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Currency Watch			
USD	EUR	GBP	JPY
82.29	90.44	105.56	0.58

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INTERNATIONAL NEWS

2023 global growth to be 3% amid pandemic recovery, Ukraine war: IMF

The global economy continues to gradually recover from the pandemic and Russia's invasion of Ukraine. However, growth will slow down from last year's 3.5 per cent to 3.0 per cent this year and the next, a 0.2 percentage points upgrade for 2023 from the April projections, as per the International Monetary Fund's (IMF) baseline forecast.

In a recent press briefing marking the July update of the World Economic Outlook report, Pierre-Olivier Gourinchas, the IMF's chief economist, outlined the current state of the global economy. He noted that it had shown resilience in the first quarter of the year, prompting a slight upward revision in global growth projections for 2023. However, this growth still falls short of historical standards, anticipated to decline in this year and the next. This slowdown is predominantly witnessed in advanced economies.

Gourinchas explained that stronger growth and lower than expected inflation suggest that the global economy is headed in the right direction. Yet, while some adverse risks have moderated, the balance remains tilted to the downside.

"Overall, the outlook shows some improvement since April, and this is worth noting and some of the more extreme risks have declined. For instance, quick and strong action by authorities helped contain banking sector turmoil and reduced the risk of an immediate and broader financial crisis but the balance of risks remains tilted downward. Inflation could remain high or increase, for instance from an intensification of Russia's war in Ukraine or extreme weather-related events.

This could require a further tightening of monetary policy and lead to another bout of financial market volatility. The slowdown in China could worsen, geoeconomic fragmentation could undermine growth further. On the upside, core inflation could fall faster than expected, reducing the need for monetary policy tightening, and allowing for a softer landing," added Gourinchas.

Gourinchas opined that the main policy priority now is to conquer inflation. Central banks in economies with elevated and persistent core inflation should continue to clearly signal their commitment to reducing inflation.

In his final remarks, Gourinchas underlined the priority for most economies—achieving sustained disinflation whilst ensuring financial stability. He argued for maintaining restrictive monetary policies until underlying inflation shows signs of cooling.

He also recommended fiscal tightening in many countries to rebuild fiscal buffers, focusing on supporting the most vulnerable. Gourinchas concluded with a call for urgent global cooperation on issues such as climate policies, international trade, and debt restructuring.

Source: fibre2fashion.com – July 31, 2023

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China's Jun international trade in goods, services tops 3.91 trn yuan

China's international trade in goods and services was worth over 3.91 trillion yuan, ($547.5 billion) this June, data from the State Administration of Foreign Exchange showed.

Exports of goods were worth 1.91 trillion yuan and imports hit 1.49 trillion yuan, leading to a goods trade surplus of 424.2 billion yuan, a state-controlled media outlet reported.

Services exports totaled 189.5 billion yuan during the month, while services imports were at 322.5 billion yuan, resulting in a services trade deficit of 133.1 billion yuan.

Source: fibre2fashion.com – July 30, 2023

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Global output of ELS & LS cotton may reach 4.3 lakh tonnes: ICAC

The International Cotton Advisory Committee (ICAC) expects that the global production of Extra Long Staple (ELS) and Long Staple (LS) cotton may rebound in 2022-23 after a drop of over 20 per cent during 2021-22. Last year, ELS and LS cotton production was estimated at 3.08 lakh tonnes. According to a recent report, ICAC predicts production could increase by 40 per cent, reaching 4.31 lakh tonnes.

ICAC's speciality cotton report suggests that for the 2022-23 season, almost all significant producers are anticipated to register higher yields of ELS and LS cotton. The planting area in the United States has surged by 43 per cent. It is anticipated that this increase in planting area may help to boost global production. Production in the US and Egypt could potentially reach 103,000 and 105,000 tonnes, respectively. A reduction in acreage in the US last year resulted in an overall production decrease of 20 per cent. Major producers like India, China, and Israel also saw declining production trends.

According to the report, global consumption levels for the 2021-22 season reached approximately 465,000 tonnes, a 3 per cent increase from the previous season. Consumption levels for the 2022-23 season are expected to remain consistent. Major consumers of ELS and LS cotton globally include India, Pakistan, and China, which collectively consume more than 80 per cent of world production.

World exports of the produce in the 2021-22 season totalled 181,000 tonnes, a figure 32 per cent lower than that of the previous season. In terms of exports by country, the US and Egypt, being major exporters, accounted for 90 per cent of world exports, exporting almost their entire crops. Presently, exports for the 2022-23 season are projected to decline further by 18 per cent, anticipated to reach 148,000 tonnes.

In the 2021-22 season, ELS and LS cotton imports by country were led by Pakistan with 135,000 tonnes, followed by India and China. The same trend is projected for the current 2022-23 season. These three countries account for 90 per cent of world imports.

Source: fibre2fashion.com – July 30, 2023

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US trade deficit drops to $87.8 bn in June 2023

The US' international trade deficit was $87.8 billion in June 2023, down $4.0 billion from $91.9 billion in May. Exports of goods for June were $162.5 billion, $0.4 billion more than May exports. Imports of goods for June were $250.3 billion, $3.6 billion less than May imports.

Retail inventories for June, adjusted for seasonal variations and trading day differences, but not for price changes, were estimated at an end-of-month level of $783.9 billion, up 0.7 per cent (±0.2 per cent) from May 2023, and were up 5.4 per cent (±0.7 per cent) from June 2022. The April 2023 to May 2023 percentage change was unrevised from the preliminary estimate of up 0.7 per cent (±0.2 per cent), according to the 'Monthly Advance Economic Indicators Report, June 2023' by the US Census Bureau.

