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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 174 of 2023 **October 06, 2023**

Currency Watch			
USD	EUR	GBP	JPY
83.23	87.72	101.31	0.56

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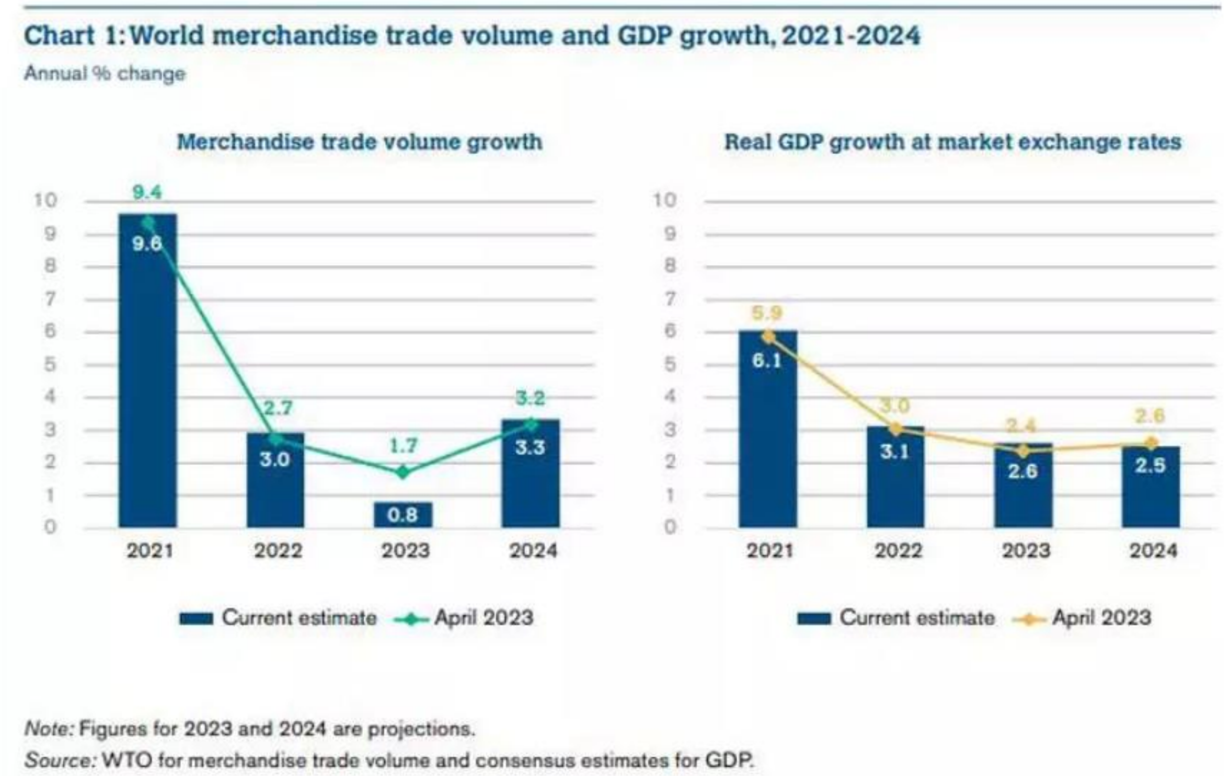
INTERNATIONAL NEWS

WTO halves world trade growth projection for 2023 to 0.8%

The WTO has slashed its projection for world trade growth in 2023 by half to 0.8 per cent from its earlier estimate of 1.7 per cent in April this year as the "abrupt" slowdown in world output and trade in the fourth quarter of the last year spilled over into the current year.

"World trade and output slowed abruptly in the fourth quarter of 2022 as the effects of persistent inflation and tighter monetary policy were felt in the US, the EU and elsewhere, and as strained property markets in China prevented a stronger post Covid-19 recovery from taking root," said the WTO's Global Trade Outlook and Statistics Update for October 2023 put out on Thursday.

The continued disruption caused by Russia's war in Ukraine has added to the uncertainty and together these developments have cast a shadow over the outlook for trade, the report added. World trade has steadily come down from the 2.7 per cent growth posted in 2022.



On the positive side, the 3.3 per cent growth in world trade projected for 2024 remains nearly unchanged from the previous estimate.

Challenge for exporters

The lower trade projection for the current year poses a challenge for Indian exporters who have been hoping for a bounce back in the Christmas and New Year season after seven months of continuous decline in shipments (year-on-year) since February 2023. However, the 2024 growth projection still holds out promise.

In the first five months of the current fiscal, India's exports contracted by 11.9 per cent to $172.95 billion while imports declined by 12 per cent to $ 271.83 billion.

