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USD	EUR	GBP	JPY
83.19	91.35	106.16	0.59

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INTERNATIONAL NEWS

Eurozone Challenges: Inflation, oil prices, and weariness impact consumer behavior

In early December 2023, the Consumer Wise team at McKinsey published a report on consumer research findings from France, Germany, Italy, Spain, and the UK. The study, based on Q3 data ending September 31, highlighted on the varied sentiments of European consumers regarding the recovery of their respective economies. The prevailing Russo-Ukrainian conflict and unrest in the Middle East have intensified feelings of uncertainty among.

Uncertainty affecting consumer sentiment

A recent Reuters post too highlighted the challenging situation facing the euro €, which experienced a decline following lower-than-expected inflation within the Eurozone this month. This development has sparked speculation about potential early rate cuts by the European Central Bank. The post also pointed out Eurozone-specific concerns, notably the exposure to escalating oil prices, which pose an additional risk to an already sluggish economy and the stability of the single currency.

The Euro is particularly susceptible to the impact of rising oil prices, given that the European Union relies on net imports for more than 90 per cent of its products. Amidst these disruptions, European consumers find themselves grappling with a sense of weariness. This sentiment is notably influencing spending patterns, with non-essential categories, such as the textile and apparel (T&A) sector, witnessing significant cutbacks as consumers navigate through these uncertain times.

The young and the rich more optimistic

Notably, both Gen Z and high-income bracket continue to showcase a certain level of optimism concerning Europe's economic recovery, a sentiment that has persisted for the past two years. However, a substantial 66 per cent respondents share a common concern about ongoing inflation, positioning it as the primary worry for two-thirds of consumers. The typical European consumer is contending with the impact of escalating heating and electricity costs, especially as they brace for the imminent colder months. The looming prospect of interest rate hikes is further adding to the psychological strains felt by consumers.

Despite these challenges, there is a prevailing thread of optimism among consumers, driven in part by indications of price stability across the European Union and early signals of economic recovery. Notably, Spanish consumers emerge as the most optimistic, while their German counterparts express a comparatively lower level of optimism. Expenditure in non-essential categories, including textile and apparel (T&A), has experienced a noticeable decline, with toys and automobiles particularly bearing the brunt. However, consumers are committed to maintaining spending on essential items like fresh produce, pet supplies, and household necessities. Among the surveyed countries, French, Spanish, and Italian consumers express the strongest intentions to reduce overall spending.

As for indulging in personal treats, fashion ranks among top three categories with holidays and dining out. Gen Z, constituting a substantial market for fashion, demonstrates a robust intent to indulge, with 59 per cent expressing the desire to splurge. High-income respondents similarly show a significant inclination to treat themselves, with 49 per cent expressing a similar intent, in contrast to their middle and low-income counterparts.

Despite economic instability, consumers favor sustainability

Amidst economic challenges due to inflation, concerns about environmental, social, and governance (ESG) factors often take a back seat. However, European consumers, in line with the EU's leadership in championing ESG values, are demonstrating a distinctive standpoint. When questioned about their apparel purchasing preferences, 55 per cent expressed a preference for reduced and recyclable packaging. Similarly, 55 per cent indicated a desire for recyclable garments, while 54 per cent emphasized the importance of materials sourced sustainably. And 33 per cent expressed a preference for utilizing exclusively organic materials.

Fair trade practices emerged as a substantial consideration for 54 per cent, highlighting the belief that buyers should engage in fair pricing with suppliers and ensure goods are not manufactured in labor-exploitative hubs. This sentiment aligns with a recent report from Uyghur Rights Monitor, Sheffield Hallam University, and the Uyghur Centre for Democracy and Human Rights, identifying well-known brands such as

H&M and Zara as high-risk in sourcing materials—particularly cotton and PVC—from Uyghurs coerced into state-imposed labor transfer programs.

Approaching the conclusion of the fourth quarter, a pivotal period marked by Europe's major festive season and increased spending, the forthcoming report will offer insights into whether European consumer optimism persists amid these intricate considerations.

Source: fashionatingworld.com– Dec 14, 2023

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Sourcing with Due Diligence: A Commitment to People Along the Supply Chain

As the fashion industry comes under scrutiny regarding social and labor rights, consumers and governments are pushing for companies to be legally required to undertake human rights due diligence.

According to the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, due diligence is a risk management process that companies carry out to identify and respond to current and potential negative impacts related to their own operations and throughout their supply chains. The OECD's due diligence procedure has emerged as a pivotal reference point in this evolving legal framework, guiding companies on a more ethical path. The procedure is based on six points.

The first step is to develop, implement and communicate a policy on human rights due diligence and further incorporate policies and expectations in supplier and business relationships.

Identifying and assessing actual and potential adverse impacts associated with the enterprise's operations, products or services is the second. A risk assessment is performed throughout the whole value chain.

Cease, prevent and mitigate adverse impacts is the third. Once identified, companies are expected to act on the most significant risks and develop and implement a remediation plan to cease, prevent and mitigate them.

