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Currency Watch			
USD	EUR	GBP	JPY
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INTERNATIONAL NEWS	
No	Topics
1	OECD's GDP sees modest growth of 0.4% in Q2 2023
2	Canada extends duty-free access for Bangladesh till 2034
3	China textile and apparel exports in Jan-Jul 2023
4	Confidence index falls 0.4% MoM in Turkish retail trade sector in Aug
5	Japan's Uniqlo announces directorship changes to boost global growth
6	EU trade balance snaps deficit streak, swings to surplus in Q2 2023
7	Egypt Getting New 'Environmentally Friendly' Textiles Factory
8	Australia's retail turnover grows 0.5% in July 2023: ABS
9	South Korea, Vietnam to boost textile cooperation
10	What Extended Panama Canal Disruption Means for Retail Supply Chains
11	Bangladesh: Australian duty benefit to continue: BGMEA

12	Bangladesh: BGMEA seeks Korean investment in non-cotton textiles
13	Should the BRICS exclusion disappoint Bangladesh?

NATIONAL NEWS	
No	**Topics**
1	Ministry of Finance asks ministries to be realistic with budgetary requests
2	India-Russia trade could touch $100-125 billion over next three years, says Russian industrialist
3	100 projects worth nearly Rs 6 trillion get nod under Gati Shakti
4	Uttar Pradesh govt plans to double silk output to expand textile exports
5	Make in India at inflexion point
6	Fashion retailers in India suffer sales pain

INTERNATIONAL NEWS

OECD's GDP sees modest growth of 0.4% in Q2 2023

The Organisation for Economic Co-operation and Development (OECD) reported a 0.4 per cent quarter-on-quarter rise in gross domestic product (GDP) for Q2 2023. This marks a slight decline from 0.5 per cent growth in Q1 2023, continuing a consistent pattern of moderate growth since Q1 2022.

Within the G7 nations, quarter-on-quarter GDP growth improved to 0.5 per cent in Q2 2023, compared to 0.4 per cent in the previous quarter. While Japan and France saw noticeable increases in their GDP growth, Italy experienced contraction. Meanwhile, the United States and the United Kingdom recorded marginal growth. Canada's GDP growth slowed down, and Germany's growth remained stagnant after contracting for two consecutive quarters, OECD said in a media release.

Various countries released details behind these GDP shifts. Japan's GDP growth was primarily bolstered by net exports, while in France, the same factor played a crucial role even as private consumption contracted. In the United Kingdom, growth was supported by private and government spending. In the United States, investment and decelerating private consumption contributed to growth.

Among OECD countries closest to the war in Ukraine, Lithuania's GDP surged by 2.8 per cent in Q2, contrasting with a sharp contraction in Poland and a continued slump in Hungary.

Ireland led the pack with the strongest GDP growth of 3.3 per cent in Q2, while Poland saw the most significant contraction at minus 3.7 per cent. Slovenia and Costa Rica also posted positive growth figures.

Overall, GDP in the OECD region exceeded its pre-pandemic level (Q4 2019) by 5.1 per cent. However, in the United Kingdom, GDP remained slightly below its pre-pandemic level. Spain, heavily impacted by the pandemic in 2020, surpassed its pre-pandemic GDP for the first time, albeit by a modest 0.4 per cent.

The mixed growth rates within the OECD and G7 nations indicate varying degrees of economic recovery and challenges, offering a complex global economic landscape as we move further into 2023.

Source: fibre2fashion.com – Aug 29, 2023

HOME

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Canada extends duty-free access for Bangladesh till 2034

A bill passed in the Canadian parliament in June allows Bangladesh to continue to enjoy duty-free access to the former's market from 2026 till 2034. The Canadian government has extended duty-free market access to all developing countries, and that will benefit Bangladesh once it graduates from the least developed country (LDC) status in 2026.

This will make Canada the third country after the United Kingdom and Australia where Bangladesh can retain the preferential trade treatment after 2026, according to Bangladesh media reports.

The market access under the General Preferential Tariff (GPT) scheme also includes relaxed rules of origin of apparel items and provides duty-free access to other products. Labour and environmental compliance of industries are also essential criteria.

The current scheme is going to expire at the end of 2024 and Canada is expected to come up with a GPT Plus scheme from January 1, 2025.

Canada was the 11th largest exporting partner of Bangladesh with exports worth $1.72 billion in fiscal 2022-23, according to the Bangladesh's Export Promotion Bureau data.

Bangladesh's garment exports to Canada reached $1.55 billion in FY23 and $1.33 billion the previous fiscal—a 16.55 per cent growth.

Source: fibre2fashion.com – Aug 29, 2023

HOME

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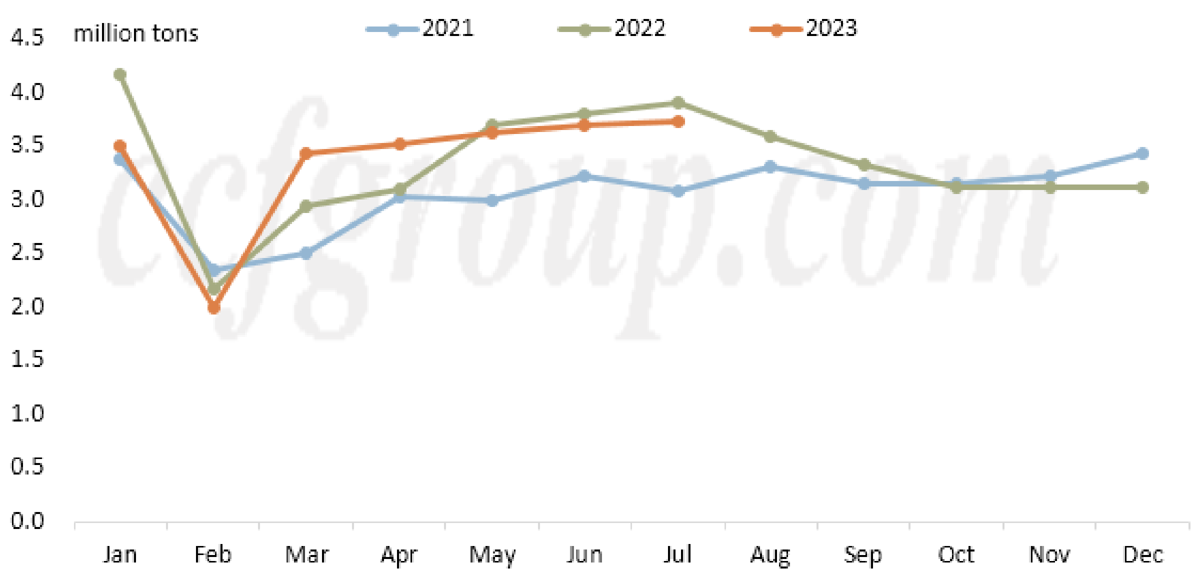
China textile and apparel exports in Jan-Jul 2023

