TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 106 of 2023 **June 12, 2023**

Currency Watch			
USD	EUR	GBP	JPY
82.45	88.86	103.52	0.59

NATIONAL NEWS	
No	**Topics**
1	India’s textile industry and the road to $200 billion ecosystem
2	Union Commerce and Industry Minister Shri Piyush Goyal interacts with 15 Ambassadors from African region for strengthening Trade and Investment ties with India
3	Economic growth to sustain till FY25, says RBI survey
4	UAE emerges 4th-largest investor in India, FDI jumps over 3x in FY23
5	India open to FTA negotiations bilaterally or individually with Africa: Piyush Goyal
6	As rupee reserves grow, Russia may have to invest more in India
7	CBIC circular on pre-import violation cases
8	Row over European pilot project to monitor Indian organic cotton farms via satellites

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Cotton Highlights from USDA's June WASDE Report

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

The 2023/24 U.S. cotton projections, compared to last month, show lower beginning stocks but higher production, exports, and ending stocks. Projected abandonment in the Southwest has been reduced due to recent favorable rainfall, resulting in a production increase of 1.0 million bales to 16.5 million. Overall U.S. abandonment is now projected at 16%, which would be less than half its 2022/23 level and close to the long run average.

Exports are 500,000 bales higher, at 14.0 million, as both projected U.S. supplies and world trade are higher this month. The 2023/24 season average upland farm price is down 1 cent from the May forecast, at 77 cents per pound, and ending stocks are 200,000 bales higher, at 3.5 million.

Revisions to the 2022/23 U.S. cotton balance sheet include a 100,000-bale reduction in domestic mill use based on lagging spinning activity to date, and a 400,000-bale increase in exports based on strong sales and shipment activity to date. Ending stocks for 2022/23 are now projected 300,000 bales lower than in May.

In the global 2023/24 cotton balance sheet, higher beginning stocks and production more than offset an increase in consumption, and ending stocks are projected 515,000 bales higher than in May, at 92.8 million. The forecast for world cotton production is 1.0 million bales higher this month as larger crops in the United States and Pakistan offset a 500,000-bale reduction for China.

Consumption is 765,000 bales higher with increases in Vietnam, Pakistan, Bangladesh, Indonesia, and Turkey. World trade is also projected higher, up 900,000 bales, led by increased U.S. exports and China imports. Beginning stocks are 254,000 bales higher as the consumption prospects for 2022/23 continue to decline, down 538,000 bales from the May forecast.

Source: cottongrower.com – June 09, 2023

HOME

****

US apparel imports from China drop 34% to $3.5 bn in Q1 2022

Apparel imports from China to the United States fell to $3.534 billion during the first quarter of 2023, marking a 34 per cent decrease year on year and a 14.6 per cent decrease from the last quarter of 2022. The downward trend reflects an overall decrease in goods imports from China.

An analysis of data from Fibre2Fashion's market insight tool TexPro, disclosed a decline in US apparel imports to $3.534 billion in the period from January to March 2023. This compared to the $4.104 billion recorded in the period from October to December 2022, indicating a quarter-on-quarter decrease of approximately 14.63 per cent.

In the first quarter of 2022, the shipment was valued at $5.377 billion, thus showing a significant year-on-year decrease of 34 per cent. US imports were previously recorded as $7.571 billion in Q3 and $5.018 billion in Q2.

In 2022, US apparel imports from China totalled $22.073 billion, an increase from the $20.465 billion reported in 2021. The import figures for previous years were $18.642 billion in 2020, $25.413 billion in 2019, and $27.637 billion in 2018.

In the fabric sector, US imports were valued at $133.816 million in the first quarter of 2023, showing a decrease compared to the $166.094 million in Q4, 2022, and $223.317 million in Q1, 2022.

In the whole of 2022, the US imported fabric worth $811.543 million, which was a marginal decrease from the $831.641 million recorded in 2021. Previous fabric import figures were $829.641 million in 2020, $964.872 million in 2019, and $1,337.501 million in 2018, as per TexPro.

Source: fibre2fashion.com – June 12, 2023

HOME

****

50 Mexican companies close factories in China to bring them back to the country

There are 50 companies that are returning production plants from China to Mexico," revealed José Gerardo Tajonar Castro, president of the National Association of Importers and Exporters of the Mexican Republic (ANIERM).

The plants that are leaving China belong to the automotive, textile and manufacturing suppliers. "They are Mexican companies with brands that we have recognized for a lifetime," said the business leader.

Among the businessmen involved there is a very important ANIERM associate in the construction industry in the country, who is living the clear example of nearshoring, he told Forbes Mexico.

"This associate has had around 22 industries, of which at this time it has 20% in Mexico and 80% in China, now it has given us the information that it is returning 12 plants to Mexico," said the also president of Trade Point Mexico.

Tajonar Castro gave an example of a famous brand of brushes that are sold to Central and South America; before they were made in Mexico, but at one point, their manufacture left China when the maquila there improved its quality.

"They told us that the difference between the Mexican and Chinese brush is that (the first) you can't mess it up. Importers and exporters ripped off the Chinese brush a few years ago, and today China has efficient, high-quality production."

The Mexican brush company then removed its factories from Mexico and took them to China, from where it produces and distributes to the whole world; however, today they seeks to return to the country.

"Today other companies are bringing industries to Mexico, because from here there is efficiency in deliveries and costs, as well as competitiveness in logistics," he mentioned.

