023

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India, US to form monitoring group to review tech trade cooperation

India and the US have decided to set up a regular monitoring group which will review progress in deepening cooperation in the bilateral high-tech trade and technology partnership between the two nations.

This was decided during the inaugural meeting of India-US Strategic Trade Dialogue (IUSSTD), which was held in Washington D.C. on Tuesday. The Indian delegation was led by Foreign Secretary Vinay Mohan Kwatra, while the US delegation was co-led by Alan Estevez, the Under Secretary for Industry and Security, and Victoria Nuland, the Under Secretary of State for Political Affairs.

The dialogue is a key mechanism to take forward the strategic technology and trade collaborations envisaged under the India-US initiative on Critical and Emerging Technologies (iCET). IUSSTD focussed on ways in which both governments can facilitate the development and trade of technologies in critical domains such as semiconductors, space, telecom, quantum, Artificial Intelligence, defence, bio-tech and others.

Both sides reviewed the relevant bilateral export control regulations with the objective of building and diversifying resilient supply chains for these strategic technologies. They reviewed ongoing cooperation in multilateral export control regimes and agreed to share best practices.

The two sides agreed to enhance awareness among the industry, academia and other stakeholders about the export control regimes through workshops and other activities.

They acknowledged that the dialogue would be instrumental to enabling co-production, co-development and enhanced industrial collaborations in critical technologies.

The co-chairs agreed to continue the dialogue with the objective of strengthening the India-US comprehensive global strategic partnership.

Source: business-standard.com– June 07, 2023

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Indian farmers to earn more as govt raises cotton MSP by 10 per cent

The Indian government has announced an increase in the minimum support price (MSP) for unginned cotton (Kapas), potentially boosting earnings for Indian farmers. The decision, made by the Cabinet Committee on Economic Affairs (CCEA) chaired by Prime Minister Narendra Modi, entails a raise of up to 10 per cent for the forthcoming Kharif Marketing Season of 2023-24, which commences from October 1, 2023.

The MSP has been hiked by 8.9 per cent to ₹6,620 per quintal ($80.24/100 kg) for medium staple cotton. The MSP for long staple fibre has been increased by 10 per cent to ₹7,020 per quintal ($85.09/100 kg), the ministry of agriculture and farmers welfare said in a press release.

The market dynamics could also be a contributing factor to this increase. High cotton prices in the open market during the current season have meant that the Cotton Corporation of India (CCI), the government's cotton procurement company, has not been able to buy the natural fibre in significant quantities. At present, the cost of unginned cotton ranges between ₹7,200-7,500 per quintal.

With the new, higher MSP, the CCI is expected to procure more cotton in the next season, provided market prices ease with the arrival of new stock and align with the increased MSP.

Source: fibre2fashion.com – June 07, 2023

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PM Mitra mega textile park to come up in Lucknow

The Yogi Adityanath government will set up a PM Mitra Mega Textile Park on 1,000 acres in Malihabad tehsil in Lucknow.

The project will bring investment of Rs 10,000 crore and employment to around one lakh youth.

According to the state government spokesman, the project will come up in Attari village, in Malihabad tehsil, on the outskirts of the state capital.

Attari village has been selected keeping in view the connectivity of park with the rest of the city. The park will have industrial plots and industrial sheds.

The project site is located 20 km away from NH-20 and SH-20, both of which are four-lane roads connecting Lucknow to Sitapur and Hardoi, respectively.

The park will be developed on a public-private partnership (PPP) model. Under this plan, infrastructure worth Rs 500 crore will be constructed.

A provision of Rs 300 crore has been made for manufacturing units based on a first-come, first-served basis.

Common infrastructure at the park includes road network, 24/7 power supply, water supply, warehouses, zero liquid discharge effluent treatment plant, training and skill development facilities, administrative building with product display facility and exhibition centre with testing laboratory.

Other highlights of the park will be workers' hostels, housing zones, medical facilities, commercial and recreational facilities, open spaces and parks and security arrangements.

Source: canindia.com – June 07, 2023

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Monetary Policy Committee continues status quo on repo rate at 6.5%

The six-member Monetary Policy Committee (MPC) on Thursday voted unanimously to keep the policy repo rate unchanged at 6.50 per cent in the backdrop of retail inflation for April 2023 easing to a 19-month low and FY23 GDP growth accelerating more than the earlier estimates.

The MPC also decided by a majority of five out of six members "to remain focussed on withdrawal of accommodation" stance.

This is the second time in as many meetings that the MPC preferred a status quo on the policy repo rate. The policy repo rate is the interest rate that banks pay RBI for drawing funds to overcome short-term liquidity mismatches.

