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81.87	89.14	103.79	0.57

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INTERNATIONAL NEWS

Global GDP forecast to grow 2.9% in 2023: S&P Global

Global GDP is forecast to grow by 2.9 per cent for 2023 and 2024, rising to 3.3 per cent in the subsequent years, according to S&P Global's latest economic outlook. The firm has raised its 2023 annual growth projections while lowering them for 2024. Despite this, the quarterly profile suggests that the most significant slowdown is anticipated in late 2023, stretching into early 2024.

While the US had a strong first half of the year, leading S&P Global to raise its growth forecast by a full percentage point, growth is expected to dip below 1 per cent in the second half of the year. However, a recession is not anticipated.

On the other hand, the eurozone presents a contrasting narrative, currently in a state of stagflation, with strong employment and wages but low growth. However, the eurozone is expected to return to modest, positive growth in the second half of the year, with Spain and Italy as the standout performers. The UK's GDP is projected to remain flat this year, with a downgrade for 2024 due to higher-than-expected rates and tighter monetary conditions, as per the S&P Global Economic Outlook Q3 2023 report.

In emerging economies, India has overtaken China as the global growth leader. India's GDP expansion is expected to average about 6.5 per cent over the forecast period, compared to China's approximate 5 per cent. Nevertheless, due to China's larger economy size, it remains the most significant contributor to global growth, contributing around 1 percentage point per year.

Despite recent rate increases and an associated inversion of yield curves, which usually signals a sharp slowdown, demand remains resilient, particularly in the US and other advanced economies. Factors like generous fiscal spending and savings and wealth buffers have contributed to this resilience.

Source: fibre2fashion.com – June 30, 2023

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China's reform measures in some FTZs effort to align with CPTPP rules

China's latest reform measures in some free trade areas are an initial attempt to align with the rules and regulations of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), according to assistant minister of commerce Chen Chunjiang.

The Asian giant will establish institutions and oversight models aligned with relevant rules to show its willingness and capability to join high-standard international economic and trade agreements, he told a recent press conference.

Such reform measures will also support the country to join these agreements, Chen was quoted as saying by an official news agency.

A circular was released by China’s State Council last week to deepen reforms in some eligible free trade zones (FTZs) and the Hainan Free Trade Port to align with high-standard international economic and trade rules amid efforts to boost institutional opening-up.

The eligible FTZs are located in Shanghai, Guangdong, Tianjin, Fujian and Beijing, the circular, which focused on six major fields, said.

China’s first FTZ was set up in Shanghai in 2013, and its number of FTZs has since increased to 21.

Source: fibre2fashion.com – July 02, 2023

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US home textile import at $6 bn in Jan-Apr, made-ups contribute 26.90%

The United States imported home textiles worth $6.002 billion in the first four months of the current year. Notably, made-ups were the most significant product, contributing 26.90 per cent to the total home textile imports. During the same period, the inbound shipment of made-ups amounted to $1,776.997 million. Other leading home textile products included bed, floor, bathroom & kitchen, and window items.

Made-ups imports have been consistently declining since 2020. In January-April 2020, the import value reached $3.375 billion, a substantial increase of 90.68 per cent from the same period in 2019. However, the imports dropped 23.84 per cent to $2.570 billion in January-April 2021. They remained nearly steady at $2.605 billion in the corresponding period of 2022, but then fell sharply by 31.80 per cent to $1.776 billion in January-April 2023, according to Fibre2Fashion's market insight tool TexPro.

Bed-related items were the second most sought-after home furnishing product. These items accounted for $1,256.589 million in imports in the first four months of this year, representing 20.93 per cent of the total home textiles imports.

Interestingly, bed items have shown a contrary trend to made-ups. In January-April 2020, the inbound shipment of bed items dipped 17.94 per cent to $1,030.769 million, but then it rose in the same periods of 2021 and 2022. However, it declined again by 32.35 per cent this year.

The import of floor-related items was $833.355 million (13.88 per cent), bathroom & kitchen items accounted for $825.320 million (13.75 per cent), and window items amounted to $465.683 million (7.76 per cent).

These top five products contributed around 85.92 per cent to the total imports in the US. The next five products were camping-related items, sacks and bags, furnishing articles, tableware, and used/new rags, which contributed another 13 per cent to the total imports, as per TexPro.

Source: fibre2fashion.com – July 01, 2023

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New Zealand's apparel imports from Vietnam grow to $17.8 mn in Q1 2023

New Zealand's apparel imports from Vietnam remained positive in the first quarter of the current year. The country imported apparel worth $17.824 million from January to March 2023, which was slightly higher than the inbound shipment of $17.577 million from October to December 2022, and $16.731 million from January to March 2022. The imports witnessed growth in 2022 compared to the previous year.

New Zealand's imports increased to $19.433 million from April to June 2022 but dropped to $14.148 million from July to September 2022. However, they rose to $17.577 million from October to December 2022 and then to $17.824 million from January to March 2023, according to Fibre2Fashion's market insight tool TexPro.

The imports also remained positive last year, growing to $67.891 million from $53.259 million in 2021. The inbound shipment was valued at $44.164 million in 2019 but dropped to $39.026 million in 2020. It then recovered to $53.259 million during 2021.

According to TexPro, Vietnam was the third-largest apparel supplier for New Zealand from January to April 2023. New Zealand's total apparel imports amounted to $436.756 million during this period.

Out of these total imports, Vietnam's supply was valued at $23.733 million, which represented 5.43 per cent. China and Bangladesh were the first and second-largest suppliers, with shares of 62.12 per cent and 11.37 per cent, respectively.

