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81.96	89.50	104.33	0.57

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INTERNATIONAL NEWS

Asia-Pacific's GDP estimated to grow 3.8% in 2023: S&P Global

Asia-Pacific's gross domestic product (GDP), excluding China, is forecast to grow by 3.8 per cent in 2023, according to a report by S&P Global. The report suggests that inflation and external deficits are diminishing, and central banks face less pressure to raise rates.

US policy rates are expected to increase and are forecast to start falling only in 2024. As a result, strain on Asia-Pacific markets and currencies will persist throughout 2023.

For most Asia-Pacific economies, China's recovery is not enough to counterbalance the impact of the slowdown in the US and Europe in 2023, particularly given the domestic services-led nature of China's growth, which restricts the spillover via imports, as per S&P Global's Economic Outlook Asia-Pacific Q3 2023 report.

In the first quarter of 2023, weak exports generally impacted Asia-Pacific GDP growth. This external weakness led to negative GDP growth in trade-exposed economies like Singapore and Taiwan.

Robust domestic demand across the region lessened the overall impact on growth. Large economies like India and Japan even witnessed accelerating GDP growth due to domestic resilience.

For instance, in India, the March quarter outperformed expectations, leading Statistics India to revise its whole-year GDP growth estimate in fiscal 2023 (ending March 30) upwards from 7 per cent to 7.2 per cent, indicating a strong recovery from COVID-19.

In Japan, buoyant private consumption and investment pushed GDP growth above anticipations. Across the region, lingering reopening dividends helped boost private consumption growth beyond 4.5 per cent year-on-year in all but four of the 12 economies for which disaggregated national accounts data is available.

However, S&P Global expects the impact of higher interest rates to become more visible in the second half of 2023, especially in countries like Australia, New Zealand, and the Philippines, which have had the largest interest rate increases.

Despite these challenges, S&P Global's report predicts the fastest growth rates of around 6 per cent in India, Vietnam, and the Philippines, and expects growth in the Asia-Pacific region excluding China to pick up to 4.4 per cent in 2024 due to easier monetary conditions and slightly improved global growth.

Asian emerging market economies will remain among the fastest-growing ones globally through 2026. India, Vietnam, and the Philippines are expected to lead, with average growth rates of 6.7 per cent, 6.6 per cent, and 6.1 per cent, respectively, between 2023-2026, the report added.

Source: fibre2fashion.com – June 27, 2023

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China textile and apparel exports increase, attributed to PFY and PSF

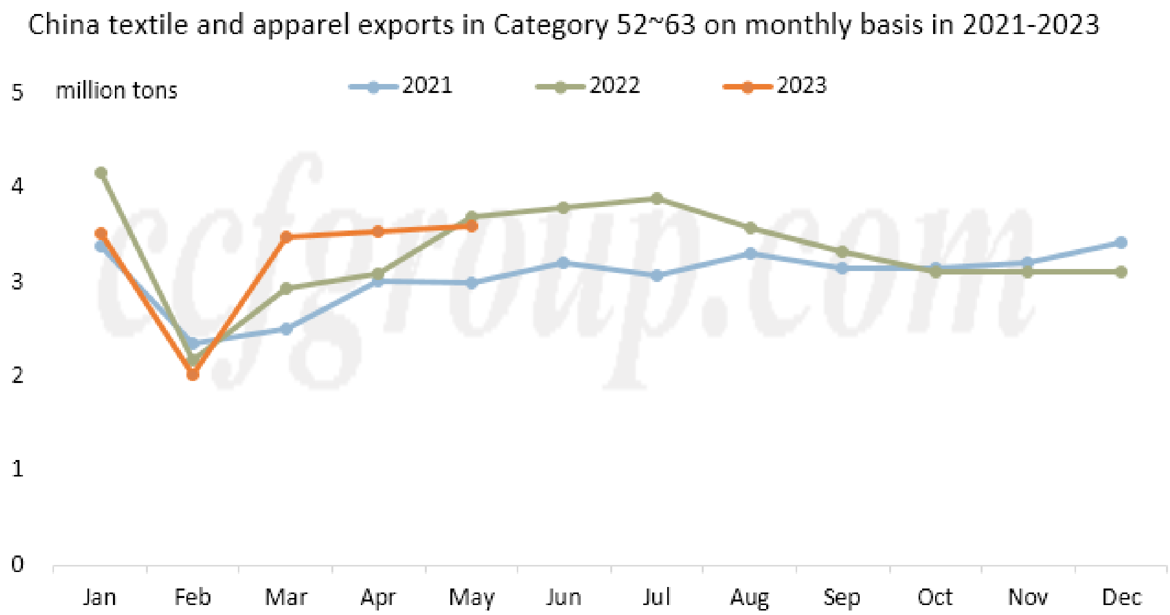
During Jan-May 2023, China textile and apparel exports increased year-on-year. However, the export value was affected by price as well as exchange rate.

According to customs data, on RMB basis, May textile and apparel export value was down 10.8% on year and down 1.1% on month, textile export value dropped 11.9% on year and fell 5.5% on month, and that of apparel declined 9.8% on year while increased 3.2% on month.

On USD basis, China May textile and apparel export value was down 13.1% on year and down 1.3% on month, textile export value dropped 14.2% on year and fell 5.6% on month, and that of apparel declined 12.2% on year while rose 3% on month.

Then, is it possible to calculate the quantity?

China customs indeed releases detailed export data. However, as there are too many sub-items, textile and apparel exports are divided into Category 52~63 based on the HS code, in the calculation of quantity.



From the chart above, in Mar and Apr, the exports recorded obvious increase from the year earlier, while in May, the exports were down slightly on year in terms of quantity.

