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USD	EUR	GBP	JPY
82.13	92.26	107.44	0.59

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INTERNATIONAL NEWS

Asia-Pacific expected to contribute 70% to global growth in 2023: IMF

The International Monetary Fund (IMF) predicted a downturn in global growth to 2.8 per cent in 2023 from 3.4 per cent in 2022, with over 70 per cent expected to come from the Asia-Pacific region. High-frequency indicators show manufacturing weakness contrasting with resilient services across G20 countries and robust labour markets in advanced economies. Meanwhile, financial instabilities revealed by strict monetary policy need careful handling.

Though global headline inflation appears to have peaked and core inflation has somewhat eased, particularly in India, it remains significantly above central banks' targets in many G20 countries. Policymakers have been warned against premature celebrations, as easing policy too soon could undo progress on inflation, according to an IMF blog titled 'Weak Global Economy, High Inflation, and Rising Fragmentation Demand Strong G20 Action' by Kristalina Georgieva.

Against this backdrop, a persistent monetary policy approach is needed until inflation is reliably reduced to target. Fiscal policy also has a role to play in supporting disinflation, rebuilding buffers, and enhancing debt sustainability. Meanwhile, consolidation efforts should protect growth-boosting investments wherever possible.

However, the medium-term economic outlook is not promising, with IMF projections for global growth over this period hovering around 3 per cent, considerably below the 2000-2019 historical average of 3.8 per cent. Economic fragmentation risks undermining growth and addressing global challenges, such as rising sovereign debt crises and the existential threat of climate change.

Significant progress has been made, as evidenced by the breakthrough on Zambia's debt restructuring, a testament to international collaboration. The G20 also recently announced reaching its $100 billion target in special drawing rights (SDRs) pledges, which will be directed from wealthier to poorer nations, demonstrating international solidarity.

Despite these achievements, more support is required to confront the challenges. Climate change, high living costs, and high interest rates are causing disproportionate hardships, pushing more countries towards debt distress and threatening developmental prospects. Therefore, strong multilateral institutions, like the World Bank and the IMF, are crucial in providing this support.

As we face a fresh set of transitions, the IMF pledges to continue to adapt and respond with agility through timely policy changes and stronger resources. Prioritising a quick and successful completion of the 16th quota review and replenishing the IMF's concessional resources for vulnerable nations are fundamental steps towards ensuring a robust global finance safety net, added the blog.

Strong leadership from the G20 is required to guarantee an international financial architecture that is fit for purpose. A global response of a scale commensurate with the world's challenges is paramount to ensure all nations are placed back on a sustainable path to growth and prosperity.

Source: fibre2fashion.com – July 17, 2023

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Euro area & EU's industrial production sees modest rise in May 2023

Euro area and European Union's (EU) industrial production saw a modest increase in May 2023, according to Eurostat, the statistical office of the EU. Euro area saw a seasonally adjusted rise of 0.2 per cent, while the EU observed a 0.1 per cent increase compared with April 2023. The previous month saw more significant growth, with industrial production increasing by 1 per cent in the euro area and 0.6 per cent in the EU.

However, when compared to the previous year, industrial production declined in May 2023, dropping by 2.2 per cent in the euro area and 1.8 per cent in the EU.

Breaking down these figures by category, the euro area experienced a growth in the production of intermediate and durable consumer goods by 0.5 per cent, and non-durable consumer goods by 0.3 per cent. However, there was a 1.1 per cent decrease in energy production. Similar trends were observed in the EU, with energy production seeing the largest decline at 1.8 per cent, as per Eurostat.

Among the member states, Slovenia recorded the highest monthly increase in industrial production at 7.9 per cent, followed by Croatia at 4.3 per cent, and Slovakia and Finland, both at 2.5 per cent. Conversely, Ireland saw the most significant decrease at 4.9 per cent, with Lithuania declining by 2.8 per cent, and Romania and Belgium both recording a 1.2 per cent drop.

On a year-on-year basis, energy production in the euro area and the EU fell by 6.2 per cent and 7.5 per cent respectively. Durable consumer goods saw a decrease in production as well, with the euro area and EU recording drops of 5.0 per cent and 6.4 per cent respectively.

Finally, among member states, Ireland registered the largest annual decrease in industrial production at 16.2 per cent, followed by Estonia at 12.8 per cent and Bulgaria at 11 per cent. In contrast, Malta, Denmark, and France witnessed the highest increases at 12.2 per cent, 7.8 per cent, and 2.9 per cent respectively.