Mexican companies are returning their plants to North America because their customers in the United States already require the products in a timely manner, highlights the president of ANIERM.

Now there is a great opportunity to attract US companies, which require someone to help them with softlanding, to set up their companies and certify records of official standards, said Tajonar Castro.

“Today Mexico is the logistics center and developer of manufacturing, which is returning from Asia due to nearshoring,” said the leader of the international trade sector.

A ‘tsunami’ is coming with nearshoring

The accelerated growth of nearshoring implies the implementation of commercial, legal and tax strategies, in order to obtain both economic and logistical advantages, since now companies can have their production close to customers, save on costs and labor expenses, as well as having better products.

Nearshoring —the tendency of transnational industries to install their production lines in countries close to their main markets to reduce costs— is also a great opportunity for the growth of the Mexican economy, at least for the next decade, said Sergio Ríos Martínez, executive specialized in foreign trade and former general director of Investment Attraction of the Secretariat of Economic Development (SEDECO) of the Government of Jalisco.

Mexico, he detailed, has the optimal conditions to take advantage of this industrial relocation.

“We have greater commercial openness, a much more diversified economic structure and much more prepared people,” said the former official. “A tsunami is coming, and this is the decade of Mexico.”

The economic potential of Mexico is the main factor considered by companies to settle here. “The investor minimizes the political part, which possibly has a cost, but it is the economic part that he sees with great enthusiasm,” said Ríos Martínez.

"Nearshoring, driven to a large extent by the Treaty between Mexico, the United States and Canada (TMEC), benefits the country, increasing the arrival of foreign investments, as well as the competitiveness of players in the market, improving response times and reducing important risks when consolidating the distribution chains", declared Diego Gómez-Haro, partner of the Sánchez Devanny law firm.

He added that as with all types of investments, including those related to nearshoring, these cover a wide range of legal areas, including corporate aspects, tax, labor, foreign trade, real estate, energy and regulatory, among others.

Knowing which are the most relevant areas will depend on various factors, including the identity and nationality of the investor, the type of business and the requirements it will have, investment and financing structure, and if applicable, the exit plan, to determine the appropriate tax legal strategy for each specific case.

In addition to identifying the type of operation and market to be served, looking for alternatives and landing the optimal business model for the specific situation.

Source: mexicodailypost.com – June 09, 2023

HOME

****

China's rail freight on the rise in early 2023

Positive growth trends continue into 2023 with China's rail freight volume already up by 2.3 per cent year-on-year, having moved 970 million tonnes in the first quarter (Q1).

China's rail freight volume saw a significant increase of 4.4 per cent in 2022 compared to the previous year, highlighting an upswing in economic activity, as per the data from the ministry of transport.

The transport system carried an impressive 4.98 billion tonnes of cargo, marking an increase of 211 million tonnes from 2021 figures. Additionally, the total turnover of China's rail cargo transportation experienced an 8.1 per cent surge, reaching 3.59 trillion tonne-kilometres during the same period.

Source: fibre2fashion.com – June 11, 2023

HOME

****

Japan's clothing imports rise 13% to 255,736 mn yen in April 2023

Japan's clothing and accessories imports increased by 13.2 per cent to 255,736 million yen (approximately $1,833.09 million) in April, the first month of the new fiscal 2023-24 (FY24), accounting for 2.9 per cent of the total imports of 8,721.226 million yen during the period under review, according to the provisional trade statistics released by the country's ministry of finance.

The imports of textile yarn and fabric were valued at 94,114 million yen in the first month of FY24, a 5.5 per cent rise from the same period in the previous fiscal. Yarn and fabric imports accounted for 1.1 per cent of the total imports by Japan.

During April 2023, Japan exported textile yarn and fabric worth 66,794 million yen, a 4 per cent year-on-year increase. The country's exports of textile machinery were valued at 27,936 million yen, an 8.2 per cent increase from the exports in the corresponding period of FY23, contributing 0.3 per cent to the total exports.

Japan's clothing and accessories imports were 3,619,550 million yen (approximately $26,979.35 million) during FY23, 26.1 per cent higher than the imports of FY22. The imports of textile yarn and fabric were valued at 1,275,608 million yen in FY23, with a growth of 23.2 per cent. Japan had exported textile yarn and fabric worth 776,999 million yen while its exports of textile machinery were valued at 306,781 million yen in FY23.

Source: fibre2fashion.com – June 11, 2023

HOME

****

Vietnam's budget revenues from export-import down 18% in Jan-May 2023

Vietnam's budget revenues from export-import were over 152.94 trillion VND ($6.5 billion) in the first five months this year, making up 36 per cent of the estimate in the budget and down by 18 per cent year on year (YoY), according to the general department of Vietnam customs (GDVC).

The country's total export-import value during the period was estimated at $262.54 billion, down by 14.7 per cent YoY. Out of that, export turnover was worth $136.17 billion, while imports were worth $126.37 billion—down by 11.6 per cent and 17.9 per cent respectively.

In May, the customs department collected more than 30 trillion VND, marking a month-on-month decrease of 6.23 per cent.

The fall was attributed to the drop in the taxable import value of certain items, such as completely built-up automobile, iron and steel, mobile phones and components.

The country witnessed a higher number of temporary and permanent business withdrawals from the market than the number of enterprises joining or re-entering the market for the first time, a news agency reported.

