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Currency Watch			
USD	EUR	GBP	JPY
83.11	88.38	102.33	0.56

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Interpretation of USDA's Sep supply and demand report on cotton

Recently, USDA has released Sep supply and demand report, which maintains a neutral to bullish outlook. For the monthly change, 2022/23 global cotton beginning stocks and ending stocks are forecast lower, while production and consumption are forecast higher. For 2023/24 season, beginning stocks, production, imports, consumption and exports are forecast lower, as well as ending stocks, which is bullish somewhat.

1. USDA Sep supply and demand report

In the USDA Sep report, the adjustments for the 2022/23 global cotton supply and demand were relatively small. The main changes were a reduction in beginning and ending stocks, with China and Turkey seeing a decrease of 110,000 tons and 190,000 tons in beginning stocks respectively. Correspondingly, the ending stocks were also adjusted downwards.

Global cotton production was slightly increased, mainly contributed by Brazil with an additional 110,000 tons. The consumption was mainly adjusted upwards for China, adding 110,000 tons. With the decrease in beginning stocks, China's ending stocks reduced by 210,000 tons. As a result, the global ending stocks decreased by 210,000 tons to 20.29 million tons.

As for the monthly adjustments in the global cotton supply and demand for the 2023/24 season, there were several notable changes. The global cotton production was further reduced by 380,000 tons, with the United States decreasing by 120,000 tons and India decreasing by 110,000 tons. However, Brazil increased its production by 110,000 tons. Global cotton imports were slightly reduced by 130,000 tons, with Vietnam's cotton imports lowered by 70,000 tons. The global consumption and export volumes were both adjusted downward by 230,000 tons and 130,000 tons respectively. India, Bangladesh, and Vietnam saw reductions in consumption, while the decrease in export volume mainly came from India. The cumulative adjustments to global ending stocks were lowered by 360,000 tons. With a reduction of 210,000 tons in beginning stocks, the net decrease in ending stocks amounted to 150,000 tons.

2. U.S. cotton good-to-excellent ratio reaches a multi-year low, and worries over the production remain

Before the release of the USDA's adjustment to the US cotton production, there were various speculations in the market. Many believed that the significant downward revision in Aug had gone too far and expected a slight rebound or correction in Sep.

However, considering the recent weather conditions and crop growth in the main cotton-producing regions of the US, it is not surprising to see a downward adjustment in production. Although there has been increased rainfall due to recent hurricanes, soil moisture conditions remain severe. Currently, the drought index has reached 185, which is 60 points higher compared to the same period last year.

The drought index in Texas, in particular, has reached 306. Moreover, the good-to-excellent ratio of U.S. cotton crops also reaches a multi-year low. By the week ending Sep 17, good-to-excellent ratio of U.S. cotton crops was at 29%, 4% lower than the same period of last year.

3. Brazilian cotton inventory pressure emerges and exports speed up

Thanks to favorable weather conditions, Brazilian cotton is expected to be a bumper year. The USDA has once again increased its estimate for the 2022/23 Brazilian cotton production by 110,000 tons.

However, as planting was delayed last year, the harvest progress has been slower this year. Additionally, the exports have been delayed due to tight availability of shipping space caused by a large number of agricultural products being shipped together, leading to increased accumulation in warehouses and putting pressure on domestic storage capacity. As a result, the basis for cotton has been continuously weakening.

With the arrival of new cotton on the market, domestic export sales in Brazil have picked up. As of the second week of Sep, cumulative cotton exports reached 63,500 tons, with a daily average export volume of 12,700 tons, an increase of 44.25% compared to the same period last year. It is expected that the export volume will increase by 120,000 tons in the new marketing year, which is reasonable.

4. The shortfall of rainfall in India expands, and production and consumption is expected to be lower

As of Sep 8, 2023, the total planting area for cotton in India reached 12.4995 million hectares, which was slightly lower than the same period of the previous season by 18,800 hectares, representing a decrease of 1.5%. As the rainfall deficit continues to widen, the expectation of a bumper harvest has gradually shifted to a reduction in production. Additionally, the effectiveness of new cotton varieties in controlling cotton bollworm has weakened, which has increased concerns about the production.

While there has been some improvement in rainfall in certain regions of India recently, the two major cotton-producing states, Gujarat and Maharashtra, still face historically low levels of rainfall, significantly impacting the overall production.

Furthermore, this year, the downstream textile sector in India has been sluggish, leading to reduced demand for cotton, and the adjustment of ending stocks has yet to be made in light of the decrease in production and consumption.

5. Conclusion

USDA makes downward revisions in global production and consumption in its Sep report. Adverse weather conditions have caused a shift from abundant to reduced production in the northern hemisphere, raising concerns about supply tightness.

As global consumption has yet to recover and expectations for a weak peak season are strong amid high cotton prices, downstream orders have remained weak and the disconnect between upstream and downstream has not been reversed.

Although the production cuts provide some support to cotton prices based on the adjustment of the USDA balance sheet, the lack of improvement in consumption makes it difficult for cotton prices to continue rising. In the short term, ICE cotton futures may be in weak adjustment.

Source: ccfgroup.com– Sep 20, 2023

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Cotton and Textiles Need an Uptick in Demand

The global textiles industry needs an uptick in demand and more cargo traffic.

More than 250 people representing all segments of cotton flow met Sept. 20 at the West Texas Flow Marketing Meeting in Lubbock, TX, to discuss the state of the industry and issues at hand such as the supply chain, transportation, and warehousing.

The current U.S. crop situation and China occupied most of the meeting discussions.

It is clear that the U. S. crop this year will be less, thanks to a dry and prolonged hot summer in the High Plains of Texas. China's economic situation is also a problem, with a growth rate less than 5%. And the country's economic situation is not being helped by its housing crisis and high unemployment rate.

The world is used to witnessing double digit growth in China during the pre-pandemic era, predominantly due to its manufacturing capacity – which is not the scenario now.

"As China's economy suffers, it affects the regional economy as well," stated Daniel Lee, Export Sales Manager at HMM American Shipping Agency, Inc. Lee noted that foreign investors are not investing in China, which is resulting in job losses and impacting middle class population.

Increased labor costs, forced labor issues, and geopolitical tensions between China and some nations are forcing foreign investments to other countries such as Indonesia, Vietnam, and Cambodia in Southeast Asia. Lee pointed out that China is looking for domestic investments and domestic market growth to grow its economy.

There are opportunities for India to boost its manufacturing sector. India should focus on value-added products and enhance its product basket to be a viable alternative to China. The Government of India and the Indian textile industry are aware of this necessity, and efforts are underway to enhance its textile sector by focusing on the post spinning sector.

An increase in imports of textile goods into developed economies such as the United States, United Kingdom, and Canada is an indicator of a demand boost in cotton. A quick survey of the attendees at meeting hinted that imports into the U.S. will pick up during the second quarter of 2024, indicating a slow demand for textiles in the next few months.