Export has always been a market concern. After the release of domestic demand in China, whether demand outside China could rebound will become a key to the market for the latter half year. Here we have an analysis on structure different and change among the various products in textile and apparel chain from the perspective of exports.

Export value and quantity

According to China customs data, denominated by US dollar, China textile and apparel export value dropped by 10% year-on-year during Jan-Jul 2023.

China textile and apparel exports under Category 50~63 in 2021-2023



After the conversion to the calculation based on metric tons, the export trend of Category 50-63 in textile and apparel chain is shown in the chart below. The export quantity fell by 1% on year in the first 7 months of 2023.

Therefore, it can be seen that besides from the exchange rate, the decline in price is another factor that results in the fall in export value during Jan-Jul 2023.

Yarn, textile and apparel

Category 50~55 is regarded as fiber, yarn and fabric, 56~60 as fabric finished product, 61~63 as apparel, then, the growth of exports during Jan-Jul is shown below.

It is divided only to facilitate the calculation.

It seems that yarn exports were relatively strong, recording positive growth, while finished product exports were comparatively weak and apparel exports were even worse amid high pressure.

kt	50	51	52	53	54	55	56	57	58	59	60	61	62	63
Jan	-0	0	-56	-4	-40	-37	-42	-8	-16	-41	-125	-96	-24	-173
Feb	-0	0	-5	-3	97	6	-2	-1	-9	1	-22	-89	-57	-91
Mar	-0	2	10	-0	170	34	18	12	10	32	73	62	64	6
Apr	-0	2	-14	0	176	35	19	19	9	38	24	25	66	15
May	-1	3	-31	-2	93	-22	-4	4	-3	-11	-33	-30	2	-37
Jun	-1	-0	-31	-1	55	-20	5	7	-2	-25	-9	-38	-15	-32
Jul	-0	1	-49	-2	18	-9	3	9	-3	-28	-9	-60	-27	-18

On annual basis, exports of Category 54 recorded continuous increase on year, while products of other Categories logged increase only in Mar and Apr, and Category 61 saw sharp decline on year.

Compared to the month earlier, exports of Category 54 recorded month-on-month drop in Jul, down by 60kt. Under this category, exports of polyester filament yarn fell by 34kt on month, filament yarn fabric exports slipped 25kt on month in Jul. The drop in PFY exports was mainly attributed to India's BIS while influencing factors on filament yarn exports were mixed.

As for apparel under Category 61~63, the exports saw rebounds in recent months, but the growth was mainly attributed to seasonal factor, and the exports still showed a downtrend compared to the same period of last year.

kt	50	51	52	53	54	55	56	57	58	59	60	61	62	63
Feb	-1	-3	-61	-7	257	113	-56	-27	-39	102	228	252	162	185
Mar	0	4	56	3	250	124	77	37	31	103	223	177	131	222
Apr	-0	-0	-11	-1	-1	8	-10	0	7	-2	33	11	28	14
May	-0	1	-6	-1	38	-15	6	-4	1	-2	-5	83	12	-4
Jun	0	-2	-12	-1	-28	-6	-1	2	-2	0	4	61	46	13
Jul	0	-1	2	0	-60	-7	-0	2	-5	-4	8	41	19	32

Generally speaking, the export growth slowed down in 2023, but it varied from products to products. In yarn sector, chemical fiber yarn and fabric performed well, while apparel sector was relatively weak. Besides from PFY, apparel exports increased seasonally, but were still weak compared to the same period of last year.

Source: ccfgroup.com– Aug 29, 2023

HOME

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Confidence index falls 0.4% MoM in Turkish retail trade sector in Aug

Turkiye's seasonally-adjusted confidence indices decreased by 1.7 per cent in the services sector and by 0.4 per cent in the retail trade sector in August compared to July figures, according to official statistics.

Confidence indices can take value between 0 and 200. It indicates an optimistic outlook when the index is above 100, but pessimistic when below 100.

Under the retail trade category, the sub-index for current stock volume fell by 0.1 per cent MoM in August. The sub-indices for business activity-sales over the past three months and business activity-sales expectation for the next three months dropped by 3.3 per cent and 2.6 per cent MoM respectively during the month.

Under the services category, the sub-index for business situation for the past three months fell by 1.2 per cent month over month (MoM) in August. The sub-indices for demand turnover over the past three months and demand turnover expectation for the next three months dropped by 2.7 per cent and 1.2 per cent MoM respectively during the month.

Source: fibre2fashion.com– Aug 28, 2023

HOME

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Japan's Uniqlo announces directorship changes to boost global growth

Japanese retailer Uniqlo Co, LTD, a consolidated subsidiary of Fast Retailing, has announced key changes to its executive leadership as part of its global expansion strategy. The firm has appointed Daisuke Tsukagoshi as the executive director, president, and chief operating officer (COO) of Uniqlo. Tsukagoshi, who currently serves as the global CEO of Uniqlo's daily operations and as a board member, will take charge of the company's global headquarters.