After the exports are divided into different categories, it can be seen that only Category 54, 55 and 62 recorded positive growth during Jan-May, while others dropped from the same period of last year.

Category	Product
63	Other textile products; Complete set of items; Old clothing and textiles; Broken fabric
62	Non-knitted or non-crocheted clothing and accessories
61	Knitted or crocheted clothing and accessories
60	Knitted and crocheted fabrics
59	Textile fabrics impregnated, coated, covered or laminated; Industrial textile products
58	Special woven fabrics; Tufted fabric; Lace; Decorative blanket; Decorative tape; Embroidery
57	Carpets and other textile floor coverings
56	Wadding, felt and non-woven fabrics; Special yarn; Thread, rope, rope, cable and its products
55	Chemical staple fiber
54	Chemical fiber filament; Flat strips and similar products made of chemical fiber textile materials
53	Other plant textile fibers; Paper yarn and its woven fabrics
52	Cotton

The growth of polyester filament yarn (in Category 54) among textile and apparel products, seems to the eye-catching.

However, if we compare the data with PFY and PSF exports statistics released by China customs, the result may be surprising.

Y-o-y export increase in Jan-May 2023

	Increase (kt)		Increase (kt)
Category 54	406	Category 55	40
PFY	407	PSF	108
Discrepancy	-1		-68

It can be concluded that in Category 54, only PFY recorded increment in exports during Jan-May, while other chemical fiber and its filament yarn fabric barely increased. In Category 55, PSF exports rose during Jan-May, but it meant that the exports other staple fiber and its fabric declined apparently.

In other words, the increase in textile and apparel exports in Jan-May was mainly attributed to PFY and PSF, while exports of downstream products and fabrics did not increase but declined instead. The rise in polyester fiber exports more reflects transfer of industry and exploration of overseas markets, and also partially because of India's BIS.

Polyester fiber with its competitiveness, gains more export shares, however, whether it could sustain need to be seen.

Source: ccfgroup.com – June 26, 2023

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Cambodian Apparel Exports Plummet

Despite the US remaining the primary market for Cambodian textile and garment exports, the country experienced a significant drop in apparel exports during the initial four months of 2023. Cambodia's apparel exports to the US amounted to $643.886 million, accounting for 26.50% of the country's total exports worth $2,807.546 million during this period.

However, this figure represents a substantial 50.32% decline compared to the corresponding period in 2022. In the first four months of 2022, Cambodia exported garments worth $1,497.387 million, while the figures for January to April in 2021, 2020, and 2019 were $1,097.180 million, $977.303 million, and $819.210 million, respectively.

Analyzing the product breakdown, trousers and shorts emerged as the leading apparel exports, generating $230.292 million and constituting 31.39% of the total garment exports. Jerseys followed with $122.014 million (16.63%), shirts with $67.086 million (9.14%), baby wear with $47.581 million (6.48%), T-shirts with $43.340 million (5.91%), nightwear with $33.623 million (4.58%), and dresses with $31.846 million (4.34%).

While the US continues to be Cambodia's largest export market for textiles and garments, the notable decline in apparel exports raises concerns for the industry's performance in 2023.

Source: fashionatingworld.com – June 27, 2023

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China's economic growth forecast revised to 5.2%: S&P Global

China's growth forecast has been slightly adjusted to 5.2 per cent from the previously projected 5.5 per cent in the third quarter (Q3) of 2023, according to a report from S&P Global. The country's economy has seen a notable rebound in Q1 2023, driven primarily by consumer demand, which continued to recover into the second quarter. Despite this, industrial production has experienced a slowdown due to subdued exports.

Unemployment in China is easing overall, but a surge in youth unemployment to 20.8 per cent in May 2023 has tempered the recovery's sentiment. Slow income growth and wage cuts in some sectors have left consumer confidence recovery sluggish, according to S&P Global's Economic Outlook Asia-Pacific Q3 2023 report.

Nevertheless, retail sales and discretionary spending have been expanding at a rate that surpasses what consumer confidence data suggests. The growth in real year-on-year (YoY) retail sales reached double digits in the second quarter, and discretionary spending in May was 21 per cent higher than in 2019 in nominal terms, compared with 17.3 per cent in April. This indicates that consumption is expected to continue to expand significantly into the second half of the year and into 2024.

However, weak exports and confidence continue to hinder private sector investment. A gradual improvement in profits is predicted to offer some support in the second half of the year, which will help broaden the recovery.

China's US-dollar imports were down YoY in May. However, in real terms, imports rose approximately 8 per cent YoY, signalling that China's recovery is beginning to impact international markets.

China's reopening hasn't resulted in a significant impact on domestic and global inflation due to the modest scale of the recovery and the fact that it's driven by the consumption sector. However, S&P Global expects domestic and international price pressures from China to increase as the recovery broadens and consolidates.

Despite these challenges, China's overall share in the global export market has remained relatively stable over the past three years. This demonstrates the enduring competitiveness of China's industrial sector amidst production shifts.

China's key downside risk is a possible slowdown due to weak consumer confidence. If a serious slowdown occurs, meaningful measures are expected to contain any downside. Conversely, strong growth could lead to macro policy becoming less accommodating, hence limiting the upside risk to growth.

Long-term risks include an increase in geopolitical friction and its impact on China's economic and financial ties with developed countries. Domestically, skilful management of local government debt and financial reforms is required to balance growth and leverage, the report added.

Source: fibre2fashion.com – June 26, 2023

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Japan witnesses slight downturn in manufacturing sector in Jun 2023

Japan's manufacturing purchasing managers' index (PMI) fell from 50.6 in May 2023 to 49.8 in June, signalling a mild deterioration in the sector. Japanese goods producers experienced declines in output and new business, but the contraction rates were only slight.