In global trade, the most notable development is weakening import demand in manufacturing economies, according to WTO Chief Economist Ralph Ossa. "Import volumes in 2023 are expected to contract between 0.4 per cent and 1.2 per cent in North America, South America, Europe, and Asia. Meanwhile, imports appear set to rise sharply in regions that export energy products disproportionately, as a result of increased revenues flowing from higher commodity prices," Ossa said.

Trade volumes

On the export side, trade volumes in Europe and Asia are projected to grow just 0.4 per cent and 0.6 per cent, respectively, whereas North America could see stronger increase of 3.6 per cent this year.

Things are, however, set to improve for Asian economies in 2024 as Asia is expected to be the fastest growing region on both the export and import sides.

"This growth (in 2024) should be driven by increased trade in goods closely linked to the business cycle such as machinery and consumer durables, which tend to rebound when economic growth stabilises," said Ossa.

Source: thehindubusinessline.com– Oct 05, 2023

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Global fashion industry split over innovative Web 3.0

Hailed by the digital world as the natural evolution of internet usage for business, Web 3.0 is gathering mixed response from the world of fashion. This version of the internet is trying to introduce the usage of advanced Blockchain enablement such as crypto currencies and NFTs. Web3 is the third major evolution of the internet.

Web 3.0 encompasses both new technology and a new culture for fashion and beauty, characterized by decentralization, co-creation and co-ownership. The luxury goods industry is also experiencing the transformative effects of these emerging technologies.

With this concept at the helm of Web 3.0, some luxury fashion labels have embraced Web 3.0 communities by beginning to accept crypto payments. These in clued: Gucci, Off-White, Farfetch, Hublot, Phillipp Plein, Rolex, Patek Phillipe, Frank Muller, Tag Heuer, Ralph Lauren, and Balenciaga. Regular sportswear and clothing brands too have embraced crypto payments such as: Nike, Hipster's Paradise, H&M< Dollar Shirts, Aeropostale, ASOS, American Eagle, Aerie and Calvin Klein among others.

However, instead of accepting crypto currencies directly from the customer, brands are opting for crypto currency payment gateways that accept digital currency from the payer on the brand's behalf and remit that payment to the brand in fiat currencies.

However, many brands don't want to engage as the inflation and the bloodbath of the crypto currency crisis has them apprehensive about dealing with it. They can't be blamed for showing caution as the "crypto crisis" wreaked havoc in 2022, wiping out vast fortunes.

Web 3.0 to transform luxury goods and services industry

Driven by millennials and Gen Z consumers who are early adopters of new technologies, digital demand for fashion and luxury brands is expected to grow to 25 per cent by 2025 says a Morgan Stanley report. A significant way crypto currency and Blockchain technology are transforming the luxury industry is by creating new business models.

Luxury brands are now leveraging Blockchain technology to create unique limited-edition products and newer ways of customer engagement - offering enhanced transparency and security in their transactions. From ensuring the authenticity of luxury goods to providing a seamless payment experience, Blockchain and crypto currency are revolutionizing the way the luxury goods industry operates. Gucci last year built a virtual gallery showcasing NFT (non-fungible token) artwork and vintage fashion items, and rolled out a $12.99 pair of virtual sneakers.

Whilst not in the luxury category, sportswear and clothing brand Nike has embraced it with great gusto. Nike rolled out its 'Swoosh Community' in November 2022, with options for members to participate in activations online and in the real world, engage with Nike athletes and creatives and use virtual Nike gear in games.

In April 2023, Nike launched its first virtual collection, called Our Force 1, which was co-created by its community. Big brand moments like this aside, consumer engagement with Web3 activations is still on the low side, and it skews towards the young, affluent, male demographic. It is as if the hype over the advent of the "Web 3.0-curious" didn't percolate to other demographic segments.

Why some brands are fence-sitters

The crypto currency crisis sapped the forward momentum of the emerging Web3.0 marketing landscape, where business leaders were eager to figure out how Bored Ape NFTs could translate to new channels to reach consumers. This is exactly why CMOs of many brands aren't impressed.

This conservative approach cannot be overturned just because Web 3.0 is being hailed as the latest innovation in the worldwide web as the Metaverse proved to be a nightmare with security and other IP address issues. Web 3.0 has to work hard to enable brands see real reasons like improved sales and profits rather than gimmicks. If crypto currencies don't regain the public's trust, it is unlikely brands that are skeptical are likely to embrace Web 3.0 for what it is.

Source: fashionatingworld.com– Oct 05, 2023

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China's containerised freight index rises 1.3% in August 2023

China's containerised freight index registered at 880.79 in August 2023, marking a 1.3 per cent increase from the previous month, according to recent data released by the Shanghai Shipping Exchange.

Leading this uptick was the West Coast America service, recording a significant 11.7 per cent month-on-month growth. Close followers were the East Coast America service and the Australia/New Zealand service, with increases of 8.9 per cent and 6.9 per cent, respectively.