Wholesale inventories for June, adjusted for seasonal variations and trading day differences, but not for price changes, were estimated at an end-of-month level of $908.0 billion, down 0.3 per cent (±0.2 per cent) from May 2023, and were up 1.7 per cent (±0.9 per cent) from June 2022. The April 2023 to May 2023 percentage change was revised from virtually unchanged (±0.2 per cent) to down 0.3 per cent (±0.2 per cent).

Source: fibre2fashion.com – July 31, 2023

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Clothing, fuel prices dip as Australia's CPI rises by 0.8%

The consumer price index (CPI) in Australia saw a 0.8 per cent rise in the June 2023 quarter and a 6.0 per cent increase annually. The quarter also saw price falls for several categories including clothing at -2.2 per cent and automotive fuel at -0.7 per cent.

Annual inflation for goods decreased to 5.8 per cent, from 7.6 per cent in March. Automotive fuel prices fell by 3.6 per cent in the year to the June quarter. Data for clothing and footwear reflected a 0.6 per cent change from the March to June quarter 2023, and a 0.3 per cent change from June 2022 to June 2023, the Australian Bureau of Statistics (ABS) said in a press release.

Notably, underlying inflation measures, which reduce the impact of temporary or irregular price changes, reported an annual trimmed mean inflation of 5.9 per cent, down from 6.6 per cent in the March quarter.

Michelle Marquardt, ABS head of prices statistics, said “CPI inflation slowed in the June quarter, with the quarterly rise being the lowest since September 2021. While prices continued to rise for most goods and services, there were some offsetting price falls this quarter including for domestic holiday travel and accommodation and automotive fuel.

“June quarter’s annual increase of 6.0 per cent is lower than the 7.0 per cent annual rise in the March 2023 quarter. This marks the second consecutive quarter of lower annual inflation, also known as ‘disinflation’, from the peak of 7.8 per cent in the December 2022 quarter.”

Source: fibre2fashion.com– July 30, 2023

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EU & Philippines take steps towards FTA, emphasising sustainability

The European Union (EU) and the Philippines have announced their joint intention to explore the resumption of negotiations for a modern and balanced free trade agreement (FTA), with an emphasis on sustainability. This bilateral 'scoping process' is designed to assess the shared understanding on the prospective FTA. If successful, the EU and the Philippines could soon resume FTA negotiations.

Ursula von der Leyen, Commission president, highlighted the importance of the Philippines as a key partner in the Indo-Pacific region and expressed optimism about elevating the partnership to the next level. “Together, we will realise the full potential of our relationship, creating new opportunities for our companies and consumers while also supporting the green transition and fostering a just economy,” she said.

This announcement follows the recent resumption of FTA talks with Thailand and affirms the strategic significance of the Indo-Pacific region for the EU's trade agenda. The aim is to forge deeper trade connections with the vibrant South-East Asian economy and reinforce the EU's alignment with this expanding region, the European Commission said in a media release.

The EU's goals for the FTA with the Philippines encompass ambitious market access commitments, effective sanitary and phyto-sanitary procedures, intellectual property rights protection, and robust disciplines on Trade and Sustainable Development (TSD), aligned with the Commission's TSD review Communication of June 2022. Sustainability will be central to this agreement, emphasising high standards for workers' rights, environmental protection, and ambitious climate goals.

Trade between the EU and the Philippines was valued at over €18.4 billion in goods in the past year, positioning the EU as the Philippines' 4th largest trade partner. Moreover, the EU is one of the largest investors in the Philippines, with foreign direct investment stock reaching €13.7 billion in 2021.

Under the EU's Generalised Scheme of Preferences + (GSP+), the Philippines enjoys special incentives and duty-free access to the EU market for two-thirds of tariff lines. Continued access depends on adherence to international conventions on human rights, good governance, and environmental protection.

FTA negotiations between the EU and the Philippines commenced in 2015 but have been stalled since 2017. The new administration, which took office on June 30, 2022, has expressed readiness to engage with the EU on crucial issues.

This development aligns with the 2021 EU Indo-Pacific Strategy, confirming the EU's interest in resuming FTA negotiations with the Philippines. Alongside existing FTAs with Singapore and Vietnam, ongoing talks with Indonesia, Thailand, and a scoping exercise with Malaysia, this step further solidifies the EU's commitment to strengthening trade ties with the ASEAN region.

Additionally, In a significant move towards a sustainable future, von der Leyen and President Ferdinand Marcos have also launched the Team Europe Initiative on Green Economy under Global Gateway. The initiative is backed by a Team Europe contribution of €466 million.

The Team Europe Initiative on Green Economy aims to formulate an industry-led alternative to the prevailing plastic waste management system. The project seeks to build sustainable plastic value chains and minimise plastic waste and marine litter.

Source: fibre2fashion.com– July 31, 2023

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Intex, South Asia's premier International Textile Sourcing Show in SL from 9 - 11 Aug

Intex, the highly anticipated International Textile Sourcing Show, is back in Sri Lanka and scheduled to take place from 9 to 11 August 2023, at BMICH (Bandaranaike Memorial International Conference Hall), Colombo.

Since 2015, Intex has been facilitating business collaborations, fostering innovation, and promoting trade opportunities. This year, Intex Sri Lanka will present a range of exhibitors spanning the entire textile value chain including yarns, fabrics, accessories, denims, dyes and ancillary support systems comprising certifications and designing solutions and more.

With Sri Lankan garment exports touching $ 5.93 billion in 2022, Intex looks to strongly support Sri Lanka's apparel sector across multiple levels by increasing industry and brand visibility, helping to expand market presence internationally, and creating opportunities to strengthen its position in the regional and global supply chains.

Joint Apparel Association Forum (JAAF) Secretary General Yohan Lawrence, stated: "The Joint Apparel Association Forum is very proud to once again partner with Intex in Colombo and are really excited in having a physical show in August this year. Intex is being organised at the right time as post-Covid, the Sri Lankan apparel industry has seen an incredible recovery with the industry operating at full capacity."