New export orders fell at a rate not seen since February. In spite of the subdued demand, supplier performance improved in June with delivery times shortening at the fastest pace since March 2016, au Jibun Bank said in a press release.

Inflationary pressures remained on a downward trend at the end of the second quarter, with input costs rising at the softest pace since February 2021 and selling price inflation cooling to a 21-month low.

Even though the indices for total new business and new export orders moderated from their all-time highs in May, they still demonstrated solid growth. This ongoing improvement in demand conditions was often linked to an increase in customer numbers and spending as the impact of the COVID-19 pandemic continued to lessen.

The au Jibun Bank Japan Manufacturing PMI is compiled by S&P Global from survey responses from a panel of around 400 manufacturers. The PMI is a weighted average of the following five indices—new orders at 30 per cent, output at 25 per cent, employment at 20 per cent, suppliers' delivery times at 15 per cent, and stocks of purchases at 10 per cent.

Annabel Fiddes, economics associate director at S&P Global Market Intelligence, said: "After posting its second-strongest expansion on record in May, driven largely by the service sector, the latest Flash PMI data indicate that growth momentum slowed across Japan's private sector at the end of the second quarter.

"The softening of growth momentum fed through to reduced optimism around the outlook, with business confidence slipping to a five-month low. Some firms expressed more caution around the outlook due to strong cost pressures and lingering global economic uncertainty.

However, there was some better news in terms of inflationary pressures, which showed further signs of easing. Notably, input price inflation softened to a 22-month low in June, while output charges increased at the softest pace since January."

Source: fibre2fashion.com – June 26, 2023

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Spain's apparel import from Cambodia rises 19% to $326.5 mn in Jan-Apr

Spain's apparel imports from Cambodia, which experienced substantial growth in 2022, have continued their upward trajectory in the first four months of the current year. Imports have seen a significant 19.16 per cent jump to $326.555 million from January to April 2023, compared to the same period in the previous year.

Spain imported apparel worth $274.042 million during the first four months of 2022. This represents a 51.61 per cent increase compared to the $180.755 million worth of imports from January to April 2021. The trend demonstrates a recovery in Spain's import activity, which had declined by 22.71 per cent to $231.514 million in the first four months of 2020, and further dropped by 21.92 per cent to $180.755 million during the same period in 2021, according to data from Fibre2Fashion's TexPro market insight tool.

In the first four months of 2023, Cambodia was the fourth largest supplier of apparel to Spain. During this period, Spain imported 5.04 per cent of its total apparel from Cambodia, which amounted to a value of $6.485 billion.

In 2022, Spain's total apparel imports were valued at $978.431 million, reflecting a growth of more than 50 per cent from the $626.853 million recorded in 2021. In the years prior, the country had imported apparel worth $634.629 million in 2020 and $874.142 million in 2019, as per TexPro.

If the current rate of growth is maintained for the remainder of the year, it's projected that Spain's apparel imports could surpass the $1 billion mark in 2023. This trend indicates that the bilateral trade between Spain and Cambodia has remained resilient, despite the current economic slowdown and high inflation affecting many western countries.

Source: fibre2fashion.com – June 27, 2023

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Asia, Europe drive thriving luxury

The global luxury market is expected to see strong growth of 5 to 12 percent in 2023, driven by post-pandemic demand, according to a report by Bain and Altagamma. Valued between €360 and €380 billion this year, the market is predicted to reach €530 to €570 billion by 2030.

Asia and Europe will fuel this growth, while the US faces a slowdown due to inflation and recession, impacting aspirational luxury spending. China's luxury market is rebounding, with Hong Kong and Macau experiencing a surge in spending by Chinese tourists. Luxury brands are capitalizing on this by hosting exhibitions and collaborating with local talent.

Southeast Asia is also witnessing strong growth, thanks to Russian tourists, Chinese consumers, and increased demand for jewelry and watches. Japan is identified as a rising star, with both local customers and inbound tourists showing a strong interest in popular accessories. In contrast, the US luxury market has plateaued, prompting brands to rethink their strategies.

Affluent Americans are increasingly buying luxury goods abroad due to wider price differences. While areas like New York and California regain popularity, destinations like Hawaii and Las Vegas are yet to fully recover to pre-pandemic levels.

Source: fashionatingworld.com – June 27, 2023

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Turkiye's economic trust index drops by 2.5% amid consumer pessimism

Turkiye's economic confidence index decreased by 2.5 per cent from May's 103.7 to 101.1 in June 2023. This drop mirrored a similar trend in the not seasonally adjusted consumer confidence index, which saw a 6.5 per cent decrease to 85.1 in the same period.

Conversely, the real sector confidence index, which measures the sentiment in the manufacturing industry, saw a modest increase of 0.6 per cent from 105.1 in May to 105.7 in June, the Turkish Statistical Institute (TurkStat) said in a press release.

The retail trade confidence index also experienced growth, rising by 0.9 per cent from 116.7 in May to 117.7 in June.

Source: fibre2fashion.com – June 27, 2023

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Hong Kong Investors Eye FTA with Bangladesh

In a highly anticipated seminar titled "Investment Opportunities in the EPZs and EZ of BEPZA, Bangladesh," jointly organized by the Bangladesh Export Processing Zones Authority (BEPZA) and the Hong Kong Exporters' Association (HKEA), Hong Kong investors expressed their enthusiasm for the upcoming Free Trade Agreement (FTA) between Bangladesh and Hong Kong Special Administrative Region (SAR), China.

The event took place on June 20 at the InterContinental Grand Stanford Hotel in Hong Kong. Renowned Hong Kong investors, with years of experience investing in Bangladesh, shared their business insights during the seminar. They highlighted Bangladesh's favorable factors such as its abundant and cost-effective labor force, diligent workforce, infrastructure development, and competitive manufacturing costs, making it an attractive investment destination compared to countries like Myanmar, Cambodia, and Vietnam.