This move comes as Uniqlo sets high-level business targets to accelerate its global footprint. The changes in directorship aim to bolster the management structure and create a team that includes managers from various markets. This will enable the implementation of the company's Zen-in Keiei management principle, a teamwork-focused approach that ensures coordinated action across all divisions and encourages a managerial mindset among all employees, Fast Retailing said in a press release.

Tadashi Yanai, the current executive director, chairman, and president of Uniqlo will continue in his role but with a new title as the executive director, chairman, and chief executive officer (CEO) of Uniqlo. Yanai will also continue to guide the entire group's strategic direction in his role as Chairman, President, and CEO of the parent company.

Source: fibre2fashion.com– Aug 29, 2023

HOME

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EU trade balance snaps deficit streak, swings to surplus in Q2 2023

The European Union's (EU) trade balance has shifted to a surplus in the second quarter (Q2) of 2023 after six consecutive quarters of deficit, according to the latest trade data by Eurostat. There was a small surplus of €1 billion, marking a drastic improvement from the €155 billion deficit registered in Q3 2022, which was the highest deficit level since 2019.

The change has been attributed to declining energy prices. Exports for the quarter saw a dip of 2 per cent, while imports declined by a more significant 3.5 per cent. A substantial 15.6 per cent drop in energy imports and a 10.9 per cent decline in raw material imports, compared to Q1 2023, contributed to the shift in trade dynamics.

While most export sectors faced declines, energy and raw materials experienced the most substantial decreases, plummeting 22.5 per cent and 9.3 per cent respectively. In terms of energy trade balance, the deficit improved from minus €115.3 billion in the first quarter to minus €100 billion in the second quarter of 2023, as per Eurostat.

Source: fibre2fashion.com– Aug 29, 2023

HOME

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Egypt Getting New 'Environmentally Friendly' Textiles Factory

Egypt's Sokhna Integrated Industrial Zone is getting a new textile factory. The general authority of the Suez Canal Economic Zone (SCZONE) and Chinese industrial developer TEDA-Egypt announced Monday that they have laid the foundation stone of Egypt Cady Textiles, a $60 million, 145,500-square-meter facility that they say will produce "high-end, environmentally friendly" textiles and "intelligent" seamless garments using smart manufacturing methods.

Comprising six buildings that will be constructed in three phases, the first of which will begin this year and end before the close of 2024, Egypt Cady Textiles is poised to deliver an annual output of 50,000 tons of polyester fabric and 8 million pieces of seamless clothing amounting to some $150 million in sales, the organizations said.

Egypt's strategic geographical location has given it a key position in the Belt and Road Initiative, China's $1 trillion plan to build infrastructure and telecommunications networks across Africa, Asia and Europe. It's for this reason their bilateral relationship has seen significant growth over the years, complete with an outpouring of economic and trade investments.

"I'm happy to lay the foundation stone for the Cady Egypt project," Lai Siqing, Vice Chairman of TEDA China-Africa, said in a statement. "I want to thank SCZONE for creating a favorable work environment and supporting Chinese companies, in coinciding with the 15th anniversary of the industrial developer TEDA Egypt's existence and the 10th anniversary of the Belt and Road Initiative."

Lai noted that Egypt Cady Textiles's listing on the Shanghai Stock Exchange "expresses the strength of this company," which will be geared largely toward export to Europe and the United States.

The factory, TEDA-Egypt's largest to date, is part of the development company's broader expansion in the Sokhna zone Gulf of Suez's western shore, where it operates more than 130 industrial and service facilities with investments amounting to $1.6 billion.

“We are proud of the diversity of the projects being held within SCZONE, especially the fruitful partnership with Chinese investments, which is expected to witness more cooperation in the coming months,” SCZONE chairman Waleid Gamal El-Dien said.

“We are keen on supporting the textile sector, for which SCZONE provides the infrastructure, legislative frameworks, and trade agreements that allow access to neighboring markets.”

Source: sourcingjournal.com– Aug 28, 2023

HOME

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Australia's retail turnover grows 0.5% in July 2023: ABS

Australian retail turnover saw a modest increase of 0.5 per cent in July 2023, on a seasonally adjusted basis, according to figures released by the Australian Bureau of Statistics (ABS). This follows a 0.8 per cent decline in June and a similar rise in May of the same year.

Most non-food sectors witnessed an upswing in July, reversing the trend of larger falls in June. Department stores led the way with a 3.6 per cent increase, followed by clothing, footwear, and personal accessory retailing, which saw a 2 per cent rise.

Other retail sectors experienced a modest 0.3 per cent increase. However, household goods retailing recorded a second consecutive monthly fall of 0.2 per cent, marking the eighth such decline in turnover in the past 12 months.

Retail turnover exhibited a varied performance across different states and territories. New South Wales, Victoria, Queensland, and the Australian Capital Territory experienced an increase in July, bouncing back after significant declines in June, as per NBS.

"The rise in July is a partial reversal of last month’s sharp decline in turnover. This was after weaker-than-usual end of financial year sales. While there was a rise in July, underlying growth in retail turnover remained subdued.

In trend terms, retail turnover was unchanged in July and up only 1.9 per cent compared to July 2022, despite considerable price growth over the year,” said Ben Dorber, ABS head of retail statistics.

Source: fibre2fashion.com– Aug 28, 2023

HOME

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South Korea, Vietnam to boost textile cooperation

The Korea Federation of Textile Industries (KOFOTI) and the Vietnam Textile and Apparel Association (VITAS) have signed a memorandum of understanding (MoU) to strengthen bilateral cooperation in the textile and garment industry. The partnership will focus on sustainable development, digital transformation, and supply chain enhancement.