The fourth step is to track implementation and review results. Companies must establish a monitoring process to evaluate the effectiveness of due diligence procedures, working in a continuous improvement mode.

Communicating how impacts are addressed is the fifth step. Stakeholders shall be informed about human rights due diligence procedures, risks, activities, and findings.

The final step is to provide or cooperate in remediation when appropriate. Working together with other parties would be crucial to enable remedies and provide grievance mechanisms.

Awakening of legal changes: New global legislations

Upcoming legislation in Europe will be developed from the proposal for a European Union (EU) Directive on Corporate Sustainability Due Diligence Directive (CS3D), which will initially apply to large companies or those in high-impact sectors, including textiles, agriculture, extraction of minerals and more. Even though small- and medium-sized enterprises (SMEs)—which represent 99 percent of EU companies—are excluded, it's estimated that around 16,800 companies worldwide will be directly affected, as they're exposed to the directive through business relationships with companies in the scope.

Additionally, some European countries have already adopted their due diligence laws, including Norway, the United Kingdom, Germany and France. Countries such as Poland, Spain, Italy and Ireland are currently developing the law. Outside Europe, early developments in California and Canada as well as already-established legislation in Australia and New Zealand are underway. This is a worldwide push for private companies to ensure the human rights of people working for them and in their supply chain.

Recover's responsible sourcing policy

Aiming to be a frontrunner in sustainability, fiber recycling company Recover™ is already working on compliance with the due diligence procedure, regardless of not being under the CS3D scope. As mechanical recyclers, our feedstock is textile waste.

Therefore, the Recover™ supply chain is broad and complex as we source from different countries. Since every country has different social and economic structures, we must adapt to the needs of each culture, always ensuring human rights compliance.

To generate sound relationships with our suppliers, the Responsible Sourcing Policy has been launched. The idea of this policy is to ensure that Recover's raw material is textile waste and that providers of these materials are improving their compliance with Recover's help. This is a long process where both Recover™ and the supplier will work together day-by-day, building trusted business relations and pursuing compliance according to national and international standards.

The purpose of responsible sourcing is to use our purchasing power to influence suppliers' business standards for the better. Therefore, when breaches of Recover's Code of Conduct for Business Partners are detected, the company can assess their severity. The normal response to non-compliance should be to follow up with the supplier through requirements, dialog and guidance. We work in partnership with producers and suppliers to transform the way we source and create new values to be shared by all.

At Recover™, we truly believe in change for more transparent and traceable textile supply chains, enhancing workers' rights and environmental protection across different players.

Source: sourcingjournal.com– Dec 14, 2023

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American Retailers Await a Super Duper Saturday This Holiday Season

Some call it Super Saturday. Others call it Panic Saturday.

In any case, the last Saturday before Christmas this year is expected to see a super turnout of shoppers scrambling for last-minute gifts. Nearly 142 million consumers plan to shop that day, according to the latest survey from the National Retail Federation and Prosper Insights & Analytics.

That's a significant increase from the last time Super Saturday fell on Dec. 23, when 126 million consumers were expected to shop on that day in 2017, according to the NRF.

In recent years Super Saturday has emerged as the biggest revenue-generating day of the year for retailers, surpassing even Black Friday. If Christmas fell on a Sunday, Super Saturday would be designated as on the prior weekend.

"Traditionally, Super Saturday marks the final major shopping holiday of the year," NRF president and chief executive officer Matthew Shay said in a statement Wednesday. "While most consumers still have plenty of shopping left to do, retailers are prepared both online and in stores with gifts, decorations and other items that people need to make this season fun and memorable."

Retailers expect mediocre revenue gains this holiday season, in the 2 to 4 percent range on average. But the calendar this year works in their favor, with a full weekend before Christmas Day, which falls on a Monday.

NRF and Prosper surveyed 7,973 adult consumers about their holiday shopping plans from Dec. 1 to 6. The survey has a margin of error of plus or minus 1.1 percentage points.

According to the findings, about 53 million people, or 37 percent of Super Saturday shoppers, expect to shop exclusively in stores this year, up from about 44 million, or 28 percent last year, and 58 million, or 41 percent, plan to shop both online and in stores. Around 31 million (22 percent) plan to shop exclusively online.

As of early December, holiday shoppers have picked up 49 percent of the items on their shopping lists. For those who still have more than half of their shopping remaining, 36 percent indicated they are still figuring out what to buy.

NRF believes many consumers are holding out for better deals. So far, price promotions, according to sources contacted by WWD, have been largely pre-planned and running on schedule, and not driven by desperation to move product. Right now retailers are in the midst of a post-Cyber Monday shopping lull, which occurs each year, and expect to regain momentum 10 to 14 days before Christmas.

In November, 85 percent of Thanksgiving weekend shoppers said they expected the deals during the rest of the holiday season to be the same or better than Thanksgiving weekend.

“This year Super Saturday is truly aligned for last-minute shoppers,” said Prosper Insights & Analytics executive vice president of strategy Phil Rist. “A majority of consumers also plan on purchasing their last gift in the week leading up to Christmas.”