Source: fibre2fashion.com – June 11, 2023

HOME

****

Bangladesh's budget deficit stability at risk: Fitch Ratings

The Bangladesh government's projection that the budget deficit will remain stable in the fiscal year ending in June 2024 could be at risk if growth falls short of their optimistic targets, as per the Fitch Ratings. The revised figures for fiscal 2023 (FY23) show a budget deficit equivalent to 5.1 per cent of the gross domestic product (GDP), compared to the original target of 5.5 per cent.

The budget deficit comes from weaker than expected spending on development and better-than-anticipated revenue collection, outweighing the additional subsidy spending due to high global prices for fuel and natural gas. Previous fiscal outcomes have frequently differed significantly from budget forecasts, with a trend of chronic underspending, Fitch Ratings said in a press release.

On June 1, 2023, the government presented a budget predicting a slight widening of the deficit to 5.2 per cent of the GDP in FY24. These official forecasts align with the International Monetary Fund's (IMF) projections under Bangladesh's Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) arrangements. These projections see the deficit stabilising at about 5 per cent of GDP over the medium term.

However, risks to the deficit could increase if real GDP growth drops below the projected 7.5 per cent in FY24, which could dampen the projected nominal growth in revenue of 15.5 per cent. With consumer price inflation at 10 per cent year-on-year (YoY) in May and rising, this may suggest potential downside risks.

Historically, when spending growth fell short of forecasts, it has offset potential revenue underperformance or offered prospects for a narrower fiscal deficit. The government's medium-term policy approach is anchored by the goal of keeping the primary fiscal deficit, including grants, within around 3.3 per cent of the GDP to maintain public debt below 45 per cent of the GDP.

Despite the budget predicting a rise in Bangladesh's revenue-to-GDP ratio from 9.8 per cent in FY23 to 10 per cent in FY24, this ratio remains very low compared to other rated sovereigns and is viewed as a key credit weakness. As part of a medium-term strategy to raise this ratio, the budget has established compliance risk-management units under the National

Board of Revenue, with the goal of enhancing tax administration automation and at-source revenue collection.

In September 2022, Fitch affirmed Bangladesh's rating at 'BB-', with a stable outlook. Greater confidence in the sovereign's capacity for fiscal consolidation and debt stabilisation—for example, through an improvement in the structure of public finances—could lead to positive rating action. Nevertheless, a sustained drop in foreign-exchange reserves could lead to negative rating action.

Source: fibre2fashion.com – June 10, 2023

HOME

****

Bangladesh: Garment accessories makers for cutting source tax to 0.50pc

Garment accessories makers have urged the government to cut the source tax on export proceeds to 0.50 per cent from the existing 1.0 per cent in the proposed budget and continue it for the next five years.
FE

Bangladesh Garment Accessories and Packaging Manufacturers and Exporters Association at a post-budget reaction at its headquarters in the capital also demanded an equal bonded warehouse facility as provided to the ready-made garments (RMG) sector.

The trade body also called for an import ban on the accessories and packaging goods that are domestically produced.

The association sought support from the government to build and develop the high-quality garment accessories and packaging industries in the country as well.

Speaking at the function, A K M Mostafa Salim, acting president of the garment accessories and packaging makers' association, said the proposed budget for the fiscal year of 2023-2024 did not give any specific direction about how to tone down the complexities relating to the dollar crunch caused by the impact of the Russia-Ukraine war, the high price of raw materials and the opening of letters of credit (L/Cs).

Despite the equal opportunities for this sector kept and mentioned in the national industrial policy, export policy and textile policy, garment accessories makers are yet to receive such facilities, he said.

As a result, the expected development of this sector has not yet been seen to deal with the potential challenges of the transition to a developing country in 2027, Mr Salim added.

Replying to a question, the acting president of the association said the export earnings from the garment accessories sector have now reached nearly $3.0-4.0 million.

However, no actual official figure is available so far, he stated.

The RMG industry has turned into a huge export market by contributing 83 per cent to the national exports due to the availability of affordable prices and the latest garment accessories and packaging products with the help of garment accessories and packaging makers, he added.

The association's Vice President (Finance) Monir Uddin and another Vice President Zahir Uddin Alamgir, among others, were present at the event.

Source: thefinancialexpress.com.bd– June 11, 2023

HOME

****

Pakistan: Weekly Cotton Review: Spot rate rises as market witnesses bullish trend

A bullish trend in cotton prices was seen on cotton market and the spot rate was hiked by of Rs500 per maund. The supply of Phutti is increasing day by day, as the cotton crop is satisfactory.

However, import contracts of 60 lac bales of cotton worth 2 billion dollars have already been made. Funds of only Rs 147 million have been allocated in the budget for better production of cotton.

Chairman Cotton Ginners Forum Ahsanul Haq has said concessions were given for the agriculture sector in the budget but no relief was given to cotton ginning sector.

In the local cotton market, ginners oversold cotton during the past week due to which a bullish trend prevailed in the market. The deals of new crop of cotton were finalised between Rs 20,500 to Rs 21,300 per maund after witnessing an increase of Rs 8,00 to Rs 1200 per maund.

The rate of Phutti was Rs 9,500 to Rs 10,000 per 40 kg. The rate of Phutti witnessed an increase of Rs 7,00 to Rs 1,000 per 40 kg because of partial functioning of many ginning factories. The market; however, witnessed a downward trend on Saturday evening.

At present, due to the exceptionally good quality of cotton, textile spinners are not interesting in selling cotton before Eidul Azha and before the rains, which is the reason behind the increase in the price of cotton.