The seminar featured esteemed guests including AbulKalam Mohammad ZiaurRahman, Executive Chairman of BEPZA, who served as the chief guest, and IsratAra, Consul General of Bangladesh, who attended as a special guest. The Consul General provided updates on the ongoing initiatives to establish trade-related agreements between Bangladesh and Hong Kong.

The seminar drew more than 200 attendees, including officials from the Hong Kong Trade Development Council (HKTDC) and representatives from major business chambers, showcasing the keen interest of Hong Kong investors in exploring opportunities in Bangladesh.

Source: fashionatingworld.com– June 26, 2023

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Better Cotton successfully concludes annual conference in Netherlands

Better Cotton has concluded its annual conference, which was held from June 21-22 in Amsterdam, the Netherlands. The in-person and online event attracted more than 350 industry stakeholders from 38 countries around the world, and explored four key themes: Climate Action, Sustainable Livelihoods, Data & Traceability, and Regenerative Agriculture.

On the opening day, following a member meeting in which the impending launch of Better Cotton's India impact report was previewed, keynotes from Nisha Onta, regional coordinator for Asia at WOCAN, and Antonie Fountain, CEO of the VOICE Network, set the scene for discussions on Climate Action and Sustainable Livelihoods, respectively.

On the former, sessions highlighted both the scale of the impact of climate change on cotton farming communities, and the scope for collaboration. Breakout sessions centred on the potential of localised primary data and carbon financing projects to unlock farm-level improvements.

On the topic of Sustainable Livelihoods, meanwhile, Antonie Fountain's presentation blended into a lively conversation on living income that he facilitated with support from IDH Senior Innovation Manager, Ashlee Tuttleman. Together, they oversaw a quiz which explored agricultural myths bandied around across commodity sectors, before winners were invited to take to the stage as impromptu panelists.

Later sessions on the topic explored in greater detail the concept of 'well-being' and 'sustainable livelihoods'. Julia Felipe, a Better Cotton garmer from Mozambique shared her experiences; as did Jyoti Macwan, the secretary-general of SEWA, a women's employment association that's helped millions of Indian women secure necessities through local social enterprises.

The second day started with a keynote presentation from Maxine Bédat, the founder and director of the New Standard Institute, on the important role of data and traceability in a sector that's facing increasing regulation.

Better Cotton's senior traceability manager, Jacky Broomhead, took to the stage soon after to outline the potential of the organisation's traceability system as one solution. Joined by Erin Klett, senior director, research & policy at Verité, and Sarah Solomon, international relations officer at the US Department of Labour, they discussed the system's impending launch and how it aligns with an influx of legislation.

A series of breakout sessions followed covering a myriad of topics, from pilot traceability efforts in India and the value of increased transparency for farmers, to the issue of greenwashing and methods of measuring impact.

A look at regenerative agriculture rounded off the event, starting with a keynote from Felipe Villela, founder of reNature.

Better Cotton, which continues to refine its approach to regenerative agriculture, featured throughout the theme, with Nathalie Ernst, the organisation's farm sustainability standards manager at Better Cotton, and Emma Dennis, senior manager at Sustainable Agricultural Practices, helping set the scene as to how this approach can benefit nature and society.

This, before delegates heard from a panel of farmers representing India, Pakistan and the US about how their operations have been impacted by the adoption of regenerative practices and the misconception surrounding its applicability.

"This year's conference has been a resounding success. We've heard from experts throughout fashion supply chains, from valued cotton farmers in our network right through to the brands and retailers that source their product. Discussions have reiterated the urgent action required to tackle the worst effects of the climate crisis, but there was also a clear consensus around the need to deliver profound impact at farm level. With a regenerative approach and this group of changemakers we can push for social and environmental transformation," Alan McClay, chief executive officer, Better Cotton, said.

Source: fibre2fashion.com– June 26, 2023

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Iran Ambassador meets BGMEA President to explore bilateral trade opportunities

BGMEA Vice President Shahidullah Azim, Chair of BGMEA Standing Committee on Trade Fair Mohammed Kamal Uddinand Mahmoud Khosravi, Consular and Economic Affairs at the Embassy of Iran in Dhaka, were also present at the meeting.

Issues of mutual interests, especially ways of widening trade horizons between Bangladesh and Iran were discussed in the meeting.

Their discussion also focused on potential areas of expanding and diversifying bilateral trade and investment between the two counties.

They stressed on the need for collaborative initiatives to identify trade opportunities, especially exporting garments to Iran, and removing trade barriers.

BGMEA President Faruque Hassan briefed the Iranian envoy about the readymade garment industry of Bangladesh, including its massive contribution to the socioeconomic development of the country.

He apprised Ambassador Chavoshi of the vast progress made by Bangladesh's apparel industry in terms of workplace safety and environmental sustainability alongside world-class manufacturing facilities to meet the global demand for quality garments.

Faruque Hassan also mentioned significant accomplishments in developing transport, energy, and digitization infrastructure in Bangladesh alongside building capacity in ports that would help the country to meet the growing demand of trade.

With developing infrastructure and investment-friendly facilities, Bangladesh is an attractive destination of investment, the BGMEA President said.

Ambassador Mansour Chavoshi planted a sapling on the BGMEA premises in appreciation of BGMEA's ongoing endeavors to promote sustainability in the RMG sector.

BGMEA is going to organise a tree plantation programme titled "Rooting for a Green Planet," from 10 to 16 July with an aim to inspire management, employees and workers of member garment factories to plant trees regularly at their workplaces and homes.