Source: fibre2fashion.com – July 02, 2023

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Africa gains ground in South Africa's apparel imports, APAC share dips

For the first time in the last five years, the Asia-Pacific (APAC) region's share of South Africa's apparel imports has fallen below 70 per cent. Remarkably, Africa's share crossed the 25 per cent threshold in the trade during the first four months of this year.

Despite the fact that the Africa region is emerging as a global textile hub, South Africa still relies heavily on the Asia-Pacific region, specifically China, for its imports.

Between January and April 2023, South Africa imported apparel worth $595.730 million. Of the total inbound shipment, the Asia-Pacific region accounted for 68.67 per cent, or $409.074 million. This is the first time in five years that the Asia-Pacific region's share has dipped below 70 per cent.

Meanwhile, the Africa region's share rose to 25.89 per cent, breaching the quarter mark for the first time, with imports valued at $154.238 million, as per Fibre2Fashion's market insight tool TexPro.

However, African countries' efforts to tap into South Africa's apparel imports have progressed slowly. The continent managed to increase its share by less than four percentage points over the last five years. In the period of January-April 2019, South Africa's apparel imports were valued at $616.405 million, with the Asia-Pacific region accounting for 73.95 per cent and Africa for 21.70 per cent.

In the following year, 2020, imports dropped to $494.034 million. During the pandemic period, the Asia-Pacific region's share rose to 76.15 per cent, while Africa's fell to 19.95 per cent.

However, by 2021, Asia-Pacific's share had fallen to 72.12 per cent and Africa's had risen to 23.87 per cent of South Africa's apparel imports worth $573.100 million.

In the same period in 2022, Asia-Pacific's share continued to fall to 71.27 per cent while Africa's share grew to 24.33 per cent of South Africa's total imports of $643.886 million, as per TexPro.

Over the course of 2022, South Africa imported apparel worth $1,838.027 million.

The Asia-Pacific region's supply was valued at $1,229.300 million (66.88 per cent) and Africa's at $517.242 million (28.14 per cent) of the total trade. Consequently, Africa's share has already surpassed a quarter in the full year trade.

Source: fibre2fashion.com – July 03, 2023

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China's port activity sees robust growth in Jan-May 2023

China has reported a significant surge in its port activity during the first five months of 2023. Container throughput at Chinese ports rose by 4.8 per cent year-on-year (YoY), with a total of 122.07 million twenty-foot equivalent units handled, according to data released by the country's ministry of transport.

Furthermore, the ministry revealed that cargo throughput also witnessed an upward trajectory, registering a 7.9 per cent increase from the same period in the previous year. The total volume reached 6.75 billion tonnes.

Foreign trade cargo throughput at these ports showed an even greater increase, climbing 8.5 per cent year-on-year.

In the month of May alone, China's ports saw a 9 per cent year-on-year rise in cargo throughput, while container throughput went up by 4.8 per cent. The strong data underscores the robust growth of China's port activity and indicates a sustained recovery in its foreign trade amid a gradually stabilizing global economy.

Source: fibre2fashion.com – July 01, 2023

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EU tackles textile waste, promotes sustainability by 2028

In a recent move, the European Commission (EU) has recognized the urgency to address textile waste and consumption in Europe, aiming to regulate the fashion industry by 2028. Fashion production currently contributes to 10% of global carbon emissions, with a staggering 85% of textiles ending up as waste each year, as highlighted in a 2018 United Nations report.

Major fast fashion brands, including H&M and Inditex, have expressed intentions to reduce water and energy consumption while incorporating more recycled textiles. The EU's proposed regulations would require fashion companies to adopt more sustainable practices, holding them accountable for the environmental impact of their products.

To meet these regulations, companies will need to collect a specified amount of textile waste or contribute to local authorities' collection efforts. The requirements will gradually increase over time. EU governments have also agreed to ban the destruction of unsold textiles to encourage recycling and reuse.

Furthermore, the EU is developing legislation to limit fashion brands' use of misleading sustainability claims. The goal is for fashion companies to produce durable garments that can be easily recycled and reused by 2030.

This initiative aims to reduce Europe's environmental footprint and address climate change concerns.

Source: fashionatingworld.com – July 01, 2023

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Pakistan: Weekly Cotton Review: Market 'crashes' during Eid holidays

Cotton market crashed during the two Eidul Azha holidays. Chairman Karachi Cotton Brokers Forum Naseem Usman told Business Recorder that rates in local cotton market witnessed an unusual decrease of Rs 15,00 to Rs 17,00 per maund during the two days of Eid.

He said that cotton market witnessed an extraordinary bearish trend during these holidays.

In Sindh, the price of cotton after decreasing reached at Rs 16,200 per maund, the price of Phutti per 40 kg after decreasing reached at Rs 6,700 to Rs 7,000.

In Punjab, the price of cotton is in between Rs 16, 800 to Rs 17,000 per maund while the price of Phutti is in between Rs 7, 200 to Rs 8,500 per 40 kg. It is expected that prices of Banola, Khal and oil will also decrease.

Naseem Usman further said that the reason behind crashing of cotton market is expected decrease in the rate of dollar after the deal with International Monetary Fund (IMF), increase in electricity and gas tariffs, increase in the arrival of Phutti and the crop not being affected by the recent rains. It is expected that the bearish trend will prevail in the market.