In 2022, Sri Lanka imported $ 146.47 million in yarn, $ 311.78 million in knitted fabrics, and $ 278.38 million in woven fabrics from India. The India Pavilion at Intex Sri Lanka which brings over 70 companies from India including members of the Cotton Textiles Export Promotion Council (TEXPROCIL), looks to fulfil these and other demands for raw material by the Sri Lankan apparel industry.

Worldex India Executive Director Arti Bhagat, the organiser of Intex Sri Lanka since 2015 said: "Sri Lanka's textile & apparel sector has a strong international reputation for quality, craftsmanship and ethical manufacturing practices. Intex Sri Lanka aims to help the industry sharpen its competitive edge through value additions in order to further enhance product quality, diversity and availability."

In addition to the exhibition, Intex Sri Lanka will showcase the flagship market intelligence event – the Interactive Business Forum (IBF) Seminar Series featuring WGSN, Cotton USA and industry stalwarts to name a few. Topics including market trends, sustainability, digital transformation, supply chain management, traceability and more would provide valuable insights and knowledge to navigate the evolving textile landscape.

Over the years, INTEX in Sri Lanka is endorsed and supported by Sri Lanka Export Development Board (EDB), Joint Apparel Association Forum (JAAF), Sri Lanka Apparel Exporters Association (SLAEA), Sri Lanka Apparel Sourcing Association (SLASA), Sri Lanka Apparel Brands Association (SLABA), Sri Lanka Chamber of Garment Exporters (SLCGE), Fabric and Accessory Manufacturers Association (FAAMA), Free Trade Zone Manufacturers Association (FTZMA), The Cotton Textiles Export Promotion Council (TEXPROCIL), High Commission of India, Colombo, KOTRA Colombo, Embassy of Indonesia in Colombo, Sri Lanka and others.

Be sure to mark your calendar for this must-attend event that promises to shape the future of the textile and apparel industry in Sri Lanka and beyond.

For more information, visit our website: https://sl.intexsouthasia.com

Source: ft.lk– Aug 01, 2023

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Vietnam's FDI inflows fall by 4.5% between January & July 2023

Vietnam attracted foreign direct investment (FDI) worth nearly $16.24 billion between January and July this year—up by 4.5 per cent year on year (YoY), according to the Foreign Investment Agency under the ministry of planning and investment. The manufacturing and processing sector led with $10.93 billion.

As of July 20, FDI disbursement was estimated at $11.58 billion—up by 0.8 per cent YoY.

There were 1,293 newly-registered projects during the seven-month period with a combined capital of $7.94 billion—up by 75.5 per cent YoY in the number of projects and 38.6 per cent YoY in capital.

Source: fibre2fashion.com– July 31, 2023

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NATIONAL NEWS

India likely to grow at 6-6.3% in FY24, maybe >7% in 2 yrs: Deloitte

India is expected to grow at 6-6.3 per cent in this fiscal, according to Deloitte India, which recently forecast growth of over 7 per cent over the next two years if global uncertainties recede. With the probability of recession in major industrial countries this year, multiple economic indicators suggest subsiding downside risks to global growth.

"Amid continuing global uncertainties, India continues to see strong economic activity," it said.

"Keeping in view the resilience shown by the economy, Deloitte is optimistic about the outlook and has put out its expectation for this year and the next," Deloitte India noted in its latest economic outlook noted.

"India enjoys a Goldilocks moment currently. Our growth forecasts for FY 2023-24 remain similar to our April forecast, except that higher-than-expected growth in FY2022-23 has raised our base for comparison. That said, we have raised our lower limit of the range given the buoyancy in the economy," Deloitte India economist Rumki Majumdar was quoted as saying by a news agency.

Urban demand conditions have remained resilient and lagging rural demand has also been rising lately. Investment is also showing traction. The credit-deposit ratio has continued to improve strongly from the lows of the pandemic despite the rising interest rates.

India has had better success in taming inflation with relatively lesser policy tightening, Deloitte said.

"We expect the fall in consumer prices to be short-lived as demand picks up along with food prices and the uncertainties around prices remain high. A quicker rebound in the supply side will be of utmost importance for keeping prices under check in the long run," Majumdar added.

Source: pib.gov.in– July 26, 2023

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Indian exports face bigger threat from Asia-Pacific than West: CRISIL

Indian exports face stronger headwinds from softer demand in the Asia-Pacific (APAC) region than from the imminent slowdown in the West, CRISIL said in its research "Quicknonomics" on Monday.

Citing data from the Ministry of Commerce and Industry, the rating agency said that, during April and May, the decline in Indian exports was the sharpest in the APAC region as compared to the USA, Africa, European Union, and the Gulf region.

During the two months, India's exports declined 11.4 per cent. Comparatively, exports to APAC were down 21.8 per cent. The USA and Africa followed APAC with a fall of 12.9 per cent and 8.6 per cent respectively. The fall in exports in the EU was 6 per cent. In the Gulf countries, it was 3.4 per cent.

Moreover, exports of 40 of 75 commodities declined during April and May.

According to the latest data released by the ministry, India's merchandise exports plummeted by 22 per cent to $32.9 billion in June as compared to the month last year. Indian exports have now fallen for five straight months.

CRISIL added that India's trade deficit with the APAC region has been widening due to lower exports and higher imports.

"What is worrisome is that while India's exports to APAC are faltering, imports from the region continue to rise. This has considerably widened the country's trade deficit with the region and overall in the past two years," it said.

It added that while China remains the primary contributor to the country's trade deficit from the APAC region, the trade deficit with the APAC (ex-China) region is also rising.

However, it also said that the role of China in India's falling exports is less pronounced as compared to the other countries.

A structural shift?

CRISIL said that the share of the US and the EU in India's goods exports has been on the rise since 2021. It is eating into the share of the APAC region.

"The share of APAC in India's goods exports has been on the decline since the pandemic onset in 2021 — this could perhaps suggest a structural shift," it said.