"The United States' cotton industry is competing against countries like Brazil, which sells cotton at 3-4 cents less, and we have to be competitive," stated Beau Stephenson, President of the Texas Cotton Association. There was sentiment among meeting participants that the U.S. will export less than 11 million bales (480 lbs. each) for the 2023-24 cotton marketing season.

"In this current situation, effective communication with our partners is needed to plan for the season ahead," stated Kandice Poteet, Executive Vice President of the Texas Cotton Association. A representative of cotton truckers attending the meeting agreed that partnerships and constant communication with stakeholders are important to move cotton forward.

Given the lack of robust demand for textiles due to inflation in the cost of essential groceries, higher fuel prices, and mortgage rates, effective engagement among different industry segments in cotton flow, brands, and retailers will be critical.

Source: cottongrower.com– Sep 20, 2023

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World economy forecast to grow swifter than anticipated in 2023: Fitch

The world economy is slated to grow at a faster pace in 2023 than previously anticipated, even as issues such as China's property market slump and monetary tightening in the US and Europe present considerable challenges, according to latest Global Economic Outlook (GEO) of Fitch Ratings. The global growth projection has been updated marginally by 0.1 percentage points to 2.5 per cent.

The US, Japan, and other emerging markets, excluding China, demonstrated remarkable resilience in 2023, prompting this revision. The US forecast has been raised by 0.8 percentage points to 2 per cent, Japan saw a 0.7 percentage point hike to 2 per cent, and emerging markets apart from China enjoyed a 0.5 percentage point increase to 3.4 per cent. These positive adjustments more than counterbalanced the 0.8 and 0.2 percentage point decreases to 4.8 per cent and 0.6 per cent for China and the eurozone, respectively.

This change anticipates a rise in the growth differential between emerging markets, excluding China, and developed economies, gravitating towards historical norms due to the earlier onset of monetary policy tightening in emerging nations, as per Fitch.

Fitch trimmed its 2024 global growth forecast by 0.2 percentage points to 1.9 per cent amid universal downward adjustments, including a significant cut in the US growth forecast from 0.2 percentage points to 0.3 per cent. Both the eurozone and China along with emerging markets, excluding China, witnessed a 0.2 percentage point reduction to 1.1 per cent and 4.6 per cent, and 3 per cent, respectively.

Despite underwhelming policy easing and decreasing export demand, there remains a glimmer of hope in the resilience of the US market, which has maintained rapid consumption growth helped by a $1.2 trillion use of Covid-19 pandemic savings and strong household income growth.

However, the US is not without its troubles, as credit conditions are tightening, and there is a clear downturn in profit growth, signalling diminished business investment prospects. A mild US recession is projected to occur in the first half of 2024.

Europe faces its own hurdles with a stalled recovery in the eurozone, compounded by a slowing world trade and China's economic deceleration. Germany's economy is expected to shrink by 0.4 per cent this year, while ECB policy tightening curtails credit growth.

The Federal Reserve is nearing its peak rate, contemplating just one more 25-basis-point increase to 5.75 per cent, even as core inflation remains high. Similarly, the European Central Bank (ECB) is dealing with persistent core inflation, undeterred in its plans for a further rate hike despite a frail economic outlook.

In the UK, the Bank of England plans to maintain higher rates for a longer period due to sustained wage inflation, despite anaemic growth. UK's economic expansion is forecast at a modest 0.2 per cent in 2023, albeit with predictions of a mild recession in the second half of the year as heightened interest burdens dampen household spending.

Source: fibre2fashion.com– Sep 20, 2023

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Cambodia's economic growth to slow down to 5.3% in 2023: ADB

Cambodia's economic growth in 2023 will be slightly lower than earlier forecast, down to 5.3 per cent from 5.5 per cent, mainly due to slower-than-expected industry growth in the first half (H1), as per the Asian Development Bank (ADB). The country's 2024 growth forecast stands at 6.0 per cent.

Exports of goods including garments and footwear declined by 18.6 per cent year-on-year (YoY) in H1 2023. This was partly offset by a 22.9 per cent increase in exports of goods other than garments, according to the Asian Development Outlook (ADO) September 2023, ADB's latest flagship economic report.

The forecast for industry output growth is revised from 5.8 per cent to 4.8 per cent. The report maintains the inflation forecast for this year at 3.0 per cent and next year at 4.0 per cent. Improved merchandise trade and tourism recovery should continue to reduce the current account deficit.

Risks to the outlook include sluggish growth in advanced economies, lower tourist arrivals and foreign direct investment inflows, prolonged tightening of global financial conditions, rising energy prices, concerns over high private debt and domestic financial stability, and extreme weather exacerbated by climate change.

"Better growth prospects in major advanced economies should boost Cambodian exports for the remainder of 2023 even as domestic industrial growth slowed earlier in the year. Services are the main contributor to growth as the sector exceeded expectations in the first half of the year, primarily fuelled by robust tourism recovery," said ADB country director for Cambodia Jyotsana Varma.

Source: fibre2fashion.com– Sep 21, 2023

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High-tech textile staples propels growth in global apparel industry: Study

Past mid-2023, there is a clear indication that the Indian textile industry is brushing off all setbacks and coursing a revival path. Traditionally the global textile manufacturing segment has traditionally been associated with China, US, the EU collective of France, Germany, Italy, Spain and Portugal.

India, Bangladesh and many other countries within the ASEAN group like Cambodia, Thailand, Vietnam, Myanmar, and the Philippines are emerging strong, with China's hold over the segment being in jeopardy post-pandemic.

Growing demand for sustainable and eco-friendly staple fibers like cotton, jute, and wool in the post-pandemic years are now fiercely competing with synthetic staple fibers like viscous rayon and polyester. Indeed, cotton has remained the most popular among all fibres -- although prohibitively expensive as compared to the others -- due to its multipurpose fiber qualities like cooling, absorption, and softness for summer clothing. Sheep wool with its insulating attributes also remains popular in the production of knitted warm clothing and sweaters.

Textile staples demand to reach $290.6 billion by 2033

A recent study by Future Market Insights (FMI) on the 'Textile Staples Market (2023-2033)' of synthetic and natural fibers shows positive growth with the the global textile staples market valued at $170.1 billion in 2023, with sales projected to increase at 5.5 per cent CAGR over the 10-year forecast period.

The increased demand for textile staples in various related industries, such as apparel, general and leisure, sportswear, and interior flooring and other segments, is anticipated to reach $290.6 billion in the next decade by 2033. This is indeed a great jump from $161.2 billion in 2022 with a 4.2 per cent CAGR growth from 2018 to 2022.

The value of textile stocks has shot up in bourses and many Indian top-performers such as Trident, AlokInd, KPR Mills, Gokaldas, Welspun, Raymond, Vardhaman Textiles HimatsingkaSeide and Arvind among others are seeing a windfall as their profits catapult to greater highs.

Technical textiles an emerging substitute

The FMI report states not just in India but the entire South and East Asia will be the most lucrative regions for textile staples manufacturers, due to flourishing textile industry and cost-effective raw materials across India, China and South Korea. The US market is also expected to do well with a greater value share of 13.2 per cent in the global market during the 10-year period, as textile manufacturer's shift from producing basic commodity goods to specialized products such as technical textiles which are substituting conventional fabrics, and even non-fiber materials, such as metals.

