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USD	EUR	GBP	JPY
83.27	88.05	101.14	0.55

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INTERNATIONAL NEWS

Japan's economy likely to continue recovering moderately: Central bank

Japan's economy is expected to continue recovering moderately now, supported by factors like the materialisation of pent-up demand, although it is likely to be under downward pressure stemming from a slowdown in the pace of recovery in overseas economies, according to the Bank of Japan.

Thereafter, as a virtuous cycle from income to spending gradually intensifies, Japan's economy is projected to continue growing at a pace above its potential growth rate, the central bank noted in its latest economic outlook.

The year-on-year (YoY) rate of increase in the consumer price index (CPI, all items less fresh food) is likely to be above 2 per cent across fiscal 2023-24, mainly due to the remaining effects of a pass-through to consumer prices of cost increases led by the past rise in import prices and the effects of the recent rise in crude oil prices.

The rate of increase in the CPI in the next fiscal is projected to decelerate owing to dissipation of these effects.

On risks to the outlook, there are extremely high uncertainties surrounding the country’s economic activity and prices, including developments in overseas economic activity and prices, developments in commodity prices, and domestic firms' wage- and price-setting behaviour.

Risks to economic activity are generally balanced for fiscal 2022-23 and 2023-24, but are skewed to the downside for fiscal 2024-25. Risks to prices are skewed to the upside for fiscal 2022-23.

Source: fibre2fashion.com– Nov 01, 2023

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Australian clothing-footwear-accessories retail sales up 1.1% in Sept

Retail sales in Australia rose by 2 per cent year on year (YoY) in September this year, with shoppers spending more than $35.8 billion in the month, according to the Australian Retailers Association (ARA). The figure for clothing, footwear and accessories was up by 1.1 per cent YoY.

Household goods recorded spending decline (down by 4.4 per cent YoY), marking nine consecutive months of negative growth, Australian Bureau of Statistics (ABS) figures show.

All states and territories recorded YoY retail growth, led by Australian Capital Territory (up by 4.3 per cent), South Australia (up by 3.5 per cent), Western Australia (up by 3 per cent), Victoria (up by 2.9 per cent), Northern Territory (up by 2.5 per cent), New South Wales (up by 1.7 per cent), Tasmania (up by 0.8 per cent) and Queensland (up by 0.1 per cent).

ARA chief executive officer Paul Zahra said in a release that the September results were somewhat more stable than previous months but reiterated that it will still be a 'nervous wait' for retailers heading into the all-important Christmas trading period.

"The Reserve Bank of Australia's [RBA] monetary decision on Melbourne Cup Day will be pivotal to the success of retailers during the most important trading time of the year – and we urge the RBA to hold interest rates considering this," he said.

New research by ARA and American Express revealed that 55 per cent of small and medium retailers remain uncertain or concerned about their financial future as a consumer spending slowdown continues to affect the industry.

While 57 per cent of such businesses are defying economic headwinds to meet or exceed their financial benchmarks, as many as 43 per cent are falling short.

The cost of doing business continues to place significant strain on such retailers. Almost all (93 per cent) said they have seen cost increases in their businesses over the past 12 months, with 36 per cent saying their costs have increased by more than 10 per cent—well above the level of inflation.

While decelerated consumer spending is the most pressing concern (57 per cent), wage costs (41 per cent), cost of goods and services (39 per cent), staffing shortages (29 per cent) and cash flow management (29 per cent) also ranked in the survey as the top three pressing concerns.

To respond to pressures, retailers are prioritising investment in customer acquisition (66 per cent) and loyalty (56 per cent), while innovating in the areas of artificial intelligence and e-commerce.

Fifty-four per cent of such retailers have been forced to pass on higher costs to consumers while 28 per cent have been forced to reduce staff.

A quarter of retailers are increasingly using staff incentives and bonuses to retain and attract workers. Most of them are pursuing innovation to drive revenue and reduce costs.

Source: fibre2fashion.com– Nov 01, 2023

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The US Manufacturing Boom Is a Huge Opportunity. How Do We Make the Most of It?

America has entered a new era of booming domestic manufacturing. As we emerged from the pandemic, frequent supply chain disruptions, a combination of policy changes, shifting macroeconomic trends and private-sector investments have resulted in a dynamic manufacturing environment, creating hundreds of thousands of job opportunities for Americans. If getting the boom started was a huge swing, keeping it going is the follow-through.

Continuing the growth of American manufacturing and filling the many manufacturing job opportunities that will arise in the coming years will require sustained investment from businesses across the country—including Walmart. It's on us to make the most of this opportunity for America's workers, economy and environment.

For our part, Walmart has committed $350 billion to purchasing goods made, grown or assembled in the U.S. through 2030, which is expected to support over 750,000 U.S. jobs. Some of these jobs are a result of Open Call, Walmart's annual pitch competition for small and medium businesses with U.S.-made products. At last week's Open Call—Walmart's tenth—, Walmart awarded 180 "golden tickets" to small and medium businesses, representing deals for suppliers to sell their products on Walmart or Sam's Club shelves or online at Walmart.com. In total, 700 businesses from all 50 states had the opportunity to pitch their product for the chance to become Walmart suppliers, expand their U.S. manufacturing and hire more workers.

America's manufacturing sector is experiencing a remarkable resurgence, generating an impressive surge in job opportunities. An August estimate by Goldman Sachs forecasts the addition of approximately 250,000 new manufacturing jobs in the United States over the next two years. Remarkably, manufacturing employment has now reached its highest levels in nearly 15 years, marking the first full recovery from a recession since the 1970s, according to the New York Times.

Since the end of 2021, spending on construction for manufacturing facilities has doubled. And from August 2022 to the present, 100 new clean energy manufacturing facilities or factory expansions were announced in the U.S., according to CleanPower.

The trend of bringing supply chains back home through U.S. manufacturing not only bolsters the nation's economy but can also contribute to a reduction in emissions, minimizing the environmental impact resulting from long-distance shipping and production processes. America's manufacturing boom is a pivotal step toward a greener and more sustainable future.