Source: fibre2fashion.com– Oct 06, 2023

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EURATEX & CIE call on EU to develop manufacturing industry strategy

Before the European Council meeting on October 6 in Granada, EURATEX's president, Alberto Paccanelli, and CIE's Jose Vte Serna have urged the EU presidency to formulate a fresh competitiveness strategy, which can relaunch the European industry and ensure it will remain competitive in the decades to come. This means bringing together trade, energy, state aid, and sustainability policies into a single, integrated, comprehensive approach, which can support a robust and modern European manufacturing industry.

To consolidate a strong industrial structure in Europe, the European Union should secure the supply of clean energy at a competitive cost and support innovation and foster the necessary talent pool. The union should also be more assertive in achieving an international level-playing field on sustainability, based on the European model.

During the past few years, the implementation of incoherent and conflicting objectives under the trade, energy, industrial and sustainability policy was observed. While the circular economy promised to be a recipe for a competitive industry of the future, the likelihood of pushing the EU industry out of the market and driving investment elsewhere than in Europe is very high, EURATEX said in a press release.

If this approach were to continue in the next years, it will result in a de-industrialised Europe, depending on imports from abroad. Such a Europe would be more exposed to geopolitical turmoil, with no agency to deliver its vision of peace, well-being, and a healthy environment to its citizens.

It is fundamental for Europe to pursue a more coherent set of policies that put the competitiveness of its domestic industry at the core. In this context, all the industrial manufacturing sectors should be in the scope, including the textile industry, given its importance in providing essential products and applications to our society. A first impactful action that can be taken in this direction, would be to expand the scope of the Net-Zero Industry Act (NZIA) to include the textiles and clothing industry.

The history of European industry is fully woven in the birth and expansion of the European textiles industry since the XVIII century. Still today, the European textiles and clothing industry holds a pivotal position in the market, encompassing a diverse range of sectors and applications. In terms of employment, our industry creates 1.3 million direct jobs in Europe, encompassing a wide range of roles, from design and production to distribution and retail. European textiles have a wide range of applications, the most common one is of course clothing and fashion. Europe has a long history of producing high-quality apparel, with various regions specialising in specific niches.

Beyond clothing, there is a wide range of industrial sectors were textiles play an essential role, including automotive (used for upholstery, interior components, and even lightweight composite materials), aircraft and shipbuilding (where textiles are employed for their lightweight and high-strength properties, to enhance fuel efficiency, reduce emissions, and improve overall performance), building and construction (insulation, roofing, geotextiles, and architectural textiles), or personal protective equipment, for medical personnel, firefighters, police, and army officers. This includes masks, gowns, uniforms, helmets, and fire-resistant clothing, ensuring safety in hazardous environments, EURATEX added.

Textiles are essential components of the society. It is key for Europe to maintain its capacity to manufacture high-quality, sustainable, and high-technology textiles. With this in mind, the competitiveness policy of the future and the related funds to support it, should include the textile ecosystem in its scope.

Source: fibre2fashion.com– Oct 05, 2023

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Thailand set to finalize three free trade agreements (FTAs) next year

Thailand is set to finalize free trade agreements (FTAs) with the European Free Trade Association (EFTA), Sri Lanka, and the United Arab Emirates (UAE) in the second and third quarters of next year.

These agreements are expected to boost trade volume between Thailand and the three markets by about $31 billion annually. The FTA with the UAE is likely to be concluded before the end of this year, followed by Sri Lanka and EFTA next year.

These agreements will open up new markets for Thai exports, including food, textiles, automobiles, and electrical appliances. Additionally, Thailand's service businesses such as tourism and finance will also benefit from the FTAs.

Thailand's impending finalization of free trade agreements (FTAs) is poised to bring about significant opportunities for the country's export industry.

These agreements will effectively open up new markets for Thai products, paving the way for increased trade and economic growth. With expanded access to international markets, Thai exporters can capitalize on the benefits of reduced trade barriers and tap into a wider consumer base, ultimately bolstering the nation's economy.

Source: thailand-business-news.com– Oct 05, 2023

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Sri Lanka's central bank reduces policy interest rates by 100 bps

The monetary policy board of Sri Lanka’s central bank yesterday reduced its standing deposit facility rate and the standing lending facility rate by 100 basis points (bps) to 10 per cent and 11 per cent respectively to stabilise inflation at the targeted 5 per cent level in the medium term.

The decision was taken at the first monetary policy review by the board under the Central Bank of Sri Lanka Act, No. 16 of 2023. The board expects that the decision, along with the significant easing of monetary policy done earlier, would accelerate the downward adjustment in market interest rates, particularly lending rates.