Source: fibre2fashion.com – July 17, 2023

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China's growth disappoints, fuelling calls for more stimulus

China's economy grew slower than expected in the second quarter, with worrying signs of a slowdown in consumer spending and ongoing pain in the property market.

Gross domestic product expanded 6.3 per cent in the second quarter from a year prior, data released by the National Bureau of Statistics showed Monday, weaker than the median forecast of 7.1 per cent by economists surveyed by Bloomberg.

Monthly indicators for June showed a mixed picture, with a notable slide in retail sales and a weakening in the property market, while industrial production improved.

"This is a consumption-induced slowdown, which calls for policy support on the demand side," said Hao Zhou, chief economist at Guotai Junan Hong Kong Ltd. "We believe further rate cuts are more or less warranted."

Beijing has set a moderate GDP growth target of around 5 per cent for this year, but is contending with a barrage of economic challenges, including the looming prospect of deflation, falling exports and a property sector in crisis. The People's Bank of China, which cut its key policy rate in June, refrained from easing policy on Monday, although many analysts expect a move in the coming months.

China's benchmark CSI 300 Index of stocks fell 1 per cent as of 10:57 a.m. as Asian peers broadly dropped. It was the index's first decline in three sessions. The onshore yuan weakened 0.3 per cent at 7.1635 per dollar.

The NBS said in a statement that while the economy rebounded, the "global political and economic situations are complicated, and the domestic economy's recovery and development foundation is still not solid yet."

Xing Zhaopeng, senior China strategist at Australia & New Zealand Banking Group Ltd., said the data miss may prompt officials to accelerate fiscal spending to boost investment.

Fiscal spending to be in focus

"There have been a lot of signals, including conferences between the government and foreign investors and entrepreneurs, which suggest that follow-up policy will come," he said. "Fiscal spending will be the major focus in the next two weeks."

Rising US interest rates and high debt levels in the Chinese economy have limited the central bank's scope to carry out aggressive easing measures. Some economists also argue that weak business and consumer confidence have reduced the effectiveness of monetary stimulus, calling for fiscal policy to play a bigger role in the economy.

Investors are looking to a likely meeting of the Communist Party's top decision-making body later in July to provide crucial clues on economic policies going forward. Xing said there could be fiscal measures announced before the Politburo meeting.

Source: thehindubusinessline.com – July 17, 2023

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US, Mexico, Canada vow to promote SME participation in global trade

US trade representative Katherine Tai, Mexican secretary of economy Raquel Buenrostro and Canadian minister of international trade, export promotion, small business and economic development Mary Ng recently reiterated their commitment to promote mechanisms to raise competitiveness and encourage the active participation of small and medium enterprises (SMEs) in international trade, especially for those SMEs led by groups that are traditionally under-represented.

They met at Cancun, Mexico, for the third meeting of the United States-Mexico-Canada Agreement (USMCA) Free Trade Commission.

The ministers acknowledged the trilateral information-sharing session on inclusive trade organized by Canada in March for committee leads and look forward to the second USMCA SME Dialogue, to be hosted by Mexico in September this year, a joint statement released by the three leaders said.

They expressed interest in the SME committee's upcoming activity, organised in partnership with indigenous SMEs and organisations, to help facilitate indigenous SMEs trade within the region. It will be hosted by Canada this fall.

Reaffirming their shared interest in enhancing regional competitiveness, the ministers held a roundtable with business delegations from the three countries to exchange ideas on economic integration and the role of the agreement in that process.

Based on Canada's proposal for the three countries to work together to enhance North America's competitiveness by building on each country's open and transparent investment environments, they encouraged each country to share best practices. They also held a discussion with Mexican labour stakeholders to hear from workers so that the latter's voices could be incorporated into trade policy.

The three countries will hold a deputies meeting before the end of this year to assess the progress of the agreement.

Source: fibre2fashion.com – July 16, 2023

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U.S. Imports decline, China dominates trade

According to recent data from the Commerce Department, apparel and textiles imports into the U.S. experienced a significant drop in May. The Office of Textiles & Apparel (OTEXA) reported a 17.6 percent decline, with total imports reaching approximately 8.8 billion square meters equivalent (SME) compared to the same period last year.