However, American manufacturers grapple with critical challenges, such as skills gaps in the workforce and the need to keep up with evolving technologies.

Despite the substantial increase in construction spending for U.S. manufacturing, many manufacturers struggle to find the right talent to fill manufacturing job opportunities. A 2021 analysis from Deloitte and the Manufacturing Institute found 2.1 million manufacturing jobs could go unfilled by 2030 due to the unmet need for high-tech manufacturing skills in the workforce. The same analysis found that 77 percent of manufacturers expect difficulties in attracting and retaining workers going forward.

Additionally, to stay competitive and address supply chain disruptions, U.S. manufacturers must invest in advanced technologies like machine learning, 5G, artificial intelligence and digitization, which are scaling up around the globe. They must also prepare their workers to use these technologies. McKinsey's research points to growing demand for technological and cognitive skills in the manufacturing workforce and finds that companies will need to upskill or reskill their existing employees or risk falling behind.

Meeting these challenges will require a sustained commitment to U.S. manufacturing, or else the manufacturing boom could fizzle out.

As part of our U.S. Manufacturing initiative, Walmart has partnered with large organizations like the National Association of Manufacturers (NAM) and regional ones like the Russell Innovation Center for Entrepreneurs (RICE). Walmart and NAM collaborated to support manufacturing skills training for veterans and introduce students to careers in manufacturing. And Walmart just announced a grant to help RICE support diverse entrepreneurs in Atlanta.

Walmart is also committed to training its associates and providing them with pathways into in-demand jobs that come with greater responsibility and higher pay. Part-time and full-time associates are eligible for our Live Better U education benefit on their first day of employment, giving them cost-free access to college degrees, short-form certificates and high school completion or ESL classes, which in turn helps drive retention and promotion. Employers everywhere—especially manufacturers—should invest in upskilling to meet their businesses' unique needs.

Bringing manufacturing back home to the U.S. creates good jobs, shortens supply chains and gets customers the products they want. To overcome the challenges we may face and make the most of this opportunity, businesses must continue to invest in U.S. manufacturing.

Source: sourcingjournal.com– Oct 31, 2023

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Ministerial talks in Osaka between Australia, EU for planned FTA fail

Recent informal talks in Osaka, Japan, between Australian trade minister Don Farrell and European Commission executive vice president Valdis Dombrovskis to secure a bilateral free trade agreement (FTA) have fallen apart.

Both were in Japan for G7 trade ministers' meetings.

"We weren't able to make progress," Farrell said. "Negotiations will continue, and I am hopeful that one day we will sign a deal that benefits both Australia and our European friends," Australian media quoted him as saying.

Though there had been decent progress in the days leading up to the talks, ministerial discussions in Osaka did not see the same progress, a European Commission spokesperson said.

"The Australian side re-tabled agricultural demands that did not reflect recent negotiations and the progress between senior officials," the spokesperson said.

The commission said it will continue the negotiations.

The European Union (EU) will shortly enter an election season, and without a deal, the negotiations would have to be put on ice, potentially for several years, Farrell noted.

Negotiations had stalled in July this year in Brussels as well after both sides failed to reach a compromise on major sticking points.

Work on the planned FTA started in June 2018 but was shelved by the EU in 2021 after Australia cancelled a submarine contract with France's Naval Group in favour of US nuclear submarines.

Source: fibre2fashion.com– Oct 31, 2023

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At least 30 Chinese firms to participate in Africa Sourcing and Fashion Week

At least 30 Chinese firms are set to participate in the 9th Africa Sourcing and Fashion Week (ASFW), which will take place from Nov. 3 to 6 in the Ethiopian capital, Addis Ababa, according to the organizer.

The four-day international exhibition will bring together more than 300 exporters that are engaged in textile, apparel, leather, technology and home decoration sectors, President of the Ethiopian Textile and Garment Manufacturers Association Goshu Negash said in a press briefing on Tuesday, highlighting that at least 30 of the exhibitors are from China.

"With the participation of over 300 exporters representing more than 25 countries, the event will serve as a platform for showcasing products and innovations to a global audience of over 6,000 trade professionals and sourcing industry experts," Negash said.

According to Negash, this year's ASFW will feature crucial industry topics, such as the African Continental Free Trade Area, sustainable manufacturing and the role of artificial intelligence in the development of the textile and apparel industry across Africa.

Chinese textile and apparel manufacturers are playing an important role in the development of the Ethiopian textile and garment industry, creating job opportunities and transferring technologies via their big industrial parks in Dukem, Adama and Dire Dawa of Ethiopia, Negash said.

Skander Negasi, chief executive officer of the Trade and Fairs Consulting GmbH, which co-organizes the annual ASFW, said the event will present a diverse range of textiles, apparel, technology, leather products, home decoration and fashion design.

"China is playing a big role in terms of fabrics and competitive technology development across Africa. We will show all these in the Africa Sourcing and Fashion Week in partnership with exhibitors coming from China," he said.

Source: english.news.cn– Nov 01, 2023

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China's new cargo air route set to boost clothing exports to Mexico

An all-cargo air route has been inaugurated between Hangzhou, the capital of China's eastern Zhejiang Province, and Mexico City, marking the first such service connecting Zhejiang and Mexico. One of the primary exports expected to benefit from this new route is cross-border e-commerce goods, particularly clothing and shoes.

Operated by MasAir and utilising Airbus A330 aircraft, the service is scheduled to run three times a week and will offer a maximum one-way cargo capacity of about 60 tonnes, according to Chinese media reports.

Source: fibre2fashion.com– Oct 31, 2023

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Cambodia's apparel-clothing accessory exports fall 17% YoY in Jan-Sep

Cambodia's exports of apparel and clothing accessories—crocheted, knitted and non-knitted—saw a year-on-year (YoY) drop of over 17 per cent in the first three quarters this year to $5.926 billion from $7.175 billion.

