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Currency Watch			
USD	EUR	GBP	JPY
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INTERNATIONAL NEWS

US retail trade sales see modest increase in April 2024

The US retail trade sector experienced a slight uptick in sales, with a 0.2 per cent increase from April 2024 and a 2 per cent rise compared to the same period last year, according to the advance estimates from the US Census Bureau. Notably, non-store retailers saw a significant increase, with sales up 6.8 per cent from the previous year.

The combined value of distributive trade sales and manufacturers' shipments for April, adjusted for seasonal and trading day differences but not for price changes, reached an estimated $1,862.4 billion. This represents a 0.3 per cent increase from March 2024 and a 2.2 per cent rise from April 2023, as per the bureau.

Manufacturers and trade inventories for April, adjusted similarly for seasonal and trading day differences, were estimated at an end-of-month level of $2,545.2 billion. This marks a 0.3 per cent increase from March 2024 and a 1.0 per cent rise from April 2023.

The total business inventories to sales ratio based on seasonally adjusted data at the end of April stood at 1.37, a slight decrease from the April 2023 ratio of 1.38.

Source: fibre2fashion.com– June 19, 2024

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US' nominal retail sales see marginal increase in May: TCB

The US' nominal retail sales saw a slight increase of 0.1 per cent in May, following a 0.2 per cent decline in April, according to The Conference Board (TCB). Real retail sales, adjusted for inflation, also rose by 0.1 per cent in May after a significant 0.5 per cent decline in April. Despite this modest uptick, real retail sales over the April-May period were down 1.2 per cent annualised from the first quarter (Q1), indicating continued weakness in consumer spending, particularly on goods, in Q2.

Retail control, which excludes volatile sectors such as gasoline, motor vehicles, building material store sales, and food and drinking places, rose by 0.4 per cent in May after a 0.5 per cent decline in the previous month. Sales increased in clothing, sporting goods, general merchandise, non-store retailers, and miscellaneous stores.

The May retail sales data support expectations that real GDP growth continued to slow in Q2 2024, following a modest 1.3 per cent annualised rise in Q1 2024. The Federal Reserve is likely to view these figures as indicative of the economy cooling down, a necessary step to bring inflation back to its 2-per cent target, as per TCB.

Economic indicators suggest that two interest rate cuts are anticipated towards the end of 2024, likely during the November and December meetings. Despite the slight rise in real sales in May, the annualised decline of 1.2 per cent from Q1 highlights a reduction in consumer demand.

This trend reflects a broader shift away from spending on goods, driven by slower real wage growth, depleted excess savings, and rising credit card debt. High interest rates, elevated prices, and increasing insurance premiums, particularly for autos, are further dampening goods purchases.

Weaker consumer spending aligns with the Fed's strategy to cool economic activity and curb inflation without triggering a recession. Projections suggest that Q2 and Q3 real GDP growth will be anaemic, ranging between 0 per cent and 1 per cent quarter-over-quarter annualised. However, a recession remains unlikely as businesses are generally retaining their top talent.

Given the backdrop of slower real GDP growth and inflation, coupled with a relatively healthy labour market, the Fed is expected to cut interest rates twice this year. The cuts are anticipated at the November and December meetings. Although only a slight majority of FOMC participants supported one cut at the June meeting, most are anticipating two cuts by the end of the year.

Source: fibre2fashion.com– June 20, 2024

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German companies eye increased investments in booming India: Report

India's booming economy is attracting more German companies, according to a recent survey by KPMG in Germany and the Indo-German Chamber of Commerce (AHK India). Nearly six in ten German companies plan to increase their investments in India during the current financial year. Additionally, 78 per cent of these companies expect rising sales, and 55 per cent forecast higher profits.

Looking ahead to the next five years, expectations are even more positive: 82 per cent of respondents anticipate an increase in turnover, and 74 per cent foresee higher profits. By 2029, 37 per cent of German companies expect sales growth of more than 20 per cent, while 25 per cent anticipate profit growth of over 20 per cent, as per the German Indian Business Outlook 2024.

The survey highlights the growing relevance of India as an investment destination for German companies. This year, 59 per cent of companies surveyed plan to expand their investments in India, a significant increase of 23 percentage points from 2021. With a five-year perspective, 78 per cent of companies aim to increase their investments, compared to just 36 per cent in 2021.

Only 7 per cent of respondents are considering reducing their investments in 2024. Among the top location factors favouring India, 54 per cent of German companies cite low wage costs, followed closely by the country's political stability at 53 per cent.

The availability of highly qualified specialists, cited by 47 per cent of respondents, has also increased by 12 percentage points compared to the previous year.

However, companies expect wage costs to deteriorate over the next five years. By 2029, only 36 per cent of companies still expect cost advantages in this respect. In comparison with other Asian countries, 69 per cent of German companies appreciate the steady growth of India’s economy, particularly in light of the weakening Chinese economy.

India, the world's most populous country, offers German companies enormous potential. Currently, 33 per cent of German companies use India as a production location for the local market, with this figure expected to rise to 45 per cent by 2029. Additionally, 27 per cent of German companies are attracted by India's impressive potential as a sales market, a figure projected to increase to 40 per cent by 2029.

Two-thirds of respondents (67 per cent) hope for simplified regulations, a fight against corruption, and greater legal certainty in the country. Expanding and modernising infrastructure is also a priority for 55 per cent of companies, while 48 per cent hope for trade liberalisation and export promotion.

