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Currency Watch			
USD	EUR	GBP	JPY
82.69	90.07	105.35	0.58

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INTERNATIONAL NEWS

Eurozone & EU industrial producer prices dip further in May: Eurostat

Industrial producer prices in the Euro area and EU witnessed a decline in May 2023, according to Eurostat, the statistical office of the European Union (EU). The Euro area saw a decrease of 1.9 per cent compared to April 2023, while the EU registered a dip of 1.8 per cent in the same period. This follows a sharper decline in April 2023 when the Euro area experienced a 3.2 per cent decrease, and the EU a 3.1 per cent decrease in industrial producer prices.

In May 2023, compared with May 2022, industrial producer prices decreased by 1.5 per cent in the euro area and by 0.5 per cent in the EU.

Industrial producer prices in the euro area in May 2023, compared with April 2023, decreased by 5 per cent in the energy sector, by 1 per cent for intermediate goods and by 0.1 per cent for non-durable consumer goods, while prices increased by 0.3 per cent for durable consumer goods. Prices in total industry excluding energy decreased by 0.4 per cent, as per Eurostat.

In the EU, industrial producer prices decreased by 5 per cent in the energy sector, by 1.1 per cent for intermediate goods and by 0.2 per cent for non-durable consumer goods, while prices increased by 0.2 per cent for durable consumer goods. Prices in total industry excluding energy decreased by 0.5 per cent.

The largest monthly decreases in industrial producer prices were recorded in Ireland (minus 7.4 per cent), Italy (minus 3.1 per cent), and Finland (minus 3 per cent), while increases were observed in Cyprus (2.8 per cent), and Malta (0.4 per cent).

Industrial producer prices in the euro area in May 2023, compared with May 2022, decreased by 13.3 per cent in the energy sector and by 1.5 per cent for intermediate goods, while prices increased by 6.7 per cent for durable consumer goods and by 9.6 per cent for non-durable consumer goods. Prices in total industry excluding energy increased by 3.4 per cent.

In the EU, industrial producer prices decreased by 10.4 per cent in the energy sector and by 1.3 per cent for intermediate goods, while prices increased by 6.5 per cent for durable consumer goods and by 9.8 per cent for non-durable consumer goods. Prices in total industry excluding energy increased by 3.5 per cent.

The largest annual decreases in industrial producer prices were recorded in Greece (minus 10.6 per cent), Ireland (minus 9.7 per cent) and Belgium (minus 9.6 per cent). The highest increases were observed in Hungary (36.3 per cent), Slovakia (21 per cent) and Latvia (12 per cent).

Source: fibre2fashion.com – July 07, 2023

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BCC survey shows signs of inflation pressure in UK easing in Q2 2023

Forty-five per cent of UK firms expect their prices to rise in the next three months as cost pressures ease—down from 55 per cent in the first quarter (Q1), according to the British Chamber of Commerce's (BCC) Quarterly Economic Survey (QES) for the second quarter this year. Labour costs are the biggest driver of price rises, cited by 68 per cent of businesses.

Business confidence, after showing signs of a rebound in Q1, has stalled again now.

Growth in business activity remains weak, with no significant improvement to domestic sales, cash flow data and profitability indicators compared to Q1 data.

But the data also reveals that the main factor for increasing costs is now coming from wages rather than utility bills or raw materials.

The survey of over 5,000 firms—92 per cent of whom are small and medium enterprises (SMEs)—also reveals business performance across different sectors varies considerably, with retail firms (38 per cent) suffering more widely from cash flow difficulties.

There was a small increase in the percentage of firms believing their business turnover will rise over the next 12 months, up to 54 per cent from 52 per cent in Q1.

Profitability confidence also improved slightly to 44 per cent from 42 per cent in Q1, but it continues to remain weaker than turnover confidence.

This slightly improved outlook is not translating through to increased business investment.

The number of respondents reporting an increase to investment in plant/equipment dropped to 23 per cent from 25 per cent in Q1.

Inflationary pressures continue to ease but remain the top concern. The percentage of firms expecting their prices to rise fell below 50 per cent for the first time since Q3 in 2021. It has fallen from 60 per cent of firms in Q4 2022 to 45 per cent in Q2 2023.

While inflation remains firms' biggest concern, the level has dropped for the second quarter running, with 69 per cent of firms now worried compared to 74 per cent in Q1. However there has been a corresponding 5 percentage point rise in businesses worried about interest rates, increasing from 36 per cent in Q1 to 41 per cent in Q2, the survey found.

Labour costs are now the top cost pressure for businesses.

But there remain wide sectoral differences, with 75 per cent of manufacturers citing raw materials as the main factor driving price increases.

The retail sector was least worried about labour costs, with 56 per cent citing it as an issue, against 64 per cent flagging utilities and 67 per cent raw materials.

Source: fibre2fashion.com – July 07, 2023

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Japan's clothing imports drop 10% to 221,877 mn yen in May 2023

Japan's clothing and accessories imports in May 2023 decreased by 10.8 per cent to 221,877 million yen (approximately $1,535.33 million), accounting for 2.6 per cent of the total imports of 8,673,913 million yen for the second month of the new fiscal 2023-24 (FY24), according to the provisional trade statistics provided by the country's ministry of finance.