Despite this, exports showed signs of recovery in recent months, the general department of customs and excise claimed.

GDCE's international commodity trade statistics show exports of items made of knitted fabric were worth $4.145 billion during the nine-month period—a decline of 18.9 per cent YoY, and those of woven fabric totalled $1.784 billion—a 13.6 per cent YoY decrease.

The data for September showed a slight movement, with exports of $689.68 million, only 2.49 per cent less compared to $707.31 million in September last year.

Source: fibre2fashion.com– Nov 01, 2023

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S.Korea exports snap year-long downturn, recovery in China demand slow

South Korea's exports in October rose in annual terms for the first time in 13 months, as shipments to the United States were robust while the weakness in China demand eased slowly.

Overseas sales last month by Asia's fourth-largest economy rose 5.1% year-on-year to $55.09 billion, trade data showed on Wednesday. That, however, was weaker than a median 5.5% gain tipped in a Reuters survey of economists.

It swung from a 4.4% fall the previous month and marked the first year-on-year increase since September 2022. By destination, exports to the United States gained 17.3%, the most since May 2022, while China-bound shipments fell 9.5%, the least in 13 months.

Exports of cars rose 19.8%, extending gains to a 16th straight month, while petroleum products also jumped 18.0%, after seven straight months of decline.

Semiconductor shipments fell for the 15th consecutive month, but the 3.1% drop in October was the smallest in the streak.

"Semiconductors, with their prices having bottomed out, are leading the recovery of exports, while China-bound exports are also improving slowly," said Lee Jeong-hoon, an analyst at Eugene Investment Securities.

"It is difficult to say China's economy is strong and there is uncertainty over demand in other major countries next year, but for the time being, exports will likely continue to recover," he said.

Trade Minister Bang Moon-kyu said after the data release the government would make a big push to ensure exports continue to improve through the end of the year, adding it would thoroughly manage risks such as the Israel-Hamas conflict and China's restrictions on graphite exports.

In October, South Korea's factory activity contracted for the 16th straight month, but the decline in new export orders softened, another survey showed on Wednesday. Still, demand in China was muted, according to the survey.

In China, manufacturing activity unexpectedly contracted in October, raising questions over the state of the country's fragile economic recovery at the start of the fourth quarter.

South Korea's imports fell 9.7% to $53.46 billion in October, narrower than the 16.5% drop in the previous month but deeper than a 4.3% decline expected by economists.

As a result, the country posted a trade surplus of $1.64 billion in October, in contrast to economists' forecasts for a deficit.

Source: reuters.com– Nov 01, 2023

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Vietnam likely to be among fastest-growing economies in next decade

The article said that Vietnam's success in managing the COVID-19 pandemic as Asia's top performing economy during the pandemic has strengthened the country's statism and reputation as a safe and friendly environment for foreign direct investment.

Amid the pandemic and rising US–China trade tensions, Vietnam leapfrogged the Republic of Korea (RoK) to become the US's sixth largest trade partner by import value in 2022, it stressed, adding that this jump represents an important pivot in Vietnam's economy - Vietnam's biggest export to the US is no longer textiles and garments, but high-tech products.

By the end of 2023, many flagship Apple products will have been assembled in Vietnam. Rather than competing against China's 'world factory' tag, Vietnam has branded itself as an additional manufacturing destination to China within the global supply chain ecosystem, the article said.

According to the article, Vietnam has provided a much-needed 'neutral' environment for foreign fintech firms to de-risk and reroute their exposure from the US–China great power rivalry. The Southeast Asian nation is also welcoming back China's Huawei - the leading global provider of information and communications technology infrastructure and smart devices.

Vietnam has the potential to become the fourth largest exporter of high-tech goods behind China, Taiwan (China) and Germany. Though Vietnam currently holds seventh position, its growth has no rival - high-tech goods as a share of Vietnamese exports hit 42% in 2020, up from 13% in 2010.

The Vietnamese government's intervention in opening the country up for free trade and foreign direct investment can be seen as overwhelmingly positive and non-threatening to the global trading system, the article said.

"While Vietnam's high-tech exports are fuelling the country's growth, there is an overreliance on foreign innovation inputs, with about 70% of Vietnam's total export value driven and captured by foreign companies", it noted.

However, there is a significant bright spot - the current FDI inflows from fintech companies are giving Vietnam more time to address its dependency on foreign innovation inputs. For instance, the Vietnamese government could entice Apple to invest in research and development and deepen its relationships with Vietnamese universities and students, as Apple did in China.

Vietnam's race to become the next Asian tiger has its challenges, including the question of how to reduce the country's overreliance on foreign innovation inputs. However, it appears that core elements of an innovation ecosystem are taking root as Vietnam establishes itself as a high-tech export power.

Source: vietnamnet.vn– Oct 31, 2023

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Vietnam's textile and garment exports to fall by 6.30 per cent in 2023!

The textile and garment exports of Vietnam are anticipated to decline by 5-6.3 per cent in 2023, reaching a range between US $ 40.5 billion and US $ 41 billion due to the ongoing weak global demand.

It's worth noting here that Vietnam earned approximately US $ 44 billion from its apparel and textile exports in 2022.

Textiles and clothing constitute Vietnam's third-largest source of exports, trailing only behind smartphones and electronics.

The Chairman of the Vietnam Textile & Apparel Association, Vu Duc Giang, mentioned that the global economy has not yet rebounded, which has restrained consumer spending on various items, including garments.

Vu emphasised that this challenge affects not only Vietnam but also the entire global garment and textile industry.

Due to the lack of orders, numerous garment and textile companies have been compelled to reduce their production and lay off thousands of workers throughout the year.

Nevertheless, Giang pointed out some signs of recovery and he expects this trend to continue in 2024. He noted that Vietnam's textile-related exports dropped by 13.5 per cent during the first nine months of the year, which is a slight improvement compared to the 17 per cent decline in the first half of the year.