Despite all odds, China will continue to be prominent producer and consumer of textile staples globally holding around 70 per cent of the total share in East Asia with a CAGR growth of 6.3 per cent in the global market by 2033. Textile staples, including polyester, cotton, and cellulosic, are bring increasingly used frequently to alter yarn properties and make it more high-tech and they are even finding a market in global construction and industrial sectors.

Brushing aside strong headwinds such as the Covid pandemic, global recessionary trends and volatility in raw material prices, the global textile staples is poised towards significant growth due to rising demand from emerging economies and for home and medical textiles and eco-friendly sustainable textiles.

Source: fashionatingworld.com– Sep 20, 2023

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3 GDP growth scenarios for 2024 projected by Vietnam; peak at 6.5%

Vietnam's ministry of planning and investment recently unveiled three potential economic growth scenarios for next year, projecting the peak gross domestic product (GDP) growth rate at 6.5 per cent.

These projections are part of the government's socio-economic development strategy between 2021 and 2025, and endeavours to meet the 2023 growth goal of 6.5 per cent.

In the first scenario, which presumes that global growth will be moderate this year and the resurgence of global trade and investment will continue to face hurdles, Vietnam's GDP is predicted to rise by 6 per cent.

Though robust growth may be witnessed in the domestic market and services sector, the import, export, and industrial production sectors may not experience a marked recovery due to their reliance on global market demand, a Vietnamese media outlet reported.

Under the second scenario, the ministry envisages a GDP growth of 6.5 per cent, assuming that both the global and regional economies rebound quicker than international organisations' predictions. This scenario also considers a surge in demand, trade and investment.

The domestic market would likely experience revivals in demand, production, business activities, exports, investment and foreign direct investment influx concurrently.

The GDP growth is projected to range between 6 per cent and 6.5 per cent in the third scenario, reflecting predictions of swift changes in both global and domestic contexts. The ministry favours this.

Source: fibre2fashion.com– Sep 20, 2023

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Bangladesh: Rationalising tariff regime to boost export

Widening of Bangladesh's export basket further has now become an imperative given that its present export is overwhelmingly dependent on Readymade Garment (RMG) products. Hence is the call for diversification of its exports.

An example will suffice to explain the point. In the FY2022-23, Bangladesh exported commodities worth over US$25 billion (out of its total global export worth US$55 billion) to the European Union (EU) market alone.

A single product, RMG, dominated the entire lot of around 2,600 items exported last year to that destination and more than 92 per cent of that was cotton-made. So, it is not surprising that by supplying 35 per cent of EU's import of cotton-made apparel products, Bangladesh holds an enviable position in this area. But that is also somewhat concerning considering that EU's product graduation threshold is 37 per cent for textiles, according to the Article 29 of its (EU's) proposed GSP Plus scheme.

And it is also worthwhile to note that the Article 29's stated safeguard measures for textile, agriculture and fisheries would be effective if the share of the relevant product was over 6.0 per cent of total EU imports and exceeded product graduation threshold which is 37 per cent for textiles.

But Bangladesh's textile threshold has already crossed 55 per cent according to the proposed GSP plus scheme. So, the time is up for Bangladesh to switch over to new export products and grab the opportunities that the EU's upcoming new GSP scheme might have on offer.

In this context, Bangladesh has got some breathing space given that the new (proposed) GSP plus scheme, which was supposed to come into effect from January 2024 and last till 2034, has not been passed in EU parliament as it could not reach a consensus on the issue. In consequence, the EU has extended the tenure of the existing GSP regulations until December 31, 2027.

Against this backdrop, Bangladesh can well make good use of the extra time it has now got on its hands and negotiate with the EU to see if some provisions of the GSP plus scheme could be turned to its advantage and earn up to US$60 billion by 2030 only from RMG exports to the economic bloc. At the same time, it may continue to enjoy the existing duty-free facilities for seven more years and, meanwhile, grab a substantial share of the EU's non-cotton-based imports. In that case, through diversifying its exports Bangladesh could additionally earn US$23 billion only from the EU market, estimates show.

All such issues came under review at a recent workshop held in the city where experts, researchers and journalists dwelt at length on how Bangladesh could explore and exploit the global market to its advantage by diversifying its exports. Unfortunately, the main roadblock to such prospects is coming from within, especially from the protective domestic market. At this point, mention may be made of the high tariff barriers to the import of the necessary raw materials for producing goods as part of the country's efforts towards export diversification.

In particular, the non-apparel products like footwear, leather goods, home textiles, fish and shrimp, to name but a few, hold a high export potential. In order to unleash the country's high and diversified export growth potential, rationalisation of the current tariff regime and, especially, adoption of the National Tariff Policy (NTF) 2023 would prove crucial.

Source: thefinancialexpress.com.bd– Sep 19, 2023

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US cotton industry seeks to boost trade with Pakistan

A high-level delegation of U.S. cotton industry representatives visited Pakistan on Wednesday and met with members of the All Pakistan Textile Mills Association (APTMA) to discuss ways to enhance bilateral trade and cooperation in the area of cotton, a statement said.

The delegation, led by Steve Dyer, president of Cotton Council International (CCI), included officials from Cotton Incorporated, Oritain, Cargill, Carolina Cotton Growers' Cooperative, and the U.S. Embassy and Consulate in Pakistan.

The delegation and the APTMA members attended a seminar at APTMA House Lahore, where they exchanged views on various issues related to cotton production, consumption, sustainability, traceability, and circularity.

Kamran Arshad, senior vice chairman of APTMA, made a detailed presentation and highlighted the importance of the U.S. as Pakistan's largest trade and investment partner with a total trade of $7.2 billion.

He urged the US to facilitate technology transfer for high-yielding cotton seeds, introduce improved and genetically modified seeds in Pakistan, share information on weather forecast, and provide training and capacity building for agriculture research institutions and farmers.

Arshad also called for synergy with the U.S. Cotton Research Institute and the establishment of joint ventures with Pakistani partners. Hamid Zaman, chairman of APTMA North Zone, emphasized the need for training on labeling cotton bales with regard to trash content, moisture and weight.

He requested the US to offer duty-free access for Pakistani exports that would help reduce poverty, unemployment and encourage new investment. He said the market access facility to Pakistan would not affect the U.S. textile industry.

Adil Bashir, former chairman of APTMA, stressed the need to have a facility of buy-back arrangements against the cotton purchased from the U.S. He also asked for reduction in duties in line with the facilities extended under NAFTA.

Dyer said the visit of the U.S. cotton delegation has become a regular feature over the last few years. He said sustainability , traceability and circularity are being focused in the cotton trade. He also apprised the members on the demand and supply aspect as well as U.S. trust protocols of the cotton crop.