In the same month, the value of imports for textile yarn and fabric was 94,275 million yen, marking a 14.3 per cent decline compared to the same period in the previous fiscal. Yarn and fabric imports accounted for 1.1 per cent of Japan's total imports.

In May 2023, Japan's exports of textile yarn and fabric were valued at 60,719 million yen, an increase of 2.6 per cent year-on-year. The country's textile machinery exports, meanwhile, rose to 31,872 million yen, a significant increase of 32 per cent from the corresponding period of FY23. These exports contributed 0.4 per cent to the country's total exports.

During FY23, Japan’s clothing and accessories imports reached 3,619,550 million yen (approximately $25,046.36 million), a substantial 26.1 per cent increase compared to FY22. The imports of textile yarn and fabric were valued at 1,275,608 million yen, reflecting a growth of 23.2 per cent. Over the course of FY23, Japan exported textile yarn and fabric worth 776,999 million yen, while the exports of textile machinery were valued at 306,781 million yen.

Source: fibre2fashion.com – July 07, 2023

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US Fashion Manufacturing Hubs Share Success of Worker-owned Models

In a knowledge-sharing webinar last week, grassroots fashion hub leaders talked about ecosystem development in fashion.

At the heart of the discussion was worker-owned models, wherein workers have ownership of their workplace. Organization leaders from Democracy at Work Institute, the Garment Worker Center to The Industrial Commons were involved. Democracy at Work Institute, for one, pushes forward worker-owned models and ecosystem development in fashion areas such as New York, the Carolinas and Los Angeles. The organization does so by way of policy, land use and workforce development programs. Similarly, The Industrial Commons helps found and scale worker-owned social enterprises and industrial cooperatives.

“We view worker co-ops as a tool to create good jobs in western North Carolina, in our region. Western North Carolina has a deep history with textiles,” Aaron Dawson, senior director of workforce development at The Industrial Commons, said in the touch-base call.

Dawson said his region (spanning Alexander, Burke, Caldwell and Catawba counties) experiences about 3 percent unemployment and poverty rates, double the national average of 11.6 percent, per the U.S. Census Bureau. “Unemployment was in double digits after [the North American Free Trade Agreement], and we’re just now starting to rebuild,” he clarified.

The Industrial Commons identified industrial expertise, sector-wide collaboration, worker ownership and community education of the next generation of workers as effective strategies. One case study Dawson spoke of was Opportunity Threads, a worker-owned cut-and-sew textile plant based in the foothills of North Carolina that boasts a 90 percent retention for sewers and just a .3 percent error rate.

He acknowledged that success isn’t only attributed to the worker-owned model, but believes: “It lays the groundwork for an environment that supports better worker conditions and better care.”

Opportunity Threads' learnings are expanded within the Carolina Textile District, a member-based organization spanning 25 members and a sourcing library of more than 2,000 materials. Industrial Commons is the philanthropic arm funding the Carolina Textile District, while Material Return (in partnership with Smartwool) is the circularity arm or mechanical recycling investment that steers textile waste from landfill. By 2025, Industrial Commons hopes to transform the supply chain and bolster advancement of 75 North Carolinian businesses with skills advancement and the like.

In Los Angeles, meanwhile, the Garment Worker Center is looking to shift the narrative on worker protections. Some 157 brands supported SB62, or the Garment Worker Protection Act, which was signed into law in September 2021. The law marked a shift in brand-backed legislation.

"We really led the anti-sweatshop campaign here in Los Angeles," claimed Nayantara Banerjee, industry researcher and strategist at The Garment Worker Center. The GWC also fought off rezoning laws in the city that would place new hotels in once garment manufacturing zones.

New York fashion is also seeing a shifting tide. Tessa Maffucci, assistant chair at Pratt Fashion and coordinator of the New York Fashion Workforce Development Coalition, rejected the myth that New York fashion manufacturing is no more, saying Garment District businesses are, rather, at a crossroads to lure new talent, help retirees transition and build new tech advancements.

"[Worker-centric models] are how we make these careers viable. It's a way to change what these business structures look like and retain knowledge and skills," said Maffucci.

Source: sourcingjournal.com – July 06, 2023

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Turkish CPI grows 38.21% YoY in Jun; CPI for clothing-footwear up 21%

Turkiye's general consumer price index (CPI) grew by 3.92 per cent in June over the previous month and by 38.21 per cent year on year (YoY). Its growth was 19.77 per cent over the figure in December last year and 59.95 per cent on a twelve-months moving averages basis.

For the clothing and footwear sector, CPI grew by 21 per cent YoY in June, data from the Turkish Statistical Institute showed.

Domestic producer price index increased by 6.5 per cent month-on-month in June and by 40.42 per cent YoY. It grew by 14.82 per cent on December of the previous year and by 86.59 per cent on a twelve-months moving averages basis.

