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

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USD	EUR	GBP	JPY
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INTERNATIONAL NEWS

Global 2024 growth to be 2.4%, lower than 2023's estimated 2.7%: UN

The United Nations (UN) projects global GDP growth to slow from an estimated 2.7 per cent in 2023 to 2.4 per cent in 2024. Growth is forecast to improve moderately to 2.7 per cent in 2025 but will remain below the pre-pandemic trend growth rate of 3.0 per cent.

UN foresees this year a further slowdown in developed economies, divergent near-term growth prospects in developing nations, an uneven global labour market recovery, weak global investment trends and international trade losing steam as a growth driver, the world body said in its latest 'World Economic Situation and Prospects' report.

GDP growth is expected to decrease from an estimated 2.5 per cent in 2023 to 1.4 per cent this year in the United States; expand by 1.2 per cent this year from 0.5 per cent last year in the European Union (EU); decelerate from 1.7 per cent last year to 1.2 per cent this year in Japan; and nudge down moderately to 4.7 per cent this year in China, the report says.

Growth is projected to rise from an average of 3.3 per cent last year to 3.5 per cent in 2024 in Africa; decline from 4.9 per cent last year to 4.6 per cent this year in East Asia; and moderately fall from an estimated 5.3 per cent last year to 5.2 per cent this year in South Asia, driven by a robust expansion in India, which remains the fastest-growing large economy in the world, it noted.

Growth in India is projected to reach 6.2 per cent this year, slightly lower than the 6.3 per cent estimate for last year amid robust domestic demand and strong growth in the manufacturing and services sectors, the UN report says.

In West Asia, GDP is forecast to grow by 2.9 per cent this year from 1.7 per cent last year. The outlook for Latin America and the Caribbean remains challenging, with GDP growth expected to slow from 2.2 per cent last year to 1.6 per cent in 2024.

The least developed countries (LDCs) are projected to grow by 5 per cent this year, up from 4.4 per cent in 2023 but still well below the 7.0 per cent growth target set in the US Sustainable Development Goals (SDGs), it notes.

Source: fibre2fashion.com– Jan 06, 2024

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China's logistics sector grows in 2023

China's logistics industry witnessed strong growth in 2023, according to the latest data from the China Federation of Logistics and Purchasing (CFLP). The annual average logistics performance index reached 51.8 per cent, surpassing the critical 50 per cent threshold that delineates expansion from contraction. This figure represents an improvement of 3.2 percentage points over the previous year.

Key sub-indices within the sector, including business volume, new orders, and equipment utility rates, all experienced notable growth compared to 2022.

Industry analysts predict that this upward trajectory is likely to continue into 2024. This forecast is supported by December 2023 data, which shows a month-on-month increase of 0.2 percentage points in the logistics performance index, reaching 53.5 per cent. The expansion was evident across most sub-indices, as per Chinese media reports.

Additionally, the index tracking road logistics prices recorded a 0.9 per cent year-on-year increase in December 2023. This rise is attributed to overall improvements in road transport demand and supply.

A notable highlight of the year was the annual 'Double 11' online shopping event. During this period, from November 1 to 16, 2023, approximately 7.51 billion packages were dispatched nationwide, marking a 30.9 per cent increase over the same period in the previous year.

Source: fibre2fashion.com– Jan 06, 2024

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Red Sea crisis escalates costs & delays for Asian textile exports

Countries exporting garments and textiles, including those in Asia, are now facing an additional hurdle of higher freight charges due to the recent Red Sea-Suez Canal crisis. These nations were expecting better prospects in 2024, but the latest crisis could prolong the slowdown in garment and textile exports due to costlier shipments to their key market, Europe.

Despite heightened vigilance by US defence forces at the Red Sea-Suez Canal route, Houthi attacks remain a serious concern for ship liners. Consequently, freight companies continue to avoid the Suez Canal, opting for the longer route around Africa to reach the West.

Shipping major MSC has announced that it will implement a contingency surcharge of $1,500 per container on all shipments from the Indian sub-continent to Europe and Black Sea destinations.

CMA CGM has also notified a Red Sea surcharge of $1,575 for 20-foot dry containers and up to $3,000 for reefer containers and special equipment. Other major shipping lines have announced similar surcharges.

Experts have noted that shipping companies were looking to increase freight charges in the last six months but were unable to do so due to slow international trade. However, the current geopolitical situation has prompted these companies to increase the charges.

Indian garment and textile exporters have expressed concerns over negotiating with their buyers to adjust the higher freight charges for FOB consignments.

They are worried about new orders and the pricing of goods. An exporter from Punjab commented that the market condition remains bearish, meaning buyers may not be willing to accept higher prices amid increasing freight charges, while exporters are not in a position to accept more pressure on their margins due to stable prices of goods.

Overall, garment and textile exporters, majorly Asian, are worried about new orders from Europe and the US, their main buyers.

The Red Sea-Suez Canal is a vital route for their shipments, and there is concern that freight charges may not return to normal levels even after the crisis subsides in the following months.