Popular destinations where consumers will finish their shopping include online (49 percent), department stores (38 percent), discount stores (28 percent), clothing and accessories stores (26 percent), and grocery stores (19 percent). So far the top gifts consumers have purchased are clothing (50 percent), toys (34 percent), gift cards (27 percent), books and other media (24 percent), and personal care or beauty items (23 percent).

Retailers could see continued momentum after Christmas Day well into January as gift cards get redeemed for merchandise and returns are made. According to NRF/Prosper, 70 percent of consumers said they plan to shop in the week following Dec. 25.

NRF expects spending for the holiday, which the organization defines as November and December, to grow between 3 and 4 percent over 2022, totaling $957.3 billion to $966.6 billion. Last year, holiday sales totaled $929.5 billion.

Source: sourcingjournal.com– Dec 14, 2023

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Slowest decline in German export conditions since Jul: HCOB Nov survey

Data collected in November by the Hamburg Commercial Bank (HCOB) suggest a modest improvement in the overall economic situation across Germany's key export destinations in Asia, North America and the rest of the world.

“While these regions show signs of progress, the critical European economies, integral to Germany's export industry, continue to grapple with challenges. However, there's a ray of hope here too, as the corresponding index indicates a softening of the downturn for the first time in seven months,” HCOB chief economist Cyrus de la Rubia said in a S&P Global Ratings release.

The order situation continues its decline across vital export sectors, casting a shadow over key areas.

November data indicated a shallower downturn in German export conditions than in the previous month. At 48.7, the headline seasonally adjusted HCOB Germany manufacturing purchasing managers’ index (PMI) export conditions index picked up from October's 11-month low of 47.6 and was the highest since July.

However, the index has now registered below the neutral 50 value for six consecutive months, largely due to a sustained weakness across European export markets.

"Emerging markets, a weight on the shoulders of the German export industry for five months in a row up to October, have now crossed the 50-point threshold. However, this doesn't imply an immediate transformation of the emerging world into a locomotive for Germany. While we anticipate global economic growth across all sectors to slow down next year, the manufacturing sector is according to our forecast poised to emerge from its recession, injecting positive momentum into the German export industry," he noted.

Europe remained the only major global region to signal a reduction in private sector output in November, with the respective trade-weighted export conditions index registering 46.9, up slightly from 45.3 in October.

The latest HCOB composite PMI surveys for France, Italy and Spain all pointed to reduced economic activity in November, although the euro area as a whole saw the least marked decline in output for four months. Greece and Ireland recorded the fastest rates of growth.

On a trade-weighted basis, export conditions improved across both Asia (index at 51.4) and North America (50.3) during November. Business activity growth in Asia was the fastest for three months, supported by a modest rebound in China and continued economic expansion among the ASEAN nations.

Singapore saw the fastest rise in business activity since October 2022. Although only a small component of the German export conditions index, as a highly export-intensive economy and major hub for international supply chains, this improvement is a positive signal for the global trade outlook.

Another month of modest US economic growth also acted as a tailwind for exporters, although momentum has weakened since this summer.

German manufacturers often commented on subdued export sales due to overstocked customers, following a build-up of inventories during the pandemic.

Tighter inventory policies remain a cyclical headwind as goods producers run down their safety stocks and focus on working capital efficiency.

The HCOB Germany manufacturing PMI pointed to the slowest decline in new orders from abroad since April, which added to signs of a turnaround in overseas demand conditions.

However, the downturn in manufacturing export orders during November remained much faster than the global benchmark, with only Austria and France recording faster rates of contraction.

Source: fibre2fashion.com– Dec 14, 2023

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Modern textile factory needed to ready supply chain for change: Report

The global textile industry is now witnessing a transformative shift, with a growing focus on sustainability goals and commercial aspects like greater speed, more reliable quality and data-led pricing, according to a new report released by Portugal-based Smartex, which uses artificial intelligence to empower textile factories.

The unregulated era of low-cost dominance is evolving, and the key to this transformation lies in the emergence of the modern textile factory, the report, titled 'The Modern Textile Factory: Charting the Impact of a Shifting Textile Supply Chain Landscape', notes.

As the supply chain makes up four-fifths of the industry's environmental impact, to prepare it for a change in primary data reporting and investment in more sustainable technology, the modern textile factory (MTF) has to emerge, the report, prepared by Smartex's first focus group dedicated to the modern textile factory, says.

The urgency for the supply chain to adapt to new reporting standards and invest in sustainable technology is evident, the report observes.

At the same time, commercial advantages are emerging for factories that embrace modernisation, including the greater speed to market that aid brand revenue and dead stocks, improved quality control for greater factory control of their profits, and the ability to compete globally with data-led pricing strategies.

The realisation by suppliers that better quality control means higher profits and more reliable speed. The market is demanding competitive prices, increased speed, better quality, and rock-solid compliance at the same time, necessitating factories to accelerate their modernisation efforts.