Despite the positive outlook, German companies also see challenges in India. Bureaucratic hurdles are considered particularly burdensome by 64 per cent of respondents, an increase of 11 percentage points from the previous year. Corruption is cited as an issue by 39 per cent, although this is a decrease from 47 per cent last year. The tax system is another significant challenge, cited by 27 per cent of companies.

Rising import duties are seen as a risk by 52 per cent, and non-tariff trade barriers by 43 per cent. When asked about exogenous risks, 40 per cent of German companies highlighted potential cyber-attacks, while 37 per cent perceive high levels of air pollution in India's major cities as a concern. Increasing protectionism and bloc formation are considered significant risks by 36 per cent of respondents.

Source: fibre2fashion.com– June 19, 2024

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Australia & China boost trade relations at Annual Leaders' Meeting

Australia's prime minister Anthony Albanese and Chinese premier Li Qiang have taken significant steps to boost trade relations between their countries at the Annual Leaders' Meeting in Canberra. Following their discussions, the leaders witnessed the signing of several bilateral arrangements aimed at renewing dialogue and enhancing cooperation between Australia and China.

Australia's goods and services exports to China have more than doubled since the China-Australia free trade agreement came into effect in 2015. To further strengthen this vital economic relationship, ministers from both nations signed a memorandum of understanding (MoU) to reinforce the agreement's implementation, the Australian government said in a press release.

In addition to trade, the leaders signed an MoU on the Strategic Economic Dialogue, which will advance discussions on economic policy issues and enhance bilateral economic cooperation.

Climate change was another critical topic, with the leaders welcoming the resumption of cooperation through an updated MoU. This agreement establishes a framework for deepening dialogue on climate issues. Australia is set to host the next Australia-China ministerial dialogue on climate change later this year.

"The agreements reached today are a result of the government's steady and deliberate approach to our relationship with China. They also reflect the broad range of areas where we can cooperate and work to mutual benefit.

Bilateral trade has brought significant benefits to both our countries. China remains our largest trading partner and trade supports one in four Australian jobs," said Albanese.

Source: fibre2fashion.com– June 19, 2024

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China's technical textile industry maintains positive growth from Jan-Apr'24: NBS

China's technical textile industry maintained a positive development trend from January to April, with continuous growth in industrial value-added and improvements across key economic indicators and sub-fields. Export trade also experienced steady growth during this period.

Marking a return to double-digit growth since April 2021, production of nonwoven fabric grew by 10.3 per centY-o-Y during the period, as per data from the National Bureau of Statistics (NBS).This positive trend reflects rising demand across various applications.

Fueled by an increased consumer spending in automotive industry, production of cord fabrics used to make tires increased by 17 per cent surge. This growth aligns with the booming new energy vehicle market, which relies heavily on advanced technical textiles.

The industry is also experiencing positive momentum financially with operating income of the companies growing by 6.5 per cent and total profits by 27.9 per cent compared to the same period last year. The operating margin increased by 0.6 percentage points compared to the previous year, reaching 3.7 per cent.

Overall, the first half of 2024 paints a promising picture for China's technical textile industry. Continued growth and innovation in this sector are poised to solidify China's position as a global leader in advanced textile manufacturing.

Source: fashionatingworld.com– June 19, 2024

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Vietnam's exports projected to grow by 10-12% in year ahead: MBS

Vietnam's exports are projected to grow by 10-12 per cent in the year ahead, with trade surplus reaching $21-$24 billion, according to June's macroeconomic report released by MB Securities Company (MBS).

The country's May exports were worth $33.8 billion, up 5.7 per cent month on month (MoM) and up 15.8 per cent year on year (YoY)—signs of a recovery.

The country, however, recorded a trade deficit of $1 billion in May due to a rise in import of equipment, machinery and raw materials as several businesses expanded operations to meet export orders from emerging markets.

High export growth was recorded in the month in products like textile fibres and yarns, whose exports were up by 52.7 per cent, a domestic media outlet reported.

In the first five months this year, exports stood at an estimated $156.7 billion—up by 15.2 per cent YoY. The United States remained the largest Vietnamese export market with $44 billion—up by 2 per cent YoY; followed by the European Union (EU) with $20.7 billion—up by 16.1 per cent YoY; and Japan with $9.4 billion—up by 4.7 per cent YoY.

However, MBS said hurdles ahead for Vietnamese exports include rising transportation costs due to escalating geopolitical conflicts and fierce competition from regional peers like China, Indonesia and Thailand.

Source: fibre2fashion.com– June 20, 2024

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Bangladesh: Shipping industry urges Red Sea action as Houthis sink second vessel

Urgent action must be taken in the Red Sea to stop attacks on merchant shipping by Yemen's Houthis, leading industry groups said on Wednesday, after the sinking of a second ship.

Iran-aligned Houthi militants first launched drone and missile strikes on the important trade route in November in what they say is solidarity with Palestinians in Gaza. In more than 70 attacks, they have also seized one vessel and its crew and killed at least three seafarers.

"It is deplorable that innocent seafarers are being attacked while simply performing their jobs, vital jobs which keep the world warm, fed, and clothed," the world's top shipping associations said in a joint statement.

"These attacks must stop now. We call for states with influence in the region to safeguard our innocent seafarers and for the swift de-escalation of the situation in the Red Sea."

The Greek-owned Tutor coal carrier attacked by Yemen's Houthi militants in the Red Sea last week has sunk, salvagers confirmed on Wednesday.

The vessel was struck with missiles and an explosive-laden remote-controlled boat, according to sources.

International naval forces have been deployed to provide mainly defensive support for ships still sailing through the Red Sea, but the attacks have increased significantly.

Insurance industry sources said on Wednesday there was also mounting concern over the use of attack drone boats by the Houthis.