Source: fibre2fashion.com – July 07, 2023

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No-show US recession rekindles hope in fashion segment

The impending gloom of a recession in 2023 may just be a false alarm as corporate mergers and acquisitions keep happening while inflation levels remain controlled with most countries bouncing back to post-pandemic days despite the geopolitical and other economic tensions. The US economy as a power-house that leads all others, is currently displaying strong signs of resilience. Although some industry segments may be shrinking under inflation, it seems to be a rolling recession where the overall economy does not stagger and bring a country down to its knees.

Layoffs and their after-effects are mainly happening in well-paying industries like technology and finance which have educated skilled professionals who are financially able to withstand these financial downfalls as they are not in a hand-to-mouth economic situation. Restaurants, hotels, construction companies, and other labour industries that hire locals and expats have actually been a major driver of job gains as consumers throng back in post-pandemic days staving off a recessional market.

“The common explanation for the no-show recession despite the 500 bps hike in federal funds rate is that consumers were still spending their excess savings from the pandemic.

But once this cash is spent over the rest of this year, the thinking goes, a consumer-led recession is likely in 2024. Consumers’ excess savings of roughly $0.5 trillion currently is dwarfed by the net worth held by the ‘Baby Boom’ generation that is retiring. They have just started to spend it,” explains veteran industry market watcher, Edward Yardeni, Founder of Yardeni Research Consultancy to Bloomberg Media.

Deloitte report showcases many recent business deals

As per ‘Global Fashion & Luxury Private Equity and Investors Survey 2023’ report by Deloitte, the fashion and luxury industry had quickly rebounded in post-Covid years of 2021 and the first half of 2022 while registering business deals. Although continued recovery cannot be relied on and business can downshift quickly if inflation hits consumers, the time is probably not right now.

Last year, around 292 M&A deals were finalized in the luxury industry, as opposed to 284 in 2021 with eight more showing a 2.8 per cent increase. The biggest and the best deal was the $2.3 billion acquisition of the Tom Ford label by US beauty giant Estee Lauder. Other M&A deals in the personal luxury goods sector of the industry accounted for 43.2 per cent although the number was down by 30 last year. The general apparel and accessories segment also did well in terms of acquisitions with a total of 77 operations concluded in 2022 which was lesser by 11 compared to 2021, which by far has been the most profitable post-Covid year so far.

Fashion and luxury segment remain attractive for investors

In general, sales in the luxury hotel segment led the 2022 ranking with 98 acquisitions, followed by apparel and accessories and then by the furnishing and furniture category, which recorded 36 deals. Most US industry analysts remain buoyant as the impending threats are still far away on the horizon and many factors such as the banking turmoil after the collapse of Silicon Valley Bank last spring and political fights such as the fight in Congress over the government's borrowing limit have all been almost resolved.

The Deloitte report has estimated the luxury industry will be potentially attractive to eight out of every ten investors in 2023 in the fashion and luxury segment. Most investors' interest will be concentrated in cosmetics & fragrances (63 per cent), apparel & accessories manufacturing (50 per cent), furniture (50 per cent), and watches & jewelry (33 per cent), with personal luxury goods still one of the most attractive categories for investors.

However, investors are favouring the lean and mean look with wanting to keep expenses low by investing only in small-sized companies and medium-sized firms, as they remain watchful of an uncertain economic future and build their bridges accordingly over troubled waters.

Source: fibre2fashion.com – July 07, 2023

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FIS forecasts global e-com to hit $8.5 trn by 2026 from $6 trn in 2022

Global e-commerce is predicted to grow at a compounded annual growth rate (CAGR) of 9 per cent from 2022 to 2026, and its transaction value will rise from nearly $6 trillion in 2022 to over $8.5 trillion in 2026, according to the FIS Global Payments Report 2023.

The explosive growth in global e-commerce in the first two years of the pandemic slowed a bit last year, with a 10 per cent year-on-year (YoY) growth in such transaction value from 2021 to 2022.

The report predicted global e-commerce will grow in all regions, with a robust double-digit growth projected in emerging markets, and this trend presents attractive opportunities for cross-border e-commerce.

Businesses, therefore, should develop cross-border e-commerce capabilities to benefit from the high-growth markets, it suggested.

US firm Fidelity National Information Services, Inc (FIS), offers technology solutions for merchants, banks and capital markets firms globally.

All regions barring Europe witnessed double-digit growth from 2021-2022, with the Middle East and Africa seeing the highest growth of 21 per cent.

Of the 40 markets covered in the report, 37 saw double-digit YoY growth from 2021 to 2022. Markets in Latin America, the Middle East, Africa and Southeast Asia, except for Thailand at 9 per cent, continue to be high-growth markets. The report predicted a mid-teens CAGR in these regions till 2026.

Account-to-account (A2A) payments are taking off, driven by real-time payment (RTP) rails. RTP schemes increasingly enable A2A payments from persons to businesses (P2B). A2A is disrupting payment value chains with lower costs of payment acceptance versus cards. Global A2A transaction value surpassed $525 billion in 2022 and is projected to grow at 13 per cent CAGR till 2026, the report said.

Digital wallets extend their omni-channel dominance. Wallets like Alipay, PayPal and Apple Pay remain the leading payment method globally in e-com (49 per cent share) and at point of sale, or POS, (32 per cent share), accounting for close to $18 trillion in consumer spending.

