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IBTEX No. 111 of 2023 June 20, 2023

Currency Watch			
USD	EUR	GBP	JPY
82.09	89.75	104.96	0.58

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INTERNATIONAL NEWS

China's e-commerce trade hits record 2 trn yuan in 2022

China’s cross-border e-commerce trade surpassed 2 trillion yuan (around £219 billion) for the first time in 2022, marking a 7.1 per cent year-on year (YoY) increase, as per the General Administration of Customs (GAC) at the 2023 China (Langfang) International Economic and Trade Fair in Hebei Province.

The US and the UK were major recipients of China’s e-commerce exports in 2022, representing 34.3 per cent and 6.5 per cent of the market, respectively. The primary exported items included clothing, footwear, and bags.

The report further highlighted that Japanese goods accounted for 21.7 per cent of China’s total cross-border e-commerce imports, while US products made up 17.9 per cent last year. The lion’s share of the exports at 92.8 per cent and imports at 98.3 per cent was composed of consumer goods.

Since the start of 2023, China’s cross-border e-commerce has continued to grow, Lyu Daliang, a GAC official, was quoted as saying by local media reports. Lyu further mentioned that a survey conducted by GAC suggests that more than 70 per cent of businesses anticipate consistent or rising cross-border e-commerce operations in 2023.

Source: fibre2fashion.com– June 20, 2023

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China submits papers for CPTPP accession after deciding about reforms

China has submitted documents for its accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) after exhaustively assessing all CPTPP clauses and sorting out the reform measures and laws and regulations that need to be modified, vice commerce minister Wang Shouwen recently said.

He was addressing the Asia-Pacific Economic Cooperation China CEO Forum in Beijing.

China has decided to align with CPTPP standards and implemented reforms in related fields. Its accession will benefit all CPTPP members and add fresh impetus to trade and investment liberalisation in the Asia-Pacific, Wang said.

"China will continue to open its doors for development and actively promote high-level opening-up. China has basically relaxed the access of foreign investment in the manufacturing industry, and is comprehensively and orderly opening up the service sector," he weas quoted as saying by official media outlets.

China will next reasonably reduce the negative list of foreign investment access, introduce a negative list for cross-border trade in services at free trade zones, and a similar nationwide negative list, he added.

Source: fibre2fashion.com – June 19, 2023

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Why – Exactly – Are So Many of the World's Goods Manufactured in China?

With the current geopolitical challenges between China and the United States, as well as the ongoing supply chain issues affecting manufacturers and consumers, there's been much talk about moving global manufacturing out of China. But despite the talk, U.S.-China trade reached a record level in 2022, with no signs of any slowing in the near future.

While former U.S. secretary of state Henry Kissinger is credited with opening China to the West under then-President Richard Nixon, it was not until 2000 that the U.S. granted China permanent normal trade relations – a legal designation that allows foreign nations be granted most favored nation status, and hence be treated similarly to other members of the World Trade Organization.

This move reinforced China's growing role in global trade. Since then, much of the world's manufacturing base has migrated to China, attracted by low-cost labor and favorable policies from the Chinese government. These policies include massive investments in infrastructure and trade capacity.

Tariffs & trade wars

The spectacular economic rise of China has created geo-political challenges – from spy balloons to unfair trade practices and accusations of intellectual property infringement and theft – which have has resulted in an active trade war between the U.S. and China.

In 2018, Donald Trump invoked Section 301 of the Trade Act of 1974 to apply tariffs on billions of dollars on Chinese goods when he was president. As a result, pressure intensified on global companies to relocate their manufacturing to lower-cost destinations across Asia, such as Vietnam, Bangladesh, and India.

After the COVID-19 pandemic caused chaos in global supply chains, there were calls to bring manufacturing back closer to home either by "nearshoring" – building factories in Mexico for the U.S. market, for example – or reshoring back to home countries.

Despite these significant financial and political pressures, many companies are still not moving more of their production out of China. Why not? As it turns out, China has mastered the craft of manufacturing. As part of our ongoing research into global competitiveness, we had the opportunity to review confidential data from some manufacturing firms. This data indicated that even though labor costs associated with production are significantly lower in other markets, such as Bangladesh, so is productivity.

Chinese laborers are both more expensive and more productive than labor in other emerging economies in Asia. Both of these factors must be taken into account when making the decision to relocate production out of China. But this is only part of the story.