The MoU was signed at the 'Preview in Seoul 2023' textile exhibition in Seoul. The event provided a platform for industry stakeholders to come together and discuss strategies for the future.

One of the key goals of the partnership is to facilitate the expansion of South Korean textile and garment businesses into the Vietnamese market. The cooperation between KOFOTI and VITAS is expected to provide valuable insights, networking opportunities, and a better understanding of the local market dynamics.

The MoU also aims to foster innovation and improve sustainability practices in the textile and garment industry. By pooling their resources and expertise, the two organizations intend to develop new technologies and solutions that can help the industry meet the challenges of the 21st century.

The signing of the MoU is a significant milestone in the development of the textile and garment industry in South Korea and Vietnam. The partnership is expected to create new opportunities for businesses and workers in both countries, and help the industry to thrive in the years to come.

Source: fashionatingworld.com– Aug 29, 2023

HOME

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What Extended Panama Canal Disruption Means for Retail Supply Chains

Restrictions limiting vessel flow through the Panama Canal will be in place for at least 10 more months.

Only 32 vessels are permitted to move through the critical passageway each day instead of the usual 34 to 36, according to the Panama Canal Authority (ACP), which is extending the restrictions through July instead of the original Sept. 2 end date. The news comes as the peak shipping season gets underway for U.S. retailers.

Monday morning saw 123 vessels queued at the Panama Canal, including 50 that booked a transit reservation and 73 waiting without an appointment. This is up from the usual 90 or so watercraft, the authority said.

However, 123 marks a decline from the 161 the authority reported on Aug. 10, suggesting improvements in cargo and commodity flow at the canal.

The waterway's deputy administrator, Ilya Espino, has urged vessel owners to reserve slots ahead of time to avoid delays. Container ships get priority passage over dry bulk carriers carrying grain, coal and iron; liquefied petroleum gas (LPG) carriers; and other non-containerized vessels since they operate on more regular schedules.

Ships can't exceed a depth of 44 feet because of the Panama Cana's unusually low water levels. This means container ships, bulk carriers and tankers must ditch some cargo to meet depth requirements.

Wait times this month averaged 10.4 days for northbound craft and 9.3 for southbound, higher than the respective 6.6- and 5.6-day averages in July. "So far, while general waiting times have increased, container ships have not been significantly impacted by the restrictions in the Panama Canal.

Most ocean carriers have had to reduce the load on their ships, but so far that hasn't had a significant effect on schedules and freight rates," Jena Santoro, senior manager of supply chain risk at Everstream Analytics, told Sourcing Journal. "However, if container lines are forced to continue to load less containers, we could see issues for U.S. companies trying to replenish inventories ahead of the year-end holiday season, for everything from Christmas decorations to furniture and toys."

Issues at the Panama Canal don't seem to be affecting retail operations just yet, according to the National Retail Federation (NRF).

"NRF members have not indicated they have encountered significant delays due to the Panama Canal restrictions," an NRF spokesperson told Sourcing Journal. "They continue to monitor the situation and work with their supply chain partners to address any issues that arise."

Nate Herman, senior vice president of policy at the American Apparel & Footwear Association (AAFA), also noted that the collective's members are closely watching the Panama Canal situation.

"The longer the water level concerns last, the more serious the impacts on our broader supply chains," Herman said. "The Panama Canal is critical to the industry and the impact of climate change is clearly presenting itself in new ways, ensuring that businesses look closer at ways to mitigate both our environmental impacts and our operational risks."

Everstream Analytics' chief meteorologist Jon Davis expects the disruption won't go away anytime soon because Lake Gatun, the water body that feeds the canal, is still far shallower than it should be.

The lake was 79.6 feet deep on Monday, below the 85.3 feet it averaged in August over the past five years. Davis doesn't see any potential for near-term water level improvements because the drought is linked to El Niño, the climate pattern responsible for higher temperatures and less rain to the central and eastern Pacific Ocean.

Davis said El Niño should continue as an area of concern into 2024.

"The short-term forecast into early September looks problematic—a continuation of below normal rainfall across Panama and well above normal temperatures," Davis said.

Many freight brokers advise clients who typically route cargo through the Panama Canal to use the Suez Canal instead. But there are other options, according to Glenn Koepke, general manager of network collaboration at FourKites.

For example, shippers could send cargo toward Chile's Strait of Magellan or around the tip of South America, "but this will add significant transit days as well as operating expense for vessel operators," Koepke said.

"The current approach for vessels that are too heavy is offloading the cargo and having it shipped via rail across Panama and then reloaded onto the vessel," Koepke said.

Shippers could also use the West Coast ports, and then ship freight via truck or rail across the U.S., adding up to about two weeks to transit times.

Source: sourcingjournal.com– Aug 28, 2023

HOME

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Bangladesh: Australian duty benefit to continue: BGMEA

Australia will continue to provide duty free access to Bangladesh's products even after it makes the LDC graduation in 2026, said a top leader of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) today.

This was assured at a meeting between the BGMEA and the Australian government's Department of Foreign Affairs and Trade (DFAT) in Canberra in July 21 this year, said BGMEA President Faruque Hassan.

Gary Cowan, first assistant secretary to the DFAT's North and South Asia Division, gave the assurance during the meeting, Faruque told The Daily Star over WhatsApp.

A BGMEA delegation attended the meeting jointly hosted by the Bangladesh high commission to Australia and the Australian Chamber of Commerce and Industry (ACCI) in Sydney.

The meeting was attended by representatives from Australian brands and retailers, and ACCI members.

Australia is one of Bangladesh's non-traditional export destinations, receiving garments worth $1.16 billion last fiscal year, which was less than half a billion dollars 10 years ago, the BGMEA said in a statement.

Source: thedailystar.net– Aug 28, 2023

HOME

****

Bangladesh: BGMEA seeks Korean investment in non-cotton textiles

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) today urged the Korean businesses to invest in non-cotton textiles, man-made fibre (MMF) based yarns and fabrics, functional fabrics like polyester, viscose, spandex and mélange.