Wallets remain among the fastest growing payment methods with 15 per cent CAGR at POS and 12 per cent annual growth in e-com forecast till 2026, it said.

The decline of cash continues with –minus 6 per cent CAGR projected till 2026, as consumers gravitate to the ease, convenience and safety of digital payments. Yet a 'cashless society' isn't on the immediate horizon, the report noted.

Following years of unrestrained growth, buy now pay later (BNPL) is facing increasing headwinds. Regulatory scrutiny, interest rate pressure and intense competition are transforming the sector.

Yet BNPL remains popular among consumers and represented 5 per cent of 2022 global e-commerce spending. The next phase is likely to see sustained growth amid market consolidation and mainstreamed regulation, the report added.

Source: fibre2fashion.com – July 07, 2023

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Sri Lanka's Garment Exports Plummeted 16.5%

Sri Lanka's garment exports faced a significant setback in January to May 2023, recording a sharp decline of 16.5% to reach $1.84 billion. The challenging global economic conditions contributed to this decline, as revealed by data released by the Central Bank of Sri Lanka.

Comparatively, the previous year saw garment exports amounting to $2.21 billion during the same period. May 2023 alone witnessed a 14.2% decrease in garment exports, reflecting the ongoing global economic slowdown. In addition, textile exports from Sri Lanka fell by 3.1% year-on-year, totaling $144.6 million in the first five months of 2023.

The report further disclosed that exports of other manufactured textile articles reached $42.7 million, marking a decrease of 19% during the same period.

Despite the decline, textiles, garments, and other textile articles accounted for 53.07% of all industrial exports from Sri Lanka. Total textile product exports summed up to $2.03 billion, while the country's overall industrial exports reached $3.83 billion between January and May 2023.

Furthermore, Sri Lanka experienced a substantial drop of 28.8% in textile imports, amounting to $999.9 million. Similarly, clothing and accessory imports declined by 35.1% to $71.2 million during the same period.

Source: fashionatingworld.com – July 06, 2023

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Indonesian Apparel Exports Soar 45.92%

The Indonesian textile industry, specifically the apparel sector, witnessed a remarkable surge in exports, reaching a value of US$700.7 million in May 2023. This represents a substantial monthly growth of 45.92% compared to the US$480.2 million recorded in April 2023.

Retailers played a crucial role in this success by depleting their remaining clothing stocks from the Eid Al-Fitr production, which concluded in April 2023. Additionally, the ongoing implementation of the government's P3DN (Increased Use of Domestic Products) policy, supplying public school and government employee attire, prompted manufacturers to ramp up production.

Despite this growth, the textile industry still faced challenges, primarily stemming from high import levels that hindered the absorption of domestic product sales. Adie acknowledged that the industry's performance has not yet reached its peak, although imports increased in May to 133,000 tons compared to 106,000 tons in April, leading to a surplus of textile stocks in the market.

However, as the new school year commences, expectations are high for an improved performance in the textile industry.

Source: fashionatingworld.com – July 06, 2023

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Ho Chi Minh City to build several logistics centres by 2025

Ho Chi Minh City in Vietnam is set to have several logistics centres constructed by 2025, as per the Office of the Municipal People's Committee. Seven of these centres will be built in locations including Thu Duc City Hi-Tech Park, Cat Lai, Long Binh, Linh Trung, Cu Chi, Hiep Phuoc, and Tan Kien.

The southern metropolis also aims to attract investment for four additional projects. The city's target is to boost logistics revenue growth to 15 per cent by 2025 and 20 per cent by 2030.

The logistics sector is predicted to contribute 10 per cent to the city's gross regional domestic product (GRDP) by 2025 and increase to 12 per cent by 2030.

Source: fibre2fashion.com – July 07, 2023

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NATIONAL NEWS

India & Bangladesh to initiate trade in rupee this month

Bangladesh and India will start trading in rupee this month, with their central banks having made all arrangements. Exporters in Bangladesh will get export proceeds in rupee starting July 11, and the equivalent amount will be used for import bill settlement.

Trading in taka will be launched later.

The move follows a Reserve Bank of India decision last year to allow the settlement of international trade in Indian currency.

Bangladesh's Sonali Bank and Eastern Bank got approval from the Reserve Bank of India to open special accounts for rupee transactions.

The Bangladesh Bank has also decided to launch a taka-rupee-based debit card in September, aimed at saving US dollars. The card will allow users to make payments using taka and spend Indian rupees while travelling to India.

At present, Bangladesh exports are worth some $2 billion to India and imports are worth nearly $14 billion, official data show.

Source: fibre2fashion.com– July 06, 2023

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FM asks bank chiefs to step up rural credit flow, focus on small and marginal farmers

Underlining that public sector banks' (PSBs) balance sheets are in good health, Finance Minister Nirmala Sitharaman on Thursday advised the chief executives to step up credit to the small and marginal farmers and micro enterprises besides taking measures to meet the credit targets set for street vendors under PMSVANidhi scheme.

At a review meeting with PSB chiefs, Sitharaman said PSBs are now well positioned to meet the credit needs of the productive sectors of the growing Indian economy. Discussions were held with the heads of PSBs on the positive macro trends, improved business sentiments, 'Twin balance sheet advantage' and performance of PSBs.