In 2019, APAC accounted for 33 per cent of India's goods exports, more than the combined share of the US and EU at 30.4 per cent.

In 2023, however, APAC's share declined to 26.5 per cent and the combined share of the US and EU rose to 34 per cent. This trend continued as of April-May this year.

Source: business-standard.com– July 31, 2023

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Impact assessment of National Logistics Policy undertaken at Inter-Ministerial Meeting

On completion of ten months of the launch of the National Logistics Policy (NLP), an inter-Ministerial meeting to review the progress of its implementation was held by the Department for Promotion of Industry and Internal Trade (DPIIT). During the meeting measures taken by different Ministries to improve logistics efficiency in the country were also showcased.

While addressing the meeting Shri Rajesh Kumar Singh, Secretary, DPIIT applauded participating Ministries for all the good work done and asserted that endeavours to achieve targets of NLP shall continue in full stride. Powered by these reforms and focus on improving logistics efficiency, India’s ranking in the World Bank's Logistics Performance Index (LPI) has gone up by six places from 44 in 2018 to 38 out of 139 countries in 2023.

He reiterated the critical role played by ports in making India a globally competitive export destination and suggested greater adoption of initiatives like the Logistics Data Bank to draw learnings for improving logistics performance across various metrics (port processes, trunk infrastructure, first & last mile multimodal connectivity, seamless movement of bulk and break-bulk commodities, etc.). While planning new infrastructure, additional capacity requirements at EXIM gateways need to be addressed by concerned line Ministries.

To complement PM GatiShakti, the National Logistics Policy, was launched last on 17th September 2023, and significant progress has been made across key action areas (digital integration, services improvement, state engagement, skill development, logistics performance index, logistics cost reduction, EXIM logistics, etc.).

The meeting saw participation from eleven infrastructure and user Ministries including M/o Road Transport & Highways (MoRTH), M/o Port Shipping and Waterways (MoPSW), M/o Coal, D/o Food & Public Distribution, M/o Civil Aviation (MOCA), M/o Steel, D/o Commerce, D/o Fertilizer, D/o Revenue, M/o Skill Development and Entrepreneurship (MSDE) and M/o Power and, National Industrial Corridor Development Corporation Limited (NICDC).

Smt Sumita Dawra, Special Secretary (Logistics) DPIIT, during her opening remarks highlighted that for making India's domestically manufactured goods globally competitive and achieving the USD 2.5 trillion EXIM target by 2030, it is imperative to have an efficient logistics ecosystem.

She set the context and stated the objective of the meeting was to take stock of the various measures implemented under Comprehensive Logistics Action Plan (CLAP) - defined under National Logistics Policy; apart from sharing learnings on action taken and best practices adopted by Ministries to improve logistics performance of the country; discuss the impact of the initiatives on various stakeholders and beneficiaries in India; suggest strategies and way forward to improve logistics ecosystem.

The meeting was divided into two sessions. Session I focussed on review of measures undertaken by DPIIT and Session II covered progress in implementation of the NLP by participating Ministries.

Presentations were made during Session I by Officials of Logistics Division, DPIIT, on the eight action areas under CLAP and the status is summarised as follows:

The Service Improvement Group (SIG) is well established with involvement of more than 30 business associations in the field of logistics; critical issues with respect to logistics services are raised by business associations on the E-LoGS platform. SIG and E-LoGS have together established a robust mechanism to address and resolve logistics issues/ promote logistics efficiency.

Human resource development and capacity building: Efforts are being made to integrate training courses on Logistics and PM GatiShakti NMP with Central Training Institutes (CTIs) and State Administrative Training Institutes (ATIs). All sector specific training institutions (MoPNG, M/o Coal, MORTH and MOR) to adopt the syllabus and modules being developed.

To promote trade facilitation and streamline EXIM logistics, infrastructure gaps are being addressed and digital initiatives undertaken (under National Committee on Trade Facilitation); an EXIM Logistics Group has been constituted and 60 projects of MORTH and 47 of Railways have been sanctioned to improve last mile connectivity to ports. However, more efforts are needed to improve average speed between ports and last toll plaza, port dwell time, etc.

To bring holistic focus on ‘logistics’ in public policy at State level, States/UTs are developing State Logistics Plans (SLPs) aligned with NLP. So far, 21 States have notified their respective State Logistics policies.

Rating of states on parameters of ease of logistics - infrastructure and services, under the annual “Logistics Ease across Different States (LEADS)” survey across all States/ UTs is on track. The LEADS report 2022-2023 will be launched in October 2023.

Logistics Division, DPIIT, has initiated an endeavour to estimate Logistics cost, since no official estimates are available and they vary from 8-14% of GDP. Hence a need was felt for developing accurate estimates based on holistic data and relevant statistical models. For this, survey-based logistics cost calculation framework is being developed and a short-term baseline estimate for logistics cost is soon to be unveiled.

To address sector-specific needs in the logistics sector and streamline movement of bulk and break-bulk cargo in the country, Sectoral Plans for Efficient Logistics (SPEL) are being developed by user Ministries. So far, selective achievements have been noted and a more systematic approach was emphasised to be adopted by all stakeholders.

To streamline doing business in the logistics sector, Unified Logistics Integrated Platform (ULIP) launched last year so far integrates 33 logistics-related digital systems /portals across Ministries / Departments Over 55 applications have been made live by private sector and over 590 industry players have registered on ULIP. It is worth noting that GST data is also being integrated with ULIP.

For tracking and tracing 100% of India’s containerized EXIM cargo, the Logistics Data Bank (LDB), has been developed. This supply chain visibility platform has contributed to reducing India’s average dwell time to just 2.6 days and improved logistics efficiency.

For improving India’s ranking in LPI and achieving the NLP target of top 25 nations in the world, all stakeholder Ministries were requested to set up a dedicated cell for undertaking a strategic approach to improving performance across all six parameters of the Logistics Performance Index (LPI) and the overall ranking, thereof.