According to the estimates around 40 ginning factories of Sindh and Punjab were partially functional, while mills were also showing interest in buying.

At present, the cotton crop is satisfactory and if the weather conditions remained favourable, the experts expect the production to be around 1 Crore bales. However, it is too early to say anything.

The situation of the textile sector is not good as its crisis is increasing day by day. On the other hand, the recession also continues internationally. According to the analysis of Naseem Usman, chairman of the Karachi Cotton Brokers Forum, currently the country's textile spinners have signed import contracts of about 60 lac bales of cotton for 2022-23. However, delivery of more than seven teen lac and fifty thousand bales is currently pending.

If the average price of imported cotton is calculated at 95 US cents, the total value is about two billion US dollars. The worth of cotton imported from USA is more than one billion US dollars.

The rate of cotton in Sindh and Punjab after witnessing an increase of Rs 8,00 to Rs 12,00 per maund is in between Rs 20,500 to Rs 21,300 per maund. The rate of Phutti after witnessing an increase of Rs 1,000 to Rs 12,00 per 40 kg is in between Rs 9,500 to Rs 10,000 per 40 kg. There is an increasing trend in the rate of Khal and Banola. The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 5,00 per maund and closed it at Rs 20,500 per maund.

Naseem Usman said that the international cotton market remained stable, overall. According to the USDA Weekly Export and Sales Report for the year 2022-23, four lac and eighty thousand and four hundred bales were sold.

China was at the top by buying three lac and eighty four thousand and seven hundred bales. Pakistan bought fifty one thousand and six hundred bales and stood second. Turkey bought eighteen thousand and eight hundred bales and came third.

Thirty thousand and eight hundred bales were sold for the year 2023-24.

Turkey bought twenty thousand and seven hundred bales and was on top of the list. Peru bought 4,000 bales and came second. Guatemala bought 2,700 bales and was in third place.

Meanwhile, at present cotton sowing in the country has been completed on 2.588 million hectares as against the target of 2.767 million hectares for the crop season 2023-24 to meet the industrial and commercial needs of the local industry, as well as, for exports.

The farming community in the crop producing areas has completed cultivation of over 93.53% of the total area set for the season to achieve a production of 12.77 million bales till the first week of this month (June).

Sowing of the crop in Punjab has been completed on 95.11% area on 1.920 million hectares against the set target of 2.019 million hectares to produce about 8.336 million bales during the current season.

Meanwhile, Sindh has achieved more than 84.49 percent of its set targets and has sown 0.5678 million hectares against the set target of 0.672 million hectares while cotton production target for the province is set at 4.00 million bales

During the season, Khyber Pakhtunkhwa (KP) and Balochistan provinces saw a boost in cotton sowing as the two provinces achieved 113 percent and 132.24 percent of their planting targets, respectively.

The Economic Coordination Committee (ECC) of the Cabinet has fixed the intervention price of Cotton (Phutti) at Rs 8,500 per 40 kg to revive cotton production, stabilize the domestic market and ensure fair returns to farmers in the country.

Chairman Cotton Ginners Forum Ahsanul Haq said that no relief was given to the cotton ginning sector in the federal budget. Government has imposed 72% GST on cotton ginning factories at four different stages.

Ahsanul Haque also said that Sales tax of 18 % is levied on sale of cotton, cottonseed, cottonseed oil and oilcake with no relief. Due to heavy taxes, undocumented business trend is being seen in the ginning industry.

More than 50 percent of cotton ginning factories were non functional.

Due to the record increase in the production cost of textile mills and the record decrease in cotton prices due to the non-functionality of ginning factories, a big decrease in the per acre income of the farmer is being seen.

Apart from this, only fourteen crore and seventy lac rupees have been kept in the federal budget for better production of cotton.

Source: brecorder.com– June 12, 2023

HOME

****

NATIONAL NEWS

India's textile industry and the road to $200 billion ecosystem

The textile industry in India has long been an essential contributor to the country's economy, employing millions and functioning as an important export sector. With a strong textile production history and a large pool of qualified workforce, India has the potential to become a global industry leader.

However, numerous obstacles must be addressed to achieve the ambitious goal of growing the textile business to $200 billion, which was set by Piyush Goyal, Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution, Textiles, Government of India. With a rich history of textile production and a wealth of skilled artisans, India possesses the necessary foundations to propel its textile industry to unprecedented heights.

India's textile industry has a centuries-old legacy rooted in exquisite craftsmanship and traditional techniques. This heritage provides a unique advantage, enabling India to offer a diverse range of textile products with unparalleled quality and artistry.

By leveraging this heritage and preserving traditional techniques while incorporating modern design sensibilities, India can capture the attention of global markets seeking authentic and culturally rich textiles.

One of India's greatest strengths lies in its abundance of skilled artisans with generations of knowledge and expertise. These artisans can create intricate weaves, delicate embroideries, and handcrafted textiles that are unparalleled in beauty and craftsmanship.

By providing adequate training, upskilling initiatives, and access to modern tools and technology, India can empower these artisans to create contemporary designs that resonate with international buyers, thereby driving growth and demand.

The Indian government acknowledges the significance of the textile sector and has enforced many programmes to help it flourish. Endeavours such as the Make in India campaign, the National Textile Policy, and the Technology Upgradation Fund Scheme (TUFS) have facilitated investments, provided financial help, and created an enabling environment for textile makers. In addition, further reforms aimed at reducing bureaucratic hurdles, streamlining regulations, and improving ease of business will attract domestic and foreign investors, fostering industry growth.