Joshua Biss from Oritain spoke at length about the traceability issue and explained the scientific methodology adopted by the organization in this respect. Chris Rittgers, FAS Counselor Islamabad appreciated APTMA for hosting a very informative and educative session for its members. He expressed the hope that such programmes would continue in the future and assured APTMA of fullest cooperation and assistance from the American Diplomatic Missions in Pakistan for conducting such events.

Source: thenews.com.pk– Sep 21, 2023

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Pakistan: Record cotton production lifts textiles

Supported by favourable weather conditions, Pakistan's cotton production spiked 80% to 3.93 million bales in the first two months of the current season, increasing the availability of the commodity to textile makers and cutting the nation's import bill significantly during times when there is a foreign exchange reserves crisis in the country.

The Pakistan Cotton Ginners Association (PCGA) reported on Monday that the commodity output had stood at 2.18 million bales this time last year.

While speaking to The Express Tribune, the former chairman of PCGA, Jassu Mal Leemani, said the favourable weather conditions supported this high production. "Otherwise, we (farmers) have done no wonders."

"This time last year, the country was facing floods which damaged a total of three million bales," he said. In 2022, widespread flooding in Pakistan affected or destroyed around 40% of the country's cotton crop.

Chairman of the All Pakistan Textile Mills Association (APTMA), Asif Inam, said, "Better cotton output has reduced the industry's reliance on imported commodities this year compared to the previous year, saving precious foreign exchange reserves."

According to the Pakistan Bureau of Statistics (PBS), the country imported 683,911 tonnes of cotton worth $1.68 billion in the previous fiscal year, which ended on June 30, 2023.

Leemani anticipated the country would produce 9-10 million bales this year compared to around five million last year.

Inam estimated the textile industry's requirement for cotton at a minimum of around 14-15 million bales this year to meet export orders during the year.

"The requirement may spike to 18-20 million bales if the government succeeds in overcoming the electricity pricing crisis and takes other related reforms," he said.

The government is taking all possible measures, and we hope it will find a solution to the power crisis and pave the way for industrial revival, said Inam.

The textile industry remains the single largest export earning sector of Pakistan, attracting almost 60% of the total such earnings in a year.

The high inflation environment worldwide, especially in Pakistan's export markets, including the US and Europe, has impacted the country's exports in recent times.

According to the International Institute for Sustainable Development (IISD), the fashion industry uses around two-thirds of cotton fibres produced worldwide, giving it immense influence over the livelihoods of the 350 million people who work in the cotton supply chain. Some 250 million people work in cotton processing, while 100 million are farmers who grow cotton. The vast majority of these farmers grow their crop on fewer than two hectares of land and are located in developing countries, including in 30 ranked by the United Nations as low in its development index measuring healthy lives, education and standard of living

APTMA office-bearers said the textile industry is operating at 50-70% capacity these days but hope that capacity utilisation will increase to 100% soon, considering the government's efforts to fix the long-pending issues.

A leading cotton dealer, Naseem Usman, estimated Pakistan's requirement for imported cotton stands at 3.5 million bales to 4 million bales this year.

He said the country is yet to receive 2.2-2.5 million bales soon against previous import orders. Besides, it may place an additional import order for 1-1.5 million bales for the current fiscal year 2023-24.

Experts say Pakistan has high potential to increase cotton production significantly. However, the non-availability of quality seeds remains a chronic issue, limiting the output to current levels.

The country saw a record high of 15-16 million bales about a decade ago.

The data suggests Pakistan has taken some early production in Sindh this year, as they used early production seeds in the fields. Stakeholders have said that there is a pest attack in some cotton production areas. However, the farmers are taking remedies to lower the scale of losses. They estimated pest-related losses to the tune of around half a million bales, which is usual.

They, however, hope the weather will remain supportive, as cotton remains a weather-sensitive crop, and variations in temperature and unwanted rain may damage a portion of the crop.

The sector's sustainability issues stand to be exacerbated by increased risk to extreme heat, drought, floods and wildfires already being caused by climate change, Forum for the Future warned in a 2021 report. Besides cutting yields, it will also affect the wellbeing of those involved in the supply chain, it noted.

The cotton dealer said there remain some 614 ginning factors in operation at present compared to 570 this time last year.

Source: tribune.com.pk– Sep 19, 2023

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NATIONAL NEWS

India-Canada row: What is at stake?

Trade talks between India and Canada have taken a hit as tension rises after Prime Minister Justin Trudeau said authorities were investigating "credible allegations" linking New Delhi's agents to the murder of Sikh separatist leader, Hardeep Singh Nijjar.

On Tuesday, New Delhi dismissed the allegations as "absurd", and asked Canada instead to crack down on anti-India elements operating in its territory.

Here is what is at stake for both countries:

HOW ARE TRADE TALKS AFFECTED?

Canada said this month it had paused talks on the proposed treaty with India, just three months after both said they aimed to seal an initial pact this year.

Industry estimates show the Comprehensive Economic Partnership Agreement (CEPA) between Canada and India could boost two-way trade by as much as $6.5 billion, yielding a GDP gain of $3.8 billion to $5.9 billion for Canada by 2035.

WHAT ARE THE KEY ITEMS OF TRADE?

Steady growth has seen goods trade rising to $8 billion in 2022, with Indian exports to Canada touching $4 billion and imports from Canada also worth $4 billion.

Major imports from Canada include energy products such as coal, coke and briquettes, besides fertilisers, while India exports consumer goods, garments, engineering products such as auto parts, aircraft equipment and electronic items.

Canada's top export to India in 2022 were fossil fuels and related products worth nearly $1 billion, followed by fertilisers worth nearly $748 million, and wood pulp and plant fibres worth about $384 million, according to Trading Economics/UN Comtrade data.

Canada's Canpotex is also among the biggest suppliers of fertiliser ingredient potash. Three companies from India, which relies solely on the import of the fertiliser, signed an MoU with Canpotex in September 2022 to import about 1.5 million metric tonnes annually for three years.

Pharmaceutical products, worth about $418 million, made up the bulk of Indian exports last year, followed by iron and steel products worth about $328 million and machinery, nuclear reactors and boilers worth about $287 million.

India's growing demand for imported lentils has benefited Canadian farmers, while Indian pharmaceutical and software companies have expanded their presence in the Canadian market.

WHAT IS THE INVESTMENT POSITION?

Canada is India's 17th largest foreign investor, pouring in more than $3.6 billion since 2000, while Canadian portfolio investors have invested billions of dollars in Indian stock and debt markets.

The Canadian pension fund, CPP, had increased its investment in Indian markets to about $15 billion, in areas such as real estate, renewables and the financial sector by the end of last fiscal year in March 2023.

Other big pension funds with sizeable exposure to India include Caisse de dépôt et placement du Québec (CDPQ), which has investments worth C$8 billion ($6 billion) as of Dec. 31, 2022, and Ontario Teachers' Pension Plan (OTPP), which had investments of more than $3 billion as of last year.

HOW HAVE CORPORATES BENEFITED?