The significant deceleration of inflation has helped ease inflation expectations notably. The central bank noted in a release. Colombo consumer price index (CCPI)-based headline inflation decelerated year on year (YoY) significantly below the target to 1.3 per cent in September this year, driven by declines in both food and non-food inflation.

However, this disinflation process is expected to turnaround from September, with the dissipating impact of the favourable base, and converge towards the targeted level of inflation. Domestic economic activity is expected to rebound gradually during the second half of this year and sustain the recovery over the medium term.

The country’s economy is estimated to have contracted by 3.1 per cent YoY in the second quarter this year. It projected to record a positive growth YoY in the latter half of 2023, supported by a broad-based expansion in all major economic sectors.

The external sector is expected to remain resilient in the period ahead, the central bank observed.

During the eight months ending in August 2023, the trade deficit decreased notably, with a significant decrease in merchandise imports due to lower demand and import restrictions, and a relatively low decline in merchandise exports.

Source: fibre2fashion.com– Oct 05, 2023

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Rising consumer prices, lower supplier payouts in global denim market

The global denim supply chain is reeling from reduced production and lower costs, as per the Ethical Denim Council (EDC). Even as consumers grapple with rising prices, the cost being paid to suppliers has dropped.

A glaring disconnect has emerged between purchasing practices and the pursuit of fair wages. Suppliers find themselves unable to raise wages or ensure equitable compensation when brands cancel orders and delay payments, according to the EDC 2023 State of the Denim Supply Chain report.

Overwhelmingly, suppliers expressed a pressing need for compliance clauses within their contracts, offering them a vital safeguard against unethical behaviour.

“The EDC 2023 State of the Denim Supply Chain report clearly demonstrates that brand pricing and other purchasing practices often undermine our sustainability and worker well-being goals. The inclusion of a compliance rider to protect suppliers and their workers is a crucial step toward addressing this concerning trend,” emphasised report advisor Mark Anner, PhD.

The buzzword ‘sustainability’ echoes throughout corporate corridors, as companies pledge to protect the environment and advocate for workers’ rights. However, the EDC’s report underscores the undeniable reality that despite this rhetoric, little progress has been made.

Born from the Transformers Foundation’s 2020 report exposing unethical practices within the industry, the EDC emerged as a platform pushing for a fair and equitable denim industry. It aims to bridge the gap between purchasing practices and workers’ compensation while dismantling existing power structures that favour brands and retailers.

“It’s disheartening to observe that suppliers within the denim industry are not treated with the same commitment to compliance that is readily embraced when it comes to social compliance. Neglecting commercial compliance equally impacts the rights and security of workers. One would expect that brands, valuing their reputation, would seek to avoid the issues our poll has unfortunately uncovered,” stated EDC founder Andrew Olah.

The EDC's report serves as a call to action, spotlighting the urgent need for reform within the denim industry. It reverberates with a resounding message—the time has come to transform the industry's practices, ensuring a more sustainable, ethical, and fair future for all stakeholders.

This comprehensive report delves into the industry's current purchasing practices and their impact on the workforce, shedding light on crucial issues that demand immediate attention.

Source: fibre2fashion.com– Oct 05, 2023

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Bangladesh's goods exports see 9.51% YoY growth in Q1 FY24, RMG rule

Bangladesh's goods export earnings in September were worth $4,310.33 million—a 10.37 per cent year on year (YoY) growth. The overall export earnings during the first quarter (July-September) this fiscal (FY24) saw 9.51 per cent YoY growth totaling $13,685.44 million against the target of $13,988 million.

The export earnings during the same period of the last fiscal were worth $12,496.89 million.

The export earnings in September this year are, however, 7.05 per cent short of the strategic export target of $4,637 million, according to the latest statistics of the Export Promotion Bureau (EPB). The export earnings in September last year were $3,905.07 million.

Readymade garments (RMG) continued to rule the overseas market during this three-month period bagging $11,617.5 million with a 13.07 per cent YoY growth. Knitwear dominated, fetching the highest $6,762.59 million, followed by woven garments with $4,854.91 million, a news agency reported.

While exports fetched a record $55.56 billion in FY23, the government aims to export goods worth $62 billion in this fiscal, seeking an 11.59 per cent YoY growth.

Source: fibre2fashion.com– Oct 05, 2023

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NATIONAL NEWS

11th Meeting of the India-UAE High Level Joint Task Force on Investments

The Eleventh meeting of the UAE-India High Level Joint Task Force on Investments ('the Joint Task Force') was held today in Abu Dhabi, co-chaired by His Highness Sheikh Hamed bin Zayed Al Nahyan, the Managing Director of Abu Dhabi Investment Authority (ADIA), and Shri Piyush Goyal, Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution, and Textiles, Government of India.