Textile imports fell by 13.9 percent to 6.8 billion SME, while apparel shipments slumped by 28.1 percent to 1.99 billion SME. Overall, year-to-date imports of textiles and apparel through May registered a 22.4 percent decline, totaling 36.4 billion SME.

Textile imports fared better, experiencing a 19.1 percent decline to 26.8 billion SME, while apparel shipments plummeted by 30.5 percent to around 9.6 billion SME. Notably, major Asian textile and garment producers faced significant losses. India, Bangladesh, Pakistan, and Vietnam witnessed declines of 36.3 percent, 34.6 percent, 33.3 percent, and 33.1 percent, respectively.

In contrast, China experienced a milder drop of 15.4 percent but maintained its position as the leading trading partner with the U.S., surpassing India by more than threefold.

Nearshoring efforts were evident in Mexico, which saw a substantial increase of 210.5 percent in apparel shipments, and the Czech Republic, with a significant surge of 265.2 percent. These gains may be attributed to retailers' desire to reduce dependence on China and mitigate supply chain disruptions.

Source: fashionatingworld.com – July 15, 2023

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France is paying Rs 2,000 to repair clothes, reduce waste

France is tackling clothing waste with an innovative new scheme that encourages mending instead of discarding clothes that are on the verge of becoming unusable. Announced by the secretary of state for ecology, Bérangère Couillard, the initiative aims to create a circular economy for shoes and textiles, promoting product longevity and sustainability.

Under the scheme, individuals who choose to mend their clothes will be reimbursed between €6 and €25 (Rs 553 and Rs 2,306) for the mending costs. This incentive is expected to motivate consumers to repair their items, especially those from brands known for their quality products. The ultimate goal is to reduce waste and foster a second life for clothing items.

Refashion, a private organization in France, revealed that in 2022, approximately 3.3 billion pieces of clothing were put on the market, with 700,000 tons being discarded annually, some of which end up in landfills. To address this issue, the initiative will be managed by Refashion and is scheduled to launch in October.

In addition to promoting mending, the scheme also requires stores to disclose information about the materials used and the place of manufacturing. This measure aims to reform the heavily polluting textile industry and encourage transparency in the clothing supply chain.

France's new initiative marks a significant step towards reducing clothing waste and building a more sustainable and eco-friendly approach to fashion consumption.

Source: economictimes.com – July 16, 2023

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UK announces up to £25 mn in funding to back economic growth in ASEAN

UK foreign secretary James Spencer Cleverly recently announced up to £25 million in funding to support economic growth of members of the Association of Southeast Asian Nations (ASEAN) and reduce their poverty, by bringing UK expertise in trade, regulation and financial services to the region over the next five years.

He was visiting Jakarta to meet ASEAN partners to advance cooperation on the shared priorities of security, stability and prosperity.

Total UK-ASEAN trade in goods and services was worth £46.5 billion at the end of 2022.

Later this month, the United Kingdom will begin its formal accession to the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP), further strengthening British trade and investment links in the region, an official release said.

“The UK and ASEAN are working together to deliver the Plan of Action 2022 to 2026 to improve lives across the region, such as ensuring girls across southeast Asia can access quality education.

This is in addition to UK work in the wider Indo-Pacific, such as the Climate Action for a Resilient Asia programme, which is upgrading homes and infrastructure to withstand the impacts of climate change,” Cleverly said ahead of the visit.

Source: fibre2fashion.com – July 17, 2023

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Bangladesh: Global fashion groups press for sustainable digital labelling

Global fashion organisations have made a united call and pressed global, national, and local authorities for sustainable digital labelling.

The collective group of a total of 130 organisations, in a joint letter to the authorities concerned on July 11, advocated for the modernisation of textile, garment, footwear, and related accessories labelling requirements and legally allowing more sustainable and economically viable digital labels for required labelling information.

The signatories represent the global fashion and sportswear industry, and its enablers and stakeholders, including those representing materials such as leather, wool, and textiles; and those working to advance sustainability, circularity, and authenticity solutions.

The group included American Apparel and Footwear Association (AAFA), International Apparel Federation, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB), according to the letter.

Industry estimates show that collectively, labeling requirements now result in the annual production of approximately 5.7 million miles (about 9.2m km) of label tape - enough to stretch from the earth to the moon, and back, twelve times each year.
"Shifting to the use of digital labels would significantly reduce labeling waste and significantly aid in decarbonisation efforts, resulting in the elimination of at least 343,000 tonnes of CO_2e from industry supply chains," read the letter.