The reality of manufacturing

Joseph Eiger, an executive in a global sourcing company that manufactures consumer products, sheds light on how the world of manufacturing operates. Consider the case of making a baseball cap, for example. Some baseball caps are very basic, while others are more complicated and involve embroidery and more expensive fabrics. As Eiger put it: "While producing baseball caps is not the same as producing a cell phone, it is still pretty complex."

China's manufacturing industry has access to a high level of agglomeration economies – or ecosystem. Take the example of producing a sweatshirt. It is not just about the textiles needed to cut and sew into a sweatshirt. It is also about the trims, dyes, zippers, cords, and other necessary pieces that may be required for assembling the product, Eiger explained.

China has deployed a strategy that ensures that the entire manufacturing supply chain is located there and has mastered each step of the process. China even imports and processes much of the world's wool and cotton, including a significant amount of U.S.-grown cotton that comprises approximately 35 percent of the world total.

This cotton is then processed, made into fabric, dyed, and sewn into clothing and other products. They are then exported globally, including back to the U.S. as finished goods. The entire textile ecosystem for production is located in China – and this is not just the case for fabric, it is also the case for all of the components.

If a retailer in the U.S. or Canada, for instance, wants to move the production of the textiles it sells out of China, it would have to move the entire ecosystem with it. Either that, or they would need to source the inputs needed from China into other countries like Bangladesh, where final production would take place.

It turns out that the costs associated with leaving China are simply too high. As long as the ecosystem for manufactured goods remains in China, then so will its significant share of the world's manufacturing. Will there be a tipping point when companies will relocate production out of China? It is unlikely that conditions will suddenly switch one day in favor of other countries. In the coming years, as manufacturing sectors in other Asian countries emerge and develop their own ecosystems, the economic case to move production out of China will as well – but this is some years away.

Source: thefashionlaw.com– June 19, 2023

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New EU sustainability rules ban destructing unsold textiles, footwear

The European parliament's committee on the environment, public health and food safety (ENVI) has banned premature obsolescence, which means manufacturers must not limit the lifetime of a product through design features. It also asks for a specific ban on the destruction of unsold textiles and footwear a year after the entry into force of the law.

Companies must make available software updates, consumables, spare parts and accessories for an appropriate period. Products should also be easy to repair and consumers should have access to repair guidelines, the report said.

The committee put forward its proposals to make products in the European Union (EU) more environment-friendly, circular and energy-efficient throughout their lifecycle. It adopted its position on revising the EU's eco-design framework for sustainable products with 68 votes in favour, 12 against and 8 abstentions, an official release said.

Products may only be sold if accompanied by a 'product passport', containing accurate and up to date information. This passport would enable consumers and businesses to make informed choices when purchasing products, facilitate repairs and recycling, and increase transparency about the environmental impact of what they are buying. Members of European parliament (MEPs) want consumers to be able to compare product passports through an online platform.

Economic operators which destroy unsold goods would have to report the annual number and percentage of products they discarded as well as their reasons why. Based on this information, MEPs want the Commission to identify products for which a destruction ban should be introduced.

MEPs want the Commission to prioritise a number of product groups in its first working plan to be adopted within three months after the entry into force of the new rules. These priority products include textiles (notably garments and footwear), furniture, tyres, detergents, paints, lubricants and chemicals.

Source: fibre2fashion.com – June 19, 2023

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Italy records dip in exports, spike in non-EU imports in Apr 2023

Italy's seasonally-adjusted data, compared to March 2023, decreased by 1.7 per cent for exports and increased by 5.3 per cent for imports in April 2023. Exports towards European Union (EU) countries decreased by 1.5 per cent and declined by 2.0 per cent for non-EU countries. Imports increased for non-EU countries by 13.9 per cent and decreased slightly for EU countries by 0.6 per cent.

Over the last three months, seasonally-adjusted data, compared to the previous three months, dropped both for exports at 2.2 per cent and for imports at -6.5 per cent, the Italian National Institute of Statistics (Istat) said in a press release.

In April 2023, compared with the same month of the previous year, the country's exports decreased by 5.4 per cent and imports dropped by 12.3 per cent. Outgoing flows decreased by 5.7 per cent for EU countries and by 4.9 per cent for non-EU countries. Incoming flows decreased by 5.6 per cent for the EU area and dropped by 19.4 per cent for the non-EU area.