The Joint Task Force was established in 2013 to promote trade, investment and economic ties between India and the UAE. The Joint Task Force has provided an effective mechanism for discussion on opportunities & prospects for investments in both countries as well as resolution of issues faced by investors of the two countries.

During the meeting, the co-Chairs reviewed the progress made on the implementation of the Comprehensive Economic Partnership Agreement (CEPA) between the UAE and India, which came into force in May 2022. The CEPA was a landmark agreement designed to spark a new era of cooperation between two nations, strengthening the long-standing cultural, political and economic ties.

It has helped reduce tariffs on more than 80 percent of product lines, eliminate barriers to trade and create new pathways for investment and joint ventures. In the first 12 months of the CEPA, bilateral non-oil trade reached US$50.5 billion, representing a growth of 5.8% compared to the corresponding period a year earlier. The two countries are fast moving towards the target of US$100 billion non-oil trade by 2030.

The Joint Task Force delegations discussed the status of negotiations for the India-UAE Bilateral Investment Treaty, underscoring the need to accelerate the bilateral discussions for an early conclusion of a balanced agreement that benefits both countries and their investors.

The two sides also discussed ways and incentives for encouraging further growth in investment flows from UAE sovereign investment entities into India.

In this context, the Indian side shared opportunities for investments in priority sectors like renewable energy, health, semi-conductors and asset monetization sectors in India.

In this regard, progress on the creation of the Fast Track Mechanism to facilitate Indian investment into the UAE was also discussed. The Indian side requested for strengthening the mechanism especially for facilitation of investments in priority sectors like renewable energy and energy transition. Both sides agreed to use this channel as a means of developing more competitive and accommodating ecosystems that can enable the private sector to fully pursue expansion opportunities in each other's markets.

Talks also covered the India-UAE Start-Up Bridge, a joint initiative between the UAE Ministry of Economy and India's Ministry of Commerce and Industry. The bridge is expected to act as a one-stop platform that offers training sessions and knowledge-sharing on important topics such as market access, investment funds, venture capital, incubators and the respective business landscape in each country.

Another important agenda topic was the establishment of Abu Dhabi – India Virtual Trade Corridor, which aims to increase overall trade volumes by developing data exchange systems to facilitate paperless trade between the two countries, improving efficiencies and security. Both sides agreed to continue coordination and cooperation between the respective counterparties of both countries for the early implementation of this milestone.

The co-chairs also reviewed the progress on key projects including the food security corridor related investment under I2U2 Framework into India. The project will be instrumental in addressing food security challenges, with the aim of bolstering the supply of essential food items and establishing a resilient value chain between the two nations.

The Joint Task Force noted the progress of plans for the Abu Dhabi Investment Authority (ADIA) to establish a presence in Gujarat International Finance Tec-City (GIFT City), a financial free zone in Gujarat, with the aim of facilitating future investments into India. Indian side invited other Sovereign Wealth Funds in the UAE to establish similar presence in India.

The Joint Task Force witnessed the signing of an MOU between the UAE Ministry of Industry & Advanced Technology and the Ministry of Commerce & Industry of the Republic of India, related to cooperation in the fields of Industry and Advanced Technology. The MOU will promote cooperation in sectors such space, healthcare, renewable energy, artificial intelligence, among others.

The two sides aim to develop cooperation efforts and build an institutional framework to promote and develop bilateral cooperation, bearing in mind the important role of industries and advanced technologies play in the diversification and growth of economies.

Another agreement was also signed between Al Etihad Payments, a subsidiary of the Central Bank of the UAE, and the National Payments Corporation of India. The agreement creates a strategic partnership to develop the UAE's Domestic Card Scheme (DCS). The UAE DCS is a key element of the Central Bank of the UAE's Financial Infrastructure Transformation programme which aims to position the UAE as a global leader in digital financial infrastructure.

The DCS will be the nation's first unified, secure, and efficient card payment platform, accelerating the UAE's transition to a digital economy by facilitating the growth of e-commerce, providing consumers with a customised offering, enhancing financial inclusion, and reducing the cost of payments.

Since its creation, the Joint Task Force has been used as a valuable forum for highlighting and resolving specific issues faced by companies from both countries when investing into the UAE and India. Both sides discussed pending issues related to investments and agreed on the need for timely resolution of issues and difficulties experienced by the investors. The co-chairs directed both teams to work together and with the relevant government entities to address these issues in a timely and mutually acceptable manner.

The meeting was attended by H.E Mohamed Hassan Alsuwaidi, UAE Minister of Investment, MD & CEO of ADQ, H.E Dr. Thani bin Ahmed Al Zeyoudi, UAE Minister of State for Foreign Trade and H.E Khaled Mohamed Balama, Governor of the Central Bank of the UAE, and a number of senior officials from government authorities and investment entities from both countries.