Brief overview of the presentations made during Session II by Officials from the eleven participating ministries, is summarised below:

Logistics planning for coal and energy generation: A draft coal logistic policy and National coal evacuation plan has been developed by M/ o Coal. In addition, standardization of physical assets (heavy earth moving machines for coal handling) and setting up benchmarks for quality management, is under progress. Ministry of Civil Aviation presented the progress made in integration of its Cargo Management System (ICMS) with ULIP, development of Air Freight Station (AFS) guidelines, standard operating procedures (SOP) for standardising airport processes, among others.

Department of Food and Public Distribution has integrated its vehicle tracking system (VLTS) with ULIP. In addition, route optimization study for efficient inter and intra state movement of foodgrain and optimum utilisation of storage facilities, is being undertaken. Ministry of Steel highlighted that sectoral plan for efficient logistics (SPEL) is being developed in consultation with individual secondary steel clusters, and measures are being taken to promote transportation of iron ore through slurry pipelines. It was suggested that Sectoral plan for M/o steel for logistics is important to keep pace with growth of the sector. Official from MORTH highlighted the development of training programs on construction and maintenance of roads, and Model Concession Agreement for Multi Modal Logistics Parks.

MoPSW has launched NLP Marine for reducing inefficiencies and promoting ease of doing business; improving port productivity and multimodal connectivity; a multi-product SEZ at Jawahar Lal Nehru Port and at Kandla in Deendayal Port has been set up to boost export-oriented industries. A task force for development of national logistics workforce strategy has been formed by MSDE.

Official from CBIC highlighted measures taken for promoting trade facilitation at ports. Efforts are being made towards establishing integrated laboratory network, promoting risk management systems for consignment screening, standardisation of processes across ports for examination of cargo, among others, are in place.

Source: pib.gov.in– July 29, 2023

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Capacity of Major Ports

Infrastructure development in the Port Sector is a continuous process. The process inter-alia involves the construction of new berths and terminals, mechanization of existing berths and terminals, capital dredging for deepening drafts for attracting large vessels in port channels, development of road and rail connectivity etc., help in increasing the capacity of Major Ports.

As a result, the cargo handling capacity of the Major Ports has been steadily going up. The cargo handling capacity of Major Ports as on 31.03.2023 is 1617 MTPA, which is sufficient to handle the existing cargo traffic at the Major ports.

Under PM Gati Shakti, DPIIT prepared a Comprehensive Port Connectivity Plan (CPCP) in consultation with Ministry of Ports, Shipping and Waterways, Ministry of Railways, Ministry of Road Transport & Highways and State Maritime Boards in September, 2022. CPCP incorporates 298 connectivity projects of which 191 projects (101 road and 90 rail). These projects are aimed at enhancing last mile and hinterland connectivity of ports, which in turn will enhance the port efficiency, enabling the ports to handle more cargo.

These road and rail infrastructure gap projects are primarily undertaken by the Ministry of Railways and Ministry of Road Transport & Highways on a priority.

This information was given by the Union Minister for Ports, Shipping and Waterways, Shri Sarbananda Sonowal in a written reply to the Lok Sabha.

Source: pib.gov.in– July 28, 2023

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Combined Index of Eight Core Industries increases by 8.2 per cent (provisional) in June 2023 as compared to June 2022

The combined Index of Eight Core Industries (ICI) increased by 8.2 per cent (provisional) in June 2023 as compared to the Index of June 2022. The production of Steel, Coal, Cement, Refinery Products, Natural Gas, Fertilizers and Electricity increased in June 2023 over the corresponding month of last year. ICI measures combined and individual performance of production of eight core industries viz. Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. The Eight Core Industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP). Details of annual and monthly indices and growth rates are provided at Annex I & II respectively.

Final growth rate of Index of Eight Core Industries for March 2023 is revised to 4.2 per cent from its provisional level 3.6 per cent. The cumulative growth rate of ICI during the quarter April to June, 2023-24 reported 5.8 per cent (provisional) as compared to the corresponding period of last year.

The summary of the Index of Eight Core Industries is given below:

Coal - Coal production (weight: 10.33 per cent) increased by 9.8 per cent in June, 2023 over June, 2022. Its cumulative index increased by 8.7 per cent during the quarter April to June, 2023-24 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 per cent) declined by 0.6 per cent in June, 2023 over June, 2022. Its cumulative index declined by 2.0 per cent during the quarter April to June, 2023-24 over the corresponding period of previous year.

Natural Gas - Natural Gas production (weight: 6.88 per cent) increased by 3.6 per cent in June, 2023 over June, 2022. Its cumulative index increased by 0.1 per cent during the quarter April to June, 2023-24 over the corresponding period of previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 per cent) increased by 4.6 per cent in June, 2023 over June, 2022.

Its cumulative index increased by 1.9 per cent during the quarter April to June, 2023-24 over the corresponding period of previous year.

Fertilizers - Fertilizer production (weight: 2.63 per cent) increased by 3.4 per cent in June, 2023 over June, 2022. Its cumulative index increased by 11.3 per cent during the quarter April to June, 2023-24 over the corresponding period of previous year.

Steel - Steel production (weight: 17.92 per cent) increased by 21.9 per cent in June, 2023 over June, 2022. Its cumulative index increased by 15.9 per cent during the quarter April to June, 2023-24 over the corresponding period of previous year.

Cement - Cement production (weight: 5.37 per cent) increased by 9.4 per cent in June, 2023 over June, 2022. Its cumulative index increased by 12.2 per cent during the quarter April to June, 2023-24 over the corresponding period of previous year.

Electricity - Electricity generation (weight: 19.85 per cent) increased by 3.3 per cent in June, 2023 over June, 2022. Its cumulative index increased by 1.0 per cent during the quarter April to June, 2023-24 over the corresponding period of previous year.