Source: tbsnews.net– June 26, 2023

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NATIONAL NEWS

India actively considering CEPAs, FTAs to boost textile exports: Piyush Goyal

Union Minister Piyush Goyal on Monday said India is actively considering entering into free trade pacts and comprehensive economic partnership agreements to tap new markets, increase exports and create opportunities for the domestic textile industry.

The Minister of Textiles highlighted that the Pradhan Mantri Mega Integrated Textile Region and Apparel (PM MITRA) Park is being established across 7 states to promote India's textile sector in a significant manner. Goyal said PM MITRA Parks will lead to a reduction of logistic costs due to a cluster-based approach to manufacturing and production of quality products with appropriate testing facilities. The minister emphasised that countrymen deserve the best quality of garments and this should be ensured by all the stakeholders.

He encouraged the industry to focus on quality and test their products to comply with quality standards. Goyal said India is pioneering sustainable textiles, contributing to a lesser carbon footprint and promoting a circular economy. The Indian textile industry has made a mark in the world with its innovative and attractive products, he said while addressing an event in Greater Noida, Uttar Pradesh.

Piyush Goyal said that India is actively considering the possibility of Comprehensive Economic Partnership Agreements (CEPAs) and Free Trade Agreements (FTAs) with various countries. These agreements aim to enhance the market size and facilitate exporters in the thriving Indian textile sector.

"...by entering into these agreements, India aims to tap into new markets, increase exports, and create opportunities for growth in the textile industry," a Textiles Ministry statement quoted the minister as saying.

Source: economictimes.indiatimes.com– June 26, 2023

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India is pioneering sustainable textiles contributing to lesser carbon footprint and promoting circular economy: Union Textile Minister Shri Piyush Goyal

Union Minister of Textiles, Commerce and Industry and Consumer Affairs, Food and Public Distribution, Shri Piyush Goyal said that India is pioneering sustainable textiles contributing to lesser carbon footprint and promoting circular economy.

The Minister said that the Indian textile industry has made a mark in the world with its innovative and attractive products during his address at the inaugural function of the 69th India International Garment Fair (IIGF) at Greater Noida, Uttar Pradesh today.

The Minister highlighted that the Pradhan Mantri Mega Integrated Textile Region and Apparel (PM MITRA) Park are being established across 7 states of the country with the objective of promoting India's textile sector in a significant manner.

Shri Goyal said that PM MITRA Parks will lead to reduction of logistic costs due to cluster-based approach of manufacturing and production of quality products with appropriate testing facilities. He also said that the locational advantages of the PM MITRA Parks will help the units in these Parks to cater well to domestic demand as well as the exports.

Shri Goyal emphasized that our countrymen deserve the best quality of garments and this should be ensured by all the stakeholders. He encouraged the industry to focus on quality and test their products to comply with quality standards.

The Minister also motivated the youth to innovate and develop new technologies to facilitate production of better quality products. He said that the IIGF must focus on enhancing quality and professionalism in the textile sector.

Shri Piyush Goyal said that India is actively considering the possibility of Comprehensive Economic Partnership Agreements (CEPAs) and Free Trade Agreements (FTAs) with various countries.

He said that these agreements aim to enhance the market size and facilitate exporters in the thriving Indian textile sector. The Minister said that by entering into these agreements, India aims to tap into new markets, increase exports, and create opportunities for growth in the textile industry.

Shri Piyush Goyal applauded the contribution of the Apparel Export Promotion Council (AEPC) for organizing the India International Garment Fair and providing an opportunity for enhanced collaboration of the Indian textile industry with the world.

The Minister noted the significant role played by AEPC in serving the textile sector providing livelihood opportunities to crores of people, encouraging new startups and supporting micro and small units in the textile sector.

Shri Goyal called for the world's largest Garment fair to be organized in the National Capital Region to strengthen the trade fair ecosystem and engage industry, entrepreneurs, and other stakeholders. Member of Parliament, Gautam Buddha Nagar, Shri Mahesh Sharma, Chairman, AEPC, Shri Narendra Goenka, senior officials and other dignitaries from India and abroad also graced the occasion.

Source: pib.gov.in– June 26, 2023

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PM Narendra Modi to lay foundation of textile park

LUCKNOW: Prime Minister Narendra Modi would be laying the foundation of the upcoming PM Mitra mega textile and apparel park in the state soon. Confirming this on Monday, minister for medium, small and micro enterprises Rakesh Sachan said: "The park promises to accelerate the state's effort to become $ 1 trillion economy. The foundation of the same project would be laid by the PM.

UP textile park to attract investment worth Rs 10,000 crore

Three multi malls are proposed for Uttar Pradesh, namely Varanasi, Lucknow and Gorakhpur' “We are in touch with the PM office and the programme schedule would be announced after finalisation. We hope that the ceremony will take place in a month or two,” Sachan added.

Sachan said this at the inaugural of the two-day ‘Uttar Pradesh MSME Conference 2023’ being organised by ASSOCHAM (Associated Chambers of Commerce and Industry of India). To note, the park soon is set to come up in theprime and well-connected Atari village of Malihabad block. The minister said the park will attract an investment of Rs 10,000 crore as the government would be providing the state-of-the-art facilities to match global standards and beat competition here.

The list includes road networks, 24x7 power and water supply, warehouses, zero liquid discharge effluent treatment plant, training and skill development facilities, administrative building with product display facility and exhibition center with testing laboratory, workers' hostels, housing zones, medical facilities, commercial and recreational facilities, open spaces and parks, security arrangements besides industrial plots and plug and industrial sheds.

“The park will prove to be an enabler in UP’s economic journey, fostering job creation, enhancing trade opportunities, and positioning the state as a major hub for textile manufacturing and production. Once in place, it will provide employment to one lakh youths,” the minister said. He acknowledged the significant packaging challenges faced by small enterprises while upholding government's commitment to promoting MSMEs and addressing their concerns. He also said that the government was focusing on the development of multi malls.