"They are harder to defend against and potentially more lethal as they strike the waterline," one industry source said.

"Missiles have - to date - mainly caused deck and superstructure damage (to ships)."

There have been 10 Houthi strikes so far in June compared with five in May, said Munro Anderson, head of operations at marine war risk and insurance specialist Vessel Protect, part of Pen Underwriting.

"The first successful use of an unmanned surface vessel represents a new challenge for commercial shipping within an already complex environment," he added.

Insurance industry sources said that additional war risk premiums, paid when vessels sail through the Red Sea, had hovered close to 0.7 percent of the value of a ship in recent days from around 1 percent earlier this year. They added that with a second ship sinking and the losses likely to emerge from that, rates are likely to firm up, adding hundreds of thousands of dollars of extra costs to every voyage.

Ships must divert around southern Africa, which is the best way to protect seafarers, said Stephen Cotton, General Secretary with the International Transport Workers' Federation, the leading seafarer's union.

"We would also welcome proper escorts and the shielding of ships by naval forces, which would reduce the risks of ships being hit," he added.

Source: thedailystar.net– June 19, 2024

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Bangladesh's Denim Dominance: A story of investment, innovation, and sustainability

Bangladesh has become a major player in the global denim market, establishing itself as the leading supplier of denim garments to the US and EU. This success story is driven by a combination of factors, including significant investments, a focus on innovation, and a commitment to sustainability. Bangladesh today is the world's second-largest exporter of denim clothing, accounting for 22 per cent of global exports in 2022 as per WTO. This translates to an annual export value of almost $8 billion as per BGMEA. Industry analysts project Bangladesh's denim output will at 8-10 per cent each year in the foreseeable future.

What's more, the denim sector directly employs over 1.1 million people in Bangladesh, with millions more jobs indirectly supported. Bangladesh has a manufacturing capacity of over 500 million denim garments and over 1.5 billion meters of denim fabric annually. The country has over 42 denim mills with a manufacturing capacity of over 900 million meters of denim fabric annually.

Factors driving Bangladesh's denim leadership

The rapid growth in denim sector has been due to several factors.

Increased investments: The Bangladeshi government and private sector have significantly invested in the denim industry, leading to the establishment of state-of-the-art denim mills. Investments have grown from Tk 8,000 crore to Tk 25,000 crore in a decade.

Focus on innovation: Bangladeshi denim mills are continuously developing new materials, treatments, and washes to cater to the evolving fashion trends.

Sustainability efforts: The Bangladesh Denim Alliance (BDA) is a leading initiative promoting sustainable practices in the denim production process, aiming to reduce water usage and eliminate harmful chemicals. And as per BDA there has been a 32 per cent decrease in water consumption and significant advancements in eliminating hazardous chemicals in Bangladesh's denim production since 2020.

Strategic location: Bangladesh's proximity to major markets like the EU and the US offers logistical advantages for denim exports.

Skilled workforce: Bangladesh has a large pool of skilled workers in the garment industry, contributing to efficient denim production.

Table: Bangladesh Exports to the US and EU

Year	Denim exports to US (in $million)	Denim exports to EU (in $ million)
2022	942.96	1560
2023	649.96	1200

Denim exports a challenge

Denim exports to the US and EU declined in 2023 due to a sluggish global market and high production costs in Bangladesh. Also, the Ukraine war and economic slowdown have had an effect. Moreover, countries like Pakistan and Vietnam are emerging strong competitors in the denim export market. To tide over this situation Bangladesh needs to embrace automation and data-driven decision-making can further enhance efficiency and competitiveness.

Overall Bangladesh's denim industry exemplifies a remarkable success story. Through strategic investments, a skilled workforce, and a commitment to sustainability and quality, Bangladesh has emerged as a dominant player in the global denim market.

The country is well-positioned to capitalize on future opportunities by embracing innovation and upholding its commitment to responsible production practices.

The denim industry's success transcends economic indicators, fostering social development through increased employment, skill development, and industrial transformation. Bangladesh's denim story serves as a compelling example of how well-timed investments can drive innovation, sustainability, and the rise of developing nations in the global economic landscape.

Source: fashionatingworld.com– June 19, 2024

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NATIONAL NEWS

Cabinet approves Minimum Support Prices (MSP) for Kharif Crops for Marketing Season 2024-25

The Union Cabinet chaired by Prime Minister Shri Narendra Modi today approved the increase in the Minimum Support Prices (MSP) for all mandated Kharif Crops for Marketing Season 2024-25.

Government has increased the MSP of Kharif Crops for Marketing Season 2024-25, to ensure remunerative prices to the growers for their produce. The highest absolute increase in MSP over the previous year has been recommended for oilseeds and pulses viz. nigerseed (Rs.983/- per quintal) followed by sesamum (Rs.632/- per quintal) and tur/arhar (Rs.550/- per quintal).

Crops		**MSP 2024-25**	**Cost* KMS 2024-25**	**Margin over cost (%)**	**MSP 2023-24**	**MSP Increase in 2024-25 over 2023-24**
Urad		**7400**	4883	52	6950	450
Oilseeds						
Groundnut		**6783**	4522	50	6377	406
Sunflower Seed		**7280**	4853	50	6760	520
Soybean (Yellow)		**4892**	3261	50	4600	292
Sesamum		**9267**	6178	50	8635	632
Nigerseed		**8717**	5811	50	7734	983
Commercial						
Cotton	(Medium Staple)	**7121**	4747	50	6620	501
	(Long Stapler	**7521**	-	-	7020	501

Click here for more details

Source: pib.gov.in– June 19, 2024

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Indian exporters must prepare for EU's sustainability compliance regulation: GTRI

Indian firms exporting items such as textiles, paints, furniture, mattresses, steel and aluminium to the EU must proactively prepare to comply with Ecodesign for Sustainable Products Regulation (ESPR) which requires them to provide barcode accessible detailed information to prove that they meet prescribed European sustainability standards from January 2026, according to a report by research body Global Trade and Research Initiative.