To achieve the $200 billion target, India must expand its presence in the global market. By forging strategic partnerships, participating in international trade fairs and exhibitions, and effectively leveraging e-commerce platforms, Indian textile manufacturers can showcase their products to a broader audience. In addition, collaborations with international fashion brands and designers can help penetrate high-end markets, allowing Indian textiles to gain recognition and value globally.

Sustainability is a growing concern in the global textile industry. By promoting organic resources and adopting eco-friendly practices, India may position itself as a pioneer in sustainable textile manufacture. Emphasizing responsible sourcing, reducing water consumption, and implementing cleaner production techniques will meet global sustainability standards and attract conscious consumers who value ethically produced textiles.

Technology integration is critical for India's textile industry to leapfrog into the future. Automation, digitalization, and the Internet of Things (IoT) can significantly enhance efficiency, productivity, and quality control. Investments in state-of-the-art machinery, digitized supply chain management, and advanced textile processing techniques will enable India to compete on a global basis and fulfil the changing expectations of the sector.

India's textile industry possesses immense potential to achieve the target of $200 billion, fueling economic growth, generating employment opportunities, and showcasing the nation's cultural heritage to the world. By harnessing its rich textile heritage, empowering skilled artisans, implementing supportive policies, strengthening market access, adopting sustainable practices, and embracing technology, India can overcome the challenges and lead the global textile market. The collective efforts of the government, industry stakeholders, and artisans will pave the way for a thriving and prosperous Indian textile industry, one that continues to be a symbol of excellence, craftsmanship, and innovation.

Source: financialexpress.com– June 10, 2023

HOME

****

Union Commerce and Industry Minister Shri Piyush Goyal interacts with 15 Ambassadors from African region for strengthening Trade and Investment ties with India

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal hosted fifteen Ambassadors from various countries of the Africa region yesterday in New Delhi. During the interaction with the Ambassadors, the Minister said that India and Africa share remarkable friendship across decades and have the potential of becoming the powerhouse of the future. The event aimed at fostering closer economic cooperation, enhancing trade relations and exploring areas of collaboration between India and Africa.

Shri Piyush Goyal welcomed the Ambassadors and highlighted the significant value of India-Africa relationship. The Minister emphasized the commitment of the Prime Minister, Shri Narendra Modi towards making Africa a top priority and deepening India's engagement with Africa on a sustained and regular way. He encouraged the heads of missions to work in solidarity and extended a hand of friendship for the growth of the African and Indian sub-continent.

The Minister reiterated that this is the beginning of a new engagement and reaffirmed that India would act as a trusted partner to expand trade, commerce, business, investment and opportunities between the two nations. He said India is open to FTA negotiations bilaterally or individually with African countries or Africa as a whole.

The event witnessed the participation of 15 ambassadors from key African nations namely Algeria, Botswana, Egypt, Ghana, Republic of Guinea, Kenya, Malawi, Mozambique, Morocco, Rwanda, South Africa, Tanzania, Togo, Uganda and Zimbabwe. It provided a unique platform for diplomatic representatives to engage in fruitful discussions, strengthen bilateral ties, and forge new partnerships for mutual growth and development.

India and Africa share a long-standing history and a strong cultural bond. The African continent presents vast opportunities for Indian businesses, with its rapidly growing population, emerging middle class, and abundant natural resources. Through increased trade and investment, both India and Africa can benefit from each other's strengths and expertise, fostering inclusive growth and job creation.

In addition to economic aspects, the gathering emphasized on the significance of cultural exchanges, people-to-people connections, and strategic collaborations between India and Africa. The event served as a platform to celebrate the rich diversity and heritage of both regions and strengthen the bonds of friendship.

Source: pib.gov.in– June 09, 2023

HOME

****

Economic growth to sustain till FY25, says RBI survey

Merchandise exports to fall 3% FY24, imports seen 4% lower

The Reserve Bank of India's forward-looking surveys indicate sustained economic growth till FY25, with real gross fixed capital formation (GFCF) expected to rise to 7.4 per cent in FY25 from 6.8 per cent in FY24, as per projections by 39 economists.

Consumer confidence in the domestic economy has been improving since the pandemic even as households inflation expectations are seeing normalising over the course of the current financial year.

However, merchandise exports are expected to decline 2.9 per cent and imports by 4.0 per cent, in US dollar terms, during FY24.

In turn, exports are likely to grow 8.3 per cent and imports 7.8 per cent in FY25, per the results of the 82nd Survey of Professional Forecasters on Macroeconomic Indicators.

Accordingly, experts project current account deficit (CAD) at 1.5 per cent of GDP in FY24, and 1.6 per cent in FY25.

Real GDP (gross domestic product) growth forecast for FY24 was unchanged at 6.0 per cent, and is expected to grow 6.4 per cent in FY25. Forecasts for FY24 GDP growth were in the range of 5.3-6.8 per cent and for FY25 between 6.0 and 7.6 per cent.

RBI has pegged GDP growth for FY24 at 6.5 per cent, with Q1 growth seen at 8.0 per cent, Q2 at 6.5 per cent, Q3 at 6.0 per cent, and Q4 at 5.7 per cent.

Improving sentiment

The Consumer Confidence survey showed that both the Future Expectations index (FEI) and the Current Situation Index (CSI) improved from the previous round on the back of improved assessment for all the survey parameters, barring essential spending.