Commenting at the meeting, His Highness Sheikh Hamed bin Zayed Al Nahyan, the Managing Director of the Abu Dhabi Investment Authority and Co-Chair of the Joint Task Force, said, "The delegates at today's Joint Task Force meeting were able to take great satisfaction from the progress made on implementing the landmark Comprehensive Economic Partnership Agreement between India and the UAE, and reiterated their intent to continue working collaboratively to ensure this partnership grows ever stronger. The activities of the Joint Task Force will play an important role in maintaining momentum, exploring new opportunities and ensuring the India-UAE trade and investment relationship continues to flourish."

Shri Piyush Goyal, Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution, and Textiles, Government of India, and Co-chair of the Joint Task Force, said, "With the conclusion of another fruitful meeting of this Joint Task Force, a lot of ground was covered. Existing collaborations were reviewed and strengthened, and new opportunities for partnerships were explored.

Government of India reiterates the importance of food security in the UAE and extends its full support for the same. In this context, the progress of the food corridor project gains great significance, which received more clarity. Partnership agreement between NPCI and CBUAE for development of a National Card scheme for the UAE, modelled on India's RuPay card, is another milestone in our economic engagement. The India-UAE partnership will go a long way and would be exemplary for the world."

Source: pib.gov.in– Oct 05, 2023

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Commerce Secretary visits Brazil for 6th Meeting of the India Brazil Trade Monitoring Mechanism

Secretary, Department of Commerce, Ministry of Commerce & Industry, Shri Sunil Barthwal paid an official visit to Brazil from October 1st to October 4th, 2023, for the 6th meeting of the India-Brazil Trade Monitoring Mechanism (TMM). He was accompanied by a delegation of 20 business leaders representing the Confederation of Indian Industry (CII). The visit was happening in the backdrop of the sharp growth in the bilateral trade which had doubled over the last two years reaching US$16 Billion. It was aimed at strengthening this rapidly growing commercial engagement between the two countries.

During his interactions with the Brazilian officials, the Commerce Secretary commended Brazil for their support during India's G20 Presidency and conveyed India's commitment to support Brazil when it assumes its G20 Presidency.

The Indian delegation engaged in discussions, business meetings and explored new trade opportunities with key Brazilian organizations, including Confederation of Industries of Brazil, the Commercial Association of Sao Paulo, Federation of Industries of the State of Sao Paulo (FIESP) and industries in Rio de Janeiro demonstrating their strong commitment to boost bilateral trade and investment prospects.

On October 2nd, 2023, the delegation participated in various trade facilitation activities aimed at nurturing the growing trade relationship between India and Brazil. A productive meeting with the Commercial Association of São Paulo provided a platform to discuss potential trade collaborations. The day concluded with an interactive session with Indian companies operating in Brazil, fostering closer ties within the business community and identifying new opportunities for promoting trade.

A breakfast meeting was held on 3rd October, with Brazilian companies that have invested in India, highlighting the Indian government's commitment to support foreign investors. This meeting also included discussions on new trade and investment opportunities. Shri Barthwal interacted with representatives from leading MICE (Meetings, Incentives, Conferences, and Exhibitions) companies in Brazil and engaged with the Federation of Industries of the State of São Paulo (FIESP), a crucial industry chamber in the region.

On October 4th, 2023, the Commerce Secretary co-chaired the 6th meeting of the India-Brazil Trade Monitoring Mechanism (TMM) with Secretary of Foreign Trade for the Federative Republic of Brazil, Ms. Tatiana Lacerda Prazeres in Brasília. Both sides extensively discussed matters related to bilateral trade and outlined a roadmap for its further enhancement.

Shri Barthwal also held comprehensive discussions with the Vice Minister of Development, Industry, Trade, and Services, Brazil, H.E. Mr. Marcio Elias Rosa to advance the economic and commercial partnership between the two nations.

The visit concluded with an interaction with leading industries & members of the Confederation of National Industries of Brazil over the opportunities provided by India's dynamic economic growth including on transfer of technology, investments etc. He also invited Brazilian industries to be part of the growing supply chain to India.

The deliberations and interactions during this visit signal a promising growth for India-Brazil trade relations. These engagements have set a positive tone for future dialogues, with a dedicated focus on exploring new trade opportunities and strengthening bilateral integration through Global Value Chains.

Source: pib.gov.in– Oct 05, 2023

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'India-UK FTA talks in full swing, moving to finality'

British Deputy High Commissioner Christina Scott on Thursday said that negotiations for an India-UK Free Trade Agreement (FTA) are going on full swing even as she noted that the agreement would become a reality only if the right sort of package benefitting the companies of both sides are developed.

"Conversations are going on 24x7 at the moment. I would ask you all to keep your fingers and toes crossed in the coming weeks", Scott said at an event where the 'Britain Meets India 2023' (BMI) report developed by Grant Thornton Bharat was released.