"Consumers today want more information with less waste. The opportunities are endless if digital opportunities are unlocked. Purchasers will gain access to more detailed and accurate information about the textiles, garments, footwear, and related accessories they are considering buying, such as more in-depth materials and origin information," AAFA president and CEO Steve Lamar said in a statement.

It also unlocks more information throughout the garment's lifecycle, including details about resale, repair, rental, upcycling, or recycling, he said, adding this is one tool for a more responsible and agile global industry.

"We need the Federal Trade Commission and sister agencies around the globe to update their rules to give companies the option to meet labeling standards using digital means," he said.

When asked, BGMEA president Faruque Hassan said they joined the global alliance as a fully digital labeling solution would cut manufacturing cost and thus make fashion more competitive and affordable.

At least three labels are there in a garment while the numbers are many depending on buyers' requirements, he said, adding that price tags are done digitally in almost all garments they export.

"But it is the buyer who has to ask for such digital label as we only implement it," he added.

Moreover, digital labeling will also help controlling the manufacturing of counterfeit products as every inputs of the finished goods would come under digital labeling where all the parties in the supply chain would be identifiable.

Bangladesh is the second largest apparel exporter in the world after China.

The country fetched US$46.99 billion from readymade garment export in the just concluded fiscal year of 2022-23, according to official data.

Bangladesh fetched US$9.73 billion from RMG exports to the USA in 2022, turning the destination its single largest market.

Source: thefinancialexpress.com.bd– July 16, 2023

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Pakistan: Incentives for industry can put economy on sustainable growth: PIAF

The Pakistan Industrial and Traders Associations Front (PIAF), stressing the need for putting the economy on a sustainable growth trajectory by providing incentives to the industry, lamented that the economy is facing multiple challenges of falling exports, high inflation, and low growth, with fiscal accounts under immense pressure on account of heavy interest payments.

PIAF Chairman Faheemur Rehman said that the low growth shows the government is finding it difficult to achieve the industrial growth and export target, leading to more pressure on foreign exchange reserves of the country. He asked the government to address the underlying structural vulnerabilities through smooth energy supply at competitive rates, as country's overall export proceeds continued to shrink.

Faheemur Rehman Saigol said that the government has increased the gas and electricity tariffs and, at the same time, also the subsidy has been phased out, which will further increase the cost of production. Month on month increases in consumer prices may be countered by a further mean reverting international commodity prices and some exchange rate stability due to decreased pace of depreciation. The overall money supply growth remains compatible with a return to low and stable inflation.

But the outlook of M2 is broadly dependent on fiscal accounts which are under immense pressure on account of heavy interest payments and rehabilitation spending. The State Bank of Pakistan is also enacting a contractionary monetary policy to contain inflationary pressure. However, a larger portion of volatility in the current price level is explained by supply-side factors.

As imports fell more than the decline in exports, the trade balance of goods and services improved. Exports are constrained by domestic production issues related to the slowdown of demand in the main export markets and high domestic production costs. Imports are currently constrained by sluggish domestic demand and administrative measures to protect the official foreign reserves level. Since no immediate reversal of these developments is envisaged, the trade balance may further stabilise or further improve somewhat in the upcoming months.

The textile exports remained weak mainly due to the demand and supply challenges being faced by the sector. Global recession, which reduced the purchasing power in key export markets, also resulted in lower bookings of orders, he added.

Quoting the data, he pointed out that foreign direct investment dipped by 654 million dollars (58 percent decline), portfolio investment plummeted from negative 45.5 to negative 1,032 million dollars, Public Sector Development Programme decreased by 122 billion rupees (48.4 percent) and credit to private sector from 1,043.1 to 703.6 million rupees which contributed to a decline in Nov 2021 Large Scale Manufacturing Sector growth of 6 percent to negative 5.50 percent in the comparable period this year.

Consumer Price Index rose from 12.3 in 2021-22 to 24.5 2022-23, while PSX index declined by 2.8 percent, market capitalisation in rupees by 8.8 percent and in dollars by a whopping 28.8 percent.