More than 600 Canadian companies, including Bombardier and SNC Lavalin, have a strong presence in India, while more than 30 Indian companies, such as infotech majors TCS, Infosys, Wipro have invested billions of dollars in Canada, creating thousands of jobs.

WHAT IS THE ROLE OF INDIAN STUDENTS IN CANADA?

Since 2018, India has been the largest source country for international students in Canada.

In 2022, their number rose 47% to nearly 320,000, accounting for about 40% of total overseas students, the Canadian Bureau of International Education says, which also helps universities and colleges provide a subsidised education to domestic students.

WHAT ARE THE IMPLICATIONS FOR SIKHS?

Many analysts say the worsening ties could affect the economic interests of thousands of Sikh families in India's Sikh-majority state of Punjab in the north, since they have relatives in Canada, who remit millions of dollars back home.

The share of Canada's Sikh population has more than doubled in 20 years to 2.1%, according to the country's 2021 census, as large number of Sikhs migrated from India in search of higher education and jobs.

Source: thehindubusinessline.com– Sep 20, 2023

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Govt may soon tweak PLI schemes for pharma, textiles, drones

The government may soon tweak the production-linked incentive scheme for pharmaceuticals, drones and textiles sectors to encourage investment and boost manufacturing, an official said. These sectors have been identified after inter-ministerial consultations on the performance of the scheme for various products.

The official also said that disbursement of production-linked incentives (PLI) for white goods (AC and LED lights) would start this month and that would push the amount of disbursement, which was only Rs 2,900 crore till March 2023.

The scheme was announced in 2021 for 14 sectors such as telecommunications, white goods, textiles, manufacturing of medical devices, automobiles, speciality steel, food products, high-efficiency solar PV modules, advanced chemistry cell battery, drones and pharma with an outlay of Rs 1.97 lakh crore.

"We have identified the sectors. We are going to send the combined note to seek approval of the Union Cabinet. The changes include extending some time (for pharma sector) and adding some additional products in some sectors.

"In textiles, we are expanding the definition of certain other products in the technical textiles segment; in drones, we are increasing the amount," the government official, who did not wish to be named said.

The total amount allocated for the PLI scheme for drones and drone components is Rs 120 crore spread over three financial years.

A senior official of the commerce and industry ministry had earlier stated that some course corrections or tweaking were needed in PLI schemes that were not doing well.

PLI schemes for sectors which are not picking up well include high-efficiency solar PV modules, advanced chemistry cell (ACC) batteries, textile products and speciality steel.

On the other hand, the scheme is doing well in sectors such as electronics, pharma, medical devices, telecom, food processing, and white goods.

The government is trying to sort out issues such as timely processing of claims, visa-related matters where vendors require Chinese professionals' expertise, and delay in getting environmental clearances that have been raised by certain stakeholders of PLI schemes.

The purpose of the scheme is to attract investments in key sectors and cutting-edge technology; ensure efficiency and bring economies of size and scale in the manufacturing sector; and make Indian companies and manufacturers globally competitive.

These schemes for all 14 sectors have been notified by the concerned ministries/ departments after due approval. These schemes are in various stages of implementation.

The government is expected to disburse about Rs 13,000 crore to eligible firms seeking benefits under the schemes.

Source: economictimes.indiatimes.com– Sep 19, 2023

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Navigating the evolving trade landscape

In an era of shifting trade dynamics, India stands at the crossroads of opportunity, but being adaptable will be key

World trade is undergoing a profound transformation. The US and EU governments have started emphasising industrial policy over trade policy, prioritising local production and job creation over adherence to World Trade Organization (WTO) rules.

The American government is imposing WTO-non-compliant tariffs and offering significant subsidies to boost domestic production. The EU, meanwhile, is using climate concerns to justify new import barriers. Open trade carries risks to economic stability and political dominance. That's the new thinking, leaving trade experts, researchers, and academics puzzled.

Let us understand why these shifts are happening and how India can safeguard its interests in this evolving landscape. The US initially embraced manufacturing outsourcing to boost corporate profits, aligning with Milton Friedman's 1970s concept that businesses should prioritise profit above all else. However, the law of unintended consequences soon took over, leading to the rise of China as the world's manufacturing hub. China became indispensable for washing machines, laptops, telecom equipment, and toys. The Chinese monopoly extended to solar cells, lithium-ion batteries, and electronic components, fuelling its assertiveness. This was a problem.

Perceiving China as a threat to US technology and military dominance, the US embarked on efforts to counteract. President Donald Trump imposed high import duties on numerous Chinese imports, while the Biden administration targeted China's supercomputer and artificial intelligence (AI) industry. But containing China was not the only strategy. Simultaneously, the US initiated a massive re-industrialisation programme, offering incentives for domestic production of semiconductors, critical minerals, EV batteries, and medicines. The US Inflation Reduction Act, 2022, allocated $370 billion in subsidies for clean energy and advanced manufacturing. This was a significant turnaround for the US, which had prioritised free trade over industrial policy from 1970 to 2015.

The EU, not to be left behind, in 2023 alone, has implemented five key regulations, notably the Deforestation Regulation and Carbon Border Adjustment Mechanism. These regulations are expected to adversely impact global trade in agriculture and industrial goods while potentially adding $500-800 billion annually to the EU's wealth upon full implementation.

The pity is the EU distributes billions of dollars of subsidies to its farmers and industry while empowering itself to investigate subsidies given by other countries. The European Green Deal alone aims to raise €1 trillion in the next 10 years, with €503 billion coming from the EU budget.

India story

India, with warts and all, is poised to emerge as a critical player in a new manufacturing axis supported by the US. Apple and Micron investing in India highlight this trend. Let us understand the deeper significance of these investments.

China's ascent as an electronics powerhouse in the early 2000s can be attributed to collaborative efforts with Western firms, such as Apple, which worked closely with Chinese companies to help them achieve global quality standards as component suppliers. This contributed to China's dominance in the global electronics design and manufacturing ecosystem.

However, now with the US actively seeking alternatives to China, focus has shifted to India. In October 2022, US export control rules limited support for Chinese production of chips smaller than 16 nanometers. This restriction partly prompted Apple to shift some production to India, as phones like the iPhone 15 Pro Max, which uses 3-nanometer chips, could no longer be manufactured in China. India's smartphone exports, surpassing $12 billion in 2022-23, underscore the significant potential of this partnership. We can anticipate a similar trend in the semiconductor sector through the Micron partnership.

On its part, India must take eight actions to boost manufacturing competitiveness and facilitate trade flows. These are:

1. Eliminate arbitrage from manufacturing schemes, including special economic zones, export oriented units, and Customs bond manufacturing, which offer varying tax benefits and import duty structures. New schemes

often provide better incentives but come with switching costs, leading to the closure of numerous units unable to transition.

2. Sign free trade agreements (FTAs) only if they align with India's economic interests. Avoid joining the Indo-Pacific Economic Framework, as it entails adhering to WTO Plus standards, which may not serve India's interests.

3. Address domestic laws on digital trade, labour, environment, agriculture, and tariffs before making international commitments.