“Three multi malls are proposed for Uttar Pradesh, namely Varanasi, Lucknow and Gorakhpur. We have engaged in discussions with Union commerce and industry minister Piyush Goyal regarding this initiative,” he said. Underlining the importance of MSME registration, Sachan encouraged more enterprises in the state to come forward for registration.

CMD SIDBI, Sivasubramaniam said small enterprises would require additional financial support of up to Rs 25 lakh crore over the next three to four years. President, National Council of ASSOCHAM's WTO, Trade and Investment Suhail Naithani said MSMEs can be taken to a new high with the cooperation of Central and state governments.

Source: timesofindia.com– June 27, 2023

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India-US FTA a difficult proposition, but US industry very positive on India: Mukesh Aghi

A free trade agreement (FTA) between India and the US remains a difficult proposition despite the bonhomie demonstrated between the two nations during Prime Minister Narendra Modi's recent visit to the USt as it is a politically sensitive area, especially because of labour unions opposed to such pacts, according to a top industry representative.

However, there is positive sentiment on India among the US investor community and in the board rooms , as growing aggression in China against American companies has pushed them to view India as a good option for derisking supply chains, said Mukesh Aghi, President, US India Strategic Partnership Forum, in an interaction with businessline.

"The political sensitivities of the Democrats, especially with labour unions, will not allow them to move forward that easily with FTAs. Another example (of the sensitivities) is China as all manufacturing has been going go to that country. The government is struggling to see what they can bring back to the US. So, I don't think FTA (with India) is on the cards, at least till the next elections," Aghi said.

While the China factor is a big reason for US companies to take a greater interest in India, the growing market opportunities here also make the country attractive, Aghi said.

Aggressive China

"China is being aggressive with US companies. It has shut down Micron and some others. The companies are now looking at their China plus strategy. So, strategically the companies are saying that India is an option for derisking the supply chain. But there are also huge market opportunities in a country with 1.4 billion population," he said.

The classic example is that of Apple, that has moved substantial part of its iPhone 14 manufacturing to India. "Three years ago, Apple was doing nothing (in India), but now it wants to produce 20 million iPhones in India next year. This is not only for exports but also for domestic market which is going up. It is a dual strategy. Make in india for the world and make in India for India also," he said.

Pivot for US

Commenting on Modi's US visit and the various agreements signed, Aghi said India has become a pivot for the US, not only geo-politically but economically.

In generics production, for instance, India can play an important role in providing affordable and scalable healthcare in the US. There is opportunity for collaboration in education and skilling as US needs more skilled workers, he said.

On the decision taken by India and the US to collaborate more in defence, as demonstrated in the signing of several key agreements during Modi's visit, Aghi said the overall strategy seemed to be to reduce India's dependence on Russia for defence.

"These are golden times in the India-US relationship. We need to strike now and bring in success stories to keep the momentum growing," Aghi added.

Source: thehindubusinessline.com– June 26, 2023

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RBI in talks with leading global peers to promote digital rupee payments

The Reserve Bank of India (RBI) is in talks with other major global central banks to promote digital rupee for cross-border payments, Governor Shaktikanta Das said, while the central bank allowed trade payments in rupees last year to enhance the local unit's acceptability globally.

"CBDC (central bank digital currency) is going to be the future of money. We are preparing ourselves for that. By the end of this month, we hope to reach about one million users of retail CBDC. That is for domestic payments. But cross-border payments will also become much quicker, more seamless and very cost-effective.

That is another area where a lot of attention needs to be given. We are constantly in dialogue with other central banks that have introduced or are introducing CBDCs," he said in an interview after being honoured as "Governor of the Year" at London's Central Banking Awards.

Barely months before unveiling the CBDC pilot in both retail and wholesale segments, the central bank allowed rupee settlement for international trade as a step towards internationalisation of the rupee.

Banks from 18 countries have opened rupee vostro accounts since July last year, helping their importers settle payments in the rupee.

"In India, we have no shortage of dollars, but in some other markets, due to a shortage of dollars, they are unable to do imports. So, in a sense, it is a facility we are giving, so countries can continue to import from India and settle in rupees. It also de-risks importers and exporters from both sides, from the volatility of international currencies," Das said during the interview with Christopher Jeffery, Central Banking's editor in chief, and Daniel Hinge.

The central bank shared the copy of the interview Monday with the local media. Das responded to a host of queries ranging from RBI's foreign exchange strategy to India's inflation dynamics and Indian banking.

He shared his thoughts behind the strategy to stack up foreign exchange reserves when the dollar inflows were strong.

"In the ‘taper tantrum’ period, suddenly, India had an external sector crisis, and the RBI had to attract foreign inflows by offering some incentives. We did not want to have a repeat of that situation. For that, we needed to build reserves, which must be strong. So, as a conscious policy, when the inflows were good, we started to build our reserves," said Das, who has been at the helm of the central bank of the world's fifth largest economy since December 2018.

India's foreign exchange reserves peaked in September 2021 to about $642 billion, which has provided RBI the elbowroom to intervene in the market when overseas investors started withdrawing dollars from the emerging markets following Russia's attack on Ukraine last year. RBI's intervention helped the rupee to be one of the least volatile currencies last year despite intense pressure.

Das, who served more than four decades as an Indian Administrative Service officer prior to his current role, said India can achieve optimum growth if inflation can be reduced to 4% level and there is no immediate need to change the inflation goalpost.

“We recommended that 4% was the desirable target, because our analysis shows 4% is the level at which there will be optimum growth... I feel existing targets are quite robust, they are built over a period of time. And because of the experience of the last two or three years, with many black swan events, one should not in a hurry shift the goalposts,” Das said.