Source: fibre2fashion.com– Jan 06, 2024

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APAC region to grow fastest in 2024: S&P Global Market Intelligence

After rapid expansion in 2023, the Asia-Pacific (APAC) region is expected to be the fastest growing region of the world economy in 2024, backed by resilient domestic demand in East Asia and India, according to S&P Global Market Intelligence.

The medium-term outlook for the APAC region is for continued resilient expansion in the region, with robust domestic demand in many Asian emerging economies, including China, India, Indonesia, Philippines and Vietnam supporting economic growth momentum, Rajiv Biswas, APAC chief economist at S&P Global Market Intelligence, wrote on the company website. In India, industrial output has shown strong growth last year, with the latest industrial production data showing an 11.7 per cent year-on-year (YoY) rise in October 2023. Manufacturing output rose by 10.4 per cent YoY in October 2023.

Despite falling from 56.0 in November to 54.9 in December, the seasonally adjusted HSBC India manufacturing purchasing managers' index (PMI), compiled by S&P Global, continued to indicate strong expansion in the Indian manufacturing sector, remaining well above the neutral mark of 50, Biswas noted.

New orders placed with Indian manufacturers continued to show positive demand conditions in December, albeit moderating from the previous month. Economic recovery is expected to continue in China for a second year, albeit the pace of economic expansion is expected to be moderate somewhat.

Indonesia's gross domestic product (GDP) growth rate last year is estimated at around 5 per cent, with a similar pace of economic growth forecast for 2024. Singapore's GDP growth rate improved to a pace of 2.8 per cent YoY in the fourth quarter last year. Malaysia's economy showed resilient economic expansion in 2023 at an estimated rate of around 4 per cent. Economic growth in the Philippines remained strong last year as well, Biswas noted.

Source: fibre2fashion.com– Jan 07, 2024

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UK's retail footfall declines 5% in December 2023: BRC

UK's retail sector saw a noticeable decrease in footfall in December 2023, marking a steeper decline compared to November, according to the latest data from British Retail Consortium (BRC) -Sensormatic IQ. Overall, retail footfall across the UK fell by 5 per cent year-on-year (YoY) in December, a significant downturn from the 0.7 per cent decline observed in November.

High street footfall saw a 4.2 per cent decrease YoY in December, worsening from a 1.7 per cent drop in November. Retail parks also faced a decline, with footfall down by 4.8 per cent YoY in December, a sharper fall compared to the 1 per cent decrease recorded in November.

Shopping centres were the most affected, experiencing the largest decrease in footfall. In December, footfall in shopping centres decreased by 7.4 per cent YoY, a considerable decline from the 2.2 per cent drop seen in November, as per BRC.

Among the UK nations, the footfall decline was least pronounced in Scotland, with a 2.2 per cent drop YoY. Northern Ireland followed with a 4.7 per cent decrease. England and Wales both experienced a more significant decline in footfall, each recording a 5.8 per cent drop YoY.

Source: fibre2fashion.com– Jan 07, 2024

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Vietnam: Textile exports in 2023 face most difficult year in three decades

This year is predicted to be difficult for textile and garment businesses following a challenging 2023.

Expanding customer bases and diversifying products are the necessary solutions to maintain production and grow businesses, experts say.

Last year, the textile and garment industry faced many challenges due to the impact of the world and domestic economic situation.

Lê Tiến Trường, vice chairman of the board of directors of Việt Nam National Textile and Garment Group, assessed that last year was the most difficult year in more than 30 years of exporting for the textile and garment industry, excluding 2020 when the world closed due to the COVID-19 pandemic.

The industry's turnover declined by 10 per cent, while unit production costs dropped by 30 per cent, and some product codes fell by up to 50 per cent. A report from the Việt Nam Textile and Apparel Association (Vitas) showed that export turnover reached US$44.4 billion in 2022, a year-on-year increase of nearly 10 per cent.

"The industry's business results from 2023 also partly speak to the difficulties of operators and workers to be able to maintain efficiency in production and business activities," he said.

Faced with the difficulties of the market, experts recommend that businesses need to continue the goal of diversifying markets, products, and customers.

Based on the lessons learned last year, the industry should focus on sustainable development, coupled with the requirements of the global market for sustainable textiles and garments.

At the same time, businesses should promote investment in technology and automation in production lines to ensure fast delivery schedules, small product batches but high product quality.

This will certainly be one of the strategic changes for garment businesses as large, specialised orders will become fewer and fewer, as well as focusing on solutions for the fashion industry.

In the context of fierce competition among textile and garment producing countries as aggregate demand declines, Việt Nam still stands out as a bright spot in the region with political stability, high production capacity, skilled workers, while at the same time, good remuneration policies to retain employees.

Thân Đức Việt, general director of Garment 10 Joint Stock Company (Garco 10), said that the world and Vietnamese economies were forecast to still have many difficulties and challenges, and world economic growth would still depend on many unpredictable factors this year.