Source: brecorder.com – July 03, 2023

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NATIONAL NEWS

DPIIT successfully organizes National Workshop on Industrial Park Rating System

Department for Promotion of Industry and Internal Trade (DPIIT) successfully organized the National Workshop on Industrial Park Rating System (IPRS) today in New Delhi. While delivering the keynote address, Shri Rajesh Kumar Singh, Secretary, DPIIT emphasized on the importance of Industrial parks in attracting investments and to enhance the share of the manufacturing sector in overall GDP.

Shri Singh also expressed gratitude to the participating states and union territories, the steering committee, and the collaborating teams for their dedication and tireless efforts in making the IPRS exercise and the workshop a resounding success.

The Workshop was a significant event aimed at advancing India's industrial competitiveness which brought together government officials from DPIIT and State/UTs, industry experts and stakeholders to foster knowledge-sharing and capacity building in creating a robust industrial infrastructure in India.

The Industrial Park Rating System (IPRS) is a major initiative by DPIIT. IPRS 2.0, launched on 5th October, 2021, rates industrial parks across four pillars: internal infrastructure and utilities, external infrastructure and facilities, business support services, and environmental and safety management. This rating system has received nominations from 31 participating states and union territories, along with 50 additional Special Economic Zones (SEZs) nominated by the Department of Commerce (DoC).

During the workshop, participants had the opportunity to exchange best practices observed during individual workshops conducted in collaboration with the States/UTs from November 2022 to March 2023. These include initiatives such as sustainable water supply systems, local self-governance models, industry-focused plug-and-play facilities, and the provision of common facilities to promote ease of doing business and improve the lives of citizens.

Additionally, an engaging panel discussion also took place, bringing together a diverse group of experts from the industry, government, think tanks, and multilateral organizations. The panel discussion revolved around the topic of "Creating Smart, Resilient, and Eco-Industrial Parks with Innovative Financial Solutions."

The National Workshop on IPRS served as a platform for industry experts, government representatives, and stakeholders to share their valuable insights and thoughts. The discussions focused on enhancing park management and governance performance, improving environmental performance, increasing efficiency, promoting sustainability, and enhancing industrial park competitiveness.

This collaborative approach will continue to drive the progress of India's industrial development, creating a favourable environment for businesses, attracting investments, and accelerating economic growth. DPIIT remains committed to realizing the vision of an empowered and inclusive economy, as envisioned by the Prime Minister, Shri Narendra Modi.

DPIIT has implemented various initiatives to transform the business ecosystem and attract investments. Notable efforts include the establishment of the Empowered Group of Secretaries (EGoS), Project Development Cells (PDCs) to fast-track investments, the Investment Clearance Cell (ICC) with the National Single Window System (NSWS) for streamlined facilitation, One-District One-Product (ODOP) scheme and Production-Linked Incentive (PLI) schemes to strengthen India's presence in the global supply chain.

Source: pib.gov.in– July 01, 2023

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Rules of origin delay FTA tariff discussions with European Union

"A major hurdle in the FTA negotiations between India and the EU is the rules of origin issue. We want conservative rules of origin, while the EU wants us to follow more liberal criteria. Five rounds of negotiations are over, but we have not yet finalised the criteria for rules of origin," said a senior government official who did not wish to be named.

After the conclusion of the Fourth Round of Negotiations in Brussels in March, a report by the EU said: "Constructive discussions took place on the rules of origin. Negotiators focused on the general requirements (section A) where some progress was made. Section B was briefly discussed. Draft product-specific rules have not been tabled yet." Both sides have not yet released a statement on the outcome of the fifth round of talks held in New Delhi from June 19 to 23.

The rules of origin criteria are critical to determining the country of origin of a product. The country of origin refers to the country where the products were manufactured or substantially transformed. It is crucial for FTAs, as it prevents a partner country from re-exporting an imported item to the other partner country without substantial value addition. Rules of origin are negotiated at the six-digit level of product classification for about 5,500 tariff lines.

Tariff level changes and minimum value additions are the two most commonly used criteria for a product to qualify for the rules of origin requirements. Most developed countries prefer the flexibility to use either of the criteria, as it allows flexibility for exporters. India has traditionally preferred the use of both criteria and not given flexibility to use either of them.

Ajay Srivastava, former Indian Trade Service officer and founder of Global Trade Research Initiative, said India should identify core products where it can't meet the flexible criteria.

"India can look to be more flexible in most labour-intensive industrial products as it is more competitive than the EU. It may do the same for petroleum products and also for most electronic products, like mobile phones, where import content may exceed 90 per cent. However, a case-by-case analysis is needed to allow such flexibility," he said.

The official quoted earlier said that while the EU was asking for 95 per cent tariff elimination from India, India was not ready for it. "However, the EU is ready to provide 100 per cent tariff elimination as a majority of their items anyway have zero tariffs," he added.

Srivastava said India first needs to get clarity on the carbon border adjustment mechanism (CBAM) and deforestation Act proposed before proceeding with an FTA negotiation with the EU. "If CBAM and the EU deforestation Act come into effect, then Indian products will end up paying 20-35 per cent tariffs in the EU while EU products will be entering India at zero duty because of the FTA. That should not be acceptable to India," he said.

In June last year, India and the EU relaunched negotiations for an FTA, an investment protection agreement, and an agreement on geographical indications. Originally, both sides started discussions for an FTA in 2007, but abandoned talks in 2013 over differences.

Source: business-standard.com– July 02, 2023

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Commerce Ministry to meet exporters over declining exports on Monday

The commerce ministry has called a meeting of exporters on Monday to take stock of the situation, as the country's outbound shipments have been contracting for the last four months, an official said.