Source: apparelresources.com– Oct 31, 2023

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Pakistan: Textile in trouble

According to the caretaker federal minister for commerce, more than 1,600 textile factories have shut down in the country in the last 16 months. In my opinion, most factories are working below their production capacity due to high energy cost, two-day weekly closure of gas supply, and low gas pressure when it is 'available'.

These are the basic raw materials for the production of exportable textile goods to international buyers. Textile exporters are also trapped in the sales tax refund system, which is causing financial crunch, and making it impossible for them to deliver their export orders in time.

The textile sector is the backbone of the national economy. It is a valuable foreign exchange earning engine, generating employment in the country, and giving impetus to the economy.

The state machinery should spend its energy to boost textile exports for earning valuable foreign exchange and continue moving the wheels of economy. However, the present government's policies are not producing fruitful results for the textile sector. Our textile exports are continuously declining.

The government should chalk out a comprehensive five-year plan for reviving textile growth in consultation with stakeholders who should be provided utilities at competitive rates. The government should ensure uninterrupted gas supply to the textile sector to reduce costs and create self-sustainability in energy terms. The government should also provide loans for installing solar power-generation systems, and should ensure efficient and speedy refund of the pending sales tax amounts as per the relevant rules.

The government should also restore zero-rated status for the designated five export-oriented sectors. The restoration of the status will spare the government to keep its focus on expanding the tax net, and collecting more taxes for the national exchequer.

Source: dawn.com– Nov 01, 2023

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NATIONAL NEWS

Niti Aayog to identify a dozen sectors for global manufacturing hub status

India will soon identify about a dozen sectors in which the country can emerge as a global manufacturing hub, said officials. The Niti Aayog is undertaking an exercise to identify these sectors and their export potential and recommend strategies accordingly, they said.

The government will tweak policies and provide infrastructure support to help these sectors become global champions in manufacturing. The focus will be on handholding these sectors and providing them outcome-oriented support to scale up production and match global requirements, said officials.

The Niti Aayog will commission a study in this regard, they said.

While a comprehensive list will be firmed up over the next four months, cement, steel and some consumer related industries, especially those which are not covered under the production-linked incentive (PLI) schemes, are being considered for policy intervention, officials said.

"The idea is to analyse around 10-12 manufacturing sectors of the economy and map them with the global trends. This will help establish their growth potential," said one of the officials, who did not wish to be identified, adding that the government will work on interventions for the sectors concerned.

The exercise is aimed at evaluating the country's industrial capabilities and the challenges these sectors face which hinder India from becoming a global manufacturing centre.

Once identified, the government will strive to provide requisite infrastructure for these sectors, including seamless transportation, power supply and digital connectivity.

Besides, it will relook at the existing policy framework and trade agreements while simplifying the regulatory environment and tweaking the tax structure, wherever needed, to boost manufacturing in these sectors and enhance the ease of doing business in India.

The government wants to reap the benefits of the country's demographic dividend, skilled workforce and strong economic growth which, it feels, have made India a preferred investment destination for manufacturing.

In 2014, the government launched the Make in India initiative to facilitate investment, foster innovation, building best in class infrastructure and making India a hub for manufacturing, design and innovation. Under Make in India 2.0, the government presently focuses on 27 sectors through various ministries and departments.

Besides, it had introduced PLI schemes for 14 key sectors, with an incentive outlay of ₹1.97 lakh crore to enhance India's manufacturing capabilities and exports.

The other key initiatives include the Industrial Corridor Development Programme, the Ease of Doing Business initiative, the National Single Window System and the PM GatiShakti National Master Plan to give a direct and indirect push to manufacturing.

Source: economictimes.com– Oct 31, 2023

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'EPCG: Doubts persist over maintaining annual average exports of services'

We refer to Para 5.04(c) of the FTP 2023, which stipulates that under the EPCG scheme the annual average exports of same or similar products for preceding three years is required to be maintained. In the related customs notification no.26/2023-Cuss dated April 1, 2023 also, at Explanation C (i), the reference is to annual average exports of same or similar products during the preceding three years. They make no references to services. Does it mean that the annual average exports need not be maintained for export of services?

Your inference is not incorrect. However, at S.No.4 of the application form for EPCG authorisations ANF5A, the exporter is required to give FOB Value of exports/services rendered for the same/similar product/services (INR) for preceding three years. So, you have to give those details and invariably, the annual average exports will get endorsed as a condition in the EPCG authorisation.

In the CA certificate format prescribed at Appendix-5B, there is a reference to export of services but in the table at S.No.VI, the details of previous three years exports called for refer only to export of same/similar products and not export of services. You can take a view that the provisions in the forms ANF-5A/Appendix-5B cannot bind you to maintain the previous three years annual average exports of services, when Para 5.04(c) of the FTP and the related Customs exemption notification do not refer to previous three years exports of services but you may not make much headway with the authorities.

We refer to condition (vii) introduced at import policy condition 4 of Chapter 84 of ITC (HS) through the commerce ministry notification no.38/2023 dated October 19, 2023. It says that private entities importing the said IT hardware for supply to central government or agencies, undertakings owned and controlled by central government, for defence or security purposes are exempted from the requirement of authorisation. So, can we import computers, laptops etc. without an authorisation and supply to public sector undertakings by furnishing to the Customs their end-use certificate that the said IT hardware items are required for the purposes of security of their plant, administrative premises and residential colonies?

In my opinion, you can do so for supply to undertakings that are owned and controlled by the central government. It is, however, better to seek a clarification whether the import for supply to the undertakings that are partly owned but controlled by the central government are also covered under the said exemption.

Can we reject the documents received under LC on the grounds that although the description of goods given in the invoice is as per LC, it also contains additional data?

If the description in the invoice along with the additional data appears to refer to a different nature, classification or category of the goods, then you can reject the documents. The normal rule is to ignore any additional data provided the additional data does not conflict with the data in the LC or other documents.

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

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Core industries' output slips to 4-month low of 8.1 per cent in September 2023

The eight core industries' output growth eased in September 2023 to 8.1 per cent, lower than August's 14-month high of 12.1 per cent. The Government has now revised upwards the August 2023 print to 12.5 per cent.