While challenges such as financing, macro trends susceptibility, and traditional mindsets exist, overcoming them is possible with collective support, the report hopes.

Source: fibre2fashion.com– Dec 14, 2023

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China, Vietnam deepen practical cooperation, benefit two peoples

China and Vietnam are connected by mountains and rivers. They enjoy cultural proximity, cherish the same ideals, and have a shared future ahead of them.

In recent years, the two countries have brought out the full potential in their geographical proximity and complementarity of industries, and accelerated synergizing the Belt and Road Initiative (BRI) and the Two Corridors and One Economic Circle strategy, in a bid to better serve their respective national development and benefit the two peoples.

To the west of Kong Chro District, Gia Lai Province in south-central Vietnam, there stand dozens of huge wind turbines with their blades slowly rotating, providing steady electricity for local production and life.

These belong to a wind power project designed and constructed by China Energy Engineering Corporation (CEEC), which includes two wind farms. So far, all 64 wind turbines of the project have been erected with grid-connected power generation capacity, some of which have been put into use.

According to Lin Lingli, deputy general manager of the new energy division of Guangdong Electric Power Design Institute of CEEC, the project uses internationally advanced onshore wind turbines with large capacity and high towers, which have a large power generation capacity and occupy less land. Compared with coal-fired power plants of similar size, the wind power project can reduce carbon dioxide emissions by about 897,000 tons annually.

Driven by a series of policies and measures, a number of Chinese enterprises helped develop Vietnam's renewable energy power generation, contributing to the country's energy transition and development.

Click here for more details

Source: fibre2fashion.com– Dec 13, 2023

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Global brands like PVH, H&M & Inditex re-sign International Accord

A total of 56 global brands and retailers, including PVH, AEO, H&M, Primark, Ted Baker and Inditex among others, have so far signed the renewed International Accord, 48 have signed the Bangladesh Safety Agreement and 88 have signed the Pakistan Accord. Multiple brands are in the final stages of internal reviews and are expected to sign the agreements in the coming days.

Brands and trade unions have renewed their commitments for an extended three-year term, with an automatic renewal of another three years making it the longest accord commitment to date.

The International Accord will serve as the framework for implementing the Accord's Country-Specific Safety Programmes (CSSPs), currently in Bangladesh and Pakistan, as well as any future programmes in other garment producing countries. These programmes will be implemented through separate agreements as CSSP Addendums to the International Accord.

Additionally, the brands and trade unions finalised the new Bangladesh Safety Agreement to further their efforts in enhancing health and safety within the Bangladeshi garment industry through the RMG Sustainability Council (RSC). Both agreements entered into force on November 1, 2023, the International Accord said in a press release.

Prior to these two new agreements, in December 2022, Accord signatories decided to establish a new workplace health and safety programme called the Pakistan Accord for an initial term of three years starting on January 1, 2023.

Source: fibre2fashion.com– Dec 14, 2023

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Global knitwear market to continue fast forward growth, touch $156.8 bn: Report

The rise of knitwear from its traditional role as innerwear to a fashion statement has been remarkable, capturing the attention of both consumers and designers. The fabric's exceptional versatility has empowered designers to break barriers and explore novel trends, with emerging fashion creators enthusiastically embracing its flexible and unconventional characteristics. The period of global lockdowns in 2021 and 2022 underscored knitwear, as consumers gravitated towards its comfort and adaptability. In a noteworthy shift, knitwear appears poised to outshine its conventional counterpart, woven fabric.

Global surge in knitwear market

Maximize Market Research Private Limited (MMR) has been diligently studying the global knitwear landscape, and its recent report predicts a substantial growth in the global knitwear market, reaching $156.8 billion by the end of the decade. This growth is expected at a compound annual growth rate (CAGR) of 5.8 per cent. Within realm of knitwear, men's knitwear is projected to lead with a robust CAGR of 6.7 per cent, solidifying its position as the largest segment.

The increase im knitwear's popularity can be attributed in part to the widespread accessibility facilitated by e-commerce. Online sales of knitwear products, integral to the clothing and fashion industry, have experienced a notable uptick.

This trend is particularly pronounced in emerging economies such as Brazil, Russia, India, China, and South Africa (BRICS), where the penetration of online knitwear sales is steadily increasing. Notably, China stands out as the foremost manufacturer and exporter of knitwear globally, closely followed by Bangladesh, India, and Vietnam. In Europe, Germany and Italy emerge as pivotal players in both manufacturing and exporting knitwear on a significant scale.

In essence, knitwear's popularity is a testament to its enduring appeal, accentuated by the convenience of online sales and the ingenuity of designers who continue to push the boundaries of this versatile fabric. The projected growth outlined by MMR underscores knitwear's ascendance as a dominant force in the global fashion landscape.