BGMEA President Faruque Hassan made the call in a meeting with Korean Ambassador to Bangladesh Park Young Sik at the BGMEA office in Dhaka.

In the meeting, Hassan highlighted the growing interests of Bangladesh's garment industry in diversifying into non-cotton products, including high-value fashion items based on MMF and technical textiles, according to a statement from the BGMEA.

Bangladesh is a promising destination for Korea to ship its MMF, textile machinery, chemical dyes and other raw materials while Korea is a potential garment export market for Bangladesh, Hassan said.

So, there are mutual benefits for both the countries, he said.

The BGMEA chief apprised the envoy of the association's initiative to organise Bangladesh Apparel Summit in Korea in November 2023 and sought his support in this regard.

Source: thedailystar.net– Aug 28, 2023

HOME

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Should the BRICS exclusion disappoint Bangladesh?

The recently concluded 15th BRICS Summit generated a lot of discussion in Bangladesh as the country had expected to be a member of this bloc. The foreign minister, too, had said in June that Bangladesh was likely to become a member in August. However, it turned out that the country was not to join the bloc at the summit held in Johannesburg, South Africa on August 22-24. The leaders of the BRICS countries accepted only six new countries this time around: Iran, Saudi Arabia, United Arab Emirates (UAE), Argentina, Egypt, and Ethiopia. Their membership will be effective from January 1, 2024.

Inclusion of new members in BRICS is considered to be a win-win situation in the current geopolitical and geo-economic circumstances. Initially, the formation of BRICS was seen as a balancing force in the geo-economic landscape, which is dominated by the Western economies. Emerging economies require trade, investment, finance, and technology to continue their growth momentum and fight challenges.

As multilateral financial institutions such as the World Bank and International Monetary Fund (IMF) failed to respond to the needs of countries in the Global South and reform their governance, BRICS member countries established the New Development Bank (NDB) with a contribution of $50 billion by each BRICS member. Later, Bangladesh, the UAE, Egypt, and Uruguay were invited to be members of the NDB. Recently, BRICS members have also been exploring the possibility of new international currency arrangements for trading among themselves and reducing the dominance of the US dollar.

Indeed, the multilateral system has become ineffective to a large extent due to the rigid position of powerful Western countries. The multilateral trading system, multilateral development banks, and climate negotiations are some instances where the richer Northern countries have played a leading role in shaping the global agenda. In light of this, the focus of this year's BRICS summit was "BRICS and Africa: Partnership for Mutually Accelerated Growth, Sustainable Development and Inclusive Multilateralism." Member countries expressed concern over unilateral coercive measures used by certain countries and highlighted their commitment to inclusive multilateralism. They want to see improved global governance through a more efficient, representative, democratic, and accountable multilateral system. The members are also for a reform of the UN Security Council to have higher representation of developing countries.

At the summit, BRICS members called for a constructive role of multilateral financial institutions and international organisations in designing economic policies to regain the momentum of the global economy. As such, they committed to employment generation, including gender-responsive employment and social protection policies for sustainable development. In terms of climate actions, BRICS members highlighted the need for developing countries to access low-emission technologies and solutions to reduce greenhouse gas emissions and enhance climate adaptation actions. BRICS countries feel that meeting the development goals of countries and reconstructing post-conflict countries require support from the international community.

However, the influence of BRICS in global governance is still limited. Its motivation behind expanding its membership is to gain more strength and challenge the existing geo-economic and geopolitical order. Though the geopolitical aspect was not a declared objective, BRICS is gradually evolving into a geopolitical group. Though Brazil and India have not been enthusiastic about expanding the bloc, China wants the group's voice to gain more strength in the global platform. However, this may not be easy as BRICS is composed of countries with diverse political and economic backgrounds. There are large developing democracies and also a one-party autocracy in the BRICS.

Though BRICS members were expected to be on a path of growth at the time of its establishment, the three countries besides China and India could not meet expectations as their economies slowed down despite their per capita income being higher than India. The newest six member countries also have varying economic backgrounds. Argentina is facing serious economic challenges while Ethiopia is a low-income country. And the UAE, Iran, and Saudi Arabia are oil-rich countries. The per capita incomes of these 11 countries range from about $1,000 to over $50,000.

Bangladesh's interest in BRICS arises from various factors. Currently, Bangladesh is under tremendous pressure from Western countries to hold a free, fair, and inclusive national election. The country is also under pressure on account of human rights issues. On May 24, the US announced a new visa policy for Bangladeshi citizens, with the aim of pushing for a fair election. Under this policy, the US can restrict the issuance of visas for any Bangladeshi citizen who has undermined the democratic election process in the country. The recent visits of US high officials and EU delegations are also manifestations of Western pressure on the Bangladesh government. There is no doubt that the current political party in power needs allies. Inclusion in BRICS could have given it some moral strength to demonstrate that it is not alone and that it has friends who have a voice in global affairs. The original five members of BRICS are also members of the G20, which is a platform of 19 developed and developing countries and the European Union.

Though BRICS has made limited progress so far on the economic front, it has potential to dominate the global economy if it moves strategically. The group, with its original five members, already accounts for about 24 percent of global GDP in nominal terms, and about 31.6 percent in purchasing power parity (PPP) terms. This is higher than the G7 countries (France, United States, United Kingdom, Germany, Japan, Italy, and Canada), whose GDP in PPP terms is about 30.3 percent. BRICS also occupies 16 percent of global trade and includes 41 percent of the world's population. Hence, the new members will only enhance the bloc's strength.