The latest reading is also lower than the 8.3 per cent growth recorded in September last year.

Except for crude oil, which contracted 0.4 per cent, the other seven industries recorded positive growth in September 2023. Coal output continued to shine, with 16.1 per cent growth in September 2023, higher than the 12.1 per cent growth seen in September last year. It was slightly lower than the robust 17.9 per cent growth seen in August this year.

The eight core industries — Coal, Natural Gas, Crude Oil, refinery products, fertilisers, Cement, Steel and Electricity — comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP).

For April-September 2023, the core industries' output grew 7.8 per cent (provisional) as compared to 9.8 per cent in the same period last year.
In fiscal 2022-23, the core industries' output grew 7.6 per cent, lower than 10.4 per cent growth in the previous fiscal.

Meanwhile, the Commerce and Industry Ministry has revised the core industries' output for June 2023 to 8.4 per cent.

OTHER INDUSTRIES

For September 2023, natural gas output grew 6.5 per cent (-1.7 per cent); refinery products 5.5 per cent (6.6 per cent); fertilisers 4.2 per cent (11.8 per cent); steel 9.6 per cent (7.7 per cent); cement 4.7 per cent (12.4 per cent) and electricity 9.3 per cent (11.6 per cent).

EXPERT TAKE

Aditi Nayar, Chief Economist, Head - Research & Outreach, ICRA Ltd, said: "A pick-up in rainfall expectedly flattened core sector expansion in

September 2023 to a four-month low of 8.1 per cent from 12.5 per cent in August 2023, amid a slowdown in growth of seven of the eight constituent sectors, barring fertiliser output".

IIP growth is likely to moderate in the high single digits in September 2023, taking a cue from the core sector's trajectory, she added.

Madan Sabnavis, Chief Economist, Bank of Baroda said that the infra industries continue to witness buoyancy which is a good sign. "Power sector growth reflects industrial activity. Cement and steel do well again as infrastructure focus of government as well as construction industry are doing well. Fertilizers too have shown steady growth as it prepares for rabi sowing", he said. Industrial growth could be in 6 per cent range for September, he added.

Source: thehindubusinessline.com– Oct 31, 2023

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CAI sees 2023-24 cotton output at 295 lakh bales, the lowest in 15 years

El Nino, drop in acreage to shrink the fibre crop output

The total domestic demand during the 2023-24 season is estimated by CAI at 311 lakh bales

The Cotton Association of India (CAI), the apex trade body in its first estimates has pegged the 2023-24 crop size at 295.10 lakh bales of 170 kg each, the lowest in the past 15 years. The estimates for 2023-24 are down by 7.5 per cent over the previous year's 318.90 lakh bales.

"After 2008-09, this is the lowest Indian crop" said Atul Ganatra, President, CAI attributing the fall in output to the impact of prevailing El Nino and also the 5.5 per cent reduction in the cotton area.

CAI expects the yields to reduce by 5-20 per cent across different producing States due to the unfavourable weather conditions. The trade body which finalised the crop estimates in its recent meeting expects to take stock of the situation in its next meeting on November 15.

In its first advance estimates released last week, the Agriculture Ministry had projected the cotton output for 2023-24 at 316.6 lakh bales of 170 kg each, against the previous year's final estimates of 336.6 lakh bales.

Import

CAI sees higher imports of cotton at 22 lakh bales over previous year's 12.50 lakh bales. Including the current crop size of 295.10 lakh bales and opening stocks of 28.90 lakh bales, the total availability of cotton during the 2023-24 season has been pegged at 346 lakh bales, lower than previous year's 355.40 lakh bales.

The total domestic demand during the 2023-24 season is estimated by CAI at 311 lakh bales. This includes the consumption of mills at 280 lakh bales and consumption by the small scale industries (SSI) at 15 lakh bales. The non-mill consumption is estimated at 16 lakh bales.

CAI has estimated the surplus during the 2023-24 season at 35 lakh bales, while projecting exports of 14 lakh bales(15.50 lakh bales last year). As per the cotton balance sheet, CAI sees the closing stocks at 21 lakh bales for the 2023-24 season, down from previous year's 28.9 lakh bales.

In the North Zone that comprise of key producing States of Rajasthan, Haryana and Punjab, CAI has pegged the crop at 43 lakh bales, same as last year.

In the Central Zone, comprising of Gujarat, Maharashtra and Madhya Pradesh, the production estimated by CAI is 179.60 lakh bales, down from last year's 194.62 lakh bales. Also in the South Zone comprising of Telangana, Andhra Pradesh, Karnataka and Tamil Nadu the output is seen lower at 67.50 lakh bales from previous year's 74.85 lakh bales.

Source: thehindubusinessline.com– Oct 31, 2023

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Stiff competition, falling orders affect Tirupur's knitwear hub

The fact that one country's loss is another one's gain is coming true for India's top knitwear hub Tirupur. Its slowly losing space due to the progress made by Bangladesh knitted fabrics manufacturing segment. The Free Trade Agreement (FTA) between India and Bangladesh is negatively affecting India's textile exports and its market share within the domestic industry.

Customs exemption on Bangladesh fabrics has made them far cheaper and resulted in increased imports into India's mid-market segment. This has led to demand for the more expensive high-tech Tirupur products going down. By importing cost-effective raw materials from China, Bangladesh is now exporting high-tech finished apparels to the EU and US markets where they are exempt from duties due to Bangladesh's status as a least-developed country.

Also, the cost-effectiveness and durability of man-made fibres in the apparel segment has added to the downfall of the knitwear segment that Tirupur is well-known for. Moreover, growing import of dyed knitted fabrics, despite import duty, is a matter of concern. As Prabhu Dhamodharan, Convenor of Coimbatore-based Indian Texpreneurs Federation (ITF) points out, dyed knitted fabrics are used to make all types of garments. During the first five months of the current fiscal, India imported knitted fabrics worth Rs 2,270 crore, mostly from China.