Since May 2022, when the tightening cycle began, the repo rate has cumulatively been raised by 250 basis points, from 4 per cent to 6.50 per cent.

Governor Shaktikanta Das had characterized the last monetary policy decision as being "a pause, not a pivot".

CPI (consumer price index) inflation in April 2023 at 4.7 per cent was at an 18-month low. This is the second consecutive month that CPI remained within MPC's upper tolerance level of 6 per cent. India's economy grew by 7.2 per cent in FY23 as against the NSO's earlier estimate of 7 per cent.

Source: thehindubusinessline.com– June 07, 2023

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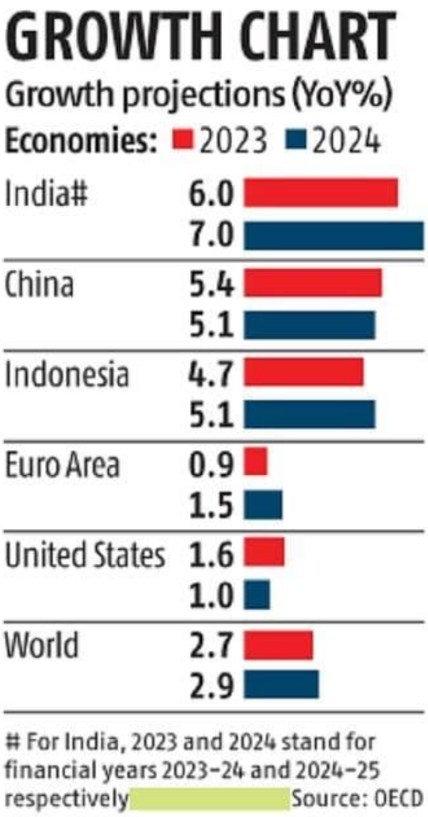
OECD marginally raises India's GDP growth forecast to 6% for FY24

The Organization for Economic Co-operation and Development (OECD) has marginally raised its 2023-24 (FY24) growth forecast for India to 6 per cent, from 5.9 per cent estimated earlier, while maintaining that "weak global demand and the effect of monetary policy tightening will constrain" growth in the world's fifth-largest economy in the current fiscal year.



"Moderating inflation and monetary policy easing in the second half of 2024 will help discretionary household spending regain momentum. This, along with improved global conditions, will help economic activity to accelerate, with the growth of 7 per cent in real gross domestic product (GDP) in 2024-25," the grouping of advanced economies said in its latest Economic Outlook.

Global GDP growth in 2023 is projected to be 2.7 per cent, the lowest annual rate since the global financial crisis, except for the 2020 pandemic period.

OECD said 2022-23 (FY23) ended on a positive note for India with 7.2 per cent growth, due to higher-than-expected agriculture output and strong government spending.

"However, high inflation, in particular for energy and food, and the ensuing monetary tightening to anchor expectations are weighing on purchasing power and household consumption, particularly in urban areas. Tighter financial market conditions are reflected in weakening credit-supported demand for capital goods, a good proxy for business investment," it said.

The grouping of rich nations said most risks to its growth projections for India are tilted towards the downside.

"While banks' solvency ratios and financial results have improved and the authorities have enhanced loan-loss provisioning and established a 'bad bank', any deterioration of banks' asset quality could threaten macro-financial stability," it cautioned.

"In the run-up to the 2024 elections, fiscal consolidation may be delayed, and the conclusion of trade agreements may become more difficult. A potentially below-normal monsoon season could also impact growth. Declining geopolitical uncertainty, on the other hand, would boost confidence and benefit all sectors, as would a faster-than-expected conclusion of free-trade agreements with key partners and the incorporation therein of services," it said.

OECD said despite an impressive growth and development record, daunting challenges remain for India.

"Creating good jobs is the most promising pathway to reduce poverty, which is particularly high in the female population. Increasing investment in education and vocational training, and updating labour laws, would help to achieve this objective. India is particularly vulnerable to extreme heatwaves and must make progress in mobilising resources for investment in the green economy," it said.

"Low labour productivity is affecting the competitiveness of 'Made in India' goods and participation in global value chains. Employment and wage estimates suggest improving labour market conditions in rural areas, while export-oriented service firms report increasing difficulties filling vacancies," it added.

OECD said India's macroeconomic policies remain restrictive.

"During the projection period, the priority for fiscal policy is to control government debt, to keep it at sustainable levels, reduce interest payments, and thereby free resources for public investment in physical and human capital and initiatives to adapt to population ageing.