On the banking sector, he said that Indian banks are more agile and alert than ever before in recognising risks and addressing them on time. “We have really strengthened. As a result, the Indian banking sector today is very stable and healthy,” he said, referring to the critical parameters in terms of capital adequacy, liquidity and percentage of stressed assets.

He said that banks now with strong capital buffers are ready to handle severe stress as shown in the stress tests after the failure of banks in the US and Credit Suisse in Europe. Asked about the relationship between the central bank and government, Das spoke about interdependence between the two authorities and the need for a relationship based on a constant dialogue.

Source: economictimes.com– June 27, 2023

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India, Egypt to push trade to $12 billion in next five years

India and Egypt plan to push bilateral trade to $12 billion within the next five years. This was discussed during a meeting between Prime Minister Narendra Modi and the India unit of the Egyptian Cabinet led by its Prime Minister Mostafa Madbouly in Cairo on Saturday, officials said.

The volume of trade between the two countries amounts to around $7 billion currently. Indian foreign direct investment (FDI) in Egypt is around $4 billion. In the past six months alone, Indian companies have invested around $170 million in the African Arab country. Egypt is hoping that India increases its presence in the Suez Canal Economic Zone.

During Saturday's meeting, Modi had mentioned that India is an important source of foreign investments to Egypt, and that the two countries have been increasing cooperation in the field of renewable energy, which reflects their joint commitment to protect environment. Egypt is an important partner to India, Modi had stressed, affirming that cooperation between the two countries have increased despite Covid and global tensions.

In the meeting, Madbouli said Egypt looks forward to consolidating the strategic relations with India with regard to exchanging strategic goods, especially with regard to making India into one of the main sources of wheat exports to Egypt.

Modi returned to India in the early hours of Monday. India's top exported items to Egypt during April-December 2022 were meat (13.5%), ferro-alloys (5.2%), rice (2.6%) and flat rolled products of iron (2.2%). India's top imported items from Egypt during the same period were petroleum oil (39%), petroleum gas (19.3 %), chemical fertilizers (12.1%), ammonia (6.6%) and phosphoric acid (4.7%), according to a factsheet of the Indian Embassy in Cairo.

Over 450 Indian companies are registered in Egypt, of which around 50 are active in various sectors. Major Indian investments in Egypt include TCI Sanmar (with a value of $1.5 billion), Alexandria Carbon Black, Kirloskar, Dabur India, Flex P Films, SCIB Paints, Godrej, Mahindra, and Monginis. Indian companies are present in a range of sectors including apparel, agriculture, chemicals, energy, automobiles, and retail.

Source: economictimes.com– June 27, 2023

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Centre may defer cotton quality order

NEW DELHI : The union government is reconsidering the timeline to bring cotton bales, a key element in the textile supply chain, under a quality control order (QCO) amid a sharp response from farmers who are struggling to improve cotton yields due to “abnormal" weather conditions, two people aware of the development said.

A QCO bars manufacturers, importers and distributors from storing or selling a product without a Standard Mark, except under licence from the Bureau of Indian Standards (BIS).

Farmers groups in a letter to textile minister Piyush Goyal cited factors such as lack of testing facilities, changing weather patterns and declining cotton production over the years as reasons for not being ready to comply with BIS standards.

“No one wants to make bad cotton quality bales, but it’s due to available raw material and climate. Quality parameters can be set for manufactured products but agri commodities are heavily reliant on weather conditions beyond the control of anyone," the Indian Cotton Association Ltd., Bathinda, said in a letter to the minister.

Improving the quality of cotton is crucial for New Delhi as orders move away from China after the covid-19 pandemic.

The supply chain reset is seen as a major opportunity to boost Indian textile and other merchandise exports.

The government had approved the QCO for mandatory certification of cotton bales under in February.

Policy changes in cotton assume significance as the Indian textile industry uses over 60% cotton as raw material, unlike the global textile industry that has a 40:60 mix of cotton and man-made fibres. The textile sector is the second largest provider of employment in India, after agriculture and accounts for over 2% of the total GDP.

The Haryana Cotton Ginners Association in a letter pointed out that in the absence of a testing infrastructure, a QCO could spark major disputes.

"Cotton production has been declining for a couple of years in northern states, especially in Punjab due to abnormal weather conditions. In 2022-23 (July-June), Punjab was estimated to produce 700,000-800,000 bales (1 bale = 170 kg) of cotton, but the output has been 250,000 bales. Production is suffering because farmers are choosing paddy over cotton," Jatinder Singh, Secretary of Indian Cotton Association Ltd said.

According to the government's third advance estimates, cotton production in 2022-23 (July-June) has been 34.3 million bales as against last year's 31.1 million bales. However, the Cotton Association of India revised the estimates downwards to 29.8 million bales compared with 30.7 million bales predicted in 2021-22.

Queries sent to the textile ministry remained unanswered till press time.

Source: livemint.com– June 27, 2023

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Majority of MSMEs demand fast line of credit to expedite routine business decisions: report

One of the primary objectives for micro, small, and medium enterprises (MSMEs) is to secure a fast line of credit to expedite routine business decisions, with 55 percent of MSMEs expressing a strong need for this type of financial assistance, according to a sentiment survey by Fintech Soonicorn Kinara Capital.

Lack of easy access or non-availability of short-term credit is the biggest hindrance faced by MSMEs, with over 38 per cent of the firms attributing this as the main impediment to their growth, the report noted.

One out of two surveyed MSMEs wants an instant line of credit to accelerate everyday business decisions, as it can simplify routine business decisions such as purchasing raw materials to fulfill a sudden large order, hiring additional employees quickly for a seasonal product run, renovating business premises, or conducting unexpected machine repairs.