Priority sector lending

Sitharaman noted that while the overall priority sector lending (PSL) has exceeded the mandated target, the PSL target in the sub-categories should also be met especially in agricultural towards small and marginal farmers, and the micro enterprises.

She also urged bank chiefs to meet the targets for the credit to street vendors under PMSVANidhi and advised that the momentum of disbursals gained under PMSVANidhi should be sustained.

It maybe recalled that PSBs in aggregate posted record net profits of around ₹1.05-lakh crore, almost triple from net profits earned in FY14.

It was noted that the asset quality of PSBs has improved significantly with gross NPAs at 4.97 percent and net NPAs at 1.24 per cent in March 2023.

At the same time, Sitharaman wanted banks to ensure that there is a fair and transparent recognition of NPAs as per the extant guidelines of the regulator. Banks should periodically review it internally to ensure that there is proper recognition&reporting of the stressed assets, she added.

Sitharaman also advised banks to address associated business model risk with robust risk management practices and have efficient and optimum asset liability management. She also wanted them to take steps to improve the deposits.

PMSVANidhi coverage

On improving lending under PMSVANidhi, it was decided that Union Minister of State (Finance), Bhagwat Kishanrao Karad will ensure a special drive for expanding the coverage of PMSVANidhi, with the assistance of the urban local bodies (ULBs).

Karad will visit different regions of the country in six phases before September 1, 2023 for the special credit outreach drive on PMSVANidhi.

The Finance Minister asked the banks to lead a special campaign to ensure the onboarding of the PMSVANidhi beneficiaries on digital payment systems.

Source: thehindubusinessline.com– July 06, 2023

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GST Council may discuss tightening of registration process

The Goods and Services Tax (GST) Council is likely to discuss further tightening of the registration process to curb tax evasion, including introduction of mandatory physical verification and imposition of restrictions on tax refunds for companies claiming wrongful input tax credits, said officials.

The apex decision-making body for the indirect tax will also discuss issues related to definition of "physical address" for smaller companies operating out of co-working spaces, they said.

The council is also expected to take up detailed procedure and rules for recovery of tax and interest, clarification on blocking of refunds and interest charged on blocked input tax credit.

It will also take up reduction in the GST rate for some cancer drugs, papad (non-fried) and LD steel slag to 5% from 18%, said officials.

Source: economictimes.com– July 07, 2023

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Why India needs to look beyond logistics to improve its manufacturing prowess

GoI has been relentlessly focusing on improving the country's infrastructure. The share of capex in GDP has been rising gradually from 1.7% in FY14 to a proposed 3.3% in FY24. One of the key objectives for this infra push is to bring down the logistics cost for Indian manufacturers so that they can be globally competitive.

At around 13-14% of GDP, India's logistics cost is one of the highest in the world, compared to 11-12% average for Brics countries. The National Logistics Policy (NLP), announced in 2022, affirmed that reducing the logistics costs in line with best-in-class global standards is essential for India to become globally competitive. Since logistics costs are the expenses incurred for moving a product - from sourcing raw materials to delivering customer orders and every step in between - the higher cost translates into a higher price for the end customer, limiting the market size and restricting economic growth.

The government's intent is sensible, and infrastructure does seem to have improved over time. India jumped six places from 44 (2018) to 38 (2023) in the World Bank's Logistics Performance Index (LPI). However, there are two main fallacies in the argument that puts disproportionate importance on logistics cost as a key reason for the lack of our manufacturing competitiveness:

Logistics cost is not estimated robustly in India, so its obstructive impact on India's manufacturing competitiveness is, at best, weak. The National Transport Development Policy Committee (NTDPC), a GoI-constituted body, pointed this out. For example, the National Council of Applied Economic Research (NCAER), in its report to the ministry of commerce, calculated it to be around 8% of GDP in 2017-18. If NCAER's estimate is closer to reality, then the fundamental premise that our logistics costs are high(er) is more of a red herring.

High logistics costs making Indian manufacturing less competitive seems obvious, given our goods trade deficit with the rest of the world has averaged around 7% over the last decade. The argument trotted out is - since our industry is not as competitive and one of the main reasons is high logistics costs, we end up importing more from the rest of the world, causing a goods trade deficit. But this reasoning seems rather trite.

Don't importers also rely on the same relatively weak infrastructure, which presumably makes our manufacturers less competitive? In fact, given imports come from other countries, the overall logistics cost of imports would be higher than that by domestic producers. Thus, India's high goods trade deficit is more a reflection of production inefficiencies domestically, than inordinately high logistics costs as is usually construed.

A quick comparison between India and Bangladesh would be instructive to understand its importance in determining a country's competitiveness. As stated above, India is ranked 38th in LPI of the 139 countries analysed. Bangladesh, globally recognised as a garment export-led growth story since it constitutes about 85% of Bangladesh's exports, is ranked 88th in the same LPI report. If logistics was such a pivotal driver of competitiveness, our export performance should have significantly improved over time and/or Bangladesh's textile competitiveness would be negatively impacted. But neither has happened.