Reasons for its popularity

In recent times, a discernible shift towards sustainable and eco-friendly fashion has shaped consumer preferences, and within this landscape, knits have emerged as a favored choice for environmentally conscious individuals. Known for their versatility, knits are commonly crafted from natural fibers like cotton or wool, presenting a biodegradable and renewable option. What sets them apart is the potential for production through sustainable and ethical manufacturing practices, aligning with the conscientious choices sought by eco-minded consumers.

The enduring popularity of knits spans decades driven by its timeless charm and adaptability, ranging from classic cable-knit sweaters to contemporary oversized cardigans, T-shirts, loungewear, athleisure garments, dresses, and beyond, knits offer a diverse array of styles to suit various tastes. Their availability in a broad spectrum of colors, patterns, and textures further widens the scope for creative expression, allowing individuals to curate unique and personalized style portfolios.

Integral to knits is their inherent comfort and convenience, making them a practical and desirable choice for everyday wear. This attribute, combined with their eco-friendly profile, positions knits as a responsible and stylish option for the modern fashion-conscious consumer.

Geographically, major markets driving knitwear consumption include the US, Canada, the UK, the EU, China, Japan, India, Australia, and Brazil. Till 2022, North America stood out as the predominant consumer market, closely trailed by Europe and the Asia Pacific region. This evolving consumer preference towards sustainable fashion underscores the enduring allure of knits as both a timeless and conscientious wardrobe choice.

India's knitwear industry growth pegged at 9 per cent

From 2019 onwards up until 2029, as per government stats, knitwear segment growth is expected to reach 9 per cent. Tirupur remains the country's knitwear hub with its main focus being exports, whereas Ludhiana and Kolkata, are also knitwear hubs that mainly cater to the large domestic market. Tiruppur produces around 80 per cent of India's total knitwear exports and contributes 4 per cent of India's total export trade.

As per the MMA report, outerwear is main application segment, outperforming innerwear in knits. Sportswear and innerwear are projected to run neck-to-neck in terms of growth until the projected period of this report which is 2029. Key players operating in the global knitwear market are Nike, Adidas, GAP, Ralph Lauren, Victoria's Secret, Marks & Spencer, Abercrombie & Fitch among others.

Knitwear represents the New Age choices that consumers are making, from environmental consciousness to affordability. In years to come, due to its flexible nature, many man-made innovations will continue giving knitwear the fuel to keep growing.

Source: fashionatingworld.com– Dec 14, 2023

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Indonesia trade surplus narrows to $2.41 bln in Nov, misses expectation

Indonesia's trade surplus narrowed in November to $2.41 billion as imports increased more than expected, while exports extended their weakening trend, data from the statistics bureau showed on Friday.

Southeast Asia's biggest economy has seen its shipments declining by value in the past months due to falling commodity prices and slowing global demand.

In November, exports fell 8.56% on a yearly basis to $22 billion versus expectations of 9.36% drop in a Reuters poll.

Shipment of Indonesia's coal and palm oil, which are its top commodities, were down 34.25% and 12.60% on an annual basis, respectively, as prices continued to weaken in November.

Total volume of coal and crude palm oil exports in November were at 33.9 million metric tons and 2.5 million metric tons, respectively.

Imports, on the other hand, were up 3.29% on a yearly basis to $19.59 billion, much higher than the prediction in the poll for only a 0.20% increase.

The imports were boosted by rising purchases of consumer and capital goods, up 19.82% and 13.66%, respectively. Meanwhile, imports of raw materials were down 1.05%.

"Higher imports in consumer goods was driven among others by imports of food commodities," Pudji Ismartini, deputy head of Statistics Indonesia, said at Friday's press conference.

Indonesia imported 433,000 metric tons of rice in November, up from 312,000 tons in October, followed also by higher imports of sugar and corn in the same month, the bureau's data shows.

The government has been trying to keep headline inflation low by ensuring sufficient food supply partly supported by imports.

Last month, Indonesia's annual inflation rate accelerated more than expected to 2.86% due to rising food prices, including rice. However, the inflation rate is still within Bank Indonesia's (BI) target range for 2023 at 2% to 4%.

Irman Faiz, Bank Danamon's economist, said the November trade balance is still inline with his expectation of a narrowing surplus in the future, and maintained his forecast for a current account deficit at 0.4% of GDP this year.

"The current account deficit continues to stay below the historical average, providing a buffer for rupiah from portfolio flows pressure. As a result, we expect BI to keep the policy rate at 6.0% until the Fed decides to pivot," he said.

BI's next policy review is on Dec. 21, where expectations are for rates to be kept steady again following last month's on-hold decision.

Source: reuters.com – Dec 15, 2023

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Bangladesh: BTMA urges liberalisation of dollar exchange rate

The Bangladesh Textile Mills Association (BTMA) has urged the liberalisation of the dollar exchange rate and called for a unified rate for both export and remittance earnings.

In a letter sent to the country's central bank, the BTMA emphasised the need for crucial measures to sustain the textile industry amid challenging economic conditions.

Further, expressing concerns about operational challenges amid economic uncertainties, global turmoil, and the Russia-Ukraine conflict, the BTMA highlighted difficulties in competitively exporting products due to rising costs of gas, electricity, fuel oil, transportation, and industrial raw materials.