The textile industry would face a series of difficulties from applying the Extended Producer Responsibility (EPR) and Carbon Border Adjustment Mechanism (CBAM) mechanisms as well as the "sustainable fashion" strategy instead of "fast fashion".

Export orders were expected to continue to decrease, as the trend would be small quantities, fast delivery times, risky supply chains, and high-cost inputs.

Source: vietnamnews.vn– Jan 08, 2024

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Pakistan: Weekly Cotton Review: Rise in prices amid rising business volumes

Significant rise in cotton prices. The price surged to about Rs 2000, with an increase in the spot rate by Rs 1300 per maund. Business volume is also on the rise, but total production is expected to be barely 85 lac bales. Quality cotton is becoming limited.

Due to the significant rise in prices, some spinners have entered into contracts to import cotton. The government is planning to provide electricity at 9 cents for exports, industries and textile sector. Textile industry is interested in Heimtextil 2024 and 272 Pakistani companies will participate in it.

During the first week of the new year in the domestic cotton market, there was an upward trend in the price of cotton due to interest in purchasing quality cotton by textile mills. As a result, the price of cotton recorded an increase of Rs 1,500 to Rs 2,000 per maund. The business volume was better than before.

Actually, the data on cotton production in the country has been released by the Pakistan Cotton Growers Association until December 31, amounting to 81 lakh seventy thousand bales, which is 77% more than last year. It is believed that by the end of the season, total production will only reach around 85 lac bales.

While the government's first estimate was 1 crore 27 lac 70 thousand bales, later it was reduced, and the revised estimate was 1 crore 11 lac bales.

However, it is expected that 26 lac bales less will be produced from this estimate due to which the local textile mills will require about 40 lac bales to meet the requirement, of which about 16 lac bales of last year's still not imported.

About 8 lac bales will be imported from Afghanistan. However, another 8 to 10 lac bales will still need to be imported, according to the import agent. Some mills have begun showing interest in imported cotton, and inquiries for cotton yarn have also commenced. It is reported.

The best news for the textile sector is that the government is ready to provide electricity to them at 9 cents. In this regard, the initial work has been completed. Along with the increase in exports, there will be a significant increase in industrial activities in the country, which will have a positive impact on the cotton market.

According to the quality of cotton in Sindh province, the price of cotton is 17,500 to 20,000 rupees per maund, and the price of Phutti per 40 kg is 7,000 to 8,200 rupees. In Punjab, the price of cotton is 17,800 to 20,000 rupees per maund. The price of Phutti is in between Rs 7,200 to Rs 8,200 per 40 kg.

The price of cotton in Balochistan ranged from 17,000 to 18,000 rupees per maund.

There is an increasing trend in the price of Banola, khal, and oil.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 13,00 per maund and closed it at Rs 18,600 per maund. Karachi Cotton Brokers Forum Chairman Naseem Usman said that the international cotton price remained stable overall. The rate of Future Trading of New York cotton stood at 81 US cents per pound.

According to the USDA's weekly export and sales report, 131,100 bales were sold for the year 2023-24.China was at the top by buying 50,700 bales. Vietnam was second with 31,800 bales. Pakistan bought 25,600 bales and stood at the third position.

Meanwhile, the caretaker government has drawn up a plan to boost economic activity and increase exports. They propose to reduce the electricity tariff for industries from the current 16 cents per unit to 9 cents, according to sources in the SIFC. The caretaker government has agreed to implement this reduction in the electricity tariff for industries and has prepared a proposal for the same.

In addition, the caretaker Minister of Commerce, Dr Gohar Ijaz, has said that the increase in exports in December 2023 and the trade deficit has decreased significantly. Exports increased by 22.2 percent to $2.812 billion US dollars in December 2023, which was $2.301 billion US dollars in December 2022.

Very soon, exports will be increased to $3 billion per month, while the next target is to reach $8 billion per month. The federal minister of Commerce has said that Pakistan's exports are continuing to increase. Export targets will be achieved through the new industrial policy under the Special Investment Facilitation Council (SIFC).

Moreover, a total of 272 Pakistani firms are participating in Heimtextil 2024, of which 74 companies belong to the towel sector and are members of the Towel Manufacturers Association of Pakistan. Senior Vice Chairman Syed Usman Ali appreciated the positive efforts of the country's exporters, along with prominent exporters of the Towel Manufacturers Association, stating that a large number of exporters are participating in Heimtextil 2024, which will be held from 9 to 12 January 2024 in Germany. The exporters of this country are striving hard to revive our country's economy and earn valuable foreign exchange for the national exchequer, as well as to collect taxes, create employment opportunities, and contribute to socio-economic development.

Syed Usman Ali, Vice Chairman of the association, urged that the government should come forward and solve the problems of the exporters on top priority. He said that we have no alternative solution to run our economy except to focus on increasing exports, and no country's exports can increase without pro-exporter policies.

Export-oriented sectors are facing many serious problems that need to be solved urgently. Otherwise, our exports may further decline, which will be very detrimental to the country. We should work together for the development of our economy, especially the export sectors of Pakistan.