"ESPR will lead to high costs of products because of changes needed in production processes as it will allow traceability back to manufacturer, input suppliers and everyone in the chain to provide detailed information on a product's environmental impact, durability, and reparability," according to Ajay Srivastava, Founder, GTRI.

The ESPR requires each product exported to the EU to have a digital product passport (DPP), accessible via a barcode or QR code. The DPPs will assist regulators in enforcing compliance. The details will include requirements on product design, emphasising energy efficiency, durability, repairability, recyclability and overall environmental impact of a product, the report noted.

Exporters of iron, steel, aluminium, textiles, furniture, mattresses, tires, detergents, paints and lubricants will be the first impacted by these regulations starting January 2026. It will be extended to other products by 2030.

To prepare for ESPR, Indian entities need to evaluate the environmental impact of their products throughout their life cycle, stay informed about the regulation's development and implementation timelines and create strategies to meet the ESPR requirements for affected product categories, the report suggested.

They should also educate their teams about the new regulations and sustainability requirements and ensure that suppliers provide necessary sustainability data for the digital product passports.

Source: thehindubusinessline.com– June 19, 2024

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e-WAY bill generation in May touched 10.32 crore, second all time high

e-WAY bill generation touched 10.32 crore in May, which is second all-time high generation. Normally, May does not see much activities, still, higher numbers could be attributed to increase in demands for electronic items, and other cooling products.

Data from GSTN shows, since the introduction, this is the third occasion, when e-WAY bill has crossed the 10 crore mark.

An all time high was recorded in March this year, when generation was 10.35 crore, while previous second all time high was 10.03 crore in October last year. Rise in e way bill generation likely to have some positive impact on GST collection.

An e-WAY bill is an electronic document generated on a portal, evidencing the movement of goods. It also indicates whether tax has been paid for the moving goods.

As per Rule 138 of the CGST Rules, 2017, every registered person involved in the movement of goods (which may not necessarily be on account of supply) of consignment value of more than ₹50,000 (can be lower for intra-state movement), is required to generate an e-way bill.

Barring November, e-WAY bill generation has been nine crore plus, since August last. Also, during the last fiscal i.e., 2023-24, seven out of 12 months, saw more than nine crore bill generations, and two, out of these seven months, recorded 10 crore plus.

During the last three months (December, January, and February), more than 9.5 crore e-way bills had been generated. Also, October saw an all-time high generation of over 10 crore.

There are multiple reasons cited for higher generation. While e -WAY bills have been long prevalent in the Indirect Tax space, yet under GST, the linkage with e-invoicing, and the moving squads enforcing implementation, have resulted in the unorganised movements, and corresponding supplies being brought under the GST net.

According to experts, higher generation, reflects a notable increase in consumption across various sectors, with heightened economic activity, driving the need for transportation and logistics services.

Moreover, the sustained growth in e-way bill generation also points towards the effectiveness of technology-driven scrutiny, and compliance mechanisms implemented by regulatory authorities..

Source: thehindubusinessline.com– June 20, 2024

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GST Council may recommend further tightening new registration rules

The GST Council may consider a proposal to make biometric check must for all new registration. It is also likely to recommend cutting TCS (Tax Collected at Source) rate to half on e-commerce operators.

These are part of multiple items expected to be taken up during the meeting scheduled to take place on June 22. It will be chaired by Finance Minister Nirmala Sitaraman. This is first meeting after last October.

Sources said that tax evasion through fake entity and identity is big concern. Keeping this in mind, a pilot project for biometric-based Aadhaar authentication initiated in Gujarat last July. Later, it was extended to Puducherry and then to Andhra Pradesh. Initially, it was said that such an exercise would be done for applicants seeking GST registration, has opted for authentication of Aadhaar number and have been identified as high risk.

Under this, verification of the original copy of the documents uploaded with the application would be done at one of the facilitation centres. Also, the applicant would be required to give biometric for to complete Aadhaar authentication. Now, the proposal is to apply the scheme at all-India basis. As of now there are 1.46 crore registered tax payers.

Relief to e-commerce operators?

Another proposal is to lower the rate of TCS on e-commerce operators to 0.5 per cent from 1 per cent. As of now, every electronic commerce operator collects an amount calculated at a rate not exceeding 1 per cent (0.5 per cent CGST and 0.5 per cent SGST, In case of inter-State transactions, 1 per cent under IGST Act). TCS will be calculated of the net value of taxable supplies.

As per the explanation, “net value of taxable supplies” means the taxable supplies returned to suppliers are subtracted from the gross value of taxable supplies.

The council is likely to consider sunset clause for anti-profiteering cases. The sunset date could be April 1, 2025. Also, present cases may be handed over to Principal Bench GST Appellate Tribunal. It is believed that the

Competition Commission of India (CCI) has expressed inability to handle anti-profiteering cases. Earlier, the cases were handed over to CCI from National Anti-Profiteering Authority.

One of the key issues to be watched would be a review of 28 per cent GST on online gaming, casinos and horse racing as decided last year. It is expected some measures will be discussed to correct the allegation or retrospective taxation.