The influx of dyed knitted fabrics directly impacts various sub-sectors, including spinning, knitting, and processing. Tirupur manufactures around Rs 35,000 crore worth of knitwear apparels like T-shirts, innerwear, women's leggings and shorts for exports and Rs 20,000 crore worth products for the domestic market.

Rapid decrease in Tirupur's global exports, domestic markets

The Tirupur Exporters Association highlights, import of knitted fabric from Bangladesh have risen to Rs 2,489 crore as compared to Rs 1,576 crore in the previous fiscal 2021-22. While it is estimated the value of Indian exports is around $16.5 billion, Bangladesh has already crossed this figure with exports over $44 billion, making it necessary for the Tirupur knitwear industry to buck up with stiff competitive.

Although it seems that Tirupur's export share increased during the past two years in comparison to clothes coming from other Indian garment centers. However, the dollar share in export of clothing has decreased, since the apparent increase in export is in reality more due to the rupee's devaluation rather than volume increase. In reality, Tirupur exported fewer clothing in 2022–23.

Exports have decreased consistently from Tirupur when measured in dollars from August 2022 for the following seven months, with exports falling the most in February-March 2023 by around Rs 1,100 crore less than the same months in 2022. Also, there was a sharp decline in shipments in October 2022 worth Rs 2,164 which was a sharp drop from Rs 3,290 crores in October 2021.

Popularity of man-made fibres affecting business

Orders for knitted fabrics from Tirupur are also dropping due to competition from cheaper and durable man-made fibers that are flooding the fast fashion segment. Export orders from mills producing man-made fibers in Surat and other places in Gujarat is affecting Tirupur's business. Other leading Asian apparel exporting countries such as Vietnam, Bangladesh are also facing lower order volumes but somehow doing better than India due to their lower labor costs, lower input costs, and duty exemptions in trade practices.

Although the Tirupur cluster has around 30,000 units including ancillary ones, most of them are not being used to capacity due to slow global demand. Currently, the bigger mills have some bulk global orders but the medium and smaller units are suffering with fewer orders. International export orders have reduced by 40–50 per cent from last year as most companies have not placed big orders for the upcoming Christmas season. Tirupur manufacturers will now have to wait it out for 2024 spring-summer orders which are placed by the end of this year, meaning profits will not come in for a long time.

The downturn in important apparel markets of the US and EU has affected the entire global trade and knitwear industry remains apprehensive that the worst is yet to come.

Source: fashionatingworld.com– Oct 31, 2023

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Dedicated freight corridors put goods trains on the fast track. But will transportation costs drop?

For long, India's freight trains have been moving on congested tracks alongside passenger trains, with the latter always getting priority treatment. But nearly two decades since the idea of dedicated freight corridors (DFCs) was proposed, rail transport has come a long way despite numerous obstacles.

"It started off in 2006 as a greenfield project and has faced multiple challenges along the way — the biggest being land acquisition along the 2,800-km stretch [of DFCs]," recounts Srinivas Nanduri, director - operations and business development, Dedicated Freight Corridor Corporation India Ltd (DFCCIL), a wholly owned enterprise of the Ministry of Railways set up in 2006 for the construction, maintenance, and operation of DFCs.

DFCs, primarily the Eastern Dedicated Freight Corridor (EDFC) and Western Dedicated Freight Corridor (WDFC), are among the largest projects undertaken by the Indian Railways at an expenditure of about INR1.25 lakh crore. The entire route stretches through nine states, spanning 77 districts, and involves more than 11,000 hectares of land acquisition.

The good news is that these two freight corridors are inching closer to completion, and long stretches on this route are already open for cargo movement.

As per DFCCIL data, construction on almost 2,200 km out of the total 2,800 km stretch is completed. Of this, a continuous stretch of 1,750 km is operational, which includes the 900-km stretch on EDFC from Dadri in Uttar Pradesh to Son Nagar in Bihar and another 850 km on the WDFC from Dadri to Sanand in Gujarat.

However, a lot of work remains to be completed on WDFC, which is slated to go beyond Sanand up to the Jawaharlal Nehru Port Trust (JNPT) in Mumbai. Once completed, the WDFC will be a major factor in attracting container freight from India's second-largest port.

Clearly, DFCs entail huge capacity expansion for freight and will cut down transit times considerably. But will it help reduce the cost of transportation by rail?

Capacity and speed

The DFCs have been designed for much higher capacity than the Indian Railways' network. For instance, the height of a double-stack container train on the DFC is 7.1 metres while a single-stack container train is 5.1 metres tall, compared with 4.26 metres in the case of normal freight trains. The train length on DFC is almost double at 1,500 metres and load-carrying capacity is 12,000 tonnes vs. 5,400 tonnes for normal trains.

"While the government has constructed this infrastructure at a huge cost, you are getting the service at the same rate as charged by the Indian Railways. The DFC is not charging extra for high-speed premium transit." — Srinivas Nanduri, director - operations and business development, Dedicated Freight Corridor Corporation India Ltd

Further, the dedicated tracks on the DFCs would help freight trains achieve an average speed of 65 km/hour as against 20 km/hour-25 km/hour for normal goods trains.

"In a long stretch, of say 900 km, we can run a train every 10 minutes. That is the capacity we can think of," says Nanduri, adding, "On the EDFC, at one point of time, getting 400 rakes of coal loaded was a dream. Now, we are doing 500-540 rakes without batting an eyelid. Son Nagar to Dadri used to take about 34-35 hours. Now it's about 20 hours".

Also, the to-and-fro movement of container traffic from Gujarat ports, namely Kandla, Pipavav, and India's largest container port Mundra, to the NCR (national capital region) has been significantly reduced from about three-four days to 36 hours.

But then, will this extra capacity get absorbed?

DFCCIL is upbeat on year-on-year growth as it expects the export-import (Exim) sector to spur traffic on the WDFC. The entity is trying to find additional traffic for the corridor with new strategies like carrying trucks on trains. Further, new business initiatives such as playing the role of an aggregator and consolidating small cargo, running parcel trains, etc., are underway.