Source: brecorder.com– Jan 08, 2024

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Bangladesh: Garment exports earned record $47.38b in 2023

Apparel exports from Bangladesh hit a milestone last year fetching an all-time high of nearly $47 billion, eclipsing the previous record set in 2022 by about 10.27 percent, according to the Export Promotion Bureau (EPB).

In addition, this achievement played a part in taking the country's overall exports in fiscal 2022-23 to another record-high of $55.56 billion.

Garments accounted for 84.58 percent of all export receipts that year while it was 81.82 percent in fiscal 2021-22, EPB data shows.

Another unprecedented performance came in the form of the highest single-month apparel export earnings of $4.67 billion in December 2022.

The 2023 apparel export earnings comprised $25.73 billion of knitwear and $21.25 billion of woven garments. These categories had year-on-year growth of 10.87 percent and 9.56 percent respectively.

If related products such as home textiles and specialised fabrics, including silk and wool, headgear and textile waste are included, the year-end export turnover would be $49.24 billion.

This accounts for 88.35 percent of the overall export earnings of fiscal 2022-23.

"This is undoubtedly a significant accomplishment as we are passing through a turbulent time when global trade is shrinking," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

In fiscal 2022-23, apparel exports grew 10.27 percent year-on-year. In contrast, overall exports had gone up by 6.67 percent at the same time.

This could be attributed to an 8.62 percent decline in non-apparel and non-textile exports.

"This is certainly not a healthy sign for the economy and we have been always supporting and promoting sector diversification," Hassan said in a letter sent to garment manufacturers yesterday.

"This contrast in growth in favour of garments is a testament to your dynamism and determination," he added.

The sector has witnessed a qualitative shift in product portfolio, moving beyond basic garments to higher-end products like non-cotton, outerwear, activewear and suits.

This diversification showcases the evolving capabilities and commitment to meeting the changing demands of the global market.

"These factors, combined with our resilience, adaptability and innovative spirit, set us apart from our competitors," Hassan said.

Source: thedailystar.net– Jan 07, 2024

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Rising inflation, international trade and Bangladesh

Inflation is a sustained increase in the general price level in a country usually measured at the retail level using what is normally called the Consumer Price Index (CPI). The annual rate of changes in this price level, measured by the CPI, is the rate of inflation. Inflation causes changes in the level and distribution of real income within a country or across national boundaries as well as in growth and trade.

Inflation does not limit its negative impact on real income, reducing purchasing power of general consumers. Inflation distorts the functioning of the price mechanism, therefore, Inflation primarily causes prices and costs of goods produced in any country to rise rapidly making them more expensive relative to goods produced in other countries. To put it differently, when inflation drives up the price of goods and services within an economy, that nation becomes less competitive in the international market. This means that the 'balance of trade' is altered and demand for currency declines.

Rising inflation also negatively impacts on goods and services trade, it also distorts the international movement of capital. It discourages inflow of capital, particularly to developing countries and but more ominously fosters capital outflows from these countries. Therefore, Inflation generally tends to change exchange rates and balance of payment accounts. Trade is also both a lead indicator and a conduit of global inflation. Price increases through trade is evident in the aftermath of the Russia-Ukraine conflict.

Rising inflation has been the economic story since 2022 and is continuing. Rising food and energy prices have impacted the cost of living in both developed and developing economies. According to OECD Secretary General Mathias Cormann, trade flows around the world show us how inflation is contributing to a structural shift in the global economy.

In early October in 2022, the World Trade Organisation (WTO) indicated global trade growth to slow sharply in 2023 as the global economy faced strong headwinds. WTO economists revised their forecast for merchandise trade to grow by 1 per cent in 2023 instead of 3.4 per cent as predicted earlier.

The WTO also in April this year predicted that global trade might experience the biggest drop since the Great Depression and to contract by as much as 32 per cent. Such a slowdown in global trade needs to be viewed through trade-growth nexus where growth will be impeded by rising inflation which causes substantial resources being wasted in inefficient transactions and speculations and above all it distorts the price mechanism leading to resource misallocation.

The United Nations Conference on Trade and Development (UNCTAD) in its global trade update released on December 13, 2023 made the prediction that global trade had "turned negative" after a record year due to inflation. While global trade is set to reach almost US$32,000 billion this year (2023), the downswing that began in the third quarter of 2023 is likely to continue.

UNCTAD further added "Geopolitical friction, persisting inflation and lower global demand are expected to negatively affect global trade during 2023". UNCTAD expressed a generally negative outlook for 2024 and said that the outlook for 2024 remains "highly uncertain and generally pessimistic".

UNTAD attributed the decline in global trade partly to export underperformance of developing countries. But high interest rates to tame rising inflation in many countries have also impeded commercial activity. While headline inflation has been declining in major advanced economies including the US, core inflation remains persistent. According to the OECD, headline inflation is projected at 2.6 per cent in G20 countries in 2024 while core inflation is projected at 2.8 per cent during the same year.