Even though it is hardly a homogeneous group, BRICS member countries can gain from each other's strength on common issues, such as economic progress. If the economic agenda gains momentum, Bangladesh could also benefit by joining the grouping of the Global South. However, the ambit of economic cooperation has to expand beyond financial cooperation. Bangladesh's participation in such blocs can be meaningful if it can improve its trade balance with its trading partners, particularly with China and India. Bangladesh also needs more foreign direct investment, technology, and capacity development. The country stands to benefit substantially through the bloc only if these issues are on the BRICS agenda.

Source: thedailystar.net– Aug 29, 2023

HOME

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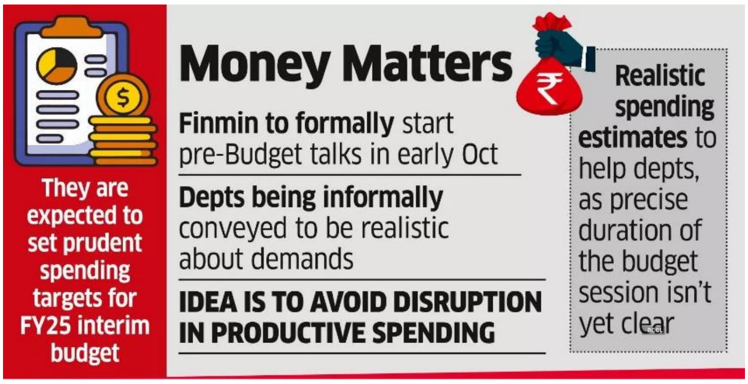
NATIONAL NEWS

Ministry of Finance asks ministries to be realistic with budgetary requests

The finance ministry has started intimating various ministries and departments to present "realistic assessments" of their supplementary demand for grants for this fiscal year and the budgetary targets for 2024-25, said a person aware of the deliberations.

The government will present the interim budget for 2024-25 in February next year, and the actual budget will be introduced after 2024 general elections, the schedule of which isn't known yet.



The finance ministry will formally start consultations in early October for the supplementary demand as well as the interim budget, he said.

"Departments are being informally conveyed to be realistic in their assessments. For instance, they should not ask for more (for this fiscal) and end up surrendering unspent funds," he added.

"Similarly, (for the interim budget for 2024-25) it's being expected that the departments will firm up proper expenditure projections, at least for the first half," he said.

Given that the precise duration of the budget session of Parliament isn't yet clear (due to the polls), it makes sense for the ministries/ departments to prepare estimates as precisely as possible, he indicated. The idea is to avoid any disruption in productive spending.

Finance minister Nirmala Sitharaman had presented the budget for 2019-20 on July 5, 2019, after the last general election.

The Centre may have to reassess the pace of increase in its capital spending for 2024-25, now that private capex has also started picking up. The Centre's budgetary capital spending more than doubled to ₹7.28 lakh crore in 2022-23 from the pre-Covid-19 (2019-20) levels, as it bet big on the high multiplier effect of such expenditure. The capex outlay was again raised sharply by 35.8% for 2023-24 to a record ₹10 lakh crore.

The government had raised its FY24 budget size by 7.5% from a year before to ₹45 lakh crore.

According to the latest data, the Centre's fiscal deficit in the first quarter of FY24 stood at 25.3% of the annual target, higher than 21.2% a year before.

Capital spending surged 59% on-year in the June quarter to ₹2.78 lakh crore. However, revenue expenditure eased marginally to ₹7.72 lakh crore in the first quarter.

Senior finance ministry officials have already asserted that the FY24 fiscal deficit target of 5.9% of gross domestic product (or ₹17.87 lakh crore) will be strictly adhered to even though the spending under a few schemes could vary from the budgetary outlays.

Source: economictimes.com– Aug 28, 2023

HOME

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India-Russia trade could touch $100-125 billion over next three years, says Russian industrialist

Oleg Deripaska, top Russian industrialist and founder of Rusal (among world's biggest aluminum firms) has told ET that he expected that India-Russia trade that has leaped in the last 1.5 years will reach 100-125 bn usd over the next three years.

Deripaska said he hoped trade imbalance will also be addressed and India will be among top three trade partners for Russia in the coming years. "We are currently studying the Indian market which is among top priorities for Russia. India-Russia trade was $ 10 bn and it has leaped in the last one and a half years," Deripaska informed.

Deripaska who attended the B20 summit noted that Indian leadership led by PM Narendra Modi is steering the economy towards the right path. "India has thousands of years of history and culture and efforts are being made to have a glorious future. India is a friendly nation." Russian economy including the private sector has shown remarkable resilience despite disruption and attempt to cancel Russia, Deripaska said adding that the country was reorienting its economy towards Asia including India, SE Asia, Africa and Latin America. "We are studying all markets including Saudi Arabia. The economies of India, West Asia and Eurasia have great futures." ?

Pointing out that a major disruption has occurred globally, the industrialist said that India-Russia economic partnership is making adjustments and adopting newer systems of doing businesses. "For the past several decades, the Russian economy was primarily oriented towards the European market. It is now making adjustments. A lot of focus is on the domestic market currently but several other markets are being studied."

Deripaska, also a philanthropist and activist is the founder of RUSAL – one of the world's largest aluminium producers, GAZ Group – a leading Russian car manufacturer, and Volnoe Delo Foundation – one of the largest Russian non-profits involved in charity, social projects and volunteering.

Source: economictimes.indiatimes.com– Aug 29, 2023

HOME

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100 projects worth nearly Rs 6 trillion get nod under Gati Shakti

The Network Planning Group of the PM Gati Shakti Master Plan has approved 100 projects worth Rs 5.89 trillion, a senior official told FE. Of this, 40 road projects account for a total investment of Rs 3.65 trillion. In addition, 40 railway projects worth Rs 95,704 crore and eight urban development projects entailing an investment of Rs 79,016 crore have also been given the go-ahead.

The inter-ministerial Network Planning Group meets every fortnight and appraises infrastructure projects to ensure multimodality, synchronisation of efforts, and comprehensive development in and around the project location.