4. Respond decisively to unjust climate taxes imposed by the EU, utilising a calibrated retaliation mechanism. We have done it before. In March 2018, when the US imposed import tariffs on India's steel and aluminium, India responded by increasing tariffs on 29 specific US products.

5. Reduce Customs duties, particularly on products with imported inputs. Lower duties stimulate manufacturing by reducing finished goods prices and fostering exports, especially benefiting small firms. While certain products critical to the "Make in India" programme may maintain higher duties, the general trend should be towards reduced tariffs to enhance the export potential of the small-scale sector.

6. Streamline export compliance by implementing a single-window system facilitated by creating a National Trade Network (NTN). This integrated approach would eliminate the need for exporters to engage separately with Customs, Directorate General of Foreign Trade, shipping companies, ports, and banks. Simplifying the process through NTN would reduce time and costs, empowering small firms to become exporters.

7. Address energy imports, which accounted for 36.6 per cent of India's total merchandise imports in FY2023, costing $260 billion. The projected growth suggests that the energy import bill could surpass $1 trillion by December 2026. In the 1980s, India met 85 per cent of its crude oil needs mainly from ONGC's Bombay High offshore oil field, but now we import 85 per cent of our needs. A renewed focus on domestic oil exploration, leveraging untapped sedimentary basins, can help reduce this dependence.

8. Prioritise the removal of non-tariff barriers (NTBs) to enhance India's export performance. NTBs often result in the rejection or increased scrutiny of Indian products like fish, food, chemicals, or machinery. To

mitigate their impact, India should upgrade domestic systems, especially in cases linked to product quality, and engage in dialogues with partner countries while being prepared to retaliate if unreasonable standards or rules obstruct Indian imports.

In conclusion, the evolving landscape of global trade underscores the need for strategic actions and policy shifts. As the US and EU prioritise local production and economic stability, India stands at the cusp of a new manufacturing era. With Apple and Micron's investments as promising examples, India's role is poised to grow in this shifting paradigm. As India navigates these challenges and opportunities, it must remain adaptable and proactive to secure its interests in the evolving global trade landscape.

Source: business-standard.com– Sep 20, 2023

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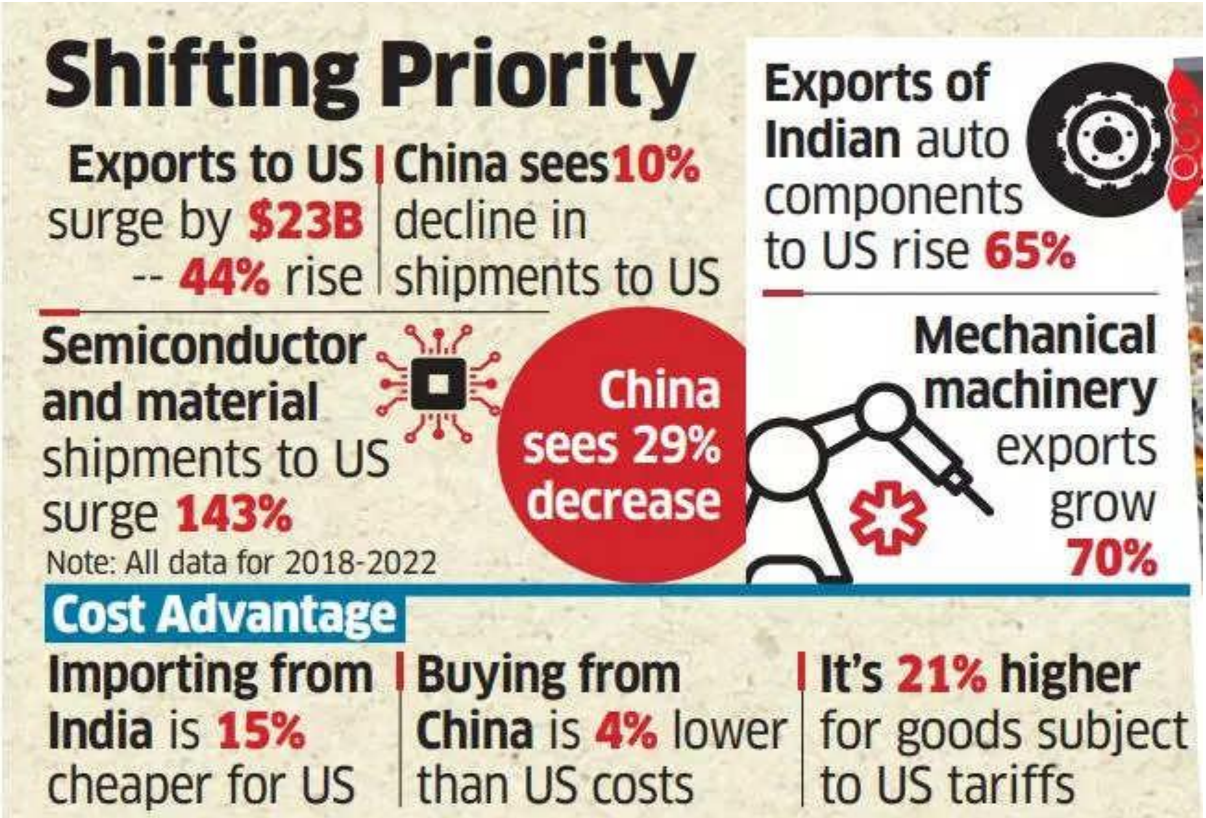
India winning global manufacturing battle, BCG report shows impact of supply chains shifting away from China

India has emerged as one of the winners in global manufacturing over the past five years, with its exports to the US surging by $23 billion, a 44% increase from 2018 to 2022, while China experienced a 10% decline in exports to the US during this period, according to a BCG study on global manufacturing shifts.



The study, titled 'Harnessing the Tectonic Shifts in Global Manufacturing', said the shifts in manufacturing and sourcing occurred in a range of industries as global companies have had to rethink their manufacturing and sourcing strategies due to trade wars, the pandemic, geopolitical tensions and supply bottlenecks. And as companies reconfigured strategies, India became one of the preferred manufacturing spots.

Semiconductor and material shipments from India to the US surged by 143% over the past five years, albeit from a modest starting point, while China saw a 29% decrease in these exports. Exports of Indian auto components to the US increased by 65%, and mechanical machinery exports grew by 70%.

"For the past two decades, we have heard talk of India's potential in manufacturing, often with a lingering question mark. Now, it seems that many pieces of the puzzle are falling into place. What sets this study apart is its comprehensive perspective, not only delving into the reconfiguration of global supply chains but also providing validation to the growing narrative of India as a manufacturing hub," said Ravi Srivastava, global leader, operations practice, BCG.

According to the study, India enjoys a strong advantage in direct manufacturing costs as an export platform. As per BCG's calculations, the average landed cost of Indian-made goods imported into the US, including factory wages adjusted for productivity, logistics, tariffs and energy, is 15% lower than if the goods are made in the US. By contrast, the average US landed cost from China is only 4% lower than US costs and 21% higher for goods subject to US tariffs related to the trade war.