As Russia cuts energy supplies to European Union (EU) countries, energy prices skyrocketed further adding to the inflationary pressures. As trade has been used strategically in foreign policy and has been weaponised by western countries, the outcome is inflation which affects everybody.

As inflation continues to persist, central banks are raising policy rates which dampen households' and firms' demand including import demand through higher borrowing costs. As such economic conditions are expected to deteriorate in 2024. A slowdown in economic growth will certainly create an unfavourable environment for trade. But the collective slowdown is likely to play out differently across countries depending on their sensitivity to changing interest rates and structural differences.

Also, as the world has gone past the peak of globalisation and that has been putting downward pressure on global trade growth. Global economic growth will certainly be less than this year's as central banks are aiming at inducing a slowdown to regain control over inflation and that will negatively impact on trade.

In fact, what we are witnessing now is the process of deglobalisation as reflected in trade/global GDP ratio which declined from 25 per cent in 2008 to 20 per cent in 2020. We are also experiencing the after-effect of deglobalisation - increased inflation systematically.

The primary impact of inflation is decreasing purchasing power. Although the denomination of the currency does not change, the impact of inflation is that the same amount of currency can buy less across inflationary periods. Bangladesh has been experiencing a rising inflationary trend since the late 1980s. Between 1987 and 2022, average inflation rate was 6.5 per cent. It is estimated that the purchasing power of 100 taka in 1987 corresponds to that of 889.06 taka at the beginning of 2023 (see WordData.info).

As growth is moderating as the impact of tighter financial conditions resulting from central bank's policy rate hikes to tame inflation, business and consumer confidence is declining. This in turn is weakening trade growth. According to the Financial Express (January 3) Bangladesh experienced a significant downturn in its exports in the first half of current fiscal year (July-December, 2023) achieving only 0.8 per cent growth.

Looking further outwards to trade, a downturn in Bangladesh's major export destinations weighed on demand for the country's exports, principally RMG. The US and the 20-nation euro currency bloc, the two principal destinations for exports are expected grow by 1.5 per cent and 0.8 per cent respectively in 2024. Therefore, the combination of flagging output growth and continuing inflationary pressures in these countries will likely weigh heavily on Bangladesh's exports growth in 2024.

However, it is to be noted that exports account for a very low share of GDP which fell to 15.32 per cent in 2019 from a peak of 20.16 per cent in 2012. It further fell to 12.18 per cent in 2020 and now for 2022-23 it stands at 7.7 per cent indicating declining international competitiveness of Bangladeshi exportable.

With imports outstripping exports, Bangladesh is not only running a deficit on the current account but in the financial account as well in its balance of payments. During the fiscal year 2022-23, Bangladesh ran a current account deficit of US3.34 billion and a financial account deficit of $2.14 billion during the same year. The country is also experiencing a fall in foreign direct investment further adding to the problem.

However, during July 2023 - November 2023, Bangladesh achieved a current account surplus of UU$579 million but continued to run a deficit of US$ 5.4 billion In the financial account during these five months. Consequently, Bangladesh's balance of payments remained in deficit to the tune of US4.9 billion indicating an unchanged situation facing the overall balance of payments. It is to be noted that during this period imports declined by about 21 per cent while exports grew by only 1.2 per cent (see FE, January 5). The current account surplus was achieved primarily through declining imports, and this has implications for the inflation outcome in Bangladesh.

Continuing balance of payments difficulties is also reflected in the declining foreign exchange reserves. It appears the reserves crisis is having an impact on imports. Imports declined by about 21 per cent between July and November this year as the central bank is tightening its grip on import flows of what is described as luxury goods. But such a direct intervention to control imports by the central bank is consistent with countries experiencing declining foreign exchange reserves but it is unlikely to resolve the reserve crisis. In fact, trying to address the reserve problem via import controls can lead to creating problems somewhere else such as growth, inflation, revenue collection etc.

Continuing balance of payments difficulties are also causing the taka to depreciate against the US dollar. But rising inflation has also weakened the currency. In fact, the US dollar appreciated by 23 per cent against a broad basket of other currencies between January 2011 and December 2019, and has continued its appreciation since then. Federal Reserve Chairman Jerome Powell stated his commitment to maintaining a strong dollar and high interest rates in the US which tend to support the strong dollar internationally.

Despite the taka depreciating, Bangladesh yet could not achieve price competitiveness as reflected in its trade balance. The reasons for such a lack of competitiveness possibly lie elsewhere which need very careful examination. However, Bangladesh seeking to strengthen its exchange rates, higher interest rates and stronger economic fundamentals would help.

It is estimated that the taka depreciated by 31 per cent over more than a year to November 2023 (see FE, December 11) and the currency depreciation often contributes to inflation. In fact, Bangladesh is now facing rising inflationary pressures - inflation reaching 9.5 per cent in November this year. Then inflation in turn feeds into rising costs of production of exportable and making import competing industries less competitive in the domestic market leading to a trade deficit.