This is not to argue that India does not need to continue strengthening its transportation and storage infrastructure. The fact that it takes 7-10 days to reach a port in India via road versus 0.2 days in China, that the median turnaround time at ports is 0.9 days, which is higher than 0.6 days for Hong Kong and 0.7 days for South Korea, and around 30% of overall freight currently moves on rail versus 60% globally, all point to the need to keep investing in infrastructure.

GoI deserves applause for improving infrastructure and processes. However, it needs to recognise that this may not be the silver bullet to make the Indian industry globally competitive.

Source: economictimes.com– July 10, 2023

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DGFT E-BRC: Making the Process of Export Easier

Banks provide exporters with an Electronic Bank Realisation Certificate (e-BRC) as proof of payment and export. It is employed to request rewards under a number of programs covered by the Foreign Trade Policy. In order to encourage paperless commerce, the DGFT has developed an electronic platform for Bank Realisation Certificates, or e-BRC or dgft ebrc.

Banks can electronically send their foreign exchange realization to the DGFT server using e-BRC technology. Through the use of a digital certificate, this procedure is protected. A Bank Realisation Certificate (BRC) is a document that a bank issues to show that an exporter has been paid by an importer for the exported products. The bank should be informed of the value of the items that exporters intend to send abroad.

Why do exporters require an e-BRC? What is it used for?

An e-BRC (Electronic Bank Realisation Credential) is a crucial digital credential for export industry workers. It is given out by a bank as proof that the exporter has been paid by the importer in exchange for the export of goods. The value of the products being exported must be declared by exporters.

An exporter can ask their bank to close the Export Data Processing and Monitoring System (EDPMS) entry and acquire an e-BRC once all payments for a shipping bill have been received. Any business seeking benefits under the FTP must present a valid BRC as proof of payment realization against shipments made. A bank will issue a DGFT e-BRC (Electronic Bank Realisation Certificate) as evidence that the exporter has been paid by the importer. Learn about eBRC's definition, use, and acquisition process here.

What function does an e-BRC serve in exports?

To take advantage of the numerous export incentives (duty exemptions, subsidies, low-cost loans, etc.) provided by the government as a part of the Foreign Trade Policy, an exporter needs an e-BRC. The Director General of Foreign Trade (DGFT) implements the FTP and several export incentives in India. Previously an offline process, the DGFT has transformed the entire procedure into an electronic, paperless one. It enables banks to upload files and export-related foreign exchange data to the DGFT e-BRC system. This data is communicated using the e-BRC digital certificate.

How does the e-BRC procedure operate?

The process of payment reconciliation includes a crucial stage called DGFT e-BRC. The e-BRC procedure is described as follows:

- Export paperwork and the Electronic Foreign Inward Remittance Certificate (eFIRCs) are filed to the appropriate banks by the exporter once they have been paid into their bank account in full and within nine months of the shipping bill's date.
- The exporter's bank pays the invoice in EDPMS and creates an electronic bill of credit on the DGFT website.
- Exporters can then pick up their e-BRC from their bank or DGFT e-BRC once banks upload the INR equivalent of the realized foreign exchange using the exchange rate set by the Central Board of Excise and Customs (CBEC).

How can I file an export incentive claim using e-BRC?

- On the Indian Customs Electronic Data Interchange Platform, known as ICEGATE, a shipping bill is created electronically in India. Through ICEGATE, the DGFT automatically and electronically obtains the data from a shipping bill. To claim export incentives, an exporter must link pertinent shipping bills with e-BRC.
- DGFT determines the value on which the export incentive is to be provided when an exporter requests one under a DGFT program. For this, DGFT e-BRC compares the Free on Board (FOB) value of the exported goods as mentioned in the shipping bill, with the total realized value against export as reported in the e-BRC.
- When submitting an application for an export incentive, the exporter must ensure that the bank reports the e-BRC value and that it reflects the realized value. If it is smaller, the bank should lower the e-BRC value.

Amazon Global Selling offers support at all phases of exports and also credits earnings to the seller's Indian bank account in order to make exporting from India quick and straightforward. Additionally, it offers assistance in acquiring DGFT e-BRCs and other payment-related paperwork.

Exporting goods online is simple with Amazon Global Selling

An e-commerce export program called Amazon Global Selling can help you move your company from India to marketplaces in more than 200 nations and territories. Without opening a store or warehouse abroad, you can export from India whether you're a producer, seller, reseller, or owner of a budding brand.

Is E-BRC a requirement for export?

Once all payments for a shipping bill have been received, the exporter can ask their bank to close the entry in EDPMS and issue them a DGFT e-BRC. Any business seeking benefits under the Foreign Trade Policy is required to submit a valid BRC as evidence of payment realization against shipped goods.

What further applications does E-BRC have?

In addition to assisting exporters in obtaining export incentives under the Foreign Trade Policy and claiming GST refunds, DGFT e-BRC serves as a key source of financial data and an economic indicator.

What distinguishes the e-BRC from the e-FIRC?

BRCs, or bank realization certificates, are given by banks to exporters in exchange for export shipping invoices. A bank will issue a FIRC, or foreign inward remittance certificate, to its clients if it receives money from abroad.