Click here for more details

Source: pib.gov.in – July 31, 2023

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Push for quick rollout of US, UAE deals to boost exports

The move involves giving full effect to the mutual recognition of a key trade facilitation scheme for authorized economic operators (AEOs) in India and their equivalent in the two partner-countries and to expand the coverage of beneficiaries.

New Delhi: The government is moving fast to operationalize two deals signed with the US and the UAE for making trade easier and also to boost the number of exporters and allied service providers who can benefit from them, according to two officials.

The move involves giving full effect to the mutual recognition of a key trade facilitation scheme for authorized economic operators (AEOs) in India and their equivalent in the two partner-countries and to expand the coverage of beneficiaries. The mutual recognition agreements (MRAs) signed with the US and the UAE are being run on a pilot basis.

An AEO tag is given to trusted merchants and other entities involved in international trade. So far, India has given the status of AEO to around 5,680 importers, exporters, logistics providers, custom brokers and warehouse operators who are compliant with supply chain standards and security norms.

The US has a similar programme, called Customs-Trade Partnership Against Terrorism (C-TPAT) which is managed by the US Customs and Border Protection (CBP) department.

Once the deals are operationalized, customers of Indian businesses in those two nations will also get a host of trade privileges including priority customs processing, lower inspection rate and acceptance of self-declaration of ‘origin of goods’.

Accredited merchants in those countries will get similar privileges at Indian ports.

Merchants with AEO tag in certain categories also get privileges like an option for deferred customs duty payments under a ‘clear consignment now, pay later’ facility.

Over 700 Indian AEO businesses export to the US and would be beneficiaries of the mutual recognition of the schemes, said the first of the two officials quoted above, who spoke on condition of anonymity.

“Under the AEO programme which started in India in 2011 and revamped in 2016, we have made a lot of progress last year. In 2022-23, we have added more than 1,000 new AEOs. This year also, we want to maintain the same tempo and we want to surpass last year’s track record," said the second official cited above, Naveen Kumar Jain, principal commissioner, directorate of international customs (DIC) in the finance ministry.

The DIC is the nodal agency for the AEO programme.

To get accreditation as an AEO, all documentation can be filed online. At present, the DIC is reaching out to the trading community to mobilize greater participation in the AEO programme and to complete the formalities of reciprocal arrangements under the mutual recognition agreements.

India signed the MRA with the US in late 2021 and with the UAE in June this year.

India’s mutual recognition deal with South Korea is already operational. Mint reported on 18 July that India is exploring such a deal with Russia. The move to implement these deals guaranteeing superfast clearances at ports comes in the context of a slowdown in merchandise exports amid a global demand slowdown.

India’s merchandise exports contracted by 22% in June compared to the same month a year ago, to $32.97 billion, as per official figures.

An email sent to the finance ministry seeking comments for the story on 26 July remained unanswered at the time of publishing.

Source: livemint.com– July 31, 2023

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How to drive textile exports through improved quality control

The Indian textile industry demonstrates remarkable prowess throughout its complete value chain, covering a wide range of segments including natural and synthetic fibers, apparel and home furnishings. In fact, it is the second largest employer after agriculture and at 6 percent, contributes significantly to the nation's GDP.

With aspirations of becoming a global powerhouse, India has set an ambitious goal of achieving USD 100 billion in textile exports by 2030.

However, achieving such a formidable target will hinge on the industry overcoming various challenges, such as quality, innovation and design, as well as policies, that will help boost the sector and help it reach the benchmarks it needs for global success. Hence, it is crucial that we explore strategies and initiatives which can drive textile exports and fortify India's position as a reliable and competitive global textiles player.

The Need for Emphasis on Rigorous Testing

In the Indian textile industry, there is a significant challenge when it comes to the lack of emphasis on quality testing across the value chain. This issue is a key roadblock to India’s search for global textile supremacy, as international buying houses have very exacting standards for the products they source, and poor quality is a major cause for shipment rejection. However, this critical step is often neglected, leading to the production of material that may not meet the required benchmarks.

Producing and delivering defective fabrics can have severe repercussions for textile manufacturers. Customer rejections and returns due to quality issues can lead to a loss of revenue, damage to the brand's reputation and, consequently, a decline in customer loyalty and trust.

Additionally, the costs associated with rectifying or replacing defective fabrics, as well as the potential legal liabilities, can further strain the financial resources of the company. There are also serious environmental concerns to keep in mind, given that a lot of resources already went into the manufacture, which are then wasted, and that rejected materials often end up in landfills.

To mitigate these issues, textile manufacturers must prioritise regular testing at different stages of production. This includes testing raw materials, spinning and weaving tests, as well as conducting intermediate and final product inspections.

There are a number of different tests that help in quality assessment, such as count testing which analyses the coarseness or fineness of the yarn, twist testing which provides indicators for the yarn's strength, appearance and final fabric performance, tensile strength testing which assesses the maximum load the yarn can take before breaking, hairiness testing, which quantifies how rough or smooth the texture of the yarn is, and evenness testing which evaluates the imperfections in the yarn, and therefore its consistency.

By conducting these tests, manufacturers can analyse the quality and performance of the yarn, which is critical, as different qualities of yarn can have different production applications, and any mismatch can result in the final product not meeting specifications adequately, thereby causing a rejection from the buyer.

There are additional measures that need to be implemented to enhance exports and strengthen the textile industry.

A Shift in Perspective: The Indian textile sector is ripe for a fundamental shift in perspective, which will involve all stakeholders looking at the industry as service-centric rather than simply manufacturing-oriented, and prioritising customer expectations for quality and timely delivery. This will help enhance their reputation and improve business relationships.

Policy Support: Since cost is a major consideration for the sector, all stakeholders need to collaborate on the creation of robust policies and international trade agreements that create opportunities for Indian manufacturers to cater to buyers across the world.