However, Bangladesh appears to be holding down the annual rate of change in the exchange rate by overvaluing the taka with the hope that can put downward pressure on inflation. The major way that inflation affects international trade is through its relationship with currency exchange rates by altering relative prices and costs to stimulate or dampen international transactions in goods and services. But it is productivity growth that makes it easier for firms to offset rising costs. In fact, it is the key factor in keeping a lid on inflation.

On macroeconomic issues such as inflation, the influence of general equilibrium theory, inflation-unemployment tradeoffs, and monetarism remain strong. But the root causes of inflation, as explained by economic theory, remain unsatisfactory. To dig beneath these general theoretical tendencies requires that we identify and analyse the factors which underlie and drive inflation. These factors are likely to include escalating food and energy prices, fiscal and monetary policy actions, non-competitive markets, inflation expectation, rising input costs and others.

Policymakers in Bangladesh appear to prefer to keep the taka overvalued by resisting devaluation at least partly possibly on the ground that it would further add to rising inflation and worsen balance of payments problems. But such an attempt to alter inflation and exchange rates via policy maneuvers or even occasionally through administrative means instead of allowing the market forces to play a greater role is unlikely to yield the desired results.

Source: thefinancialexpress.com.bd– Jan 06, 2024

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NATIONAL NEWS

Goyal remains optimistic about $2 trillion export target

Union Commerce and Industry Minister Piyush Goyal on January 6 expressed optimism that the country will meet its ambitious $2 trillion export target by 2030, notwithstanding geopolitical headwinds and inflationary concerns.

Speaking at the inauguration of the Patsan Bhavan, which houses the Jute Commissioner's office and headquarters of Jute Corporation of India and National Jute Board, in New Town, Kolkata, Mr. Goyal acknowledged the challenging global situation.

He cited the Ukraine war, the Israel conflict and issues related to the Red Sea as factors impacting trade.

"To address low food grain production and curb domestic inflation, we have implemented restrictions. However, despite all these challenges, India's exports will continue to grow, aiming at reaching $2 trillion by 2030 from the current $770-775 billion," Mr. Goyal said.

He highlighted the potential of the jute industry, stating that with "contribution from the jute sector and concerted efforts from the Centre and State governments, we can achieve new heights".

India currently exports around ₹1,500 crore worth of jute.

Mr. Goyal, who also holds the portfolios of textiles and consumer affairs, food and public distribution, urged industry players to increase the figure. He also asked the jute sector to showcase products at the upcoming Bharat Tex 2024, the world's biggest-ever textiles event, to be organised from February 26-29 in New Delhi.

Mr. Goyal also highlighted the achievements of the central government and appealed to the people of West Bengal for their support in the upcoming general elections.

Source: thehindu.com– Jan 06, 2024

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World wants to engage with India on FTAs: Union minister Piyush Goyal

CHENNAI: Union minister Piyush Goyal on Sunday said the world today wants to engage with India for free trade agreements (FTA), and to expand trade and diplomatic relations with India. Speaking at the inaugural of the maiden Global Investors Meet of the DMK government, the commerce and textiles minister said India's young population has given demographic dividend which has become the envy of the world.

Batting for women joining the formal workforce in the country, he said, "When women go to work, it will not only add to the GDP but will also add twice to the country's GDP as the work they are now doing will be replaced by technology."

Elaborating, he said, "... as more and more women come into formal workforce, the work what they are now doing, which is unfortunately not reflecting in our GDP will be replaced by technology as India will become the largest market for washing machines, dishwashers.. India will become the largest market for goods and services," he said.

Underscoring that women-led development will take India to newer heights, Union Minister said, "While India is outperforming all our peer economies, the world today wants to come and engage with India, to do free trade agreements with India, to expand trade and diplomatic relations with India."

He noted that the development taking place across sectors was based on the strength of the young population as the average age stood at 28.4 years.

"This young population's basic needs have been met with several welfare initiatives like food, clothing, shelter, healthcare, education, water, digital connectivity, air, road, ports, rail which will take the country grow on a fast track. We have prepared the nation to aspire big, to think big and to work collectively as a nation with a sense of duty and to make the nation a developed nation by 2047."

Referring to Prime Minister Narendra Modi's comment that India would aspire to become a developed nation by 2047 and to shed the colonial mindset, Goyal said, "these things rest on two important fundamental needs -- women-led development. Strengthening the Nari Shakti and second is to make India corruption free."

Goyal said India was looked as 5th weakest economy before 2014 and in the last 10 years, it has grown to become the world's fifth largest economy. "India was looked as one of the weakest five economies in the world. The journey in the last 10 years has been from fragile economy to the world's fifth largest economy. The journey has taken India to have a very strong macro-economic fundamentals. The journey has given us a GDP growth of 7.7 per cent in the last two quarters." he said.

Complimenting the Tamil Nadu government for setting a target to raise the state's economy by USD 1 trillion by 2030, Goyal said this aspiration would drive for industrialisation, creation of new jobs in the state.

"this (vision to reach USD 1 trillion economy) will help the young girls and boys to aspire for big goals in life and it is only when we have big goals, this country will move forward."