How can I check the e-BRC status online?

On the DGFT e-BRC server, click. Enter your 11-digit IFSC code and IEC code. selecting "facilitation" and then selecting "view and print your E-BRC" will bring up the options. Amazon Global Selling makes exporting goods from India easy for vendors like you.

Understanding the export compliance requirements and laws for various nations and product categories is the first step in expanding a firm globally. Through the Exports Compliance dashboard, Amazon connects you with specialists who can help you get your documentation in order to ease your export journey by guiding you through the important requirements and regulations.

Source: businessnewsthisweek.com– July 06, 2023

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Global e-commerce transactions expected to hit $8.5 trillion by 2026

Global e-commerce transaction value will rise from $6 trillion in 2022 to over $8.5 trillion in 2026, growing at a 9% CAGR, predicted FIS Global Payments Report 2023. Florida-based Fidelity National Information Services, Inc. (FIS) offers a wide range of financial products and services.

The report indicated that the pandemic has solidified the shift in consumer behaviour towards digital payments, which has continued to drive e-commerce growth. In addition, technological advancements and improvements in digital infrastructure have made online shopping more accessible and convenient for consumers, contributing to the development of e-commerce, it said.

According to the report, all regions, except Europe, saw double-digit growth in e-com transactions from 2021-2022, with the highest growth of 21% reported in the Middle East and Africa. Of the 40 markets covered in the report, 37 saw double-digit YoY growth from 2021 to 22. Markets in Latin America, the Middle East, Africa, and Southeast Asia, except for Thailand at 9%, continued to be high-growth markets. The report predicted a mid-teens CAGR in these regions through 2026.

However, the report further said, some challenges still needed to be addressed to sustain this growth. For example, the report indicated that the lack of digital infrastructure and financial inclusion in some emerging markets may hinder e-commerce growth. Additionally, regulatory challenges and cross-border trade barriers could create obstacles for businesses looking to expand globally, it cautioned.

Common Services Centers under the Ministry of Electronics & IT (MeitY) said it has invested in the Open Network for Digital Commerce (ONDC) to promote e-commerce and logistics in rural areas. “It is for the first time that CSC has invested in an initiative like this. ONDC will democratise digital commerce by moving to an open network. The partnership will also generate employment opportunities for rural youth by enabling a last mile logistics network,” Dinesh Tyagi, MD, CSC SPV, said in a statement.

Source: thehindu.com– July 06, 2023

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India's cotton exports crash to 19-year low, production and yield plummets

A crisis in cotton is threatening to give India a double blow. The country's cotton production — hitherto the largest in the world — in 2022-23 is set to fall to the lowest in 14 years, as yields dropped in cotton-producing states.

This could turn the nation from being a net exporter to a net importer of the commodity.

This estimate from the Cotton Association of India (CAI) has alarming consequences for the country that is the world's largest producer of cotton. One of the fundamental problems is that this would affect the livelihood of farmers. Another big problem is that our exports of cotton and its derivatives, such as textiles and apparel, would decline.

India's cotton crop is often referred to as "white gold" because of the significance it holds for the agrarian and textile sectors — cotton is a key raw material in the latter. The agro-climatic conditions have favoured cotton crops. But that could change now.

In fact, CAI has lowered its cotton crop estimate for 2022-23 season by 4.65 lakh bales to 298.35 lakh bales. Excess rain in many cotton-growing regions is considered to be one major spoilsport this time. Extreme rainfall has damaged nearly 4 million hectares of crops in Maharashtra's

Beyond the immediate impact of unseasonal rains, cotton's problems have been years in the making. Overreliance by growers on traditional farming methods, and the absence of modern seeds are cited to be other key reasons resulting in low cotton yield, according to industry officials.

The spillover effect will be seen in exports. The Ministry of Commerce and Industry's data show cotton's exports (HS code 5201) nosedived from $2,659.25 million to $678.75 million in FY 2022-23, registering a Y-o-Y dip of -74.48%.

The United States Department of Agriculture says India's cotton exports will likely decline to a 19-year low this crop season (October 2022-September 2023) on poor demand from importing nations, largely driven by the economic slowdown in the US and Europe.

Beyond exports, when domestic output of a commodity falls, the shortage inflates its prices. CAI says cotton prices are likely to hit Rs 75,000 per candy by the middle of this year. Generally, the prices are in the range of Rs 35,000-55,000 per candy.

This development will affect all participants in the cotton supply chain, experts say.

Reap what you sow

Industry veterans claim the crisis unfolding in the cotton sector is inevitable now. But there were clear indicators that a crisis was brewing and the negligence to respond promptly has led to the current state of affairs.

Sanjay K Jain, MD of TT Ltd, says he isn't surprised. "The low cotton yield was very much expected. We haven't introduced any new cotton seeds for 10-15 years. Our awareness of agronomics practices is abysmally low. It is not logical to expect our productivity to go up," says Jain, who is also the Chairman of the Indian Chamber of Commerce's National Textiles Committee.

He also points out that the government was caught up with some royalty issues with some international seed companies and these are yet to be resolved.