Collaboration and International Partnerships: Strategic partnerships with international players offer a valuable opportunity for accelerating quality improvements in Indian textiles. By leveraging global expertise and advanced technologies through collaborations, manufacturers can drive growth and innovation.

Strengthening the Supply Chain and Infrastructure: Efficient supply chain management is crucial for delivering high-quality textiles. This is why India should be laser-focused on strengthening its infrastructure, optimising logistics, and implementing robust tracking systems so that it can improve quality control and customer satisfaction.

Innovation in Design and Branding: To remain competitive, Indian manufacturers must prioritise innovation in design. Investing in research and development, fostering collaborations, and implementing effective branding initiatives will create distinct identities and elevate their products in the global market.

Sustainability and Adaptability: Sustainability is no longer a choice but a necessity in the textile industry. By aligning with sustainability standards, incorporating eco-friendly practices, and meeting evolving market demands for ethical and socially responsible products, Indian manufacturers can secure long-term success and contribute to a better future.

In conclusion, driving textile exports and bolstering the industry requires a multifaceted approach that can help enhance the quality and cost-effectiveness of its products and eventually help India realise its ambitious goals of leadership in the textile industry.

Source: economictimes.com– July 29, 2023

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India-Canada early FTA to exclude difficult areas of IPR, digital, labour

The India-Canada Early Progress Trade Agreement (EPTA) being negotiated between the two countries will exclude all “difficult areas” such as labour, environment, intellectual property rights and digital trade so that a pact in the core areas of goods, services and investments can be wrapped up on time, sources have said.

“In the early harvest pact, India has managed to convince Canada to exclude areas that India has traditionally not been including in its FTAs such as labour, environment, IPR and digital trade. The areas where both sides stand to gain such as goods, services, and investments are all included,” a source tracking the matter told businessline.

The tentative year-end deadline for concluding the EPTA negotiations decided at the 6th India-Canada Ministerial Dialogue on Trade & Investment in May this year is likely to be met, the source added.

The excluded sectors will, however, be included in the full-fledged Comprehensive Economic Partnership Agreement (CEPA) that will follow the EPTA. “India will be ready to negotiate non-trade areas such as labour and environment in the full-fledged CEPA as its own laws in most areas are advanced and it would not face issues taking on commitments in these areas,” the source added.

Bilateral trade

India-Canada bilateral trade in goods reached about $8.2 billion in 2022, registering a 25 per cent growth compared with 2021, per government figures. India hopes to make gains in areas such as textiles & apparels, pharmaceuticals and iron and steel among others, while Canada is interested in the dairy and agriculture sectors, including wine and spirits.

Following the sixth negotiating round in May, three more rounds have been held, the last one hosted in a virtual format by Canada from July 12-21. “Negotiations are moving very fast. There aren’t many troublesome areas left to be sorted out. Hopefully the two sides will conclude the talks before the year ends,” the source said.

Other areas being covered in the EPTA include rules of origin, sanitary and phytosanitary measures, technical barriers to trade, and dispute settlement.

Canada is interested in the trade pact as it is keen to diversify its interests beyond China and the US while India is wanting to get into more FTAs with the developed countries to gain from complementarities that exists with these economies.

Source: thehindubusinessline.com– July 29, 2023

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Over 4 lakh businesses to issue e-invoices as threshold lowers to ₹5 crore from August 1

Come August 1, an additional over 4 lakh assesses will be required to issue e-invoice mandatorily as the new threshold of aggregate annual turnover of ₹5 crore will be in place from said date.

At present. the threshold is ₹10 crore, which was ₹500 crore when mandatory generation of e-invoice implemented from October 1, 2020. At present, around 6 lakh assesses are required to comply with this mandatory norm, which will swell to around 10 lakh after lowering the threshold, says Dheeraj Rastogi, an Indian Revenue Service Officer of 1994 batch and Executive Vice President with GSTN. This number does not include exempted categories such as banks, Non-Banking Financial Companies or insurance companies.

As per Rule 48(4) of CGST Rules, notified class of registered persons have to prepare an invoice by uploading specified particulars of the invoice (in FORM GST INV-01) on Invoice Registration Portal (IRP) and obtain an Invoice Reference Number (IRN). After following the above 'e-invoicing' process, the invoice copy containing inter alia, the IRN (with QR Code) issued by the notified supplier to the buyer is commonly referred to as 'e-invoice' in GST.

Because of the standard scheme, 'e-invoicing' facilitates the exchange of the invoice document (structured invoice data) between a supplier and a buyer in an integrated electronic format.

It is important to note that 'e-invoice' in 'e-invoicing' doesn't mean the generation of an invoice by a government portal. The invoice not registered on the portal will not be valid. In such a situation, input tax credit (ITC) on the same cannot be availed by the recipient and will attract applicable penalties.

"As on date, over 60 lakh invoices are generated on a daily basis which could increase to 65-67 lakhs per day on or After August 1," Rastogi said. As more new entrants are businesses in medium businesses, efforts are there to provide hand-holding. He also informed that assesses will not have to pay anything to IRPs for basic services, but for value added services, some payment may be required.

Experts believe e-invoicing is good, but new entrants there could face some initial challenges. Shilpa Dhobale, Head (Product & Strategy), at IRIS Business Services, one of the first private e-invoice registration portals authorized by the government, says in an e-invoice, accuracy and getting it right the first time is of utmost importance for once e-invoice is generated it cannot be edited. There is a limited window for cancellation. Thus, "a meticulous approach is required to grasp the intricacies of the e-invoice standard, validation rules, and handling specific business scenarios while undertaking billing system upgrades and aligning processes as mandated," she said.