Rising prices of wheat are the key factors responsible for affecting the general price level. International commodity prices are showing a downward trend on a YoY basis and its impact will ultimately be transmitted into domestic prices with some lags after adjusting the currency devaluation. While the government kept the administered prices at their current level to stabilise the overall prices but post floods persistent shortfall of essential crops is preventing inflation to settle down.

He observed that the drop in textile and clothing exports is gaining momentum over the past five months owing to multiple factors including high energy costs, stuck-up refunds and a slump in global demands despite the massive depreciation of the rupee. He believes that one of the main reasons behind falling exports was the exchange rate instability. The discontinuation of duty drawbacks on local taxes and levies by the government has also created liquidity issues for the export sector.

Source: nation.com.pk– July 17, 2023

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NATIONAL NEWS

PM Modi visits Abu Dhabi; India, UAE sign pact to trade in ₹, dirham

India's Reserve Bank of India (RBI) and the Central Bank of the United Arab Emirates (UAE) yesterday signed agreements on establishing a framework to use national currencies for cross-border transactions and for cooperation in interlinking payment and messaging systems.

The two sides also signed a memorandum of understanding (MoU) on establishing a campus of the Indian Institute of Technology Delhi in Abu Dhabi.

Prime Minister Narendra Modi visited Abu Dhabi yesterday and witnessed the signing ceremony along with Abu Dhabi crown prince Sheikh Khaled Mohamed bin Zayed Al Nahyan, who is also chairman of the Abu Dhabi executive council.

Modi's visit was aimed at bolstering cooperation in trade, energy and climate action.

The agreements between the two central banks is a 'very important aspect of India-UAE cooperation' and paved the way for enhanced economic collaboration and making international financial interactions simpler, Modi tweeted.

The first MoU between the central banks will put in place a Local Currency Settlement System (LCSS) to promote the use of the rupee and dirham, and covers all current account transactions and permitted capital account transactions.

LCSS will enable exporters and importers to pay in their respective domestic currencies and enable development of an INR-AED foreign exchange market, Indian media outlets reported.

RBI feels the arrangement will promote investments and remittances between both sides and reduce transaction costs and settlement time.

India, which pays the UAE in dollars for oil now, could also use this mechanism to pay for import of oil and other commodities.

Under the second MoU, the two central banks will cooperate on linking India's Unified Payments Interface (UPI) with the UAE's Instant Payment Platform (IPP), and RuPay switch and UAESWITCH.

The UPI-IPP link will enable users on both sides to make safe, fast and cost-effective cross-border transfers, while the linking of card switches will facilitate mutual acceptance of domestic cards and processing of card transactions.

They will also explore linking India's Structured Financial Messaging System with the payments messaging system of the UAE.

Source: fibre2fashion.com– July 16, 2023

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PM Mega Integrated Textile Region and Apparel Park would further strengthen the rapid progress of Maharashtra: Union Textiles Minister Piyush Goyal

Union Minister of Textiles, Commerce & Industry, Consumer Affairs, Food & Public Distribution, Shri Piyush Goyal congratulated the state of Maharashtra for being awarded the prestigious Pradhan Mantri Mega Integrated Textile Region and Apparel (PM MITRA) Park in Amravati. While addressing the launch ceremony of PM MITRA Textile Park, Amravati today, the Minister emphasized that the addition of PM MITRA Park would further strengthen the rapid progress of Maharashtra.

Shri Piyush Goyal said that given Maharashtra's significant contributions across the entire textile value chain, from Farm to Fiber to Factory to Fashion to Foreign, it is a natural choice for a textile park.

Shri Goyal further highlighted that the well-connected infrastructure of Amravati, including its road, rail, port, and airport networks, will significantly boost the textile industry in Maharashtra.

The ceremony was attended by the Chief Minister of Maharashtra Shri Eknath Shinde, Deputy Chief Minister of Maharashtra, Shri Devendra Fadnavis and Union Minister of State for Railways and Textiles, Smt. Darshana Jardosh.

The Minister of Textiles, Government of Maharashtra Shri Chandrakant Patil; Minister of Industries, Government of Maharashtra, Shri Uday Samant; Secretary, Ministry of Textiles, Government of India, Smt. Rachna Shah and Principal Secretary, Industries, Government of Maharashtra, Dr. Harshdeep Kamble were also present amongst the dignitaries on the occasion.