"With a substantial improvement in May 2023, households' sentiment on current income inched closer to the neutral zone and they remain fairly optimistic on employment conditions and future earnings over the next one year," it said.

CPI inflation

Consumer price index (CPI)-based headline inflation is expected at 5.0 per cent for FY24, wherein it is seen at 4.7 per cent in Q1 FY24 and is expected to remain in the range of 4.9-5.3 per cent for the next three quarters thereafter. For FY25, CPI inflation is expected at 4.9 per cent.

"CPI inflation, excluding food and beverages, pan, tobacco and intoxicants, and fuel and light, is expected at 5.3 per cent both in Q1 and Q2 FY24, and soften thereafter to 5.2 per cent and 5.1 per cent respectively in the subsequent two quarters," the survey said.

The RBI has projected CPI inflation at 5.1 per cent for FY24, wherein inflation is seen at 4.6 per cent in Q1 and then in the range of 5.2-5.4 per cent for the next three quarters. Households' Inflation Expectations Survey showed that the median inflation perception has eased by 10 bps to 8.8 per cent in the latest round.

Source: thehindubusinessline.com– June 11, 2023

HOME

****

UAE emerges 4th-largest investor in India, FDI jumps over 3x in FY23

The United Arab Emirates (UAE), with which India implemented a comprehensive free trade agreement in May last year, has emerged as the fourth largest investor in India during 2022-23, according to government data.

In the last fiscal, foreign direct investment (FDI) from the UAE to India jumped over three-fold to USD 3.35 billion from USD 1.03 billion in 2021-22, the data of the Department for Promotion of Industry and Internal Trade (DPIIT) showed.

The UAE was the fourth largest investor in India in 2022-23 compared to the seventh in 2021-22.

Singapore was the largest investor in India with USD 17.2 billion investment in FY23, followed by Mauritius (USD 6.1 billion) and the US (USD 6 billion).

"The rapidly strengthening of bilateral ties and investment cooperation between India and United Arab Emirates (UAE) can be chiefly attributed to the strong bilateral relations between India and UAE, growth in investment commitments from UAE, and the policy reforms to further ease of doing businesses between the two countries," Rudra Kumar Pandey, Partner, Shardul Amarchand Mangaldas & Co, said.

UAE's investments in India are mainly in sectors like services, sea transport, power and construction activities.

One of the crucial factors for the increase in foreign direct investment (FDI) from UAE is the signing of the Comprehensive Economic Partnership Agreement (CEPA) between India and UAE on February 18, 2022 (effective from May 1, 2022), Pandey added.

"Apart from CEPA, another growth engine of FDI from UAE in India is the investment commitment from UAE. UAE has committed to invest USD 75 billion in the Indian infrastructure sector over a period of time. It has also committed to partner with India in the renewable energy sector," Pandey noted.

India and the UAE have operationalised a comprehensive free trade agreement since May 1 last year. Under the pact, a number of goods from both countries are getting zero-duty access to each other's markets, besides eased norms for promoting investments.

The country accounts for about 2.5 per cent of the total FDI India received between April 2000 and March 2023. During this period, India has attracted USD 15.6 billion worth of overseas inflows from the UAE, the data showed.

According to experts, the trade agreement has helped significantly increase the import and export between the countries and consequently increased the investments from UAE in Indian companies.

"India's constant liberalisation of the FDI policy also boosted such investments. Similarly, we are also seeing that several Indian startups are exploring expansion in the UAE," Anindya Ghosh, Partner, IndusLaw, said.

She said that among other agencies, Abu Dhabi Investment Office through their Innovation Program is providing active support to innovation-driven startups through financial and non-financial incentives like information on data, network, licensing, logistics, real estate, visa etc.

"Such expansion ideas/ activities of Indian startups also provide an incentive to UAE-based investment funds to invest more in innovation-based startups in India," Ghosh added.

Source: business-standard.com – June 11, 2023

HOME

****

India open to FTA negotiations bilaterally or individually with Africa: Piyush Goyal

The Minister for Commerce and Industry, Piyush Goyal, discussed with the visiting Ambsaddors from Africa how New Delhi plans to work towards making Africa a top priority for trade and said India is open for Free Trade Agreements (FTA) with African nations.

"This is the beginning of a new engagement and reaffirmed that India would act as a trusted partner to expand trade, commerce, business, investment and opportunities between the two nations.India is open to FTA negotiations bilaterally or individually with African countries or Africa as a whole," said Goyal.

Union Minister for Commerce and Industry Piyush Goyal hosted 15 ambassadors from African countries on Thursday to discuss ways to strengthen trade and investment ties between India and the African countries.

The bilateral trade between India and 48 African countries was USD 74.86 billion in 2021-22, witnessing a growth of 59.91% compared to 2020-21.

Ambassadors from key African nations namely Algeria, Botswana, Egypt, Ghana, Republic of Guinea, Kenya, Malawi, Mozambique, Morocco, Rwanda, South Africa, Tanzania, Togo, Uganda and Zimbabwe discussed ways to improve their partnership with India, thereby promoting bilateral trade, registering new partnerships.

According to data available at the Ministry of Commerce and Industry, India’s exports to Sub Saharan Africa (SSA) region were at USD 33.08 billion and recorded a growth of 44.31% in 2021-22 vis a vis 2020-21. Whereas India’s imports from SSA region registered a growth of 74.87%, and were valued at USD 41.77 billion during the same period.