According to Harpreet Singh, Partner, KPMG, while E-invoicing facilitates the free flow of credits, it becomes equally crucial for the recipients to ensure vendor compliance on this aspect in order to eliminate chances of input tax credit denial. This calls for implementing robust IT systems on both sides of the supply chain. "India is slowly but surely moving towards 100% e-invoicing, next steps would be the reduction of the threshold to Rs 1 Crores and then making it mandatory for all B2B transactions. Thus, all dealers in B2B businesses should be ready to embrace this technological advancement," added Singh.

Source: thehindubusinessline.com– July 31, 2023

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India's forex kitty drops $1.98 bn to $607.03 bn

India's forex reserves dropped by $1.987 billion to $607.035 billion for the week ended July 21, the Reserve Bank has said.

The overall reserves had increased by $12.743 billion in the second biggest rise in seven days in recent times to $609.022 billion in the previous reporting week.

It can be noted that in October 2021, the country's forex kitty had reached an all-time high of $645 billion. The reserves declined later as the central bank deployed the kitty to defend the rupee amid pressures caused majorly by global developments.

For the week ended July 21, the foreign currency assets, a major component of the reserves, decreased by $2.414 billion to $537.752 billion, according to the Weekly Statistical Supplement released by the RBI last Friday.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

Gold reserves were up by $417 million to $45.614 billion, the RBI said.

The Special Drawing Rights (SDRs) were down by $11 million to $18.474 billion, the apex bank said.

The country's reserve position with the IMF was up by $21 million to $5.196 billion in the reporting week, the apex bank data showed.

Source: thehindubusinessline.com– July 31, 2023

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CBIC deserves kudos for GST clarificatory circulars

The Central Board of Indirect Taxes and Customs (CBIC) issued eight circulars on July 17, 2023, following the 50th GST Council meeting held on July 11, 2023. They clarify a number of issues and generally convey a desire on the part of administrators to avoid unnecessary disputes to the extent possible.

The circulars cover a range of topics such as taxability of services provided by an office of an organisation in one State to the office of that organisation in another State — both being distinct persons, issues pertaining to e-invoice, refund-related issues, taxability of share capital held in a subsidiary company by the parent company, availability of input tax credit (ITC) in respect of warranty replacement of parts and repair services during the warranty period, TCS (tax collection at source) liability under Section 52 of the CGST Act, 2017, in case of multiple e-commerce operators in one transaction, dealing with differences in ITC availed of in the form GSTR-3B as compared to that detailed in the form GSTR-2A for the period April 1, 2019, to December 31, 2021, and charging of interest under Section 50(3) of the CGST Act, 2017, in cases of wrong availment of IGST credit and reversal thereof.

Of these, the circular of specific interest to exporters relates to refund that deals with refund of accumulated ITC under Section 54(3) on the basis of that available according to Form GSTR 2B; requirement of undertaking in Form RFD-01 inserted vide circular no. 125/44/2019-GST dated November 18, 2019; manner of calculation of 'adjusted total turnover' under sub-rule (4) of Rule 89 of CGST Rules, consequent to the explanation inserted in that sub-rule vide Notification No. 14/2022-CT dated July 5, 2022; and clarification in respect of admissibility of refund where an exporter applies for refund subsequent to compliance of the provisions of sub-rule (1) of Rule 96A.

All these circulars do not change the existing law in any way. They were necessitated as divergent views were being taken at the operating levels, some of them to the detriment of taxpayers. Almost all these circulars clarify the issues in a clear manner that will help taxpayers.

The finance ministry issued nine non-tariff notifications on the July 17, 2023, and five (each for CGST, IGST and UTGST) tariff notifications on July 26, 2023, giving effect to various decisions taken in the 50th GST

Council meeting. The non-tariff notifications seek to extend the amnesty for GSTR-10 non-filers and for GSTR-9 non-filers; extend the amnesty scheme for deemed withdrawal of assessment orders issued under Section 62 of the CGST Act, 2017; extend the time limit for application for revocation of cancellation of registration; extend the amnesty for GSTR-4 non-filers; and extend the due dates for filing various returns for the persons whose principal place of business is in the State of Manipur.

The GST Council has decided to meet again on August 2, 2023, to consider various representations regarding tax rates on services of online gaming, casinos, and horse racing. This shows a welcome willingness to revisit its own decisions taken earlier. The GST Council deserves appreciation for approaching various issues with an open mind. The CBIC, in particular, deserves praise for clear and unambiguous drafting of the taxpayer-friendly clarificatory circulars.

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

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Ethnic violence drags down Manipur exports by nearly 80%

The protracted ethnic violence in Manipur has brought down the state's exports of handwoven textiles, medicinal plants and food items by almost 80%, according to M Chandrakeshore Singh Pallel, vice-president (Manipur) of North East Federation of International Trade (NEFIT).

Manipur is famous for fabrics like moiraingphee, leirum, lasingphee and phanek, which have good demand in the US, Europe and Singapore.

Media reports say that 142 people have been killed and thousands displaced since violence broke out in the state between the Meiteis and Kukis in early May, following a court order for granting scheduled tribe status to the Meities. The violence and the ensuing restrictions imposed by the authorities on movement and internet service have hit the state's economy.

The closure of Land Port Moreh in Manipur, which is 110 km from Imphal and acts as India's gateway to the East through the Moreh-Tamu border point--the only feasible land route for trade between India and Myanmar and other Southeast Asian countries--has impacted exports from this small hilly state, whose cotton fabrics accounted for 44.18% of its merchandise exports in FY22.

"The banks and ATMs remain closed and truck movement through the Moreh land port is restricted. Only emergency vehicles are allowed," said NEFIT vice-president Pallel.

Manipur has the second-largest population of weavers in the country at more than 462,000, and the fourth-largest number of looms, which tops 280,000.

"Those who have handloom manufacturing units in Navi Mumbai or Delhi have been able to export since the outbreak of the current violence. Others have not been able to export. The daily wage earners are worst affected," Pallel said.

Source: economictimes.com– July 31, 2023

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