In April 2023, trade balance registered a surplus of €318 million, which was a -€921 million deficit for EU countries and €1,239 million surplus for non-EU countries. Excluding energy, trade balance surplus reached €6,047 million.

In April 2023, import prices decreased by 1.0 per cent on a monthly basis, which was at -0.3 per cent for the euro zone and -1.6 per cent for the non-euro zone. Over the last three months, compared to the previous three months, import prices decreased by 5.6 per cent, which was at -0.5 per cent for the euro zone and -10.1 per cent for the non-euro zone.

Import prices, compared to the same month a year ago, decreased by 6.2 per cent in April 2023, which was 1.3 per cent for the euro zone and -12.3 per cent for the non-euro zone.

Source: fibre2fashion.com – June 20, 2023

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Cambodia's apparel exports to Japan grow; reach $403 mn in Jan-Apr

Cambodia's apparel exports to Japan reached $403.998 million in the first four months of the current year, managing to maintain growth in the face of slower global demand. In comparison, the country's apparel exports for the same period in the previous year amounted to $1,201.698 million.

From January to March 2023, Cambodia exported $334.185 million worth of apparel, compared to $280.554 million in October-December 2022 and $237.491 million in January-March 2022. In the latter half of 2022, the exports were valued at $380.611 million in July-September and $237.491 million in April-June, as per data from Fibre2Fashion's market insight tool TexPro.

Earlier, outbound shipments were reported at $1,105.338 million in 2021, $1,043.171 million in 2020, and $1,147.483 million in 2019.

Japan was the second-largest market for Cambodia's apparel exports during January-April 2023, accounting for 14.39% of the total export value. The largest market was the US, receiving 26.50% of Cambodia's apparel exports. Overall, the total value of Cambodia's apparel exports during the reviewed period was $2,807.546 million, as per TexPro.

Despite the current global economic challenges, Cambodia has succeeded in maintaining its export growth to Japan. In the first four months of the year, exports slightly increased to $403.998 million, compared to $398.021 million during the same period in the previous year.

Source: fibre2fashion.com– June 20, 2023

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Pakistan: Textile exports shrink to $15bn

Textile and clothing exports contracted by 14.72 per cent year-on-year to $15.03 billion during the first 11 months of the outgoing fiscal year. The decline in production is mainly attributable to a surge in the cost of production and a liquidity crunch, according to data released by the Pakistan Bureau of Statistics (PBS) on Monday.

The export figures for May paint a bleak picture as they witnessed a sharp decline of 19.57pc to $1.32bn from $1.64bn in the corresponding month of the previous year. The government is facing an uphill battle in meeting its export target, which could further exacerbate the strain on the country's depleting foreign exchange reserves. The textile and clothing sector, a key contributor to exports, is grappling with multiple challenges.

These include soaring energy costs, delayed refunds, scarcity of raw materials, and a global decline in demand, despite the significant depreciation of the local currency. The combination of these factors is impeding the growth of exports and posing a serious threat to the country's economic stability.

The textile export sector experienced a troubling trend of negative growth right from the beginning of the current fiscal year, except for a slight increase in August 2022 due to a backlog from the previous month. The PBS data showed the exports of readymade garments shrank 10.28pc in value in 11MFY23 but grew by 46.38pc in quantity, while knitwear dipped 12.94pc in value but grew 9.34pc in quantity, bedwear posted a negative growth of 18.53pc in value and 22.61pc in quantity.

However, towel exports slightly decreased by 10.56pc in value and 12.93pc in quantity, whereas those of cotton cloth dipped by 16.87pc in value and 24.22pc in quantity. Among primary commodities, cotton yarn exports declined by 33.75pc, while yarn other than cotton by 32.91pc. The export of made-up articles — excluding towels — dipped by 18.55pc, and tents, canvas and tarpaulin went up by 26.52pc in 11MFY23 from a year ago.

The import of textile machinery declined by 56.04pc in 11MFY23 — a sign that expansion or modernisation projects were not a priority.

Source: dawn.com– June 20, 2023

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Bangladesh: 'Time to diversify export basket to UK'

Bangladesh considers the United Kingdom (UK) as an important export destination and it is time for diversifying the export basket, as the bilateral trade is currently concentrated on a few specific items, FBCCI President Md Jashim Uddin said today.