"But whether or not we get the FTA, the key thing that is not going to change is the level of engagement that already exists, the height of the ambition that the governments of the two countries want to thicken and develop and grow," she said.

Doubling bilateral trade

She highlighted that current bilateral trade between India and UK stood at £ 38 billion and both countries have big ambition to double that by 2030.

"Part of our ambition of getting to our doubling target is hopefully the agreement of FTA. That will only be happening if the conditions are right and if we get the right sort of package that is going to benefit the UK Companies and also going to benefit the Indian companies as well", she said.

Indian companies are currently second largest investors by value and volume into the UK.

"There is tremendous depth in our business to business relationship which is pinned by incredible people to people relationship," Scott added.
India ideal for UK firms

Speaking on the occasion, Gaitri Issar Kumar, former High Commissioner of India to the UK said that the FTA talks — which are currently on at London—are "near the summit", based on what she had heard.

"The Indian side has gone beyond the normal template and is keen to make it a very comprehensive FTA", she added.

India and the UK are also negotiating a Bilateral Investment Treaty . India is also negotiating a FTA with the European Union, Kumar added.

One of the significant takeaways of this year's BMI report is the contribution of UK MSMEs in playing a significant role in the economic relationship. "Our analysis shows that two thirds (68%) of UK companies in India are MSMEs", said Pallavi Joshi Bakhru, Partner and India-UK Corrudor Leader, Grant Thornton India.

There is also an uptick on the number of UK companies in India, with higher combined turnover. This is a reflection of the Indian economy and the opportunity that India offers, the report added.

Source: thehindubusinessline.com– Oct 05, 2023

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Policy rate unchanged at 6.5%, FY24 inflation forecast retained at 5.4%

The Reserve Bank of India's (RBI) monetary policy committee (MPC) on Friday announced its decision to continue the repo rate hike pause at 6.5 per cent for the fourth time in a row. Announcing the MPC's decision, RBI governor Shaktikanta Das said that the decision was unanimous.

Das added that with a majority of 5:1, the MPC decided to continue to focus on the withdrawal of accommodation. The RBI MPC had decided to first pause the rate hike in April after raising it by 250 basis points (bps) cumulatively since May 2022. In the RBI MPC policy announcement, Das said that India is poised to become the new growth engine of the world.

"We have identified high inflation as a major risk to macroeconomic stability and growth," he said. He added that the RBI is committed to bringing it under the tolerance limit. According to official data, India's retail inflation jumped to a 15-month high of 7.44 per cent in July, as prices of vegetables and other food items spiked. Nevertheless, the softening in prices of agricultural commodities since August has offered the MPC some breathing space, which may allow it to refrain from any rate action at the moment.

In August, the retail inflation cooled down to 6.83 per cent. However, it was still above RBI's upper tolerance limit of 6 per cent. Das said that inflation will cool down further in September given the softening of food prices. However, a fall in kharif sowing may pose a threat to it. The Centre has mandated the RBI to ensure the consumer price index (CPI)-based inflation remains at 4 per cent, with a margin of 2 per cent on either side.

Das said that for FY24, the CPI-based inflation forecast has been retained at 5.4 per cent. The forecast for Q2FY24 has been raised from 6.2 per cent to 6.4 per cent. For Q3FY24, the inflation projection has been reduced to 5.6 per cent from 5.7 per cent earlier. For Q4FY24, the projection has been retained at 5.2 per cent. For Q1FY25, the inflation projection has been maintained at 5.2 per cent. Das also said that the real gross domestic product (GDP) forecast for 2023-24 (FY24) has been retained at 6.5 per cent.

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

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RuPay Domestic Card Scheme Agreement between India and the UAE

NPCI International Payments Limited (NIPL), a wholly-owned subsidiary of the National Payments Corporation of India (NPCI), has entered into a strategic partnership agreement with Al Etihad Payments (AEP) for Domestic Card Scheme (DCS) Implementation in UAE. AEP is an indirect subsidiary of the Central Bank of UAE (CBUAE). As per the agreement, NIPL and AEP will work together to build, implement, and operationalize UAE's national domestic card scheme.

The DCS will aim to facilitate the growth of e-commerce and digital transactions in the UAE, bolster financial inclusion, support the UAE's digitization agenda, increase alternate payment options, reduce the cost of payments, and enhance the UAE's competitiveness and position as a global payments leader.

The partnership aligns perfectly with NIPL's mission to offer its knowledge and expertise to assist other countries in establishing their own cost-efficient, and secure payment systems.

The DCS solution is based on the principles of sovereignty, speed to market, innovation, digitization, and strategic independence. The DCS solution provided by NIPL consists of a RuPay stack and value-added services like fraud monitoring services and analytics.