All infrastructure projects of over Rs 500 crore require approval from the NPG. The group comprises representatives of all infrastructure ministries to ensure that their planning conforms to the objectives of the Gati Shakti Master Plan. The approval of the NPG is required before the project is cleared by the Public Investment Board (PIB) or department of expenditure.

The maximum number of projects recommended by the NPG are from roads, railways and urban development spaces.

Till date, the ministry of road transport and highways has planned more than 1,400 km of roads and the ministry of Railways has planned over 13,000 km of track length using the National Master Plan (NMP), special secretary (logistics), department for promotion of industry and internal trade, Sumita Dawra said.

The NMP, which has multiple layers of geospatial data showing all physical and social infrastructure of an area and land records at one place, has been designed for faster planning and better design so that the impact of an investment is maximised.

Since all data on existing infrastructure are available, planning a new project around it becomes easier and enables taking into account the hurdles that may arise at the construction stage. It also enables the design of the project in a way that it has the maximum impact in an area.

The ministry of Railways has reported greater speed in final location surveys. In FY22 it completed 427 surveys as against 57 in the previous year.

“In case of detailed route survey done by the ministry of petroleum and natural gas, it used to take six to nine months to prepare 46 reports manually. But now using NMP through electronic DRS, with the click of a button the reports get created, which has made the process simpler and faster,” Dawra said.

Inputs of different ministries ensure that a project is aligned with other available or planned infrastructure in the area, which it will address to get the maximum out of the proposed investment.

The Gati Shakti Master Plan was launched in 2021 for coordinated planning and execution of infrastructure projects so that each project works seamlessly with and enhances the impact of other planning for an area be it in industrial corridors, roads, railways, ports, telecom, urban development projects, petroleum pipelines, renewable energy and social sector.

Source: financialexpress.com– Aug 29, 2023

HOME

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Uttar Pradesh govt plans to double silk output to expand textile exports

UP produces all three major silk varieties ---- mulberry, eri, and tussar. Mulberry silk is produced across 44 districts

The Uttar Pradesh government is planning to double silk production to more than 700 tonnes in the near future in a bid to boost manufacturing and export of premium textile apparels in the state.

The government's plan also includes setting up silk clusters and research institutes to promote silk production to boost rural income, especially among the young sericulturists.

Based on recent study by a Karnataka-based institute, the state decided to allocate silk production districts for mulberry, eri, and tussar varieties depending upon the future potential.

UP produces all three major silk varieties ---- mulberry, eri, and tussar. Mulberry silk is produced across 44 districts.

According to UP Silk Department Director Sunil Kumar Verma, although silk is produced in 57 districts, almost 90 per cent of the state's silk production comes from 30 districts. Despite the good quality of cocoons, UP's share in domestic silk production is about 10 per cent of the national tally of 35,000 tonnes.

The government provides 75 per cent and 90 per cent subsidy to general category and SC/ST category silk producers, respectively. It will now focus on these 30 districts. The centres under the remaining 27 districts would be run under the public private partnership model.

While UP is a prominent silk production and marketing hub with an estimated annual trade of ~5,000 crore, the state currently produces roughly 10 per cent of its annual requirement of 3,500 tonnes. The rest of the raw and finished silk is imported from states, such as Karnataka and Jharkhand.

India is the world's largest silk producing country after China. Among the three major varieties of silk produced in 2020-21, mulberry accounted for 70 per cent, eri 20 per cent and tussar 8 per cent.

India exports raw silk, natural silk yarn, fabrics, readymade garments, silk waste and handloom products of silk fabric. During 2021-22, the country's silk and silk products shipments were valued at $250 million.

The main export destinations of raw silk from India are Vietnam, China, Nepal, the United Kingdom, and Bhutan.

Source: business-standard.com– Aug 28, 2023

HOME

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Make in India at inflexion point

From the ramparts of the Red Fort in his first Independence Day speech in 2014, the Prime Minister invited industry — domestic and overseas — to Make in India, with zero defect and zero effect.

Since then, successive significant initiatives have been implemented by the government — Ease-of-doing-business, GST, FDI reforms, significant investment in infrastructure, IBC, PM Gati Shakti National Master Plan, National Logistics Policy, Production Linked Incentive Ssheme for select industries, the Anusandhan National Research Foundation (NRF) Bill, etc. — to realise the vision of making India a manufacturing powerhouse and an integral part of global supply chains.

And in his Independence Day speech a a fortnight ago, the Prime Minister clearly reiterated the target of India becoming the third largest economy in the world by 2029. To achieve that target, the manufacturing sector would have to aim to become at least the fourth, if not the the third largest in the world, from the fifth today.

The manufacturing sector has made significant progress since the mid-1990s. It was sandwiched between a capital intensive US, Japan, Europe and a labour intensive China. We had to find our own place and that we concluded would perhaps be through 'low-cost automation'. Our thought process needed to be thrifty and yet achieve world class quality and scale at least in some sectors.

This we did — example, in automobiles and auto components — under the umbrella of Total Quality Management (TQM) which helped bring focus on quality, cost, delivery, safety and morale, and environment (QCDSE) and the 'Power of the Five senses' — see, hear, smell, touch and feel. In 2006, the then Chairman of Renault, Carlos Ghosn, recognised our 'ability to do more with less' and even coined the phrase 'frugal engineering and frugal innovation' after a visit to India.

However, despite this progress, the manufacturing sector has only been a steady workhorse. It has remained at 13-17 per cent of GDP over the last four decades. The national target has been 25 per cent of GDP for some time. While this worthy goal will also help achieving our position as the third largest manufacturing economy, it is critical for providing commensurate employment for our vast young population at all levels of skills. There is enormous untapped potential, which is a huge opportunity.