India primarily exports petroleum products and pharmaceuticals to Africa. While on the other hand India imports gold, crude oil, coal and other minerals from it.

India's attempt to have fruitful ties with African countries is in tune with the fact that the continent is surfaced with abundant natural resources, an aid for Indian businesses, which can boost economic activity and trade between India and Africa.

"Through increased trade and investment, both India and Africa can benefit from each other's strengths and expertise, fostering inclusive growth and job creation," a release by the Ministry said.

Source: economictimes.com – June 09, 2023

HOME

****

As rupee reserves grow, Russia may have to invest more in India

Sanctions-hit Russia may have to invest much of its fast-accumulating rupee reserves — estimated at over $2 billion and continuously growing — in government securities and infrastructure and other projects in India, as it is now running out of options of taking money out of the country, sources tracking the matter have said.

India has rejected a proposal supported by Russia to allow Iran to import Indian goods and pay for it using Russia's rupee reserves because of the diplomatic risks attached to it, the source said. Moreover, the dirham route to take the rupee reserves out is also now mostly blocked due to increased Western scrutiny of UAE banks following the Financial Action Task Force's 'grey-listing'.

"Moscow is in a bind as it is finding it increasingly difficult to take out the accumulated reserves out of India and is also not able to use it up to pay for imports since it is not buying more from India due to quality issues. It has to now get used to the idea of investing more in government securities and the Indian equity market, which it has been mostly avoiding," an official source told businessline.

While Iran was ready to buy Indian goods using Russian money, and then settling its account separately with the Putin government by supplying its items, for instance, aircraft spares, New Delhi rejected it. "It would not be a diplomatically wise move especially due to allegations that Iranian drones are being used by Russia in its Ukraine war," the source said.

At the moment, most of the rupee reserves are only on account of defence procurement and sales as India had been purchasing Russian oil using hard currencies (since the price was below the price cap fixed by Western nations), senior officials in the Commerce Ministry had noted recently.

With India continuing to actively source weapons and military equipment from Russia (about $10 billion worth of orders placed per Russian news agencies), the rupee reserves are going to go up steadily. In case it needs to start paying for oil in rupees (Russia is now the largest oil supplier to India), then the balances will skyrocket.

"It is very clear that Russia will now need to invest its accumulated rupee reserves in Indian government securities and infrastructure projects. Russian companies may even consider setting up operations in India and produce items as per their quality specifications. There will be more conversations between the two governments on this," the official said.

The Special Rupee Vostro Accounts, that have been opened by Russian banks in India, at present, do not have much rupee reserves, but the situation may change soon, the source added. "While things are yet to hot up, transactions have started happening."

In July 2022, the RBI allowed international trade in rupees, creating the possibility of doing business with Russia in rupees and, in the process, bypassing the sanctions imposed by the West on Moscow (including on defence deals) due to its attack on Ukraine.

Source: thehindubusinessline.com – June 11, 2023

HOME

****

CBIC circular on pre-import violation cases

The Central Board of Indirect Taxes and Customs (CBIC) has issued circular no.16/2023-Cus, dated June 7, 2023, prescribing the procedures for the payment of Integrated Goods and Services Tax (IGST) and compensation cess (CC) by the importers who have violated the pre-import condition and taking input tax credit (ITC) of the same, in respect of imports made between October 13, 2017, and January 9, 2019, without payment of IGST and CC under advance authorisations. The circular is issued following the directions of the Supreme Court in the case of Cosmo Films Ltd. [2023 (5) Centax 286 (SC)].

The circular is useful because it applies not only to the parties who litigated on the pre-import issue but also to those who did not do so. The payment of IGST and CC will be only for the relevant imports that could not meet the pre-import condition. There could be situations where many items were imported under a single bill of entry (B/E) but the import of, say only one item, did not meet the pre-import condition.

Also, even where the B/E covered only one item, it is possible that only a part of the imports did not meet the pre-import condition. The importers must approach the Customs assessment group at the port of import with the relevant details for payment of IGST and CC along with applicable interest only on that much quantity of imports that did not meet the pre-import condition.

The CBIC says that the Customs will cancel the ‘out of charge’ order granted at the time of clearance of the goods and then reassess the B/E to charge the IGST and CC. Thereafter, the importer can pay the IGST, CC and applicable interest through the electronic challan generated in the Customs EDI system.

After that, the Customs at the port of import will make a notional ‘out of charge’ for the B/E on the Customs EDI system, so as to enable transmission of the IGST and CC amounts and their date of payment to the GSTIN portal for eligibility of ITC as per the GST laws. This procedure can be applied only once to a B/E and so, the importers must assess their liabilities correctly before approaching the Customs for reassessment. The circular says that if such ITC is utilized for payment of IGST on zero-rated supplies, then the refund of such IGST will be available. That, of course, goes without saying.

The CBIC has let the exporters take the call on whether the pre-import condition is violated when the goods imported after exports under one advance authorisation are used in the manufacture of goods exported under another advance authorisation.

The circular says that TR-6 challan is not a document on the basis of which ITC can be taken. So long as payment through the TR-6 challan is allowed, I don't think ITC can be denied.

Source: business-standard.com – June 11, 2023

HOME

****

Row over European pilot project to monitor Indian organic cotton farms via satellites

Concerns have been raised over the country's defence security following the launch of a pilot project by the European Space Agency (ESA), Global Organic Textile Standards (GOTS) and German artificial intelligence (AI) firm Marple to monitor Indian organic cotton farms remotely through satellite.