Furthermore, the need for a quick line of credit is strongest among manufacturing MSMEs, with over 60 per cent of them demanding this product.

Flexible repayment

In addition, 16 per cent of companies favoured flexible repayment products, which allow them the choice to make daily or weekly Loan payments or variable loan payments based on their business turnover for a select time period. Moreover, MSMEs from the trading sector particularly selected flexibility as their second most desired financial product attribute, ranking this requirement at 15 per cent, the report said.

Other challenges faced by MSMEs include difficulty finding relevant buyers and sellers, especially since less than 5 per cent of the country's supply chain is digitised, according to industry experts.

Micro-MSMEs particularly struggle with freight logistics and costs for local goods transport, and one-fourth of the companies say industry networking with their supply chain ecosystem is critical for their growth.

Similarly, MSMEs also struggle to keep up with quarterly GST and Income tax filings on time due to a lack of understanding of the requirements. According to the report, 30 per cent of surveyed companies asked for business accounting and GST Filing Support as their top non-financial service request.

"India's small business entrepreneurs are now seeking more than access to formal credit and want tailored products and services aligned with their growth needs," said Hardika Shah, Founder & CEO, Kinara Capital.

The survey was conducted with input from 2,600 formal MSMEs that are Udyam-registered and represent a range of businesses across Manufacturing, Trading, and Services sectors in Karnataka, Gujarat, Maharashtra, Andhra Pradesh, Telangana, Tamil Nadu, and UT Puducherry.

Source: thehindubusinessline.com– June 26, 2023

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Time for PLI 2.0

It is just as well that a high level meeting on the performance of the Production Linked Incentive (PLI) scheme is slated for this week. The PLI scheme was floated in phases, beginning from March 2020, to create manufacturing jobs, raise exports and curtail imports across 14 sectors. It rewards incremental sales to the tune of 4-10 per cent across sectors (from telecom to semi-conductors to textiles) on a high investment base. An outlay of ₹1.97-lakh crore for 14 sectors is to be released over five to seven years. Now, it is time to take stock.

According to Economic Survey 2022-23, PLI is expected to attract a capex of ₹3-lakh crore over the next five years and create over six million jobs in all. According to the Centre, an investment of ₹53,500 crore has been generated under PLI till December 2022 (it is expected to have crossed ₹60,000 crore now), translating into an incentive payout of ₹2,800 crore to eight sectors, as reported by this newspaper.

This does not seem like bad going. The puzzle here is the Centre's 'actual incremental sales' figure of ₹5-lakh crore that has apparently been achieved in three years or less. These figures need some explaining. Whether this low capital intensity points to mere assembly and sale of products such as phones is worth considering.

PLIs are rightly meant to create scale to improve competitiveness. However, exports should be produced through local sourcing rather than imports for the payout to seem worthwhile.

The scheme should be designed such that component makers too get a fillip. According to the Global Trade Research Initiative, electronics exports have been rising but imports have risen faster.

The trade gap jumped by nearly $10 billion between FY20 and FY23. Exports in the latter year were $22.7 billion, while the trade gap was $50.8 billion. Bulk of the PLI has gone to just three sectors — large scale electronics, pharmaceuticals and food products — while eight sectors in all have claimed PLI benefits, including drones and telecom. Six sectors have not.

The PLI should not be sprayed across sectors where it is not working. It could be restricted to critical sectors or niche areas, where India needs to develop from scratch. An ‘anchor investor’ can enter a nascent sector, such as, say, high tech toys, AI, 3-D printing, high-end phones or high quality man-made fibre. Such an investor can create an ecosystem, just as Maruti Suzuki did in the late 1980s.

Pharma raw material output should be catalysed to reduce Chinese dependence. PLIs could incentivise technologies to cope with the EU’s carbon tax. It could promote reverse engineering in a range of products for widespread industrial use.

For existing industries, infra development that benefits all players is the way to go. Industry-specific schemes have been gamed before. In this case, sales figures can be fudged, more so when values rather than volumes are being tracked. So, it may be time for PLI 2.0, or for an altogether different tack.

Source: thehindubusinessline.com – June 26, 2023

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Centre clears ₹56,415 cr to 16 States for capital investment under special assistance scheme

The Ministry of Finance has approved capital investment proposals of ₹56,415 crore for 16 states in the current financial year under a special assistance scheme announced in the budget.

In order to boost capital spending by states, the 'Special Assistance to States for Capital Investment 2023-24' scheme was announced in the Union Budget 2023-24. Under the scheme, special assistance is being provided to the states in the form of a 50-year interest-free loan up to an overall sum of ₹1.3-lakh crore during the financial year 2023-24.

The Department of Expenditure has approved capital investment proposals of ₹56,415 crore to 16 states in the current financial year under the 'Special Assistance to States for Capital Investment 2023-24 scheme, a finance ministry statement said.

Capital investment projects in diverse sectors have been approved, including health, education, irrigation, water supply, power, roads, bridges, and railways.

Funds for meeting the state share of Jal Jeevan Mission and Pradhan Mantri Gram Sadak Yojana have also been provided to the states under this scheme to enhance the pace of the projects in these sectors.

A similar scheme titled 'Special Assistance to States for Capital Investment for 2022-23' was also executed by the finance ministry in the last financial year. Under the scheme, capital investment proposals of ₹95,147.19 crore were approved and an amount of ₹81,195.35 crore was released to the states in the last financial year.

The scheme for financial assistance to states for capital investment/expenditure, first instituted by the Ministry of Finance in 2020-21 in the wake of the Covid-19 pandemic, has given a very timely boost to capital spending by states.

Source: thehindubusinessline.com – June 26, 2023

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