The policymakers and business leaders of the two countries should collaborate in a focused manner to improve and diversify this trade relationship, said the chief of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

"Our bilateral trade currently stands at $5.46 billion. Bangladesh exported goods worth $4.83 billion in 2021-22 fiscal year while import was $0.63 billion," he said.

"Our export to the UK is concentrated on a few items like knitwear, woven garments, frozen fish, clothing, and textile. We need to diversify our export items."

He made the comments at an event styled "Bangladesh-UK Business Corridor: Legacy and the Future" jointly organised by the HSBC in partnership with the FBCCI at the Westin Dhaka.

In a bid to improve bilateral trade and investment between Bangladesh and the UK, the HSBC in partnership with the FBCCI has commissioned a study on the UK and Bangladesh market to Ernst and Young and Quay Asia.

"The UK and Bangladesh share an excellent bond with a strong people-to-people connection. This study will serve as a stepping stone towards further developing trade, investment, and economic relations," said Jashim Uddin.

And I believe this study will mark a significant milestone in the bilateral business and economic relations between the UK and Bangladesh, serve as a roadmap, guiding investors and entrepreneurs towards the most promising sectors and facilitating collaborations that drive economic growth."

Commerce Minister Tipu Munshi said: "I thank HSBC and FBCCI for supporting this market study which will undoubtedly open opportunities for further trade and investment growth."

Mahbub ur Rahman, chief executive officer of HSBC Bangladesh, said the UK is the second largest foreign investor and third largest export destination for Bangladesh. "This study shall enable us to scope out the avenues of opportunities in our respective trade and investment ecosystem. Through this collective endeavour, we can leverage those opportunities across both our countries, forging a path towards a prosperous future."

The synergy between the nations is a true win-win scenario, benefitting not only the economies but also fostering long-term, sustainable relationships, he said.

Over 240 British companies have so far invested in Bangladesh.

Source: thedailystar.net– June 19, 2023

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NATIONAL NEWS

Joint outcome statement: India-UK round ten FTA negotiations

On 09 June 2023, the Republic of India and the United Kingdom concluded the tenth round of talks for an India-UK FTA.

As with previous rounds, this was conducted in a hybrid fashion - a number of UK officials travelled to New Delhi for negotiations and others attended virtually.

Technical discussions were held across 10 policy areas over 50 separate sessions. They included detailed draft treaty text discussions in these policy areas.

The eleventh round of negotiations is due to take place in the coming month.

Source: pib.gov.in– June 19, 2023

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Withdrawal of duty benefit scheme by UK may impact labour intensive goods' exporters

The UK's decision to withdraw duty benefit scheme GSP may impact Indian exporters from certain labour-intensive sectors such as leather and textiles as they were the major beneficiaries, according to experts and traders. The UK is replacing the Generalised Scheme of Preferences (GSP) with a new Developing Countries Trading Scheme (DCTS) from June 19.

Labour intensive sectors, including certain textile items, leather goods, carpets, iron & steel goods and chemicals may get impacted due to this.

Global Trade Research Initiative (GTRI) said the US, European Union (EU), Australia, Japan and many other developed countries grant unilateral import duty concessions to developing countries under their GSP schemes.

"As the UK has come out of the EU, it has designed its own GSP scheme. Each country sets a product-wise threshold limit, if a country's exports cross the limit, the GSP concessions stop. The UK withdrawing GSP concessions on labour intensive products was expected as the two countries are negotiating a free trade agreement," GTRI co-founder Ajay Srivastava said.

GSP concessions are available in full to exports from Least Developed Countries(LDCs). China does not get such concessions. He added that the firms, associations and countries request for restoration of concessions but it is rarely considered.
"Since the concessions are small, India should stop participating in GSP schemes and stand tall like China does. GSPs are vestiges of colonial mind-set and should be used by only LDCs ," Srivastava said.

India's exports worth $2.5 billion are entitled for the GSP benefit in the UK.

Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said exports' share of certain Indian goods in the UK has increased from a specified limit due to which those sectors would not be able to enjoy the GSP benefits now.

He added that certain sectors such as metals would continue to enjoy the benefits.

"India will get the benefits under standard preferences rather than enhanced preferences. LDCs will get enhanced benefits," Sahai said.