Exporters are expected to flag issues like extending greater support to participate in global exhibitions and fairs; expediting negotiations to conclude free trade agreements with the UK, Canada, Israel and GCC (Gulf Cooperation Council); and allowing industry double weighted deduction on salary to professionals to retain talent in India.

Exports declined for the fourth-consecutive month by 10.3 per cent year-on-year to USD 34.98 billion in May, while the trade deficit widened to a five-month high of USD 22.12 billion, according to the ministry data.

Cumulatively, exports during April-May this fiscal contracted by 11.41 per cent to USD 69.72 billion, while imports declined 10.24 per cent to USD 107 billion.

Demand slowdown in major markets, high inflation in developed economies and the Russia-Ukraine war are impacting the country's exports.

Apparel Export Promotion Council (AEPC) Chairman Naren Goenka said greater support measures from the government, such as for attending global exhibitions, would help in pushing exports.

FIEO Director General Ajay Sahai said that the RoDTEP (Remission of Duties and Taxes on Exported Products) scheme benefits from Advance Authorisation, special economic zones and export-oriented units would also help in boosting exports.

When asked about ways to promote the shipments, Sanjay Budhia, Chairman - CII National Committee on EXIM and MD - PATTON Group, said that given the global recessionary trends, a strategic approach is required to stimulate exports.

"Resolving the specific issues faced by exporters, particularly those related to non-tariff barriers impacting supplies to crucial markets, should be the primary focus," Budhia said, adding "geopolitical strains, the rapid adoption of e-commerce and the Covid-19 pandemic have led to a rethinking of strategies for sourcing, diversification of supply routes and manufacturing".

He added that promoting technology upgradation and innovation in manufacturing processes will also help improve the quality and competitiveness of Indian products, leading to higher exports.

Budhia also said that the focus should be on skill development initiatives to enhance the capabilities of the workforce, particularly in sectors with export potential.

"Support should be provided for modernising the manufacturing processes, skill development, promoting sustainable practices and encouraging research and development to enhance the competitiveness of sectors like pharmaceuticals, chemicals, textiles and auto and auto components," he added.

Attention should also be given to the promotion of quality standards and streamlining of regulatory processes, he said, adding that this can also help India enhance its exports in the agriculture and food processing sectors.

India is already an agricultural powerhouse with a diverse range of food products, and its exports should also reflect this.

India should also set up a Trade Promotion Body with dedicated offices overseas for branding and promotion activities as well as providing marketing services to Indian exporters, he suggested.

This body, he said, would further help in the areas of trade facilitation, capacity building and awareness generation, and would assist to achieve the desired targets of USD 2 trillion by 2030 and make India a global economic powerhouse.

Further, he suggested that facilitation centres for free trade agreements, as they would become one-stop points of information on all FTA's by India and aim to reach out to exporters for developing markets in FTA-partner countries.

"These centres will facilitate a better understanding of the provisions of the FTA in goods, services and investments, and could help the Indian industry to better utilise the existing FTAs and reap the benefits from preferential liberalisation through capacity building programmes as well," Budhia said.

Investments in expanding cold chain networks can open up export opportunities for sectors like agriculture, horticulture and pharmaceuticals, he said.

Representatives from export bodies, including the Federation of Indian Export Organisations (FIEO), Apparel Export Promotion Council and Council for Leather Exports are likely to participate in the meeting, the official said.

Source: business-standard.com– July 02, 2023

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GST increased states' revenue buoyancy, benefit stands out as exemplary: FM

Finance Minister Nirmala Sitharaman on Saturday said Goods and Services Tax (GST) has increased revenue buoyancy of states, and the all-round benefit stands out as "exemplary".

The multiplicity of taxes in the pre-GST regime resulted in a "tax-on-tax" effect, causing the same product to be taxed multiple times and hence becoming costlier for the consumers, she said at the GST Day 2023.

Giving a comparison of the tax rates pre and post-GST, Sitharaman said, "GST has done justice to the consumers by bringing the rates down compared to the previous regime".

Before GST was introduced, India's indirect tax system was fragmented, where every state was effectively a distinct market for the industry as well as the consumer.

"Whether it is common consumer, whether it is the state government, a matter of tax buoyancy, whether it is making it digital and simpler, GST stands out as an exemplar," Sitharaman said.

State revenue buoyancy pre-GST was 0.72, while post-GST, it is 1.22.

"GST has brought in greater buoyancy...Therefore, both Centre and state benefit...today, no state's (revenue) suffers post GST," Sitharaman said.

Source: business-standard.com– July 01, 2023

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India needs to focus on export earnings

For the last 15 years or so, Indian merchandise exports have remained fairly stagnant. From a meagre figure of $330 bn in 2006, it has taken over 15 years for it to grow modestly to $447 bn today. That makes for just 1.8% of global trade which has maintained a healthy annual increase of 2.5-3%. This is despite the Indian GDP growing well at an average of 5% since then. Imports, meanwhile, have grown consistently and sizeably over this period. Given that trade figures are usually indicated in nominal terms (based on current price levels), a part of the uptick in exports is, in fact, contributed by inflation, and not necessarily the higher volumes of merchandise.

On a more positive note, the last three years have seen an easing in the stagnation of exports. Since 2020-21, Indian exports have grown in value as well as volume and their composition is seeing a perceptible change. While the share of traditional exports such as textiles and apparel, leather goods, iron ore, minerals, light engineering goods and gems and jewellery has declined, the share of electronics, machinery, equipment, petroleum and branded drugs has increased. There has been diversification in the countries buying Indian commodities, with South Asian nations emerging as a substantive destination for India's shipments. It would appear that the trade agreements entered into with a host of nations and regions have also begun to yield dividends.