In its meeting dated July 11 last year, the Council recommended that actionable claims supplied in casino, horse racing, and online gaming are leviable to a GST rate of 28 per cent and recommended to carry out amendments in the law to remove any ambiguity. Despite protests from some States, in the subsequent meeting, it was decided to continue with an earlier recommendation.

Later, the law was amended, and then there was a spurt in the issuance of show-cause notices. Though the government said that amendments in law are clarificatory in nature and has always maintained that the 28 per cent rate is applicable from July 1, 2017, online gaming companies alleged that the amendment in law is retrospective and, accordingly, show-cause notices have been issued.

Source: thehindubusinessline.com – June 19, 2024

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India's exports grew 1.1%, but trade momentum to continue: CRISIL

India's merchandise exports surged more than 9.1 per cent in May to USD 38.1 billion, compared to last year during the same month, highlights a report by Crisil.

The report noted that the country also experienced a modest 1.1 per cent growth in exports compared to April. This growth was driven by both oil and non-oil exports.

The report said that India's export performance aligns with the World Trade Organization's latest global trade outlook, which predicts a recovery in global goods trade volume this year.

India's top export destinations, including the US, Europe, and the UAE, showed improvements. However, the report also highlighted that the higher prices of global commodities, both energy and non-energy, could partly explain the increase in export values in US dollar terms.

Similar to exports, India's imports also rose by 7.7 per cent to USD 61.2 billion in May, marking the highest import value in the past seven months. The increase in imports was mainly due to oil and core imports, which exclude oil and gold.

Interestingly, oil import value increased in May compared to April, despite lower crude oil prices (USD 82 per barrel in May versus USD 90.1 per barrel in April). This suggests that India imported higher volumes of oil.

Crisil noted that India's trade deficit also widened to USD 23.8 billion in May from USD 19.1 billion in April. In May last year, the trade deficit was USD 22.5 billion.

Additionally, India's services imports grew by 19.1 per cent to USD 16.6 billion in April. However, services exports have been steady at approximately USD 30 billion over the past three months, which means the services trade surplus remains strong.

Looking ahead on India's trade, Crisil commented that the fiscal year has started positively, with merchandise exports showing growth in the first two months. The recent strong export momentum and optimistic trade growth forecasts from major international organizations are encouraging.

The government's focus on foreign trade agreements (FTAs) is also expected to support this growth. However, import growth has outpaced export growth, increasing the trade deficit. This will be closely watched, especially since the US has announced tariff hikes on Chinese imports, which might lead to an influx of Chinese goods into the larger Asian market, including India

Source: economictimes.com– June 19, 2024

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Where does India stand in Africa's $3 trillion opportunity?

The world community must end its monopoly on technology and ensure access for all, reiterated Indian Prime Minister Shri Narendra Modi at the recently concluded G7 Summit in Apulia, Italy. Discussions during the outreach session included a range of topics such as AI, critical and emerging technologies, energy, and the Mediterranean. However, the spotlight remained on the India–Africa relationship and the significance of the 'global South.'

PM Narendra Modi reiterated India's commitment to fostering closer ties with Africa by stressing the untiring efforts put in by India to include the African Union as a permanent member of the G20. This occurred during India's presidency last year.

India and Africa are inextricably linked by a shared history and culture that goes back a thousand years. Be it Indian merchants regularly sailing to the east coast of Africa in search of mangrove poles, elephant tusks, and gold and precious stones to sell in the bazaars of Calicut and Surat or the indentured labour that was brought in from India to work on the railways as well as on sugar and other plantations in Kenya, Mauritius, Madagascar, and Southern Africa. In time, the Indian diaspora, with deep family roots, became a key driver of the export of African commodities such as tea, coffee, and cotton and the import of manufactured goods and grains such as rice, pulses, and textiles both to India and the rest of the world.

Beyond trade and commerce, Gandhi's political activism in South Africa and the consequent influence on leaders such as Mandela, Casely-Hayford, Nkrumah, and Bennabi who chose 'passive resistance' as their guiding principle were instrumental in the peaceful independence of several African nations. Above all, the American sociologist and Pan-Africanist, William Edward Du Bois, was a great admirer of Gandhi and the work of the Indian National Congress.

Joined by the Indian Ocean, a hub of global mercantile trade before the opening of the Suez Canal, Indians dominated trade and commerce in the region. Yet, it fell behind both the European and the Chinese only to have recovered in the last five years.

Meanwhile, Africa has grown significantly. The incidence of social unrest has dramatically reduced. Democracy is taking root, coups are mostly peaceful and dictators open to business. One can even notice a move away from colonial influence. The withdrawal of French troops from West Africa has opened up opportunities for other countries in the lucrative mining sector, for instance.

There are several factors that continue to bolster hope.

Six of the world's ten fastest-growing economies are currently located in Africa. The continent is home to over 400 companies with revenues surpassing $1 billion, having a collective revenue of over $1 trillion. Household consumption is increasing at a remarkable 3.9% annual rate and is projected to reach $2.5 trillion by 2030. All this is underpinned by steady population growth, increasing urbanisation, and rising incomes.

Resource-rich nations are demanding local value addition and domestic manufacturing. With the gradually diminishing influence of China, Indian companies are seen as more preferable partners and business collaborators, giving them precedence in dealing with governments and local corporations.

Consumer Business

Recent years have seen consumption in Africa increase at an unparalleled rate of 3.9%. With its population set to nearly double to 2.5 billion by 2050, the continent will be host to the youngest and largest population on the globe. With increased access to the internet and mobile phones, this could serve a myriad of opportunities to local and imported businesses.