“If you are a 100-tonne producer, you will have to wait for aggregation, which takes time. If the producer is not willing to wait, he moves it by road. So, aggregation has been absent. We are trying to do that job now,” says Nanduri.

Transition time and cost

For FY23, Indian Railways recorded total freight traffic of 1,512 million tonnes. Of this, the two DFCs carried about 500 million tonnes, according to DFCCIL. However, at about 26%, the share of railways in the country’s overall freight traffic remains low.

As of now, industry players are not sure as to how DFCs will lead to cost gains, the most important factor in moving cargo from road to rail. Freight rates on DFC are expected to remain the same as on the Indian Railways as the former does not have a separate freight rate system but follows the latter.

“We can only think of giving some incentives for moving non-conventional traffic, for which we can design a separate rate system,” says Nanduri. A subsidiary of the Indian Railways, DFCCIL has the status of zonal railway.

While DFC freight rates are expected to remain the same, Nanduri contests that it is not the rate per se but factors such as faster transit time, lower inventory costs, and better utilisation of assets that should help reduce the overall logistics costs.

“While the government has constructed this infrastructure at a huge cost, you are getting the service at the same rate as charged by the Indian Railways. The DFC is not charging extra for high-speed premium transit,” Nanduri points out.

According to private logistics players that are using these routes, DFCs have brought in much-needed reliability to rail transport, which is a big positive. And that makes it easier to convince customers to move freight by rail.

“Earlier, on an average, trains used to take 48 hours to reach Dadri from Mundra... Sometimes, this went up to 80 hours. Now, they reach in around 40 hours,” says a private train operator.

However, despite improved reliability and lower transit time, the final decision on whether to use rail or road in most cases boils down to the cost factor alone. Another important factor is that the road infrastructure has grown at a faster pace, bringing down transit times drastically.

Road vs. rail

Rail transport is cheaper for long-distance movement of goods, though it involves multiple extra costs. For example, when a customer chooses to move goods by road, a container arrives at his factory, loads the cargo, delivers it to the port, and vice versa. This way, road transportation is an end-to-end solution. In cases where Exim cargo is involved, road operators route it through inland-container depos or container-freight stations to get customs clearance, and the same doesn't come at a huge cost.

In comparison, if a customer chooses railways, the container comes to his factory and moves cargo via road to a rail terminal. There, it is offloaded from the truck and kept in the rail yard for a few days until 90 such containers are consolidated. Then, all of them are loaded on a wagon.

Thus, at these terminals there are extra costs of handling (loading, unloading, and wagon costs which may approximately amount to IN2,500-INR3500 per container), waiting time, and consolidation. "The extra costs of moving cargo by rail needs to be compensated by lower rail cost to make sure that the total cost is the same as by road. Since the rail cost is not low enough to compensate for the extra charges, the net rail cost is high," says Manish Puri, president, Association of Container Train Operators (ACTO).

Recently, the railways increased haulage charges by 10%. There is stiff competition between train operators like JM Baxi, DP World, Gateway Railway, PRCL, and Container Corporation of India. Train operators say that since their own costs are going up, it is difficult to pass on benefits to the end customers. Also, as per current ground realities, the reduction in transit times by railways is not substantial enough to guarantee much higher asset utilisation, which can, in turn, enable operators to save costs.

"Significant benefits of higher asset utilisation can be reaped only when a train, which used to do say five trips, can now do eight within the same time. At present this is much lower," Puri adds.

The bottlenecks

Better coordination between the Indian Railways and DFC can help resolve some bottlenecks. For instance, freight trains pick up speed only once they get onto the DFCs. But the interchange-connecting points between the Indian Railways' network and the DFC route are where things need to get smoother. The changeover process at the interchange point, at present takes about a few hours.

“Driver changeover at these points wastes a few hours because the crew working for DFCs is Indian Railways' staff only,” says Dinesh Goyal, business head - Rail at transportation and logistics company, CJ DARCL. “It should ideally work like a relay race with one driver quickly replacing the other.”

Further, maintenance of wagons needs to get a lot smoother for better assets utilisation. As per the concession agreement with container train operators, Indian Railways doesn't own the wagons but takes responsibility for maintaining them for a fee from container train operators. Train operators are of the view that the concept of going to the base depo for maintenance wastes time and is a hindrance to better asset utilisation.

“Depos across India follow the same maintenance processes. Therefore, trains should be allowed to move to the nearest depo for maintenance, which should be a professional exercise with sufficient availability of spare parts to save time,” says Goyal.

Detentions on the DFCs because of damages or defects take longer because of the dependence on Indian railways' staff. DFC doesn't have its own maintenance staff.

Indian Railways clearly has a big role to play in making logistics greener while also bringing down costs. To meet the government's target of increasing the share of railways in freight movement from 26% to 45% by 2030, rail transport needs to be streamlined on multiple fronts.

Else, it could be a losing battle with road transport.

Source: economictimes.com– Nov 01, 2023

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BriskPe Launches Solution that Redefines Cross-Border Payments for MSME Exporters

BriskPe, the Mumbai-based cross-border payments platform, is proud to announce a groundbreaking solution that promises to reshape the landscape of cross-border payments, particularly for Micro, Small and Medium-sized enterprise (MSME) exporters. In a realm where the hurdles of high transaction costs, exchange rate fluctuations, and payment delays have long thwarted businesses' international aspirations, BriskPe is poised to transform this landscape.

India's Export Engine: The Role of MSMEs

Micro, small and medium-sized enterprises constitute the backbone of India's economic landscape, driving growth, innovation, and employment. In the fiscal year 2022-23, MSME products constituted 43.6% of India's exports (data from the Directorate General of Commercial Intelligence and Statistics). When these businesses venture into the world of cross-border trade, they often face an array of formidable challenges. Transaction fees imposed by traditional financial institutions can erode profit margins, while the volatility of exchange rates introduces an unsettling level of uncertainty.