India and the UK have been negotiating a free trade agreement since January 13, 2021. As many as ten rounds of talks have been completed till June this year and both sides are aiming to conclude the negotiations at the earliest.

Source: economictimes.com– June 20, 2023

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Textile stocks threading their way to bull party

Textile and clothing, one of the country's most dynamic industries, is on a revival path. This bull run has translated to an uptick in textiles stocks on the bourses. Top performers such as Trident, Alok Ind, KPR Mills, Lakshmi Machine Works (textile machinery major), Welspun, Raymond, Vardhaman Textiles Ltd, have seen a turnaround in their fortunes.

In May 2023, Sharekhan, with a Buy recommendation, kept the target price for KPR Mills at ₹685 and in June it has revised upwards to ₹800. ICICI Direct had suggested a Buy recommendation for Gokaldas Exports, Siyaram Silk Mills, Vardhaman Textiles, and Nitin Spinners.

Brushing aside the headwinds such as Covid pandemic, global recessionary trends, Russia-Ukraine war, volatility in raw material prices, inflation, etc, the industry is expected to witness significant growth. Thanks to rising demand from emerging economies, strong demand for home textiles (that accelerated during the pandemic period), and medical textiles during the pandemic.

The government's measures ranging from giving a push to technical textiles, the PLI scheme, launch of mega textile parks under the PM-Mega Integrated Textile Region and Apparel (PM MITRA) scheme, Silk Samagra scheme to boost sericulture and silk industry, SAMARTH Yojana aimed at skill development, to signing of FTAs with many countries, etc have helped.

"Textile as a space is yet to fire up the way many of the other sectors and themes have done in the last few months. However, it had its fair share of outperformers, albeit a few which witnessed a strong and consistent upside. The outlook of the sector has turned positive based on majority of stocks forming a base pattern on the weekly charts.

"However, the rally is expected to start in selective stocks and then move towards the other stocks which will make stock picking a pivotal point. Stocks like KPR Mill and Gokaldas Export will remain at the forefront with bouts of outperformance expected going forward, whereas others like Zodiac Clothing, Ambika Cotton and Himatsingka Seide are expected to witness a fresh uptrend after forming rounding bottom pattern on the weekly charts," says Gaurav Bissa, Vice-President, InCred Equities.

Range-bound rates

One of the advantages that textile mills enjoy is that prices of raw materials have stabilised and will rule at these levels until the end of the cotton season in September. This is because farmers had held back their produce at the start of the season and are now offloading it. "Cotton prices will remain range-bound," said Rajkot-based cotton, yarn and cotton waste trader Anand Popat.

However, spinning mills are troubled by lack of demand for yarn and they are operating on thin margins. Cotton prices will remain range-bound, he said.

A textile industry source said organised players in the sector are calling the shots and they would be able to do well.

ICICI Securities has recommended a Buy on Gokaldas. Though it raises concerns about falling readymade exports, it feels correction in cotton prices and lower freight costs will help the sector rebound. "RMG exports declined 7 per cent y-o-y in May 2023 and 12 per cent y-o-y in Apr-May 2023. We do not expect y-o-y growth in monthly exports till H1FY24 as retailers may look to liquidate their inventory in an uncertain demand situation."

Meanwhile, JM Financial projects a stronger 2HFY24 demand outlook for the textile sector. "Reduced cotton prices (down over 40 per cent in 12 months) coupled with improving scale in H2 2023 could lead to a material margin boost. With UK FTA ($1billion additional opportunity for India) in the horizon and possibility of "China+1" picking pace can significantly re-rate earnings and multiples for the space," a note said. Gokaldas Exports and Welspun India remain a key beneficiary, the note added.

Outlook

The second largest employer after agriculture, textiles industry has seen an FDI inflow of $1.5 billion from 2017-22. The Indian apparel market was worth $55 billion as of 2020 and is expected to grow at a CAGR of 10 per cent to $190 billion by 2025. On the raw material front, India will receive the benefits of allowing the import of 51,000 tonnes of duty-free cotton from January 2023 and 419 tonnes of duty-free cotton from December 29-31, 2022, from Australia. These are significant as the domestic textile industry will be insulated from the shortage of quality cotton with the increasing demand.