Mining and Materials

Africa is the world's top producer of critical minerals like lithium, cobalt, and manganese, despite an abundance of these reserves still being untapped. Production and distribution of these minerals will be vital for the combined global effort to achieve net zero emissions by 2050.

IT and Outsourcing

With a large and young pool of talent, convenient time zones, and world-class IT infrastructure, Africa is quickly emerging as the next frontier for Global Business Services (GBS) and Business Process Outsourcing (BPO).

Nigeria, Kenya, and Rwanda are currently leading the way, but there remains a massive opportunity for the remainder of the continent if investments are made into developing the digital and technical skills of the growing workforce.

Agriculture and AgriTech

Despite having 60% of the world's uncultivated arable land, Africa's agricultural production remains low, creating massive potential for agritech innovation to boost yields and storage. Africa’s food and agriculture market could increase from $280 billion a year in 2023 to $1 trillion by 2030.

Healthcare

Local vaccine production, health insurance expansion, digital health technologies, and public–private partnerships are transforming Africa's healthcare landscape. While this sector does present challenges in Africa, they are coupled with significant opportunities for growth and innovation.

Energy

The global clean energy transition promises substantial investment in Africa's renewable energy sector, with countries such as Senegal, Morocco, and South Africa leading the way. In 2022, the energy sector attracted $118 billion in foreign direct investment, 60% of the FDI inflows into the continent, owing to investors recognising the urgent requirement to close the energy infrastructure gaps across the continent.

Infrastructure

Rapid population growth and increasing resource demand are driving infrastructure development at a rapid pace. The African Development Bank (ADB) estimates an annual budget of $130 billion and $170 billion is required for infrastructure development. Digital infrastructure serves as an area of necessity as well as opportunity. It is vital to integrate IoT across industries to develop efficient and sustainable business practices. The World Bank and ADB report there are ~650 million cell phone users in Africa, surpassing the number in Europe and North America, and growing faster than anywhere else on the globe.

As African nations overcome long-standing social and political misconceptions, the continent is poised to unlock its immense economic potential, offering a wealth of opportunities for strategic investors and businesses prepared to navigate this dynamic market.

India is Africa's fourth-largest trading partner, with bilateral trade roughly valued at $100 billion in 2023. Yet, this represents less than 7% of the total international trade of $1.4 trillion. Compare this with China’s $207 billion and the EU’s $300 billion contribution for the same year.

With large room for growth and a clear strategy to access, Africa can produce rich dividends for India. However, it needs to address infrastructure bottlenecks, supply chain integration, and access to finance in the process.

Source: economictimes.com– June 19, 2024

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How a Rs 76,220 cr port project aims to be a game changer for India's trade trajectory

The Union Cabinet on Wednesday approved setting up a major port at Vadhavan near Dahanu in Maharastra. The project will be constructed by Vadhavan Port Project Limited (VPPL), an SPV formed by Jawaharlal Nehru Port Authority (JNPA) and Maharashtra Maritime Board (MMB) with a shareholding of 74% and 26%, respectively.

The port will be developed as an all-weather greenfield deep draft major port in Vadhavan, Palghar District, Maharashtra. The total project cost, including the land acquisition component is Rs 76,220 crore.

Ports play a crucial role in making a nation a powerhouse of manufacturing and exports. China is the prime example: the country has seven of the 10 busiest container ports in the world. India, which aspires to be a big manufacturer and exporter, finds an entry at 35 on the World Shipping Council's list.

The container volume at Shanghai port surpassed 49 million TEU in 2023, against the global container port throughput of 866 million TEUs. India's Mundra port, the biggest commercial port by volume, handled 6.64 million TEUs in the period. It has the advantage of a 15-metre natural draft, which lends it the advantage of handling larger vessels.

But India has now drawn up plans to give itself an advantage through this new development: the Vadhavan port in Dahanu, Maharashtra, 150 km north of Mumbai. The port will comprise nine container terminals, each 1000 meters long, four multipurpose berths, including the coastal berth, four liquid cargo berths, a Ro-Ro berth, and a Coast Guard berth, a PIB release stated.

Independent trade professional Manasvi Srivastava says India does need to increase its footprint in global shipping as the same stands at nearly 5% of global container handling capacity. "This would align with India's aspirations of being a manufacturing hub as well as partaking of the growing maritime cargo traffic. Investment in ports catering to container traffic needs to be prioritized over bulk cargo as very soon climate change imperatives will drive down the demand for bulk cargo handling of fossil fuels. As Vadhavan port is expected to be primarily meant for container handling, it would fit well into such a future for shipping."

He adds that while building large ports such as Vadhavan, it is important to keep environmental concerns in mind. "This is especially true for Dahanu, the location of Vadhavan port. In fact such new projects offer the opportunity of embedding green technologies in the port sector, including energy generation from solar, wind, water and such non-carbon resources. Using this opportunity constructively could benefit manufacturing, logistics as well as greening of the economy."

The project that is being pushed in a public-private partnership mode will see the construction of a port with a container capacity of 15 million TEUs in 2035 and 24 million TEUs by 2040. On top of that, the sea floor’s topography in region will give Vadhavan port a natural draft of 20 metres, which means it can accommodate container vessels up to 20,000 TEUs.

For any country, it is the port-led infrastructure that contributes towards economic development and sets the tone for more progress. In the case of China, it is clear that this strategy has paid rich dividends and elevated its position as a player to reckon with in global trade. It is long overdue for India to add some port muscle — especially with the government pushing self-reliance; encouraging manufacturing through production-linked incentives and other schemes; and creating pathways to expand export through free trade agreements and other deals.