Services have come of age in our export trade. With services now accounting for $320 bn or 4% of global trade, and the fact that their labour content is more favourable, their continued growth deserves organised encouragement.

Besides software, other segments holding out promise include fintech, banking and insurance services, hospitality, biotech, logistics and medical care. These are all sunrise industries with fairly high-skilled labour intensity. With our comparative advantage in wages existing virtually across the board, it is a natural corollary to build on this success and diversify into new service areas, including ecommerce-based ones.

India must become more discerning when selecting goods to be accorded greater weightage in the export basket. Export of imported crude oil by way of petrol, diesel or petroleum products has low value addition.

Gems and jewellery have similar dynamics with rough diamonds and gold being imported. Until the components and chips required in the assembly of mobiles are locally made, particularly for smart devices such as iPhones, benefits will continue to be patchy.

For decades, India has remained a marginal player in global exports. However, we have become a substantive actor in the world of imports, especially energy, military equipment, fertilisers, machinery, plastics, APIs for pharmaceuticals, organic chemicals, diamonds and gold. With the import of expensive hi-tech military, microchips and technology, our import bill will shoot up, at least till local production takes off.

To prevent the rupee from coming under greater pressure from the US dollar, a commensurate rise in export earnings is warranted. For that to happen, building competitiveness of Indian 'exportables' is imperative. As witnessed in China, that will occur when all-round cost-cutting, highly efficient infrastructure and greater institutionalised importance is accorded to exports in the overall scheme of things.

Source: economictimes.com– July 01, 2023

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India's exporting more phones and cars, while jewellery and textiles take a backseat; Is this a temporary change or a permanent feature?

India's merchandise exports have undergone a major shift in recent years. The change has been rather silent except for the occasional buzz about export of iPhones. But it is not just about Apple's flagship product. India's share in the global export of machinery, phones, automobiles and petroleum has grown significantly between 2015 and 2022.

Meanwhile, there has been a marked decline in India's share in its traditional export items such as gems and jewellery, apparel, meat and leather articles. Exports of textiles, clothing and made-ups, for instance, fell by about 17% y-o-y in FY2023.

Is this change temporary or will this be a permanent feature of our trade order?

An analysis of the data by Delhi-based trade think tank Global Trade Research Initiative (GTRI) shows India's exports in the category called electronics, telecom, mobile phone etc., jumped from $7.9 bn in 2015 to $26.6 bn in 2022 — from 0.41% share of world market to 0.71%, a 73% rise. In machinery, India's global market share rose from 0.75% to 1.05%, a growth of 40%.

The analysis for the same period lists other performing sectors such as petroleum (share in global trade went up from 1.87% in 2015 to 2.45% in 2022) and automobile and its components (from 1.11% to 1.32%).

India's share in world merchandise export in 2022 was 1.8%. If services exports are also added, the share would go up to 2.4%. The figure is still low when compared with India's 3% contribution to the global market cap or 3.4% share of global gross domestic product (GDP). In FY23, India's merchandise export was $447 bn, registering a 6% rise YoY. If goods and services are combined, total exports ($770 bn in FY23) registered a healthy 13.4% rise.

Meanwhile, among Indian merchandise export products, which lost global market share in recent years, gems and jewellery's down- swing has been staggering. Its share dropped from 7.4% in 2015 to 4.7% in 2022, a fall of 36% in seven years, according to GTRI's analysis. Exports of apparel

(-19%), meat (-48%) and leather (-20%) showed substantial drops in the global market. As far as pharmaceuticals are concerned, exports rose but their share in the global market dwindled.

Losing the sheen

While acknowledging that the shrinking of India's share in total gems and jewellery export has been a matter of concern, Colin Shah, MD of Kama Jewellery, tells ET that passing the Development of Enterprise and Service Hubs (DESH) Bill, now pending in Lok Sabha, is essential to get big foreign jewellers to invest in India.

"Big jewellers have been moving to countries such as China, Vietnam, Indonesia and, in particular, Thailand. But they are hesitant to invest in India. Also, India has to sign several more free trade agreements (FTAs) like the one signed with the United Arab Emirates. Only then will the sector be far more competitive," says Shah, a former chairman of the Gem & Jewellery Export Promotion Council. DESH Bill is aimed at changing the laws under the Special Economic Zone (SEZ) Act of 2005, and making them more industry-friendly.

According to Jayant Dasgupta, former ambassador to the World Trade Organization (WTO), jewellery made of rhodium, platinum, etc., are doing exceptionally well in the global market. As India's strength is only in gold and diamond, he says, its share in world trade has been falling. "By and large, India's exports have performed well in new technologies such as electronics, mobile phones as well as machinery. But in traditional sectors we are losing out. Our wages, for example in apparels sector, are on the higher side as compared with our competitors such as Bangladesh or Vietnam," he says, adding that India is still relying too much on cotton exports when noncotton fibres (manmade fibres or MMFs) are more popular globally.