India is targeting an average GDP growth of over 7 per cent per annum to become a $5-trillion economy by 2025-26. As the world's fifth-largest economy with a population of 1.4 billion people, and with demand for home products increasing at 20 per cent per annum, business growth opportunities are galore for textile sector and the stocks too are likely to perform well. However, cyclical nature of the industry and raw material price fluctuations — globally and domestically — are to be watched for.

Source: thehindubusinessline.com– June 20, 2023

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India, UK discuss draft trade pact text, next round of talks in July

India and the UK concluded the tenth round of talks for a proposed free trade agreement (FTA) last week, and the next round of negotiations is due to take place in the coming month, the government said on Monday.

Technical discussions were held across 10 policy areas in over 50 separate sessions and detailed draft treaty text discussions took place in these areas.

"On June 9, India and the United Kingdom concluded the tenth round of talks for an India-UK FTA," the commerce and industry ministry said in a statement.

The negotiations for the agreement were launched on January 13, 2021.

The talks included detailed draft treaty text discussions in these policy areas, it said, adding, that the eleventh round of negotiations is due to take place in the coming month.

The bilateral trade between the countries has increased to $20.36 billion in FY23 from $17.5 billion in FY22.

India's main exports to the UK are ready-made garments and textiles, gems and jewellery, engineering goods, petroleum and petrochemical products, while key imports include precious and semi-precious stones, ores and metal scraps, and engineering goods.

Source: economictimes.com – June 19, 2023

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US share in India's merchandise exports up despite diversification move

Notwithstanding India's efforts to diversify its merchandise exports, the country's dependence on the US for its outbound shipments has increased over the past 12 years by 7 percentage points to touch 17.4 per cent share in 2022-23 (FY23).

In contrast, the share of the US in India's total exports has continuously declined from a high of 21.7 per cent in 1998-99 to a low of 10.1 per cent in 2010-11, reveals India's Department of Commerce data. During the pandemic years of 2020-21 and 2021-22, the export share of the US was even higher than the FY23 levels.

In its vision statement released during the mid-term review of the 2015-2020 foreign trade policy in 2017, the Ministry of Commerce said the policy of market diversification that has stood India in good stead during the global economic downturn will continue to be a key determinant of the country's trade policy, together with product diversification.

"To put exports on a high-growth trajectory, India needs a market diversification strategy based on the changing dynamics of growth in the world economy," it said.

"So far, India's bilateral trade engagement has been mainly with the industrial powers. In future engagements, India will engage with regions and countries that are not only promising markets but are also major suppliers of critical inputs and have complementarities with the Indian economy," it added.

Jawaharlal Nehru University Professor Biswajit Dhar says India's widening bilateral trade surplus could come up for discussion during Prime Minister Narendra Modi's upcoming state visit to the US.

"The diaspora provides a large market. It's an easy market for Indian businesses to tap into. Any successful diversification has to be carried out by the industry. We are playing straight into the hands of Americans. As the trade surplus increases, the voices get shriller in the US. India's inability to increase imports from the US could very well come up for discussion during Prime Minister Narendra Modi's visit," he says.

Between 2011-12 (FY12) and FY23, the US share in India's import basket rose from 4.8 per cent to 7 per cent.

However, Ajay Sahai, director-general and chief executive officer of the Federation of Indian Export Organisations, says exports to the US have gone up because exports in some of the sunrise sectors, such as drug and pharmaceutical, electronics and automotive components have increased as well as in some labour-intensive sectors.

"Despite this increase, our share in the US imports is about 2 per cent only. This shows we have not tapped into the major segments where US imports are happening. We should look into further increasing our share because the US is an economy where huge imports are happening," he adds.

The Department of Commerce data shows that the share of the US in total exports of electronic components, agrochemicals, iron and steel products, among others, increased significantly between FY12 and FY23. Dhar says the rising share of the US also shows India's free-trade agreements (FTAs) have not worked to India's advantage.

"While the Association of Southeast Asian Nations (Asean) entered into an FTA with India (in 2009), it also signed a trade deal with China. We lost our market share to Asean compared to the pre-FTA years because we couldn't compete with Chinese exports. Unless something dramatic happens with the production-linked incentive scheme and we gain some competitive advantage, export diversification is not going to happen," he adds. Sahai agrees that India's existing FTAs have not worked in the country's favour.