Union Minister of Ports, Shipping & Waterways Sarbananda Sonowal has said last year that a modern and advanced port infrastructure is of paramount importance for smooth and efficient trading.

India’s major ports had collectively handled 795 million tonnes of cargo, registering a 10.4% growth over the previous year. “95% of India's trading by volume and 70% by value is done through maritime transportation,” he had said while speaking at FICCI’s Port Infrastructure Conclave in the capital, highlighting the need to develop port infrastructure if the economy has to grow faster.

For any country, it is the port-led infrastructure that contributes towards economic development and sets the tone for more progress.

In February 2020, the Union Cabinet had given an “in-principle” approval of the Vadhavan port project under the Sagarmala Programme.

A senior government official tells ET Digital on the condition of anonymity that such a port is the need of the hour as the size of vessels has increased tremendously. “The parcel size is increasing. As we don’t have a deeper depth in our port, international vessels are going to Colombo and Singapore. So, for example, a 20,000 TEU vessel will first go to Singapore as the port has 20 metres depth, and will discharge cargo there. Thereafter, a small ship will carry the cargo and bring it to India. After Vadhavan comes up, international ships can directly come here with goods from, say, America. That is the advantage,” he says.

India’s growth story

His views hold merit, especially in the backdrop of India’s economic growth curve, which has seen an upward trajectory in recent years. In an interview with ET Now in March, Reserve Bank of India Governor Shaktikanta Das had stated that the Indian economy is likely to grow at a rate exceeding the central government's Second Advance Estimate of 7.6% in the ongoing financial year. “I would not hesitate to say that India’s GDP growth in FY24 will exceed 7.6%, it might be closer to 8%,” he stated.

Such growth implies a need to increase the cargo handling capacities at ports. The senior government official speaking on condition of anonymity says: “Right now the total capacity, including the major and non-major ports, is 2,500 million tonnes per annum. This can go up to 10,000 million tonnes per annum in the coming years, given the country’s growth momentum.”

This is where a port like Vadhavan can be a game changer for India because of its handling capacity. Sameer Bhatnagar, Partner, and Global Head of Ports (Maritime) at KPMG India, says the country does not have a sufficient number of deep draft ports that are capable of handling the next-generation vessels.

Such vessels are larger in size, typically they can up to 24,000 TEUs against 3000 or 4000 TEUs at one point of time. These vessels typically call on ports like Singapore, Jebel Ali or Hong Kong, which are very deep draft, transshipment ports.

The port of Shanghai in China is the busiest port in the world in cargo tonnage, comprising a deep sea port and a river port.

"Vadhavan port will create a kind of scale which will be fairly large in terms of its handling capacity," Bhatnagar says. "For example, JNPT is expected to max out its capacity at 10 million TEUs and after that there is no other port in the vicinity of JNPT or in Maharashtra with that capacity of a big scale traffic. Hence, now Vadhavan is being planned to be set up as a large capacity port," he adds.

The port will service the vast hinterland regions of Maharashtra, Gujarat, western Madhya Pradesh and North Indian states. It will be the third major port in Maharashtra, besides JNPT and Mumbai port, catering to the varied requirements of global trade as a deep draft port.

Logistics costs

Besides natural depth, Vadhavan port brings in another great promise that has the potential to redefine business dynamics for even small manufacturers. The enhancement to India's port infrastructure can cut logistics costs, say experts.

According to the Economic Survey 2022-23, logistics costs in India have been in the range of 14-18% of GDP against the global benchmark of 8%. Improving the quality of trade and transport-related infrastructure such as ports, railroads, roads and information technology was cited as important factors to address this aspect.

KPMG's Bhatnagar explains how the new port project is a step forward in that direction: "If there is a larger vessel to carry an Indian export container and such vessels only stop at the major transshipment hubs instead of halting at all the places across the world, it would result in more volumes and direct calls. This would reduce the cost of shipping one box which, in turn, will reduce the logistics cost for India."

If a big vessel directly comes to the port in India — instead of going to, say, Singapore to load or unload goods — transshipment cost comes down. So the unit cost for a larger vessel is cheaper as it does not stop at every port. This will also make such ships reach the destination faster, thereby changing the way the logistics of export and import would happen through containers.

Vadhavan port's scheme falls in line with India's ambitions to be a developed nation by 2047, by giving a push to port-led growth and planning. "In the coming years, a lot of development in port and waterway infrastructure will be seen and we are hoping for more contribution from road and railway as well," the senior government official adds. "Once such projects are in good shape, the logistics cost will come down in 5-10 years, infrastructure will be better and the ultimate beneficiary will be the people. It has to reach every person at the end of the chain."

Rotterdam is often considered the gateway to Europe and a central hub of global trade with a throughput of approximately 14 million TEUs per year.

In august company

But is it too ambitious an aim for India to be in the top 10 ports alongside Shanghai and Singapore?

Experts say that it is not just deep draft that has contributed to the success of such ports but also the landside infrastructure that allows the cargo to be loaded and unloaded efficiently. Bhatnagar points out that effective cargo handling involves quick unloading at the port and seamless evacuation of the cargo to the hinterland. The movement has to be fast and paperwork should not be a barrier here.

"The way they (officials at Singapore and Shanghai) handle the processes, the documentation is something which allows them to work very efficiently and rapidly," he says. "Last year, the Port of Singapore alone handled approximately around 39 million TEUs while India's total traffic of containers was around 20-25 million TEUs."

This puts the efficiency situation in perspective and highlights the need for officials in India to streamline infrastructure and processes behind the port.