Mithileshwar Thakur, secretary-general of the Apparel Export Promotion Council, is optimistic that the PM MITRA (Mega Integrated Textile Region and Apparel) scheme will be a game-changer as it will integrate the textile value chain and bring down logistics cost and make the sector globally competitive. "Our mantra is to upscale value chains and increase our share in winter clothing by moving towards synthetic fabrics-based apparel. We are also exploring new markets beyond the US and Europe and are developing new products," he says. "Production Linked Incentive (PLI) scheme for MMF fabrics and garments will attract muchneeded investment in these critical areas, and the signing of more FTAs will remove tariff disadvantage for our exports, thereby helping the sector immensely," he adds

Dasgupta points out that India needs to follow the latest global trends. "Demand for heavy leather jackets and overcoats, for instance, has been slowing down globally. People now prefer light synthetic materials. These products are generated from the petrochemical sector. We are losing out on this segment," he says. "Also, we are weak in another popular category —sports shoes."

In leather articles, India's exports moved up marginally from $2.4 bn in 2015 to $2.7 bn in 2022, but in terms of its share in world exports, there was a fall from 3.6% to 2.9%. Italy, the world's biggest leather exporter, banks on high-quality branded products. Other prominent leather-exporting nations and India's competitors include the US, Brazil and China.

Phones rock

Among the categories whose share in global trade have risen in the recent past, the most prominent is 'electronics, telecom, mobile phones and electrical equipment'. Vinod Sharma, MD of Noida-headquartered Deki Electronics, says electronics exports have been growing steadily, at 7-8% annually.

"Electronics exports are now a settled business. But the real r o c k star in this category is the mobile phones and, to an extent, telecom equipment, driven by 5G technology," says Sharma who was a chairman of the Electronics and Computer Software Export Promotion Council of India (ESC). He adds that the industry is now emphasising a lot on green items, for example, solar inverters, which have a huge demand globally.

A senior executive of the Engineering Export Promotion Council of India (EEPCIndia) says India's export numbers are robust in machinery because all types of machines, including boilers, pumps, refrigerators as well as industrial machinery for dairy, food processing and textiles, are seeing a huge demand. The US, Germany, Thailand, China and the UAE are some of the major destinations. In the electrical machinery and components category, France is also a big buyer. "We anticipate some negative impact due to slowdown in advanced economies, particularly the US (the biggest buyer)," says the EEPC official, requesting anonymity.

According to International Monetary Fund's (IMF's) World Economic Outlook, April 2023, the growth in the volume of world trade is expected to decline from 5.1% in 2022 to 2.4% in 2023, thus "echoing the slowdown in global demand after two years of rapid catchup growth from the pandemic recession and the shift in the composition of spending from traded goods back toward domestic services".

Clearly, this outlook is way lower than what was achieved during the two prepandemic decades (2000–2019), when it averaged 4.9%. According to the same report, the advanced economies' import volume (goods and services combined) will decline from 6.6% in 2022 to a measly 1.8% in 2023 before rising marginally to 2.7% next year. The economic headwinds will slow down global trade. But its impact will be short lived. "In the longer term, India's technological innovation will determine the acceptability of its products and their global market share," says Dasgupta.

Source: economictimes.com– July 02, 2023

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Last date for exporters to apply for amnesty scheme extended till Dec 31

The last date to apply for availing benefits of the amnesty scheme for one-time settlement of default in export obligation by certain exporters has been extended for six months till December 31, the commerce ministry said on Friday.

Earlier, June 30 was fixed as the last date for registration under the scheme.

The government announced the new foreign trade policy (FTP) on March 31. It included an amnesty scheme for exporters for one-time settlement of default in export obligation by the holders of advance and EPCG (export promotion for capital goods) authorisations.

Directorate General of Foreign Trade (DGFT), under the ministry, also said that the last date for payment of customs duty plus interest has been extended till March 31, 2024.

"The last date to apply under the amnesty scheme has been extended till December 31, 2023," DGFT said in a public notice.

Under the scheme, all pending cases of the default in meeting export obligation (EO) of certain authorisations can be regularised by the authorisation holder on payment of all customs duties that were exempted in proportion to unfulfilled EO and interest at the rate of 100 per cent of such duties exempted.

Source: business-standard.com– June 30, 2023

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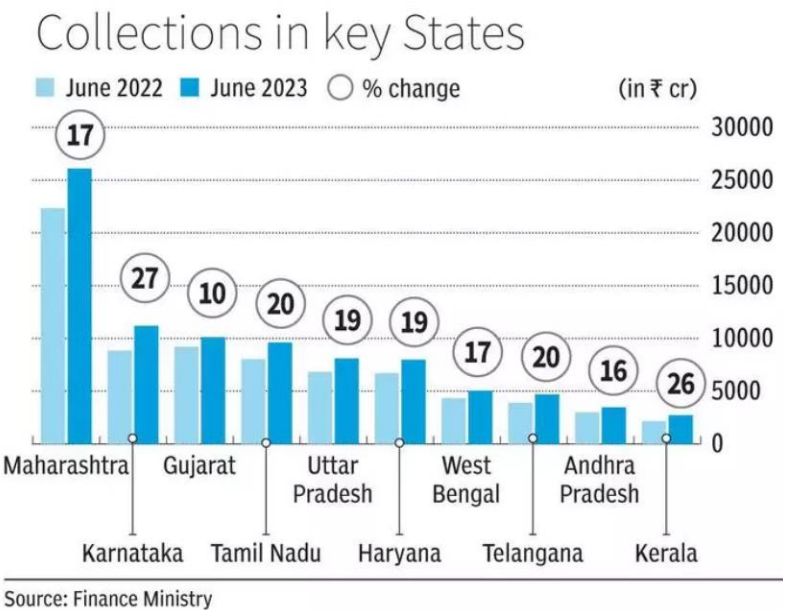
At ₹1.61-lakh cr, June GST mop-up jumps 12% Y-o-Y on rise in demand for goods, services

The Finance Ministry on Saturday reported a collection of over ₹1.61 lakh crore through Goods & Services Tax (GST) in June. This is 12 per cent higher than last June and around 3 per cent higher than May.