Looking ahead, BCG sees a clear opportunity to further accelerate the growth trajectory as a strategic manufacturing and sourcing spot, but the decision to choose India's role in firms' strategies depends on a complex interplay of factors, and there isn't a one-size-fits-all answer.

Source: economictimes.indiatimes.com– Sep 21, 2023

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'We are very close' on FTA with India: UK trade minister

India and the UK are "very close" to achieving a mutually beneficial free trade agreement (FTA) but the aspects left to agree on are the toughest ones, Britain's Business and Trade Secretary in charge of the negotiations has told a parliamentary panel. Kemi Badenoch was answering questions posed by the cross-party House of Commons Business and Trade Committee, which scrutinises the work of the Department of Business and Trade (DBT), on Tuesday when she was asked about the timeline for signing off on the FTA - which has completed 12 rounds of negotiations.

The Cabinet minister was specifically asked about some UK media reports suggesting that cricket fan British Prime Minister Rishi Sunak may be planning a return visit to India next month to sign the deal on the sidelines of the World Cup being hosted across the country.

"We have never set a deadline. I think this is a very optimistic briefing for newspapers," responded Badenoch.

"We are very close. It is possible, but I wouldn't be setting that sort of deadline. We will finish when we finish," she said.

Referencing former British prime minister Boris Johnson setting a Diwali 2022 deadline for an agreement, Badenoch reiterated the Sunak-led government's approach of not setting any end dates.

"We had the same thing last year, where they said we're going to have a deal by Diwali. Once you set a date, you create problems on your own side. We have always been very, very specific that it's about the deal, not the day. And, we will get there when we have a deal that is mutually beneficial for India and for the UK. We've done quite a lot, so it is close," she said.

"It's the Pareto principle, that the few bits left are always the toughest bits," she added.

The Pareto principle, also known as the 80/20 principle, is named after Italian economist Vilfredo Pareto and is a phenomenon that states that roughly 80 per cent of outcomes come from 20 per cent of causes.

Badenoch reviewed progress with her Indian counterpart, Commerce and Industry Minister Piyush Goyal, during a visit to India last month coinciding with Round 12 of the FTA negotiations.

Sunak's visit to New Delhi for the G20 Leaders' Summit earlier this month also concluded with a commitment to an FTA, with the British Indian leader telling reporters that he "won't rush things".

Meanwhile, amid a diplomatic standoff between two of its allies -- India and Canada -- over the contentious issue of pro-Khalistan extremism, Sunak's spokesperson at Downing Street reiterated this week that trade talks with New Delhi remain on track.

"Work on the trade negotiations will continue as before... when we have concerns with countries we're negotiating trade deals with, we'll raise them directly," the spokesperson told reporters on Tuesday.

According to official DBT figures, UK-India bilateral trade was worth an estimated GBP 36 billion in 2022 -- a figure expected to be significantly boosted with an FTA.

Source: economictimes.indiatimes.com– Sep 20, 2023

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Apparel retailers likely to register 7-8% revenue growth FY24: CRISIL

Organised sector brick and mortar apparel retailers are expected to register a 7-8 per cent revenue growth this fiscal, buoyed by festival and marriage season demand, and despite inflation impacting discretionary spending in the first quarter, according to a report.

Continued store expansion, including into tier-II and III cities, will also help revenue growth this fiscal and over the medium term, Crisil Ratings said in a report on Wednesday.

Despite moderation in topline growth, revenue growth will be comparable to the 8 per cent range seen before the pandemic, the report said.

Last fiscal, retailers had seen a strong 38 per cent growth on a low base, driven by swift recovery from the pandemic-induced slump and higher realisations following a steep jump in raw material prices.

Operating margins are seen at 8 per cent this fiscal as improving product mix in favour of the premium segment and lower input costs will offset the impact of higher marketing spends, the report said.

The pace of store area addition will be at the pre-pandemic level of 2.2 million sq ft in FY24, the report said, adding that it was 3.7 million sq ft in the last fiscal.

The Crisil report is based on an analysis of 39 organised apparel retailers, which accounted for a fourth of the Rs 1.9 lakh crore revenue last fiscal.

According to Anuj Sethi, a senior director at the agency, demand in the premium segment is rising gradually with consumers increasingly preferring branded garments, driven by return to office and buoyant corporate activity.

This is helping offset muted-to-low demand from the economy and value segments, which account for 60 per cent of the revenue, because of changes in discretionary spends, he said.

With continuous store expansion, and the onset of the festive and wedding seasons, demand should improve in the third quarter, which normally fetches around 35 per cent of the annual revenue.

Operating margin is seen at previous year's level of 8 per cent, despite significant reduction in prices of cotton, the key raw material, as per the report.

While store expansion in metros and tier-I cities will continue, retailers are also expanding to small towns, which will be relatively smaller-sized outlets.

Hence, the pace of area addition will normalise to pre-pandemic levels this fiscal. That, coupled with continuing investments to augment technology platforms and omni-channel infrastructure, will keep annual capex flat at last fiscal's Rs 2,000 crore.

Source: business-standard.com– Sep 20, 2023

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Falling ocean freight rates bring no cheer to shippers

A significant drop in ocean freight rates has hardly brought cheer to the exporter fraternity at a time when the overseas market is witnessing a subdued demand.

Prakash Iyer, chairman of Cochin Port Users Forum, said the rates to the European sector fell from $8,000 per TEU for 20 ft last year to $600. For the US, the prices plunged to $1,600 from $16,000, and for West Asia it was $350 against $1,200. He attributed the falling rates to the deployment of bigger ships for cargo movement, leading to increased space availability.

The slowdown across markets has further hit cargo movement. The upcoming Christmas season is likely to benefit the trade by way of reduced freight rates, as shipping lines and agents scramble for bookings. The rates began falling in March and it is up to the trade to capitalise on the emerging market opportunity, he said.

Slack demand

However, shippers are not so optimistic over the development as businesses have slowed considerably. Alex K Ninan, president of Seafood Exporters Association of India – Kerala region, said that holding of stocks by traders, especially in the US markets, has impacted prices and demand with rates of shrimps dropping to $1.50-2 per kg. There are enough stocks in supermarkets and they are reluctant to give fresh orders.

Coir exporters are unable to make use of the drastic freight rate reduction because of a drop in orders by 30-40 per cent this year, said Mahadevan Pavithran, Managing Director of Cocotuft, in Alappuzha. Most chain stores and retailers have cut down or even cancelled 30 per cent of the order they placed in 2023-24. Higher energy costs and inflation resulting from the Russia-Ukraine war has shifted consumer focus from household articles and renovation items to basic necessities.

Binu KS, president, Kerala Steamer Agents Association, said the drop in ocean freight may be beneficial to shippers and consignees but there has been no increase in the overall volume of exports and imports from Kochi. Vessel-related costs (VRC) and operating cost for carriers remain on the higher side and vessel operators are reducing vessel calls by consolidating existing feeder services.