Criticising the Taka 5 gap between the dollar price for remittance and export income, the association warned that this discrepancy could jeopardize the export-oriented textile industry, particularly with a 40 per cent appreciation in the dollar price affecting normal import activities due to non-funded LC limit constraints.

Source: apparelresources.com – Dec 14, 2023

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NATIONAL NEWS

DPIIT releases Report on "Logistics Costs in India: Assessment and Long-Term Framework"

India's National Logistics Policy, which was launched on 17th September 2022, aims to reduce logistics costs in India. To achieve this objective, the Logistics Division, Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry (MoCI) launched a report titled "Logistics Cost in India: Assessment and Long-Term Framework" today in New Delhi. The Report has been prepared by the National Council of Applied Economic Research (NCAER), in a consultative manner, with guidance of the Asian Development Bank (ADB) experts and task force members.

Secretary, DPIIT, Sh. Rajesh Kumar Singh along with Special Secretary, Logistics Division, DPIIT, Ms. Sumita Dawra and other dignitaries including Deputy Country Director, ADB, Mr Hoe Yun Jeong officially unveiled this report today.

This report presents (a) a baseline aggregated logistics cost estimate and (b) a framework for long-term logistics cost calculation. It uses available secondary data from the Supply Use Tables and National Account Statistics of Ministry of Statistics and Programme Implementation (MoSPI) and the NCAER's 2019 study, "Analysis of India's Logistics Costs". It was also reviewed by external experts from the World Bank Group.

This report recommends a hybrid approach using primary (covering all trade flows, product types, industry trends, OD pairs, etc.) and secondary survey data, as well as real-time Big Data to provide an estimate of logistics cost.

To ensure evidence-based decision making for improving logistics efficiency, logistics costs should be estimated on a regular basis (preferably annually). This requires institutionalising the process of data collection in a systematic and periodic manner, for which an MoU with NCAER is planned.

Secretary, DPIIT emphasized that this report offers reliable estimates to instil confidence in investors regarding the efficient movement of goods and services and is poised to play a pivotal role in optimizing logistics efficiency and enhancing India's global competitiveness.

Special Secretary, DPIIT highlighted that logistics cost has serious implications on the country’s manufacturing sector, export competitiveness, global positioning, etc. She pointed out that due to lack of data in the public domain for the critical components of logistics cost, the non-official / floating estimates of India’s logistics cost lack credibility. Hence, a need was felt to develop a scientific logistics cost calculation framework, that is inclusive and stands the test of statistical and data-based methods.

With this objective, the Government formed a Task Force in March 2023, subsequent to a workshop held in partnership with ADB. This Task Force composed of sectoral experts, line Ministries and representatives from NITI Aayog and ADB held a series of meetings, and drew credible conclusions. Key learnings that emerged during this exercise were as follows:

Given the fragmented nature of the sector and various variables such as storage, terminal infra, O-D pair wise commodity flows, affecting the ecosystem, the complexity in estimating logistics cost, was demystified.

The essential components of logistics cost estimation, including (i) Transportation cost, (ii) Warehousing and storage cost, auxiliary support services cost, (iii) Packaging cost, insurance cost, and (iv) Other administrative / operations cost, were identified.

- It was found that secondary data at a disaggregated level on most of these components is not available.

- Lack of data in public domain for the critical components of logistics cost, implied that non-officials / floating estimates of India’s logistics cost lack credibility.

- Immense Big Data being generated in the country is of immense value in computing logistics cost.

- The larger goal of policy making, requires a thorough understanding of trends in disaggregated data in the logistics sector, in terms of trade flows, product groups, EXIM and domestic cargo movement, etc.

The NCAER team led the academic exercise of computing the baseline results and putting together the comprehensive framework for logistics cost calculation in the long run, supported by academia, multilaterals, industry representatives and line Ministries.

The results of this report were widely appreciated by the industry representatives. Building a positive perception in the market, this systematic approach adopted by the Government will facilitate more effective and evidence-based decision making, planning production cycles, resource allocation, etc. Disaggregated data and a clear understanding of trends in the sector will lead to identification of targeted interventions and effective policy making.

Source: pib.gov.in – Dec 14, 2023

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Commerce Ministry shares list of goods facing inverted duty structure

The commerce and industry ministry has shared a list of 13-14 products with the finance ministry that face issues related to the inverted duty structure, an official said.

Inverted duty structure is a situation when inputs are taxed at higher rates than finished products, which can make domestic industry import dependent. "The ministry always shares such list of goods, where customs duties on components are higher than the finished products," said the official.

The correction of such a duty structure is important as manufacturers have to pay a higher price for raw materials in terms of duty, while the finished products land at lower duty and cost.

"We have given our inputs to the finance ministry to look at that. Inverted duty structure is not economically efficient," the official said.

Finance minister Nirmala Sitharaman will present the interim budget on February 1.