Reasons for higher collection could be higher demand for goods and good performance of services sector. A Ministry statement said, "During the month, the revenues from domestic transactions (including import of services) are 18 per cent higher than the revenues from these sources during the same month last year."

It may be noted that this collection is related with goods consumed and services availed in May.

The statement added that gross GST collection crosses the ₹1.6 lakh crore mark for the fourth time, ₹1.4 lakh crore for 16 months in a row and ₹1.5 lakh for 7th time since GST's inception. Also, the average monthly gross GST collection for Q1 of FY24 is ₹1.69 lakh crore as compared to ₹1.10 lakh crore and ₹1.51 lakh crore of corresponding periods of FY22 and FY23 respectively



The gross GST revenue collected in June comprise ₹31,013 crore of CGST, ₹38,292 crore of SGST, ₹80,292 crore (including ₹ 39,035 crore collected on import of goods) of IGST and ₹11,900 crore (including ₹ 1,028 crore collected on import of goods) of cess.

The government has settled ₹36,224 crore to CGST and ₹30,269 crore to SGST from IGST. In June, the total revenue of the Centre and States after regular settlement is ₹67,237 crore for CGST and ₹68,561 crore for SGST.

Room for comfort

M S Mani, Senior partner with Deloitte said these collections, coming on the sixth anniversary of GST, would give policymakers room for comfort as the collections during Q1 FY24 are 12 per cent higher than Q1 FY23. They indicate that the extensive focus of the authorities on compliance and ongoing audits has streamlined the approach of all businesses towards GST.

“The fact that state-wise collection growth is in the band of 10-20 per cent for many of the large states would also indicate that uniformity of growth and centralised approach to building tax compliant behaviour,” he said.

According to Vivek Jalan, Partner with Tax Connect Advisory says, this month’s GST figures reveal a reversal in growth of revenues. In earlier months it was seen that although GST from import of goods and services was growing at the budgeted pace of around 12 per cent, however, the GST Collections from domestic transactions was lagging behind with a grown of less than 12 per cent - which was well below the budget expectations.. “This time the domestic growth is 18%, vis-a-vis an overall growth of 12 per cent It is an encouraging trend for the economy as GST revenue growth reflects the state of economy somewhat,” he said.

Source: thehindubusinessline.com– July 01, 2023

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Central GST Authority found fake invoices amounting ₹63K crore, collected ₹3k crore

Central GST Authority has tracked fake invoices amounting to ₹63,000 crore in three year period starting August 2020. However, it managed to collect only about ₹3,000 crore.

Meanwhile, the two-month joint special drive by Centre and State GST authorities, starting May 16, found more than 12,500 fake GST numbers to date, Vivek Johri, Chairman of Central Board of Indirect Taxes and Customs (CBIC) has said. Now, GST Council, in its next meeting on July 11, will decide about the future of this drive.

Talking about the lower recovery under central drive, Johri said, "Recoveries are difficult because they're fake. Recoveries are time-consuming and slow as we have to identify the beneficiary. So far, we have recovered ₹3,000 cr." Fake/non-genuine registrations are being used to fraudulently pass on input tax credits to unscrupulous recipients by issuing invoices without any underlying supply of goods or services or both and causing revenue loss to the government.

Giving details about the drive, jointly operated by Centre and States, Chairman said that about 60,000 entities were found risky. Out of this, verification for about 50,000 was completed and among them "almost 25 per cent (about 12,500) has turned out to be fake," he said.

When asked about specific locations and sectors, he said that there are certain locations where it is rampant. Delhi-Haryana-Rajasthan is one belt. Then, suspicious entities were also found in certain parts of Gujarat, Noida, Kolkata, Assam, Telangana, Tamil Nadu, and Maharashtra.

"It is spread out. But yes, if you are to do an analysis of whether you find more fake entities in certain locations, these would be locations where you find more fake entities vis-a-vis other places. Sectors are mainly metal or plastic scrap and waste paper.

We are also finding that it is being generated for services. So manpower services, advertising services have instances of fake billing," he said without giving details about amount involved in all these cases as it is still computed.

Talking about modus operandi, Johri said they are doing it in two ways - either they steal the identity of the person without knowing it or PAN/Aadhaar and take registration without knowing to steal it from them. Then, they start looking for buyers for that firm or they start generating fake invoices at a commission. The other modus operandi is that they induce people by paying a small amount and make them part with their identity document and then create bogus firm.

Earlier, when these fake entities were actually generating invoices, the department managed to catch them. Now technology has made work easier, Johri said, “We have very advanced analytics.

We watch the behaviour of new entrants. We look into their IT history whether they have any history of past payments. There are certain addresses which over a period of time we have come to know that they are used for generating fake firms. So based on analytics, we are able to identify.”

On more punitive action the tax authority is considering, Johri said as of date, there is no proposal to make any change. Focus is more on preventive than punitive action, he said.

Source: thehindubusinessline.com– July 02, 2023

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Gujarat to host B20, G20 meetings in July

Gujarat will host a series of G-20 events, including the B20 (Business 20), G-20 Working Group meeting and ministerial meetings, in July, officials said Friday. While the B20 meet will be held at Surat on July 1, the third Trade and Investment Working Group Meeting will be held at Kevadia from July 10-12.