Stalin, who released semiconductor and advanced electronics policy on the occasion, said the Global Investors Meet would act as a catalyst for economic and industrial growth.

"With the aim that Tamil Nadu should play an important role in shaping India's economic growth, I have set an ambitious target of transforming Tamil Nadu's economy into a USD 1 trillion economy by 2030. To achieve this, we are pursuing a twin-pronged approach of attracting both capital and employment intensive investments," Stalin, who was clad in a black colour suit said.

"We have been inviting investors with a red-carpet. We want to be the trendsetter amid other states. TNGIM has witnessed encouraging response and is expected to bring pride and investment to Tamil Nadu. Multiple policies have been announced by the state. Our focus is to ensure development for all," he added.

The CM also released the USD 1 trillion report and the first copy was received by Goyal on the occasion.
Later in a social media post, Stalin said, "Honoured to share the dais with Union Minister of Commerce and Industry Thiru Piyush Goyal and esteemed industry leaders. TVS Chairman Venu Srinivasan, JSW MD

Sajjan Jindal, Ashok Leyland MD Shenu Agarwal at TNGIM2024 inauguration.

"Positive vibes and global acclaim for Tamil Nadu's one trillion dollar dreams are fuelling our journey to success. Let's aim high, attract game-changing investments, and position Tamil Nadu as the economic powerhouse of India," he said.

Anticipating a tremendously successful event and eagerly awaiting the investment numbers that will shape the state's thriving future, he added.
In his welcome address, Minister for Industries TRB Rajaa said, "this summit is a pedestal for the state to showcase the sectoral expertise, enhance and strengthen skilling diversity and expand the investment opportunities both nationally and internationally."

"Tamil Nadu's skilling prowess exceeds the national benchmark by contributing 43 per cent of the total women workforce in India," he noted.

Source: timesofindia.com– Jan 07, 2024

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29,000 firms, ₹44,000 cr GST evasion exposed in fake invoice crackdown

In its drive to eliminate fake GST invoices and registrations, the government's nationwide effort not only exposed 29,000 firms involved in a ₹44,000 crore evasion but also resulted in savings of ₹4,646 crore, bolstering the fight against fraudulent practices.

Finance Ministry on Sunday reported that over 29,000 fake firms were identified and over 44000 crores of GST tax evasion detected in a nationwide drive over 7 ½ months.

The Ministry disclosed the results of a special drive to identify non-existent/bogus registrations and issue fake invoices without any underlying supply of goods and services. The drive started in mid-May last year. "A total of 29,273 bogus firms involved in suspected ITC evasion of ₹44,015 crore have been detected. This has saved ₹4,646 crore of which ₹3,802 crore is by blocking of ITC and ₹844 crore is by way of recovery. So far, 121 arrests have been made in the cases," a finance ministry statement said.

All Central and State tax administrations launched a special All-India Drive on May 16, 2023, to detect suspicious/fake GSTINs, conduct requisite verification, and take further remedial action to weed out fake billers from the GST ecosystem and safeguard government revenue. Based on detailed data analytics and risk parameters, GSTN identified fraudulent GSTINs for State and Central Tax authorities in the drive.

It was planned that details of such identified suspicious GSTINs, jurisdiction-wise, would be shared with the concerned State/Central Tax administration to initiate a verification drive and conduct necessary action. If, after detailed verification, it is found that the taxpayer is non-existent and fictitious, action will be initiated for suspension and cancellation of the taxpayer's registration.

Further, the matter may be examined for blocking the input tax credit in the Electronic Credit Ledger. Efforts will also be taken to identify the recipients to whom such non-existing taxpayers have passed the input tax credit and to identify the mastermind and act.

The statement further added that in the quarter ending December, over 4,000 bogus firms that involved suspected ITC evasion of around ₹12,000 crore were detected. The Government has taken various measures to strengthen the GST registration process. Pilot projects of biometric-based Aadhar authentication at registration have been launched in the States of Gujarat, Puducherry, and Andhra Pradesh.

Besides, the Government has moved to curtail evasion of tax through measures such as sequential filing of GST returns, system-generated intimation for reconciliation of the gap in tax liability in GSTR-1 & GSTR-3B returns and the gap between ITC available as per GSTR-2B & ITC availed in GSTR-3B returns, use of data analytics and risk parameters for detection of fake ITC, etc., the statement added.

Fake invoice means no real supply of goods or services but simply invoice issuance, which is used fraudulently to avail input tax credit (ITC). Unscrupulous elements misuse the identity of other persons to obtain fake/ bogus registration under GST to defraud the Government. Such fake/non-genuine registrations are used to fraudulently pass on input tax credits to unscrupulous recipients by issuing invoices without any underlying supply of goods or services or both.

Fake registrations and issuance of bogus invoices for passing off fake ITC have become a serious problem, as fraudulent people engage in dubious and complex transactions, causing revenue loss to the Government.

Source: thehindubusinessline.com– Jan 08, 2024

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Textile mills in 'severe financial stress', seek govt. support

Textile mill associations have submitted a joint memorandum to Union Finance Minister Nirmala Sitharaman seeking financial support.