In a statement on June 6, GOTS said it had launched the world's first "new demonstrator project" which aimed to show the potential for remote satellite monitoring of organic cotton cultivation systems.

The concern over the project is that the proposed satellite remote survey will cover critical areas that are important to national security, especially since the remote monitoring will be done in Gujarat, Madhya Pradesh, Karnataka and Maharashtra.

GOTS response

Sources in the remote satellite monitoring sector said no foreign company can undertake any satellite monitoring project in India without the Government's permission. "Even Indian firms have to take permission from the Government for such projects," said a source in the sector for over two decades.

Asked if permission has been sought for the remote satellite monitoring project in India, Jeffrey Thimm, Project Manager at GOTS, said his organisation had "informed the Ministry of Agriculture of this and other projects relating to organic cotton in India, and they have shown interest in collaborating".

Emails to the Ministry of Agriculture and Surveyor General of India, who permits such a survey, didn't receive any response until this report was published. ESA's media relations officer said he would get the agency's response but businessline is yet to get it.

MCF facilities

"The project, to be carried out under ESA's Business Applications and Space Solutions (BASS) programme, will train AI to use ESA satellite data to detect cotton fields across India and automatically classify them according to their cultivation standard," GOTS said in its June 6 statement.

"GOTS does not have any legal entity in India. Who represented it to obtain the licence?," the source wondered.

Sources in the satellite monitoring sector said the survey could cover border areas of Kutch in Gujarat, where there are a number of security installations.

Also, Madhya Pradesh capital Bhopal and Hassan in Karnataka, both cotton-growing States, house master control facilities (MCF) that monitor and control all the geo-stationary satellites of Indian Space Research Organisation (ISRO).

Satellite monitoring policy

Asked if the Indian Government had approved the remote satellite monitoring of Indian organic cotton farms, Thimm pointed to the country's policy on remote-based satellite monitoring.

The policy says it will enhance the capability and capacity to utilise the remote sensing technology with private participation and enable ease of data access and provision of services by private entities to users under simplified authorisations and procedures.

But remote satellite sector sources pointed out that the policy also says, "the Government of India has, however, reserved its right to monitor and control the imaging and observation obligations and dissemination of sensitive data in case of national security and/or international obligation and/or foreign policy."

GOTS said it has requested the Agricultural and Processed Food Products Export Development Agency (APEDA), the nodal agency monitoring organic farming and exports in India, for collaboration on projects related to cotton, "but it has not yet come to fruition", he said.

Thimm said the Cotton Textiles Export Promotion Council (Texprocil), which is developing "Kasturi cotton", is supportive of the initiative and is "eager to collaborate".

Google mapping

Also, India's national Geospatial Data guidelines has negative lists that would be specific to very sensitive attributes and care has been taken to minimise restrictions to boost the ease of doing business.

"The rules and regulations we have on remote monitoring by satellites are nowhere near as comprehensive as the maritime law. In this segment, the technology has outpaced the law," said S Chandrasekaran, a trade analyst who tracks the organic farming sector closely.

Though remote satellite monitoring sector sources said some could point out at Google's satellite mapping, key defence areas are blacked and given to ensure the country's security.

"Google displays its data publicly. But the ECA, GOTS and Marple is a customised private data in which there is no transparency and there is no guarantee that the country's security is compromised," the remote satellite monitoring source said.

Results by year-end

GOTS said the project will make an innovative approach to integrate standardised yield metrics, which will enable GOTS to generate realistic estimates of organic cotton yields in specific areas. GOTS said the survey will be done using Marple's Cotton cultivation remote assessment software (CoCuRA) that was "successfully piloted in a feasibility project in Uzbekistan in 2021.

The pilot project will be carried out across the country and results will be available by the end of the year. It is being co-financed by GOTS and ESA, in collaboration with Marple GmbH, which developed the CoCuRA (Cotton Cultivation Remote Assessment) software with ESA BASS and successfully piloted it in a feasibility project in 2021 in Uzbekistan.

GOTS said the project's "anticipated" impact extends beyond identifying certified organic cotton fields. "It is expected to also empower GOTS to recognise cotton fields that have not yet obtained organic certification but possess the potential for a seamless transition to organic cultivation, thanks to their utilisation of traditional and ecologically friendly farming practices," it said.

This would enable GOTS to bring a greater number of farmers – particularly those of a smaller size – into the certified organic sector and supply chains, creating new economic opportunities for small-scale farmers and their communities while also helping the textile sector to meet growing consumer demand for organic cotton.

Charges against GOTS

Sources in the remote satellite monitoring sector also pointed to allegations that GOTS is facilitating collecting numerous social data through inspection and certification agencies, which could be "used for social engineering and against national integrity". This is because a large number of tribal farmers are involved in cultivating organic cotton.

A source in the organic farming sector said a foreign non-governmental organisation had recently funded another frontal organisation in Indore, Madhya Pradesh via external commercial borrowings.

Chandrasekaran said APEDA had detected frauds in organic cotton cultivation over the last two years but it failed to effectively enforce organic textile standards. "GOTS is now trying to take advantage of this," he said.

The organic farming sector sources wondered if a situation had been created for a satellite survey.

"Lack of government regulations in organic textiles and recognition of foreign private standards have compelled the market to foreign agencies. Though we recognise the integrity issues, there is a delay in implementing organic aadhar, which could have mitigated the risk," Chandrasekaran said.

Source: thehindubusinessline.com– June 11, 2023

HOME

****