"That's why the focus is now on signing trade deals with major markets and complementary economies such as the United Arab Emirates, the UK, and Australia. Japan, South Korea, and the Asean are strong at manufacturing. That's why we have seen more imports happening than exports. These countries are also more integrated with the global value chain. Since the US is making a conscious effort to develop a new global value chain bypassing China, India can benefit by playing a significant role there," he adds.

Source: business-standard.com – June 19, 2023

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Retailers clock moderate growth of 7% in May: Retailers Association of India

Retailers clocked moderate growth in May over the same month in 2022 and the industry will be closely watching how sales trends pan out over the next three months.

According to the latest Retail Business Survey released by the Retailers Association of India, retailers clocked a growth of 7 per cent in May 2023, compared to May 2022. This was led by categories, such as jewellery and apparel.

While retail businesses in Eastern India clocked a growth of 8 per cent during this period, South India and West India registered a growth of 7 per cent and 6 per cent, respectively. Retailers in North India clocked a growth of just about 5 per cent in May, compared to the same month last year.

Kumar Rajagopalan, CEO, Retailers Association of India (RAI), said: “As consumers are now getting into their normal business routines, we are witnessing moderate growth over previous year. However, we are also aware that April and May in 2022 witnessed extraordinary growth at 23 per cent and 24 per cent, respectively, compared to the pre-pandemic period (April 2019 and May 2019).”

“We will have to wait and watch how the next three months pan out to draw a proper conclusion,” he added.

In categories, jewellery and apparel reported a growth of 9 per cent each, followed by food and grocery (8 per cent) and Quick Service Restaurants (7 per cent), compared to May 2022.

Consumer durables and electronics (5 per cent), beauty, wellness and personal care (5 per cent) and footwear (3 per cent) clocked growth in low single digits.

Sports goods sales grew merely 2 per cent in May this year, compared to the same period last year, which was the lowest growth since the pandemic. Similarly, furniture and furnishing also grew only 2 per cent.

lifestyle products

A report released by Motilal Oswal Financial Services on Monday also stated that the majority of lifestyle products companies have indicated softer demand scenarios across product categories, price ranges and geographical regions.

“While April-May’23 has possibly seen a more pronounced impact due to the higher base of last fiscal, clearly footfalls have been weak. Although revenue trends have been better in June, it continues to remain modest,” the report added.

Source: thehindubusinessline.com – June 19, 2023

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Demand slump, rising cost force Gujarat dyestuff units to freeze capacity

A sharp drop in demand and higher production costs have forced dyestuff manufacturing units in Gujarat to cut production. The demand crunch is attributed to sluggish domestic consumption of textiles and apparels, and a fall in exports.

Dyestuffs are used to impart colour to a variety of products including textiles, paper, leather and plastic products.

According to industry sources, the Gujarat dyestuff units are currently operating at 50-60% of the total the capacity, resulting in significant job cuts. In normal times, the state accounts for 70% of the country's dyestuff output.

Haresh Bhuta, President, Gujarat Dyestuffs Manufacturers' Association (GDMA), said that the situation may worsen in the coming months. "The sector has been facing problems for around one year now.

The main reasons include global circumstances and geo-political tensions around the world. Russia-Ukraine War and the tensions between the US and China have caused demand to go down in the EU region and the US, which were the biggest export destinations for the sector as well as the industrial users", he said.

Bhupendra Patel, chairman, Gujarat Region, Chemical Export Promotion Council (CHEMEXCIL), said, "The pandemic and Ukraine-Russia war have caused the prices of coal, gas, and basic raw materials like caustic soda and benzene to go up significantly. This has increased the overall cost of production. To make matters worse, the pandemic has changed the consumption pattern of consumers."

Gokul M Jaykrishna, joint MD & CEO of Asahi Songwon Colors, the largest producer of blue pigment globally, said, "The export market has been seriously hit. This year we have exported only around 50-60% of our production, which is around 15-20% lower on year."

There are two main categories in pigments; AZO pigments which include pigments of red, yellow and orange colour, while the other is phthalocyanine pigments which include blue and green colors. Jaykrishna added, “India is the world leader in Phthalocyanine pigments but in Azo pigments, we are behind China. As the demand in the global market is low, we cannot do much to change that. But what can be done is that India can stop China from dumping their red and orange pigments in Indian markets with higher import tariffs or anti-dumping duties.”