Source: economictimes.com – Dec 15, 2023

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India's e-retail market set to reach $57-$60 bn in 2023: Report

India's e-retail market is poised for significant growth in 2023, with estimates projecting it to reach $57-$60 billion, as per a report by Bain & Company in collaboration with Flipkart. This marks a steady increase of $8-$12 billion annually since 2020. Despite the slowdown from the historic growth rate of 25-30 per cent to a current 17-20 per cent, the sector shows resilience in the face of inflationary pressures that have impacted consumer spending and sentiment.

The growth trajectory, albeit slower, reflects a steady rise in online adoption over the last year. However, there's still considerable potential for expansion.

Currently, online spending in India constitutes only 5-6 per cent of the total retail sector, compared to 23-24 per cent in the US and over 35 per cent in China. Three key factors have driven this growth in India: increased access through affordable data and logistics, enhanced affordability and convenience, and the emergence of digital ecosystems.

The fourth growth driver, affluence, remains underdeveloped. A significant increase in e-retail is anticipated once GDP per capita crosses approximately $4,000.

It's expected that 60-70 million Indian households will enter the upper-middle and upper-income brackets by 2028, potentially accounting for 85 per cent of e-retail spending. Government initiatives like the Open Network for Digital Commerce are set to further boost the e-retail sector, as per the report 'How India Shops Online 2023'.

Forecasts suggest a return to 23-25 per cent growth levels, with the market reaching over $160 billion by 2028. The annual transacting e-retail shopper base in India is expected to grow to 230-250 million in 2023, with over 100 million new shoppers added in the last three years.

The e-retail landscape in India is increasingly diverse. Now, 70 per cent of online shoppers are from Tier 2+ cities, and a third belong to Gen Z. Interestingly, about a third come from low-income groups. Mature shoppers are also a growing segment, with those who started shopping in 2019 doubling their engagement and spending.

The next decade of e-retail growth in India will hinge on adding new shoppers and increasing per shopper spending. E-retail platforms are focusing equally on retaining existing customers and acquiring new ones. Catering to the diverse shopper base, with varied preferences and requirements, will be key. Voice and vernacular offerings are gaining popularity, especially among new shoppers from smaller cities.

The seller ecosystem is evolving rapidly to meet these demands, with a significant increase in sellers from Tier 2+ cities and insurgent online-first brands experiencing significant revenue growth.

Source: fibre2fashion.com– Dec 15, 2023

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India's WPI inflation stands at 0.26% in November 2023

The annual rate of inflation based on all India Wholesale Price Index (WPI) number is 0.26 per cent (provisional) for the month of November 2023 (over November 2022) against -0.52 per cent recorded in October 2023, according to the ministry of commerce and industry.

The month-over-month change in WPI index for the month of November 2023 stood at 0.53 per cent as compared to October 2023.

"Positive rate of inflation in November 2023 is primarily due to increase in prices of food articles, minerals, machinery and equipment, computer, electronics and optical products, motor vehicles, other transport equipment and other manufacturing etc," the Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (DPIIT), under the ministry of commerce and industry, said.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of November 2023 increased to 152.9 from previous month's 152.1.

The index for manufactured products (weight 64.2 per cent) for November 2023 reached 140.4 from 140.3 in October. The index for 'Manufacture of Textiles' sub-group was recorded at 134.3, while the index for 'Manufacture of Wearing Apparel' was at 151.6.

The index for primary articles (weight 22.62 per cent) increased to 186.9 in November from 184.5 in October 2023, while that for fuel and power (weight 13.15 per cent) was 155.3 in November, up from 154.1 in October.

Source: fibre2fashion.com– Dec 14, 2023

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Procurement by Central Public Sector Enterprises contributes to 63% of total Gross Merchandise Value of Government e-Marketplace

Government e-Marketplace (GeM) has gone beyond conventional support to provide Central Public Sector Enterprises (CPSEs) with tailored solutions through strategic intervention to accommodate complex procurement. In just 6.5 months of FY 23-24, procurement by CPSEs has surpassed INR 1 lakh crore mark.

There is a 166% increase in procurement by CPSEs through GeM in FY 23-24 as compared to last year (April to November). Consistent rise in the procurement of services by CPSEs has been witnessed with an increase from INR 37,600 crore (approx.) in FY 22-23 to INR 66,550 Crore (approx.) in FY 23-24 (between April – November 2023).

Procurement carried out by CPSEs on GeM contributes to nearly 63% of total GeM Gross Merchandise Value (GMV). More than 240 CPSEs have emerged as pivotal contributors and actively engaged with GeM. In FY 22-23, GeM recorded and achieved an annual GMV of more than INR 2 lakh crore. In FY 23-24 alone, the sole procurement of CPSEs through GeM is projected at INR 2 lakh crore – nearly doubling its performance from the last fiscal year.

CPSEs under Ministry of Coal, Ministry of Power, Ministry of Steel and Ministry of Heavy Industries have emerged as the top procurers in the current financial year. NTPC Limited under the Ministry of Power has awarded multiple orders for procurement of Mine Development and Operations Services, valued at more than INR 40,000 crore.