The Textile Advisory Group (TAG) in the textile ministry is aware of these issues, but the pace of solutions being implemented has been "disappointingly slow," Jain says. "My request to policymakers is that we need to move extraordinarily fast to implement solutions."

Cotton supply chain caught in multiple issues

Jain's urgency is understandable. India's cotton crop supports the livelihoods of approximately 6 million cotton farmers and involves 40-50 million individuals in associated activities like cotton processing and trade. Almost all of them are in the MSME segment — a group that does not have the financial muscle to withstand such disruptions but are easily susceptible to such shocks. Also, the exports of cotton and its derivatives, such as yarn, fabric and garments, contribute significantly to foreign exchange earnings.

Cotton and its derivatives make up about 2.55% of our export basket. They play a major role in the plan to enhance the country's exports.

Parthiv Purani, Senior Vice-President-Domestic Revenue of natural fibre sourcing platform ReshaMandi, says he is already seeing signs of stress. Many stakeholders are feeling the pinch in working capital requirements. So, the cash rotation in the cotton industry has come down, he says.

Jain says he sees no signs of change in the current situation in the next one or two years. One way to get out of the crisis is to focus on increasing the cotton yield per hectare.

According to the Washington DC-based International Cotton Advisory Committee, India's cotton yield stood at 510 kg per hectare in 2021-22. Pakistan had 467, China 1,892, Brazil 1,752, and the USA had 951. The global total was 808 kg per hectare.

This significant disparity in yield also highlights the need for improved farming techniques, access to better seeds and enhanced agricultural infrastructure to maintain a competitive edge in the global market. Apart from the presence of substandard cotton seeds, another major concern is the lack of awareness among cotton growers regarding optimal sowing practices.

"Currently, the cotton's price range is Rs 5,450-5,900 from Punjab & Haryana per Maund (1 Maund= 37.5 Kg) and Rs 54,500-56,000 for cotton from central India, per Candy (1 Candy= 355.6 Kg) depending on the variety. While Punjab & Haryana prices are up by 25% compared with their regular average prices, Central India's cotton prices are seeing a rise by a massive 238%," Garg says.

Import duty 'killing' domestic industry

The drop in domestic production of cotton is set to hit the textile industry hard. Domestic producers could have used imported cotton to get over the shortage, but that route has been under pressure since an import duty was imposed on cotton in 2021. The duty lacks rationality and was introduced arbitrarily, they say.

The MD of TT Ltd says there was no duty on cotton for many years. It is possible to pay the duty, import raw materials, make finished goods, and export them when the prices are low. But when domestic cotton prices are higher than global prices, the duty skews the pricing in exports. “At least from April-October, there should be no import duty on cotton so the industry can get a level playing field,” Jain adds.

Vineet Garg, director of Indian Cotton Association Limited, says Indian spinners and textile owners used to import yarn from China and Vietnam to fulfil the domestic needs in case the local produce is not able to fulfil the needs. But the 11% duty has made these imports unviable, he says.

But the gloom might dissipate soon, say some industry observers.

Cotton is expected to stabilise at Rs 75,500-Rs 80,000 per tonne, but yarn prices would see a further drop, says Purani of sourcing platform ReshaMandi. But he is optimistic that the crop size may increase with favourable weather.

The Indian Cotton Association Limited also shares this view of a recovery in the upcoming season. The government approved minimum support price (MSP) will also help stabilise the prices of cotton.

It is imperative that the government address the cotton sector's crisis and lift the business sentiments. Else we might lose the magic of the “white gold” — a source of income for a large section of the people.

Source: economictimes.com– July 06, 2023

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Apparel firm Uniqlo to open its first Mumbai store by October this year

Japanese global apparel retailer Uniqlo is set to expand to Mumbai by October, reported The Economic Times (ET).

The fashion retailer, which entered India through the single-brand retail route, had so far largely been focusing on growing its presence in the Delhi-NCR region.

While recently it began expanding to Lucknow, Chandigarh, and Zirakpur, the company is now set to launch its first store in Mumbai on October 6 at Phoenix Marketcity, Kurla.

Tomohiko Sei, Chief Executive Officer, Uniqlo India, said, "We are delighted to be launching in Mumbai this fall. October will also mark the anniversary of our four-year journey in India, and this new milestone highlights our strong ongoing commitment to India."

"Until now, our customers in Mumbai have been using our e-commerce channel to shop for their LifeWear essentials, and we now look forward to welcoming them in person to our first Mumbai store," Sei added.

Uniqlo Phoenix Marketcity, Kurla, will be the 11th brick-and-mortar Uniqlo store in India. The new store will offer a range of LifeWear collections for men, women, kids, and babies, with thoughtfully designed and functional products that are made for all.

Globally, Uniqlo has more than 2,400 stores across the world.

Uniqlo had earlier stated India is one of their top priority markets, with consumers increasingly shifting from 'fast-fashion' to long-lasting essentials and functional wear.

The company’s ambitions for India are considerable with the CEO of the apparel giant Tadashi Yanai indicating that he wants the Japanese apparel giant to become the “best-selling retailer in India.”

Source: business-standard.com– July 06, 2023

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