NIPL will also assist AEP in formulating the operating regulations for their domestic card scheme.

RuPay is an indigenous, highly secure, and widely accepted card payment network in India. RuPay cards have debit, credit, and prepaid propositions. More than 750 Million RuPay cards are in circulation as of date.

RuPay cards make up more than 60% of total cards issued in India, with every second Indian having a RuPay card now. These cards are issued through the entire banking spectrum, including public sector, private, and small banks.

India's world-renowned Digital Public Infrastructure (DPI) is driving massive transformation in the payment space. DPI framework includes digital identity, digital payments, and digital data exchange layers - a combination of these three is the force behind the fintech revolution in India. Simply speaking, in India, nearly every adult has access to banking services, a way to remotely authenticate themselves (through Aadhar), and access to the internet through efficient and affordable mobile connectivity.

A combination of these factors makes India the third largest fintech ecosystem in the world, with rapidly surfacing unicorns. India has witnessed an exponential growth of 367% in customers participating in digital transactions in the last five years, with an active customer base of more than 340 million.

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UAE-India MoU to drive investment and collaboration in industry and advanced technologies

The UAE and India will cooperate more closely in sustainable industrial development following a memorandum of understanding (MoU) signed on Thursday at Emirates Palace. The MoU was signed by His Excellency Dr. Sultan Al Jaber, UAE Minister of Industry and Advanced Technology and His Excellency Shri Piyush Goyal, India's Minister of Commerce and Industry, with the presence of His Highness Sheikh Hamed bin Zayed Al Nahyan, Member of the Abu Dhabi Executive Council.

Focusing on facilitating industrial investments, technology transfer and enabling the deployment of key technologies in industries, the MoU will benefit both countries through joint industrial and technological developments. HE Al Jaber said: "In line with the UAE leadership's vision, we are committed to strengthening bilateral relations to enhance sustainable and economic growth. Given the UAE's strong relationship with India across the economic, technological, and social domains, we are pleased to sign this MoU to further develop the industrial sector in line with advanced technology and sustainability standards. This aligns with the objectives of the national industrial strategy, and 'Make it in the Emirates' initiative, aimed at transforming the UAE into a global hub for advanced industry, especially industries of the future."

He added: The MoU encompasses various aspects of cooperation aimed at promoting industrial investments in priority sectors for the national economies of both countries, including advanced industries, energy transition solutions, healthcare, and space. It also aims to develop innovative and technological solutions that support sustainability and climate neutrality efforts. By working closely within these strategic sectors, the UAE and India can accelerate sustainable growth and diversify their economies, promoting industries that are more competitive, efficient, and sustainable."

HE Goyal commented: "This MoU opens new doors to develop cooperation efforts and build an institutional framework in the fields of emerging technologies. It would help in promoting and developing bilateral cooperation in sectors such Space, healthcare, renewable energy, artificial intelligence, and many other vital areas."

The MoU focuses on seven key areas, including supply chain resilience, renewable energy and energy efficiency, health and life sciences, space systems, AI, Industry 4.0 and advanced technologies, as well as standardization and metrology.

To build supply chain resilience, the UAE and India will collaborate to identify opportunities to supply raw materials. They will also share best practices on industrial enablement and incentivization for industrial growth and development, for instance in areas such as energy, land, CAPEX, OPEX, technology, and labor.

In the energy space, the UAE and India will collaborate in advancing energy storage technologies, Smart Grid and IoT deployment, and R&D in renewable energy and energy efficiency. Similarly, in health and life sciences, the countries will collaborate in the development of pharmaceuticals, the use of biotechnology, and R&D.

The UAE and India are also seeking to enhance their respective space industries through closer collaboration in space systems. The MoU will help the countries to collaborate in the commercial development, launch and use of small satellites for communication and Earth observation, as well as space exploration. The countries will also collaborate in the development of licensing of space-related materials, in addition to R&D in the space sector.

In the field of AI, the UAE and India will cooperate in the deployment of AI technologies in the space sector, energy, healthcare and supply chains. Both countries will work together to advance capabilities in machine learning and data analytics across priority sectors.

Under the MoU, the UAE and India will also collaborate in the deployment of 4IR technologies in industry, real-time data processing, the development of machine-to-machine control systems, the development of autonomous robotics, equipment and vehicles, as well as the deployment of additive manufacturing in key industries.

The final area of collaboration is standardization, metrology, conformity assessment, accreditation, and Halal certification. The countries will exchange information including procedures, guidelines, and lists of regulated products. The countries will also cooperate to harmonize standards with international requirements and work towards the mutual recognition of the conformity assessment results.

Under the MoU, cooperation includes industrial and academic collaborations as well as collaborative research and development projects. The countries will also share best practices relating to science and technology policies.

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