Handling and Transport Services have emerged as the second highest trending services in this period. CPSEs under the Ministry of Coal have been recognised as the top procurers of this service, with a total spending of INR 30,000 crore (approx.). 45 CPSEs have registered as sellers on GeM since 2021; of these, 43 CPSEs have successfully fulfilled orders amounting to nearly INR 23,800 crore.

As key players in various sectors, CPSEs have embraced innovation and efficiency, resulting in a commendable boost to GeM's growth journey. This development not only highlights their commitment to excellence but also reinforces their support for the public procurement digital ecosystem.

GeM has further provided adequate handholding throughout bid publishing processes, ensuring seamless and successful execution through dedicated nodal officers who are in regular touch with the CPSE buyers.

Source: pib.gov.in– Dec 14, 2023

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Awareness for timely intervention could have saved cotton from PBW pest

Stressing that timely intervention is key to prevent crop damage in case of pink bollworm (PBW) pest as seen in cotton crop in northern India, an industry expert has suggested a collaborative government-private approach to increase the awareness as solution is available if the pest is detected in time.

"Solutions are available. What is lacking is the awareness about the PBW among the farmers," NK Rajavelu, CEO of Godrej Agrovet's crop protection division, told businessline.

Explaining further, he said farmers normally come to know about PBW impact only when they start seeing the boll bursting around the harvesting time. But the point is in PBW, the adult moth lays the egg during the flowering time itself inside the flower.

So, the eggs once they hatch in the flower, the flower closes and becomes a boll. So, they start getting into larvae everything inside and when the boll burst then the PBW impact is seen. So, the awareness of this has to be communicated to the farmers at the time of flowering stage itself, Rajavelu said.

Asked who should take the responsibility of educating the farmers, he said both private companies and the government agencies. "The extension arm of the government, for instance KVKs should have programmes especially for the cotton areas, how to really monitor the PBW attack from the beginning. Because it's very difficult to identify the eggs inside the flower," he said.

Further, he mentioned that there are some monitoring mechanisms like the moth activities available which farmers can observe. "If the moth activity is there then you start spraying the chemicals or put pheromones around the cotton areas even before the pest attacks becomes serious," he said.

Output hit

Though it is not that PBW appears every year, still it is imperative to help the farmers to understand that there are solutions available right from chemicals to pheromones, Rajavelu said. "If these are not used at the proper time, at the flowering time, then nobody can help. So that awareness programme has to be enhanced in terms of how to educate the farmers," he said.

Cotton crop in many parts of the northern region got damaged in 2023 due to deficient rain and pink bollworm pest to the extent of 65 per cent in Haryana and Punjab and 80-90 per cent in Rajasthan. The Agriculture Ministry has estimated cotton production this year to be lower by 6 per cent at 31.66 million bales (of 170 kg each) from 33.66 million bales in 2022.

He is also hopeful that technologies like internet of things (IOT) and drone definitely will help in the longer run, but "today I do not think we have that type of technology. Probably there is an opportunity for companies like us and even government to work on that to help the farmers."

Source: thehindubusinessline.com– Dec 14, 2023

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With $10 b in 4 years, TN ranks fourth in attracting FDI

Cumulative Foreign Direct Investment (FDI) inflow in to Tamil Nadu has touched nearly $10 billion in the last four years from the period between October 2019 and September 2023. Up to September of the current fiscal, the State attracted FDI worth $1.3 billion.

For the fiscal 2022-23, the State attracted FDI worth $2.17 billion, which was lower than $3 billion that came in the previous year, according to information provided by Som Prakash, Union Minister of State - Commerce and Industry in the Lok Sabha. He was responding to a question on seeking details of FDI that has come to Tamil Nadu since May, 2019. The total FDI inflow includes equity inflow, equity capital of unincorporated bodies, re-invested earnings and other capital. The State-wise details are maintained for the equity component of total FDI inflow since October, 2019.

Tamil Nadu ranks fourth in attracting FDI in the period between Oct 2019 and September 2023, after Maharashtra, Karnataka and Gujarat--but a distant fourth, as seen in the table below. The tiny states of Haryana and Telangana are close behind Tamil Nadu. With the Tamil Nadu Global Investors Meeting scheduled to take place on January 7 and 8, 2024 in Chennai, the State government hopes to attract more investment to the State.

To a query on steps being taken to attract FDI for the State, the minister said the Centre has put in place an investor friendly FDI policy, wherein most of the sectors, except certain strategically important sectors, are open for 100 per cent FDI under the automatic route.

The Government has implemented several FDI reforms across sectors, including Defence, Pension, Other Financial Services, Asset reconstruction Companies, Broadcasting, Pharmaceuticals, Single Brand Retail Trading, Construction & Development and Civil Aviation. The Government also reviews the FDI policy on an ongoing basis and makes significant changes from time to time, to ensure that India remains. attractive & investor friendly destination, the minister said.

Source: thehindubusinessline.com– Dec 15, 2023

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