Smt. Darshana Jardosh, acknowledging India's historical prowess as a textile hub, emphasized that the establishment of PM MITRA Parks in various states, including Amravati, Maharashtra, is a crucial step toward making India a global textiles manufacturing hub. She added that the integrated park would attract more investment to Maharashtra, generate employment opportunities, and foster innovation, research, and training in the textiles sector.

During the event, a Memorandum of Understanding (MoU) was signed between the Maharashtra Industrial Development Corporation (MIDC), Government of Maharashtra, and the Ministry of Textiles, Government of India, for the establishment of PM MITRA Park.

The PM MITRA Textile Park in Amravati is expected to attract an investment of Rs. 10,000 crore and create both direct and indirect employment for approximately 300,000 individuals.

Spanning across a contiguous 1020 acres of land at Nandgaon Peth, adjacent to the Additional Amravati Industrial Area (MIDC), the Park is situated just 30 kilometers away from the Mumbai Nagpur Samruddhi Highway and 147 kilometers from the nearest port, the Wardha Dry Port. As a brownfield park, it already possesses essential infrastructure such as roads, water, and electricity.

Source: pib.gov.in– July 16, 2023

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Startups in India to grow tenfold in next 4-5 years: Union MoS Rajeev Chandrasekhar

Hailing India's remarkable progress in building unicorns and startups, Union Minister Rajeev Chandrasekhar predicted that the next 4-5 years would witness substantial growth for such enterprises and the startups in the country will increase 10 times.

Speaking at the JITO Incubation Innovation Foundation (JIIF) Sixth Foundation Day and Investors/Startup Conclave in Hyderabad, the Union Minister of State for Skill Development and Entrepreneurship and Electronics and IT, highlighted India's remarkable progress in creating unicorns and startups, how they have successfully entered areas in emerging technologies such as AI, Web3 and deep tech, an official release said on Sunday.

The Minister, who engaged with industry leaders and aspiring young entrepreneurs, spoke of the “transformative” journey India has embarked upon since 2014.

"In 2014, our nation's tech landscape was limited to IT and ITes. However, since then, opportunities have emerged across various domains such as deep tech, AI, data economy, semiconductor design, microelectronics, and high-performance computing," he said.

Due to the vision of Prime Minister Narendra Modi, what was once just one-third of the overall tech space has now expanded, presenting immense potential for unicorns and startups, he said.

"From 108 unicorns, I am sure we will reach 10,000 in the next 4-5 years. Today, we have over a lakh startups in India and it will increase by 10 times," the Minister said, according to the release.

Chandrasekhar further lauded the collaborative efforts between the industry and the government to enhance skill development.

Speaking of the challenges faced by a significant portion of the population lacking skills, the Minister highlighted the impact of PM Modi's Skill India initiative.

He said that through strategic partnerships with both big and small companies, the government now works closely to identify necessary skills, creating a comprehensive framework with the active involvement of academia, communities and corporations.

"In 2014, there were three out of four Indians who were not skilled. Professionals joined the workforce every year unskilled and this was the legacy and the reason why for many years, we had many smart people but they went off abroad," he said.

Education and skills were available to the elite part of the society and the rest were left to fend for themselves and survive on their own. The Skill India programme reversed this trend, he said.

"We continue to work with the industry in partnership with big and small companies and they tell us what these skills are and the government partners towards creating a framework that is developed through a network academia. Community and corporate partnerships are very important elements to startups," the Minister added.

Source: thehindubusinessline.com– July 17, 2023

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Textile exports continue to decline in June, mills suspend work on tepid demand

Textile and apparel exports shrank 11.3% in June compared with the year-earlier period even as several textile mills in the South suspended production on account of tepid demand.

Export of cotton yarn, fabrics, made-ups and handloom products slid 1.21% year-on-year (y-o-y). Shipment of manmade products saw a 17.22 % decline while export of jute products and carpets plunged 26.72 % and 15.43% respectively, according to data shared by the Confederation of Indian Textile Industry.

While textile exports in June were worth $1,624 million ($1,736 million in June 2022), apparel exports were to the tune of $1,248 million ($1,501 million).

Siddhartha Rajagopal, executive director of Cotton Textiles Export Promotion Council, said export of cotton products was expected to revive in two months as the rate of decline month-on-month in June for cotton textiles had reduced to (-) 1 21%.

Meanwhile, smaller textile mills in Tamil Nadu were suspending production due to lack of orders.