The associations have sought extension of one-year moratorium for repayment of the principal amount; conversion of three-year loans under the Emergency Credit Line Guarantee Scheme (ECLGS) into six-year term loans, and extension of necessary financial assistance to mitigate the stress on working capital, on a case-to-case basis.

The association said in press release that under the ECLGS, ₹16,920 crores were disbursed to the textile industry as of September 30, 2022.

The spinning segment faces a crisis with a 50% decline in cotton yarn exports, a 23% drop in overall export of cotton textiles, and an 18% reduction in total textiles and clothing products in 2022-2023 compared with the previous year.

Capacity utilisation in the mills is 30%-50% and "this dire situation has pushed many spinning mills, particularly SMEs, into severe financial stress," the association added.

Source: thehindu.com– Jan 06, 2024

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Mandatory linking of e-invoice with e-way bill may cause operational disruption: Experts

Kolkata: Mandatory linking of e-invoice with e-way bill, applicable from March 1 for certain types of transactions, may cause disruption in operation and has created confusion among tax planners who are seeking clarification from the authorities, experts said on Sunday. The move was initiated after the mismatch in e-way bills and e-invoice statements was noticed in several cases, they said.

"Blocking the generation of e-way bill without e-invoice/IRN details for B2B (business to business) and B2E transactions for e-invoice enabled taxpayers," said an advisory issued by the National Informatics Centre (NIC), which manages the indirect tax portal.

Rajarshi Dasgupta, Head Tax at Aquilaw told PTI that the advisory on linking e-invoice with e-way bill will cause "technical difficulty in the hands of exporters having a turnover over Rs 5 crore as there is no time limit relaxation for the generation of e-invoice".

"What would happen if there are multiple containers for a single consignment? How will the shipping bill numbers be captured in e-invoice, which otherwise is a future activity?" he questioned.

These updates will further increase the compliance burden on business owners, and every day the system changes and business owners are expected to comply with the same, Lexportex India director Apurva Agarwal said.

An e-way bill is a document required for the movement of goods, and it includes details such as the name of consignor, consignee, transporter, the point of origin of the movement of goods and its destination.

The e-invoice system seamlessly integrates with the e-way bill system, generating such bills automatically if transportation details are included during e-invoice generation. However, some taxpayers generate e-way bills without linking them to e-invoices for B2B and B2E transactions, causing discrepancies between the separately entered invoice details in e-way bills and e-invoices, explained Vedika Agarwal, Indirect Tax Consultant at Aquilaw.

"To prevent these discrepancies, starting from March 1, e-way bill generation without e-invoice details will not be allowed. This is applicable for e-invoice-enabled taxpayers and for the transactions related to supplies under B2B (business to business) and exports," she said.

Transactions unrelated to B2B and B2E (business to employees), such as B2C (business to consumer) and non-supplies, will continue to generate e-way bills without changes, she said.

"I guess there will be a detailed clarification that will be issued soon addressing such queries," Agarwal said.

Putting HSN, a code to identify a product by the indirect tax system, in the e-way bill is also made mandatory from February 1.

Taxpayers with an annual aggregate turnover exceeding Rs 5 crore will be required to provide at least a 6-digit Harmonized System of Nomenclature (HSN) code, while those with less than Rs 5 crore need to provide at least a 4-digit HSN code.

"This requirement will be enforced in the e-way bill system starting from February 1. Taxpayers are advised to update their systems and ensure compliance," Agarwal said.

Source: economictimes.com– Jan 07, 2024

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Green channel based on China model likely to speed up ecommerce shipments

India is looking to create a green channel for ecommerce exports on the lines of China's cross-border ecommerce-integrated pilot zones which offer streamlined customs procedures to promote faster movement of such shipments.

The commerce department is in talks with the revenue department to ease procedures for ecommerce exports and develop a roadmap to create a green channel for ecommerce exports and speed up such shipments, officials told ET. "Preliminary talks are on with the revenue department to see what kind of ecosystem and regulatory environment can be put in place to facilitate ecommerce exports," said an official, who did not wish to be identified.

Warehousing facilities

The plan is to develop ecommerce export zones where export clearances are done quickly, the official said, adding that such zones will be set up near airports. The dedicated ecommerce export hubs will have warehousing facilities for easy storage, customs clearance, returns processing, labelling, testing and repackaging.

The move is expected to aid sellers relying on online platforms, including social media such as Instagram, to sell their merchandise. "A green channel for exports could be developed with packaging, labelling and destination clearly mentioned, and scanning machines to fast-track shipments. We are also looking at just in-time clearance for these exports," the official said.

The commerce department has studied the China model for such exports and best practices from that could be incorporated. The move assumes significance as India has set a target of $1 trillion of merchandise exports by 2030, aiming for a compound annual growth rate of 12.2%, and cross-border ecommerce trade has been identified as a source to meet this aim. India's ecommerce exports done through the postal and courier routes are pegged at $1.5 billion.

Source: economictimes.com– Jan 07, 2024

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