Moreover, payment delays, exacerbated by a lack of transparency, further complicate cross-border transactions, hindering the growth and global aspirations of countless businesses. BriskPe is poised to change that. By eliminating the burden of excessive transaction fees and the unpredictability of exchange rates, BriskPe's platform paves the way for MSME exporters to engage in international trade with newfound ease and efficiency.

The driving force behind BriskPe's groundbreaking solutions is a triumvirate of accomplished industry veterans with over 75 years of combined experience -- Sanjay Tripathy, Nilesh Pathak, and Indunath Chaudhury. Their expertise and insights have meticulously shaped a product that heralds an era of streamlined, highly efficient, and mobile-first convenient cross-border transactions. "Our mission is clear--to revolutionise cross-border payments and bring the world closer for Indian businesses. With the launch of BriskPe, we're empowering entrepreneurs, MSMEs, and the entire business landscape to flourish on the global stage like never before," says Sanjay Tripathy, Co-Founder & CEO of BriskPe.

The process is straightforward: MSMEs can sign up and link their Indian bank accounts, then raise invoices. The platform takes it from there, automatically tracking and communicating payment status. Payments are promptly credited to Indian bank accounts, accompanied by payment advice and compliance details.

The remarkable turnaround time for payments to be credited to the receiving bank is just one day. The company has collaborated with YES BANK to ensure that the transaction process is streamlined and efficient. With a nominal charge of 1% (inclusive of GST), the platform eliminates international fees such as SWIFT, FIRC and high forex charges that have historically burdened cross-border transactions.

BriskPe operates within the regulatory framework of RBI's OPGSP and holds a Money Service Business (MSB) license in Canada for its Canadian subsidiary.

Fueling India's Export Aspirations

With MSMEs projected to contribute at least 60% to India's total export goal of $2 trillion in goods and services by 2030, BriskPe's innovative approach offers exporters an opportunity to thrive in the global market. By removing the financial and administrative complexities associated with cross-border transactions, BriskPe is transforming the way businesses approach international trade, making it more accessible and lucrative for all.

"At BriskPe, our vision is to simplify international trade to the level of local commerce. We believe that every local business in India has the potential to flourish on the global stage. With our innovative solutions, we're leveling the playing field and empowering local businesses to compete globally without the traditional barriers and complexities," Tripathy signs off.

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

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Festive season spending booms as consumers splurge, buoying economy

India's festive season spending is booming as consumers splurge on cars, smartphones and TVs, buoying growth in one of the world's fastest-expanding economies.

Sales at online platforms like Amazon.com Inc., and Walmart Inc.-owned Flipkart was up by almost a fifth in the first week of the festive sales from a year ago. Digital transactions recorded by Unified Payments Interface surged about 40% in October from a year earlier.

India's festive season usually runs for several weeks until the Hindu religious holiday of Diwali — which takes place on Nov. 12 this year — with millions of Indians often binging on food, gifts and home improvements. The sales are a key indicator of the health of consumption, which makes up about 60% of India's gross domestic product.

Economists point to an easing in inflation and a pickup in wages, especially in the rural countryside, where a majority of India's population live. Consumer confidence reached a four-year high in September, the latest central bank figures show, while demand for bank loans is hovering near a 12-year high despite interest rate hikes this year.

Prime Minister Narendra Modi's government is also targeting farmers ahead of elections, giving them higher guaranteed prices on some crops and curbing cooking gas costs.

"Both urban and rural consumption are entering the festive season on a much stronger footing," Yuvika Singhal and Vivek Kumar, economists at Quanteco Research, wrote in a report last week. The continuing fiscal support directed toward rural areas ahead of polls could further boost consumption in the sector, they said.

Stronger spending is helping to drive manufacturing activity in Asia's third-largest economy and underpinning growth of more than 6% in the current fiscal year that ends in March. The International Monetary Fund predicts India's economy will grow 6.3% in both 2023 and 2024 — the fastest pace among major economies.

Consumer businesses are reporting stronger sales, while banks like Axis Bank Ltd. are betting on a pickup in business momentum in the next few months. Reliance Retail said in a statement last week that it saw “strong shopping” during recent festivals.

On top of the festive period, consumption will likely also get a boost from the Cricket World Cup and the upcoming wedding season.

The cricket tournament is being hosted in cities across India until Nov. 19, with some economists estimating it could add $2.6 billion to the economy as fans spend on travel and eating out.

The Confederation of All India Traders, the country’s largest traders group, expects the wedding season, which runs from Nov. 23 to Dec. 15, will result in $50 billion of spending on items like gold jewelry, clothing and other consumer goods.

“The festive season is expected to be followed by a robust wedding period, both of which combined should support near-term growth,” Teresa John, an economist at Nirmal Bang Institutional Equities Pvt, said last week. “Easy availability of credit and expectations of cooling inflation should also aid a gradual recovery in discretionary spending particularly in the mass market.”

Online sales from Amazon, Flipkart and others reached 47 billion rupees ($565 million) in the week through Oct. 15, consulting firm RedSeer said in a report. Mobile phones, electronic goods and large appliances drove around 67% of the sales, it said.

UPI, which records real-time digital payments, processed transactions worth 16.46 trillion rupees from Oct. 1-30, an increase of more than 40% from a year earlier. Credit card payments jumped 16% to 1.42 trillion rupees in September, data from the Reserve Bank of India shows.

Peak electricity demand, a key barometer for activity in industrial and manufacturing sectors, surged to an all-time high of 240 gigawatts in September, topping the government’s forecasts.

Factory floors are also buzzing, with manufacturers adding more capacity to keep up with the strong demand.

“We have healthy orders across most of the verticals led by mobile phones, LED televisions and washing machines,” Saurabh Gupta, chief financial officer at Dixon Technologies Ltd., one of the country’s largest contract manufacturers, said earlier this month. Dixon had introduced multiple shifts across the majority of its 20 factories to meet its order pipeline.

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

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