K.M. Subramanian, president of Tiruppur Exporters Association, said the smaller companies were the worst affected in the Tiruppur cluster.

“Factors such as slowdown in the U.S. and EU and lack of cost competitiveness were affecting textile and clothing exports. The yarn that should be exported is coming into the domestic market. There is already excess capacity in the country. These were among the factors affecting the textile industry,” said T. Rajkumar, chairman of Confederation of Indian Textile Industry.

Ravi Sam, chairman of Southern India Mills’ Association, said if Free Trade Agreement is signed with the U.K., there will be immediate relief for Indian textile and garment exports. “We are expensive because of 9% to 11% duty in the U.K. market. If India gets duty-free access, there will be steep jump in orders for garment and made-up exporters from their existing customers. This will revive demand,” he said.

An industry that worked for 3% to 6% profit is currently incurring 5% to 10% loss, they said. “All mills are suffering cash loss. The crisis has turned acute in the last two months,” said Mr. Rajkumar. The industry has sought the removal of 11% import duty on cotton, moratorium on repayment of principal amount and Emergency Credit Line Guarantee Scheme loans.

Source: thehindu.com– July 15, 2023

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Remove 11 per cent import duty levied on cotton, industry urges Centre

COIMBATORE: The Confederation of Indian Textile Industry (CITI) and the Southern India Mills' Association (SIMA) have demanded the Centre remove the 11% import duty levied on cotton, resolve QCO (Quality Control Order) issues and make raw materials available at international prices.

Besides, they have demanded the state government restrict the maximum charges for electricity demand to 20% or the recorded demand, whichever is higher, for HT textile industrial units.

Addressing the media persons, T Rajkumar, CITI chairman, and Ravi Sam, SIMA chairman, stated that the Indian textiles and clothing industry provides jobs to over 11 crore people, fetching $44 billion in forex and over Rs 25,000 crore GST revenue is facing unprecedented financial stress.

"The impact is an 18% drop in total T&C exports, 50% drop in yarn exports, and a 23% drop in cotton textiles exports, when compared to last year. The high volatility in cotton prices and speculation of trade have made the spinning sector erode huge working capital as cotton prices have crashed from Rs 63,000 per candy of 356 kg in April to Rs 56,000 per candy in July. With the current cotton prices, mills are incurring losses to the tune of Rs 10-20 per kg of yarn," they said.

Other demands include deferment of fixed charges and exemption from peak hour charges for LT III-B units.

Source: newindianexpress.com– July 16, 2023

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After France and UAE, Indonesia could be next in line to make UPI deal with India

Having recently closed a deal with the United Arab Emirates to promote local currencies, India has reportedly struck a similar deal with Indonesia, with both countries working on a real-time payment mechanism and local currency trade.

A TOI report says that the governments are also looking to expand the scope of digital payments between the countries, bringing the use of UPI and similar tools to the forefront.

“Both countries would discuss the possibility of cooperation in digital technology, payments systems under central banks and using local currency," Indonesian finance minister Sri Mulyani Indrawati said on Sunday.

The issue came up for discussion during Finance Minister Nirmala Sitharaman’s meeting with her Indonesian counterpart Indrawati as the two countries announced the launch of ‘Economic and Financial Dialogue’, focused on intensifying trade and investment relationship.

According to officials, the currency arrangement is likely similar to the one with the UAE, which would mean Indian exporters could settle their trade in Indonesian rupiah, while the other party could earn in Indian rupees.

Indonesia is one of India's regular trading partners, with the two countries seeing trade of around $39 billion last year. Indonesia was India’s sixth largest trading partner in 2022 and enjoyed a trade surplus of $19 billion, thanks to large shipments of palm oil and petroleum. The island nation is also the subcontinent's largest trading partner in the ASEAN region and is among the largest economies in Asia.

According to the TOI report, an Indian official said there was interest from Indonesia and other countries regarding India’s digital public infrastructure and after Singapore, the UAE and France, Indonesia could be among those that “take one of the bricks from the India stack”.

Source: economictimes.com– July 17, 2023

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CGST Rule 89(4) or 89(4B)? Refund issue can snowball into major problem

Exporters have a new problem. The Goods and Services Tax (GST) department has started issuing notices alleging that they can claim refund only under Rule 89(4B) of the CGST Rules, 2017, if their inputs were imported without IGST payment under advance authorisations.