There is now — post Covid — a palpable sense of excitement in industry in general and the manufacturing industry in particular. A dynamic geopolitical environment has helped. We increasingly get to hear the chorus from around the world of: China + 1; China no longer low cost; need for realignment of supply chains to friendly shores, led by the war on semi-conductors; India has navigated the Covid period admirably; India's macro-economic parameters are stable; the Indian economy is the fastest growing large economy in the world.

As a result, there is great interest in India. Also, capacity utilisation in the manufacturing sector is nearing the point where investment proposals reach the boardroom for decision-making.

Tech mega-trends

Simultaneously, technological mega-trends have created conditions ripe for a new industrial revolution — Industry 4.0: a fusion of intelligent digital technologies into manufacturing and industrial processes. It encompasses industrial IoT networks, AI, Big Data, robotics and automation, AR, additive manufacturing or 3D printing, simulation or digital twins, system integration and cloud computing and, importantly, cyber-security. The objective is to enable autonomous decision-making in real time through early involvement of all stakeholders.

For those in the manufacturing industry, these are exhilarating times. Make in India is at an inflexion point; this time for building not only a strong domestic base, but to take global leadership. Industry 4.0 will be the great enabler. It provides us with the opportunity to take a disproportionate leap, using technology, into the future. We have done it in the past with telecom and now with the digital public infrastructure — the India Stack. We are good at pole-vaulting using technology to our advantage.

Rising customer expectations demands flexibility and mass customisation, reduced time-to-market, global quality. Alongside, stakeholders are nudging industry towards improved environment, social and governance (ESG) practices including de-carbonisation, circularity and related metrics which actually leave the manufacturing industry with little option, but to attempt to pole-vault.

So, what do we need to do to build 'Brand - Made in India', which will essentially be an agglomeration of individual Indian brands competing globally? The government should continue to: build physical infrastructure and promote ease of doing business; build on the India Stack, which is now globally recognised as world-class; fund Industry 4.0 through start-ups; implement the NRF in letter and spirit to attain leadership in technologies of national importance and build a future ready workforce.

The industry needs an inspirational, well-respected leader to drive Industry 4.0 as a movement, until we attain the goal of becoming the third largest manufacturing economy.

Six-point agenda

And a possible agenda for manufacturing leaders and CEOs would be:

Think long-term. Think global. Think anti-fragility (Antifragile: Things that Gain from Disorder, by Nassim Nicholas Taleb) over resilience. Think 'brand'.

Obsess with all tenets of TQM, QCDSE and the 'Power of the Five senses'.

Build scale. Build a sustainable de-carbonised footprint.

Bet on R&D and innovation. Build partnerships to de-risk. Create and own designs and intellectual property.

Invest deeply in Industry 4.0. Drive cultural change to embed it.

Learning is a life-long process. Diversity enhances learning. Invest in people. Skill. Upskill. Reskill them. Now, more than ever.

Source: thehindubusinessline.com– Aug 28, 2023

HOME

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Fashion retailers in India suffer sales pain

Across India's malls and high streets, the mood at fashion shops is sombre - foot traffic is down, sales are low, and many brands are embarking on steeper-than-usual discounts for longer-than-usual periods of time.

The culprit? Sky-high food inflation after erratic monsoon rains damaged crops and disrupted supply chains.

Prices for tomatoes have rocketed, at one point close to five times since June, while those for onions, another staple in Indian cooking, have risen 80 percent in some areas like New Delhi. Food inflation for July hit a staggering 11.5 percent, far more than 4.6 percent in June and marking a three-year high.

As purse strings tighten, the pain felt by India's clothing and shoe retail sector - worth an estimated $62 billion in 2022 according to Euromonitor International - is fanning concerns about the health of consumer spending which had already been slowing even before the shocking rises in food prices.

At a Zink London outlet in a Mumbai mall, for example, staff at the domestic women's clothing chain have been calling 10 customers each per day and sending product pictures via WhatsApp in an effort to bolster sales, according to a store manager who declined to be identified.

Interviews with managers at 25 other fashion outlets across four Indian cities who spoke with Reuters on condition of anonymity painted a similar downbeat picture.

Popular Indian and foreign brands including shoe retailers Japan's Asics and Skechers USA have been offering steep discounts, some as much as 70 percent, far bigger than normal and have also been extending their sale periods, said several store managers. Even when customers do purchase fashion items, they buy far fewer than they once would have, some of the managers also said.

Zink London, Asics and Skechers did not respond to Reuters requests for comments.

The downturn in fashion spending has also been accompanied by a slide in spending at restaurant chains like Domino's.

That said, Indian consumer spending is not uniformly down in the dumps. The country's biggest cinema operator PVR Inox recently clocked its highest daily box office revenue of $5 million, driven by some hit Bollywood offerings.

Wealthier people also continue to spend with premium SUV sales at a record high. But worries are mounting about the threat that inflation and high interest rates pose to consumer spending.

"The biggest threat to India's growth will come from private consumption, which constitutes about 60 percent of GDP, which is weak already," Deutsche Bank economist Kaushik Das wrote in a report this month.

The bank has forecast India's economy to log slower growth of 6 percent this fiscal year compared to 7.2 percent last year. In some encouraging signs, tomato prices have eased off peaks and India's central bank chief last week said vegetable prices, which have begun to soften, will decline from September.

Retail outlets and industry executives are also hoping that the upcoming festival season - including Diwali in November when people like to make big purchases for gift-giving and for themselves - will bring some sales relief. But others are not necessarily optimistic.

"The expectation is always there that people spend during festive season ... But we will have to wait and see what people spend on since the inflation factor has also come in," said Madan Sabnavis, chief economist at Bank of Baroda. For now, consumers say they need to be more frugal given the increase in grocery bills.

"We are looking for branded clothes to fit our budget and are visiting showrooms where there are maximum discounts," said Anjali Mohanty, a housewife in the eastern city of Bhubaneswar who was shopping for jeans for her son.
"We have to adjust our family expenditure."

Source: thedailystar.net– Aug 29, 2023

HOME

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