The next 25 years until the 2047 centenary of Independence will be crucial for India to fight poverty and the government strategy (so-called Amrit Kaal) will require a large increase in capital investment outlays," it added.

The World Bank on Tuesday said India would remain the fastest-growing economy in terms of both aggregate and per capita GDP among the largest emerging market and developing economies while retaining its growth forecast for Asia's third-largest economy at 6.3 per cent for FY24.

The robust FY23 GDP data and encouraging signs of high-frequency indicators led to a spate of upward revisions in FY24 GDP growth forecasts by analysts. While State Bank of India revised its growth projection for FY24 to 6.7 per cent, from 6.2 per cent, JP Morgan revised it to 5.5 per cent, from 5 per cent estimated earlier.

Source: business-standard.com– June 07, 2023

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India's Cotton Fields Now Being Watched from Space

The world's first satellite-monitored, AI-driven certification system for organic cotton took to space on Tuesday. Launched by the Global Organic Textile Standard (GOTS), the European Space Agency and German data fusion agency Marple are teaming up on the project that will observe Indian cotton fields and track their organic bona fides.

The news comes as India's organic cotton sector bounces back after GOTS in 2020 discovered evidence of fraud that unleashed shockwaves throughout the industry, and forced the organic organization to respond to a New York Times exposé. Last fall, GOTS tightened up the requirements for cotton gins to get certified and guard against "potential fraud."

"Human behavior changes when we know that there's a camera watching and I think that will already reduce some malicious intent from bad actors," Jeffrey Thimm, GOTS project manager, told Sourcing Journal. "But I think more so what it will do—and the main thing we're looking for—is to identify fields where farmers are almost organic… and invite these farmers into the organic network."

Thimm said the images taken are from the polar-orbiting Sentinel Satellite 2 and the snapshots of vegetative growth, water, humidity and soil activity, among other factors, are compared against previously known data gathered on Earth.

When used in tandem with algorithms digested by artificial intelligence, global organizations can get a true sense of the amount of organic vs. non-organic cotton being grown in India, the world's fourth-biggest cotton producer where farms are typically small and farmers difficult to access.

"But if we have a remote monitoring that's able to say, 'OK, here in this area all these fields look to be organic,' then we can initiate a collaboration with field-level partners to essentially start farmer groups or to invite these farmers into farmer groups to increase the amount of organic cotton that's being grown and available for the supply chain," Thimm said. "Also, brands are asking for more and more organic and there's not enough organic to meet the demand. With that gap of supply and demand, there's an opportunity for fraud as well; so if we can close that gap, and by increasing supply, then there should be less fraud."

Thimm said that outside of outright fraud, the main reason for confusion between which farms are organic and which aren't, is inadvertent contamination when winds blow genetically modified organisms from a non-organic farm to a certified one.

"A lot of the fraud is actually happening with the traders, so it's more the businessmen doing it rather than the farmers because they have very little capacity to actually cheat the system as such," Thimm said. "Also, synthetic inputs are quite costly and using organic methods are part of a traditional food system. They're growing cotton as a cash crop as a support to their food system."

The project is expected to produce its first results by the end of 2023.

"It is an honor and very exciting to be a partner in this ESA demonstration project, and it is living up to our claim to be pioneers serving the sustainable textile sector to enable continuous improvement," said Claudia Kersten, managing director of GOTS. "Technologies like this will be a game changer regarding the integrity and promotion opportunities of organic cotton."

Guillaume Prigent, business development and partnerships officer for the European Space Agency, echoed the same enthusiasm for the project.

"This highlights how space solutions can have a positive impact on the world and is the kind of innovation that ESA supports through its business applications and space solutions program," he said.

When the India project is complete, Thimm said he'd like to see GOTS satellites look at other cotton-producing regions of the world including Turkey and East and West Africa.

The technology and the concept already proved successful in 2021 when GOTS, the ESA and Marple joined forces to develop the Cotton Cultivation Remote Assessment software and used it to monitor the cotton fields of Uzbekistan.

"That venture showed how the trained AI was able to accurately differentiate cotton fields from other crops using only satellite images and sensor data, as well as whether the cotton fields were cultivated organically," GOTS said in a press release.

Thimm said the next step may also involve monitoring different crops that also produce fiber for textiles.

“We might also be looking at other fibers and not just whether or not it’s organic, but in terms of remote viewing, and remote monitoring there’s a lot to be said for [tracking] climate impact and greenhouse gas emissions,” Thimm said.

Source: sourcingjournal.com– June 07, 2023

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