Rule 96A of the CGST Rules, 2017, allows export of goods without payment of IGST after furnishing a bond or letter of undertaking (LUT). This leaves exporters with unutilised input tax credit (ITC).

Rule 89(4) of the CGST Rules, 2017, allows refund of such unutilised ITC through a prescribed formula. Exporters have been claiming refunds under this Rule 89(4) and the GST authorities have been granting refunds against such claims.

Rule 89(4B) essentially says that where the person claiming refund of unutilised ITC on account of zero-rated supplies without IGST payment under bond or LUT has availed of IGST exemption on the inputs imported under advance authorisations, the refund of ITC availed in respect of other inputs or input services shall be granted to the extent used in making such export of goods.

Most exporters disregarded this Rule 89(4B) because it is near impossible to establish a one-to-one correlation of inputs and input services to the extent used in the manufacture of the exported product. Also, in the absence of the words, ‘notwithstanding anything stated elsewhere in these Rules’, the exporters saw Rule 89(4B) as an option to Rule 89(4) and claimed refunds using the formula under Rule 89(4).

The GST officials also took the same view and granted refunds. Recently, some audit parties took a view that Rule 89(4) is not available for exporters availing of IGST exemption on their imports under advance authorisations, as there is a specific Rule 89(4B) for such cases.

Instead of persuading the audit parties about the correct position, the department has started issuing notices to the exporters conveying the audit objection.

Meanwhile, the Gujarat High Court, in the case of Filatex India Ltd. [(2023) 3 Centax 125 (Guj)], dealt with a petition challenging the rejection of refund claim under Rule 89(4) on the grounds that the exporter must claim refund under the more specific Rule 89(4B).

The exporter contended that Rule 89(4) prescribes a formula for claiming the refund whereas Rule 89(4B) does not. During the proceedings, the department offered that refund under Rule 89(4B) can be granted on the basis of input-output ratios and the petitioner agreed to the suggestion.

The decision in this case has no value as a precedent because the High Court did not decide whether refund must be claimed only under Rule 89(4B) by exporters who had imported their inputs without IGST payment under advance authorisations. Besides, any requirement to mandatorily avail of the Rule 89(4B) must flow from the text of the Rules and not from the department's suggestion in legal proceedings. Also, the input-output ratios can work for determining the inputs that have gone into export production but not for the input services that have gone into export production.

The issue is likely to snowball into a major problem like the messy pre-import condition under advance authorisation and restrictions on claiming refunds under Rule 96(10) of the CGST Rules, 2017. The Central Board of Customs and Indirect Taxes (CBIC) should quickly take a call taking into account the genuine problems of the exporters and guide its field formations suitably.

Source: business-standard.com– July 16, 2023

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Indian's yarn imports from China surge amid rising raw material costs

Between January and April 2023, India imported 251.533 million kg of yarn from China, accounting for 68.86 per cent of the country's total yarn imports. These imports were valued at $448.634 million, marking a 17.43 per cent increase compared to the same period the previous year. The significant amount of yarn imports can be attributed to higher raw material prices in India, which make imported yarn more cost-effective.

India's yarn imports from China were worth $384.003 million in January to April 2022. However, these imports were 11.17 per cent less in value compared to the January-April 2021 period, during which the imports were valued at $432.306 million. For the same period in 2020 and 2019, the value of India's yarn imports was $150.655 million and $162.227 million, respectively, as per data provided by Fibre2Fashion's market insight tool TexPro.

In 2022, India's yarn imports amounted to 503.122 million kg, with a total value of $1,359.584 million. This was an increase from 487.956 million kg ($1,094.979 million) in 2021, 246.586 million kg ($513.958 million) in 2020, and 178.995 million kg ($524.742 million) in 2019.

While the increased imports have posed challenges for India's domestic spinning industry due to diminished demand, the weaving industry has benefitted from the availability of cheaper imported yarn. Furthermore, a slowdown in garment demand from both global and domestic markets has impacted the industry.

According to TexPro, India's total yarn imports were valued at $654.816 million during the first four months of 2023. Among the top five yarn suppliers to India, China was the leading provider with a 68.86 per cent share of total imports. Other significant suppliers included Indonesia (5.11 per cent), Nepal (4.1 per cent), Vietnam (4 per cent), and Bangladesh (3.60 per cent) for the period between January and April 2023.

Source: fibre2fashion.com– July 17, 2023

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