According to the data released by the Union ministry of commerce and industry, the dyes and pigments sector witnessed a 20.18% decline in exports last fiscal. The exports stood at Rs 2,588.24 crore in FY23 against the Rs 3,242.49 crore in FY22.

Source: financialexpress.com – June 20, 2023

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India's eB2B market to reach $90-$100 billion by 2030: Report

India's eB2B market is estimated to grow at a compound annual growth rate (CAGR) of 40–45 per cent from $5–6 billion in CY2022 to $90-$100 billion by 2030, according to a report released by Redseer Strategy Consultants.

The Indian retail market is worth $950 billion but is unorganised and dominated by general trade. While general trade drives 83 per cent of the overall market, its share is greater than 90 per cent in the grocery space.

However, the fragmented market puts retailers at a disadvantage when procuring from traditional channels owing to price opacity, slow/no deliveries, stockouts, and inconsistent product quality, among other challenges.

According to the report, eB2B platforms offer solutions for these retailers through strategic brand partnerships and by eliminating intermediaries from the retail value chain.

"Platforms catering to retailers constitute 70–80 per cent of the eB2B market, while the remaining 20–30 per cent is occupied by platforms catering to wholesalers.

Growth in this market will be led by deepening penetration among retailers across categories and geographies and a higher wallet share for eB2B platforms," said Mrigank Gutgutia, partner at Redseer.

Going into the business model segmentation of the eB2B platforms, the report states that there are limited multi-category platforms with pan-India operations across categories such as grocery (staples and FMCG), electronics and accessories, general merchandise, fashion, and others .

Furthermore, in the last few months, many vertical platforms have been struggling, and across categories have shown limited growth, been flat, or declined due to challenging unit economics and prevailing macro-economic conditions, while multi-category platforms such as udaan have gained market share to reach 55–60 per cent of the retailer-led eB2B market, Gutgutia noted.

Specialised needs

The specialised needs of retailers across categories require eB2B platforms to be highly competitive across categories. Enabling low-cost distribution penetration and increasing the frequency of service in any location, discretionary segments such as clothing, footwear, electronics, home and kitchen, and FMCG boost the margins for multi-category platforms. Therefore, a multi-category approach is effective in optimising supply chain costs, as grocery contributes to higher fleet utilisation while discretionary categories enable better economics.

Moreover, the multi-category approach also helps optimise go-to-market (GTM) and credit costs. Vertical platforms focused only on grocery or discretionary categories have a tough time managing GTM costs because of their low retailer density, which results in lower throughput per foot-on-street (FoS), and because of low demand predictability. However, GTM cost optimisation for multi-category platforms happens through leveraging the same tech across all categories or portfolios, and further through the aggregation of sub-categories within portfolios.

Source: thehindubusinessline.com – June 20, 2023

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‘Odisha government failed to set up mega textile park’

Union Minister of State for Railways and Textiles Darshana Jardosh during her visit to Paradip on Monday criticised the Odisha government for having failed to send proposal to the Centre for setting up of a mega textile park in the state.

When questioned about the Centre’s future plans for revival of the Sarala spinning mill at Tirtol and Parbati Cotton Mill in Rahama during a press meet at Jayadev Sadan, Jardosh said she would discuss about the same with the higher authorities of the textile industry.

“Due to non-cooperation and lack of support of the Odisha government, many centrally-sponsored projects including the mega textile park have not yet been set up in the state,” she alleged. The Central government has planned to set up mega textile park in each state on over 1,000 acre land with a total outlay of `10,000 crore for five years.

“The Textile Ministry has received 12 proposals from as many states in this regard but no proposal has yet been received from Odisha government.. The park could strengthen the Centre’s Make in India initiative and create job opportunities in small sectors because of its various schemes and training programmes,” the union minister added.

After receiving proposals from different state governments, selection was made in a very transparent way but Odisha was not eligible for selection despite having a rich sector in handloom and cotton fibre due to lack of support and cooperation, Jardosh informed.

The minister attended the Jansampark Abhiyan at Siju, Jota village under Jagatsinghpur block and Sanjukta Morcha meeting in Paradip where she highlighted Modi government’s achievements. Jardosh also attended the review meeting of Paradip Refinery and inspected ongoing and upcoming projects of the compny.

Source: newindianexpress.com – June 20, 2023

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