“Earlier we had more than three weekly services from Kochi to West Asia, which is getting reduced to a single weekly service and another fortnightly service, reducing the capacity and sailings by half. Vessel operators’ move to reduce space may trigger some increase in freight levels,’ he said.

Similarly, European and US rates are also on the downward trend but that does not reflect in the volume-level increase. “If we are looking at the overall situation, freight rates nosedived but there is no volume increase from the region,” he added.

Source: thehindubusinessline.com– Sep 20, 2023

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India's apparel industry eyes growth with PM Vishwakarma Yojna

India's apparel industry and artisans are poised to receive a significant uplift following the launch of the Prime Minister Vishwakarma Yojna scheme.

The initiative, launched by Prime Minister Narendra Modi, aims to extend a range of benefits to artisans involved in various crafts, including tailoring. Individuals can avail themselves of financial assistance in the form of loans and advanced skill training.

The scheme has been well-received by the Apparel, Made-Ups & Home Furnishing Sector Skill Council (AMHSSC), which foresees enormous potential for the industry's growth.

Dr A Sakthivel, chairman, AMHSSC, commented on the scheme that it brought "immense promise" to the apparel industry and its artisans. This initiative offers a range of remarkable benefits tailored to the specific needs of skilled artisans in the apparel sector.

It will empower artisans in the apparel industry, enabling them to improve the quality, scale, and reach of their products while seamlessly integrating into the MSME value chain.

He said that the scheme strongly emphasises promoting the brands of the skilled artisans, offering them greater visibility and recognition both locally and globally, which is pivotal for the apparel industry's growth. By establishing robust linkages with local and global markets, artisans gain access to a broader consumer base, thereby expanding market reach and potential.

The scheme provides vital government support encompassing financial assistance by way of loans of ₹1-2 lakh, advanced skill training, expertise in modern digital techniques, and adopting eco-friendly green technologies.

Source: fibre2fashion.com– Sep 20, 2023

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India attracted 24 new global retail brands since 2021: Report

India remains a favourable market for international brands, with 24 new entrants since 2021, as per a recent report. The growing interest has been attributed to increased consumption, strategic partnerships of Indian retail chains, rising institutional participation, and a supportive regulatory backdrop in India. The majority of the new international entrants have opted for high-quality mall developments in prime gateway cities including Delhi NCR, Mumbai, and Bengaluru, according to JLL India's recent report titled 'India Retail: Evolving to a New Dawn'.

Despite the rising importance of omnichannel retail, brick-and-mortar stores continue to offer essential experiential shopping and social connection opportunities. As of the first half of 2023, the operational retail stock in the top seven cities was recorded at 89 million square feet. More than half of this lies in Delhi NCR and Mumbai.

The first half of 2023 also saw significant mall completions, notably in Hyderabad and Delhi NCR, adding around 1.1 million square feet to the operational stock. Leasing activity in the period indicated consumer confidence, with Bengaluru taking the lead, followed by Delhi NCR and Hyderabad.

Looking forward, the physical retail space segment is bracing for an impressive supply pipeline of over 38 million square feet of retail developments across top cities between the second half of 2023 and 2027. Delhi NCR is poised to contribute the largest share to this upcoming supply, trailed by Chennai and Hyderabad.

The report also spotlighted emerging retail trends, including the budding stage of premium outlet centres. Another trend on the rise is highway retail, expected to gain momentum with the government's promotion of electric vehicles and plans to establish numerous EV charging stations accompanied by support retail facilities, offering promising avenues for international retailers.

Source: fibre2fashion.com– Sep 20, 2023

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Arvind Fashions' Strategic Brand Focus for Fashionable Future 2023

In the ever-evolving landscape of the fashion industry, staying relevant and maintaining a strong brand presence is crucial.

Arvind Fashions, a prominent player in the Indian fashion market, has recognized the importance of streamlining its brand portfolio to concentrate on fewer but stronger brands.

This strategic shift reflects the company's commitment to meeting changing consumer demands, enhancing brand loyalty, and ensuring long-term sustainability.

Arvind Fashions is part of the larger conglomerate Arvind Limited, which has been a pioneer in the Indian textile and apparel industry for over eight decades.

Established in 1931, Arvind Limited has consistently innovated and adapted to market trends. Arvind Fashions, a subsidiary of Arvind Limited, was founded in 2018 to consolidate the fashion and lifestyle brands under one roof.

Over the years, Arvind Fashions has expanded its brand portfolio to include a wide range of labels catering to diverse consumer segments.

However, as the fashion industry rapidly evolves, the company has decided to embark on a strategy that focuses on a select few brands to create a more meaningful and impactful presence in the market.

Focusing on fewer brands allows Arvind Fashions to concentrate its resources and efforts on building and nurturing brand equity.

Stronger brands have a more significant presence in consumers' minds, leading to higher brand recognition, loyalty, and trust. By investing in these brands, Arvind Fashions can ensure a lasting and positive brand image.

Managing a vast array of brands can lead to operational complexities and inefficiencies. By narrowing its brand portfolio, Arvind Fashions can streamline its operations, resulting in cost savings and improved agility in responding to market changes.

Each brand in Arvind Fashions' portfolio caters to a specific consumer segment with distinct preferences. By focusing on a select few brands, the company can offer tailored shopping experiences that resonate with their target audiences. This personalization can lead to increased customer satisfaction and loyalty.

Concentrating on a smaller number of brands allows Arvind Fashions to invest more in research and development, enabling continuous innovation in product design, materials, and sustainability. This innovation can keep the brands competitive and relevant in the ever-changing fashion landscape.

The fashion industry faces increasing scrutiny regarding its environmental impact. By consolidating its brand portfolio, Arvind Fashions can allocate more resources to sustainability initiatives, such as using eco-friendly materials and sustainable manufacturing processes. This commitment to sustainability can enhance the appeal of its brands to eco-conscious consumers.

Arrow, known for its classic and timeless clothing, is one of Arvind Fashions' flagship brands. By focusing on Arrow, the company can continue to build on its heritage of quality and sophistication, catering to professionals and fashion enthusiasts seeking premium apparel.

Flying Machine, with its youthful and trendy designs, has a strong presence in the casual wear segment. By investing in this brand, Arvind Fashions can capture the attention of the younger demographic and expand its market share.

Nautica, a renowned global brand, offers nautical-inspired clothing and accessories. Focusing on Nautica allows Arvind Fashions to tap into the aspirational and lifestyle-driven consumer base, aligning with the brand's international appeal.

Arvind Fashions' strategic decision to focus on fewer but stronger brands is a forward-thinking approach in the competitive world of fashion.

By enhancing brand equity, streamlining operations, and tailoring consumer experiences, the company is positioning itself for sustained growth and relevance in the market.

This strategy not only ensures a brighter future for Arvind Fashions but also sets an example for other players in the fashion industry looking to adapt to changing consumer dynamics and market trends.

As the company continues to innovate and strengthen its brand portfolio, it is poised to be a dominant force in the Indian fashion landscape for years to come.

Source: inventiva.co.in– Sep 20, 2023

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