About 200 delegates from G-20 countries representing various business sectors such as textiles, finance, banking, and diamond will attend the B20 meeting in Surat on July 1. This B20 meet will begin with deliberations on the priorities identified for global businesses. Speakers at the event include Union Minister of Ports, Shipping and Waterways & Ayush Sarbananda Sonowal and Minister of State for Home Harsh Sanghavi.

Other dignitaries include Tata Power CEO & MD Dr Praveer Sinha and Shree Ramkrishna Exports CEO Shreyans Dholakia. The first plenary session of the B20 meet will discuss ‘Opportunities for Trade and Investments in Diamond, Textile, and Chemical Industries for Global Value Chain’.

The second plenary session of the B20 meeting will focus on ‘Building a More Inclusive Future: Advancing Financial Inclusion for Economic Empowerment’.

The guests will also visit the DREAM City and a diamond manufacturing unit during this B20 meet.

Similarly, more than 120 international delegates from various G20 nations are expected to gather for the third Trade and Investment Working Group Meeting to be held at Kevadia from July 10-12. It will begin with delegates participating in a seminar on ‘Trade Infrastructure’, followed by panel discussions that will see participation from key dignitaries across organisations such as the World Bank and UNCTAD (United Nations Conference on Trade and Development). The delegates of this G20 event will visit the Statue of Unity and Sardar Sarovar Dam.

Source: indianexpress.com– June 30, 2023

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Welspun India to see over two-fold rise in domestic business by 2026

Welspun India Ltd (WIL), a global leader in home textiles and part of the $ 2.3 billion Welspun Group is expecting over two-fold rise in its domestic business from around Rs 650 crore last year to around Rs 2,200 crore by 2026, owing to the rise in demand in the Indian market and a better-performing economy.

The company which claims to be producing every fifth towel in the United States at present and also holding a major market in Europe, was hit by a dip in demand due to the economic issues in these regions last year. During the last financial year, the company's income dipped by around 12 per cent to Rs 8,215 crore from Rs 9,377 crore in 2021-22. From around 8 per cent now, the company is targeting to increase the share of India in the topline to around 12-15 per cent by 2026.

"Last year, the whole world was going through turmoil. In terms of commodities, cotton prices went up over 100 per cent, and the container crisis and freight disruption also happened. Now, the whole correction is happening and it started in the fourth quarter of last fiscal.

This year, Q1 and Q2 will be a little better. If we talk about the US economy, it expanded by 2 per cent and inflation is down at 5 per cent, the lowest in the past 22 months. Definitely, we see that all easing out," said Dipali Goenka, chief executive officer and managing director, Welspun India.

However, it is at this time that the Indian market is turning out to be the bright spot for the company. The company clocked a growth of around 30 per cent last year in the domestic market and did around Rs 550 crore in home textiles, while its flooring business clocked another Rs 100 crore, taking the total domestic sales to around Rs 650 crore.

"Definitely, India will continue to grow. Our emerging businesses are also doing well in India. We expect India business to touch around d Rs 2,200 crore by 2026 is where our domestic business is going to be from around Rs 650 crore last year," Goenka added. Other than India, the regions that the company is betting big on are Australia, South East Asia and West Asia.

The growth in the Indian market will be driven by the company strategy of 'Har Ghar se Har Dil Tak Welspun'. At present, 31 per cent of the global share of home textiles is coming from the US, 34 per cent from Europe and 35 per cent from the rest of the world. From around $49 billion now, the size of the global home textile market is expected to touch $60 billion by 2025.

The Indian home textile market is around $7 billion now. "It is expected to touch $10 billion in the next four years. Home textiles are having a mixed bag of products and all will depend on the demand increase in the Indian market," she added.

Source: business-standard.com– July 02, 2023

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Texport Industries' Sircilla unit to be ready for launch in August

RAJANNA-SIRCILLA: Another export-quality fabric manufacturing unit is set to be established in Sircilla. Texport Industries, which had signed an MoU with the State government, is scheduled to open in August. The construction of the facility is taking place at Apparel Park situated on the outskirts of Sircilla.

As part of the textile industry development, the State government is providing all the necessary infrastructure facilities and sheds for this company. Texport Industries will be the second-largest company at Apparel Park, with Green Needle Factory being the largest.

Green Needle Factory exports organic cotton boxer briefs to New York in the US. Texport Industries will manufacture and export knitting fabric for men, women, and children, as well as cater to the domestic market. While its manufacturing operations are currently based in Tamil Nadu, Karnataka, and Kerala, they are expanding to Sircilla.

Speaking to TNIE, regional deputy director of Handlooms and Textiles department, V Ashok Rao, said that once the company starts its manufacturing and exporting operations, it will provide employment to over 2,000 people.

"Around 3,000 skilled workers have been trained at Sircilla Textile Park. Texport Industry's construction is taking place on a seven-acre plot with a built-up area of 1.5 lakh square feet. The State government has provided land at Apparel Park for other fabric manufacturing units", he added.

The government is also developing a 'worker to owner' scheme weaving park at Peddur. Sheds are being constructed on 88 acres of land to provide weaving looms for workers in Sircilla town. Ashok said that currently, 46 sheds have been completed.

He stated that the park is being developed at a cost of Rs 375 crore and it aims to provide work sheds for 1,104 weavers in the first phase. The project involves developing sheds with a total of 4,416 power looms. "The construction of the work sheds is in its final stages.

Each worker will be provided with 800 square feet of space, including a storeroom.

Additionally, each worker will receive four semi-automatic power looms and a winding machine. The park will also have 60 warping machines," he added.

Source: newindianexpress.com– July 03, 2023

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