Bhatnagar, however, adds that even though such nations may enjoy certain geographical advantages — such as Singapore's presence on a global shipping lane and Shanghai port's sheer scale — India can still strive to build its port infrastructure with a focus on quality of service and streamlined processes.

As part of the Amrit Kaal Vision 2047, India has six mega ports on the anvil as part of its maritime expansion plans. This is also expected to ramp up cargo handling capacity significantly. Can the Vadhavan port project help keep such ambitions afloat in the next few years?

As Bhatnagar puts it, “The saying is well known that a ship is safest in the harbour, but that is not the place where it is meant to be. Even in the world of shipping commerce, ships are not meant to spend too much time in a harbour. The faster one is able to turn around a vessel, the better is the reputation of the port. And that capability is something that India also has to develop.”

Source: economictimes.com– June 19, 2024

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India's cotton area shrinks in Kharif 2024 as farmers shift to pulses, maize

Cotton acreages across the country for the Kharif 2024 cropping season are seen as lower as farmers in the key producing states of Gujarat and Maharashtra show preferences to plant more lucrative crops such as pulses and maize amidst a weakening trend in global prices.

The Cotton Association of India, the apex trade body for the sector, sees acreages declining in the kharif 2024 season over the previous year's 124.69 lakh ha.

In North India, where the planting for kharif has almost been carried out, the acreages are down by close to half as farmers in states like Punjab and Haryana faced crop losses due to a rise in pest attacks — mainly the pink boll worm — last year amidst rising production costs.

"As per information received from North India members in the recent CAI meeting, cotton sowing in the current kharif season is reduced in by 40 to 60 per cent in state such as Rajasthan-Haryana and Punjab." said Atul Ganatra, President, CAI.

In Gujarat, the largest producing state, the cotton acreages are expected to decline by 12-15 per cent this year, Ganatra said, based on the state's trade feed. With parts of Gujarat receiving rains, farmers have already shifted to groundnuts and other crops, he added.

In Maharashtra, which has the largest cotton area in the country, the scene is no different from that in Gujarat. "Maharashtra state association and other trade members are expecting a 10-15 per cent reduction in area in the state," Ganatra said. Farmers in the state are shifting from cotton to tur, maize and soyabean, Ganatra added.

Based on the feedback from the seed distributors, Ganatra said the sales of cotton seeds are slow in the state. "As per information received from the members, due to shortage of water not much of early cotton sowing is done in Central and South India," Ganatra added. In MP the acreages are seen lower by a tenth, while in the South the farmers are waiting for the minimum support price (MSP) to be declared, he added.

The CAI President also said that the bearish trend in ICE Futures is also seen as having an influence on cotton sowing in India. The ICE cotton futures for December 2024 are trending lower at 70 cents per pound, which works out to the Indian rupee equivalent of ₹47,000 per candy. Presently, the cotton prices in India are hovering in the ₹55,000-57,000 range for the 29 mm.

“Lower December ICE futures is not good for the upcoming cotton sowing sowing. The lower futures is affecting cotton sowing as Indian farmers are keen waiting and watching the ICE futures on a day-to-day basis and then taking decision on sowing,” Ganatra added.

Cotton was planted in 124.69 lakh ha during the 2023-24 season, with Maharashtra topping the acreages at 42.34 lakh ha, followed by Gujarat at 26.83 lakh ha and Telangana at 18.18 lakh ha.

Source: thehindubusinessline.com– June 19, 2024

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Cotton farmers in Telangana await crucial showers

Cotton farmers in Telangana eagerly await fresh showers to help the crop survive even as the State government expects the acreage to top 28.30 lakh hectares (lh) this year.

Though rains have arrived in the State, the spread has not been uniform. Hoping for a bumper crop, farmers have gone for large-scale sowing in different districts. “I say only 70 per cent of the seeds sown survived. I had to go for one round of irrigation for its survival,” Raji Reddy, a cotton farmer in Warangal district, told businessline.

The State government, however, estimates that the farmers will increase the cotton acreage as it is considered to be a safe bet.

Though the State received a rainfall of 85.3 mm as against the normal rainfall of 78.5 per cent, the spread has not been uniform. At least 11 out of the 32 districts (excluding Hyderabad) reported deficit rainfall. As of June 19, cotton has been sown on 6.31 lh and paddy on 11,000 hectares.
Risk of excessive focus

“Agricultural Minister Tummala Nageswara Rao recently said farmers would grow cotton on 70 lakh acres and paddy on 20.23 lh,” Sarampally Malla Reddy, a senior leader of Telangana Rythu Sangham, has said.

He felt that excessive focus on cotton and paddy would adversely impact horticultural crops and vegetable production. “If we focus only two crops, where’s the scope for other crops. We are not self-sufficient in vegetable production. We are producing only 21 lakh tonnes of vegetables as against the demand for 38 lakh tonnes,” he said.

A senior agricultural scientist felt that the spread of rains has not been uniform. “The sowing was done only in 70 per cent of the area so far. If rains don’t show up in the next few days, they might have to go for second sowing,” he said.

He, however, felt that paddy sowings can wait as most of the farmers are going for short-duration varieties (125 days) as against the long-duration (145-150 days) varieties. “They can wait till the end of July,” he said.

Seed shortage

The government's estimation for a higher acreage is backed by the huge demand for cottonseeds of a few varieties across the State.

The Agricultural Minister said the Department had ensured the availability of 1.02 crore packets (of 450 gm each) of seed this year as against 64.34 lakh packets last year. "According to latest reports, they bought 62 lakh packets so far," he said.

Source: thehindubusinessline.com – June 19, 2024

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