LETTER

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News Highlights

NATIONAL

Will India overtake China to become world's economic heavyweight by 2028?

With China's economy slowing and the West seeing it more as a rival than an economic partner currently, is it India's chance to take Beijing's place as the world's next growth driver?
According to a *Bloomberg* report, the Indian stock market is booming thanks to foreign funding and the Centre's new trade deals.
The youthful market of 143 crore Indians is attracting international manufacturing bigwigs, who once clustered around southern China.
Aircraft makers such as Boeing are taking record orders from Indian airlines such as Air India and IndiGo, while the tech giant, Apple Inc, is scaling up production of India-made iPhones.
Although the picture looks rosy, India's $3.5 trillion economy remains dwarfed by the $17.8 trillion Chinese economy. Economists are of the view that it would take a lifetime for India to catch up with its shoddy roads, patchy education, red tape and a lack of skilled workers.
What will India have to do to overtake China?

According to the *Bloomberg* report, there's one important measure where India could overtake its northern neighbour far more quickly: as the engine of global economic growth.
Bullish investment banks, such as Barclays, believe that India can become the world's largest contributor to growth within Prime Minister Narendra Modi's next term.
The Bharatiya Janata Party is widely expected to win the 2024 Lok Sabha elections set to begin in weeks.
The analysis by *Bloomberg Economics* is even more optimistic, finding that India can reach that milestone by 2028 on a purchasing power parity basis.
To get there, the Modi government will need to hit ambitious goals in four crucial development areas — building better infrastructure, expanding the skills and participation of the workforce, building better cities to house all those workers, and luring more factories to provide them jobs.
According to a *Bloomberg Economics* analysis, India could become the World's No. 1 contributor to GDP growth as early as 2028.
China's economic growth averaged 10 per cent a year for three decades following the late 1970s reforms that opened its economy to the world. This is what has made China a magnet for foreign capital and given it greater clout on the world stage.

But the so-called ‘miracle’ phase of China’s expansion is now a thing of the past. The property crisis intersects with the growing Western concerns over China's dominance of supply chains and advances in sensitive technologies.

That, according to the *Bloomberg* report, is where India comes in. The Modi government is seeking to make the Indian economy more competitive, a shift that’s appealing to Western businesses looking to diversify away from China in search of a deep well of cheap labour.

PM Modi has made India’s accelerating economy a major part of his election pitch, pledging at a rally last year to lift the country’s economy “to the top position in the world" should he win a third term.

Indian government's allocation to infrastructure has more than tripled from five years ago to above ₹11 lakh crore (₹11 trillion) for the fiscal year 2024-2025, a figure that could exceed ₹20 lakh crore (₹20 trillion) if states’ spending is thrown in.

Modi is projected to invest ₹143 lakh crore (₹143 trillion) to improve rail, roads, ports, waterways and other crucial infrastructure in the six years through 2030.

At the same time, the Modi government has sought to tamp down inflation by banning exports of wheat and rice.

Earlier this decade, the Indian government rolled out incentive programmes of some ₹2.7 lakh crore (₹2.7 trillion) to encourage domestic manufacturing, with companies getting tax breaks, lower land rates, and capital to set up factories in India from states as well.

In *Bloomberg Economics’* base case scenario, India’s economy will accelerate to 9 per cent by the end of the decade, while China will slow to 3.5 per cent.

That puts India on course to overtake China as the world’s biggest growth driver by 2028.

Even in the most pessimistic scenario — in line with the International Monetary Fund's (IMF) projections for the next five years in which growth stays below 6.5 per cent — India overtakes China’s contribution in 2037.

India stands out as the sole country with a population large enough to offset retiring factory workers in advanced economies and China.

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India’s trade talks with South American trade bloc on the back burners

Talks between India and South American trade bloc Mercosur have been put on the back burner with both sides focused on concluding their long-pending free-trade agreements with other regions, a person with direct knowledge of the matter told *Mint.*

The talks were meant to expand the number of products enjoying low- or no-tariff benefits under a preferential trade agreement from about 450 to 1,500-2,000.

The trade bloc comprises Argentina, Brazil, Paraguay, and Uruguay, apart from associate member nations such as Ecuador, Colombia and Peru.

While Mercosur's current focus is on concluding its much-delayed free trade agreement with the European Union, India, which is heading into a general election, aims to conclude similar trade agreements with the UK and Oman, while also starting the eighth round of FTA negotiations with the EU next month.

"As far as Mercosur is concerned, the priority is to sign the FTA with the EU. However, talks between both regions on the FTA, which was close to conclusion, have been delayed due to various factors including the economic slowdown in Europe," the person mentioned above said, requesting anonymity.

"Expanding the (South American) bloc's existing preferential trade agreement with India is currently not a priority for now, though this could be worked on in the future," this person said. "While Mercosur members are having individual national discussions on the topic of expanding the PTA with India, the bloc's long-delayed FTA with the EU has taken precedence."

Expanding the preferential trade agreement with Mercosur nations is key for India to increase its trade in the South American region.

While India's trade with Latin America and the Caribbean (LAC) region has grown strongly since 2000, New Delhi has maintained a relatively narrow trading agreement with Mercosur nations.

At present, India and the Mercosur bloc have agreed on tariff concessions ranging from 10% to 100% on 450 and 452 tariff lines, respectively, under the preferential trade agreement, which has been operational since 2009.

Spokespersons of the ministry of external affairs, ministry of commerce and industries and the embassies of Mercosur member countries in New Delhi didn't respond to emailed queries.

In 2022, total trade between India and LAC region stood at about $49 billion, largely attributable to India's trade with only a handful of countries from the region—Brazil (30% imports, 56% exports), Colombia (12% imports, 8% exports), and Argentina (18% imports, 5% exports), according to the Confederation of Indian Industry.

As things stand, India's external affairs minister S. Jaishankar has proposed increasing trade between India and the LAC region to $100 billion.

While exports from the LAC region to India largely comprise extractive and agricultural products such as petroleum oils, pearls and precious stones, and vegetable oils, India majorly exports manufactured commodities such as motor vehicles, organic chemicals, and chemical products to those nations.

According to the Indian embassies in Paraguay and Argentina, the Mercosur bloc has become a successful regional market of more than 290 million people with a GDP of more than $2 trillion.
"(Mercosur) is the fourth-largest integrated market after the EU, Nafta (North American Free Trade Agreement), and Asean (Association of Southeast Asian Nations. Its biggest trading partner is the European Union," the Indian Embassy in Paraguay said on its official website while commenting on the bilateral trade between the regions.
Mercosur nations and the EU began talks on an FTA in 1999. Both sides restarted negotiations in 2010 following a suspension in talks soon after. In 2019, the two regions reached a political agreement for an "ambitious, balanced and comprehensive trade agreement".

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India-Chile free-trade agreement talks may begin after Lok Sabha polls

Read more at : India-Chile free-trade agreement talks may begin after Lok Sabha polls | Economy & Policy News - Business Standard (business-standard.com)

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Preserving The Embroidery Craft Of Karnataka's Lambani Community

The Banjara community have been referred to as the nomadic gypsies of India. With origins in the Rajputana region of present-day Rajasthan, they were skilled traders and craftspeople whose trading routes criss-crossed India, leaving an indelible mark on the cultural and economic landscape of those regions.

Today they have made their homes in Karnataka, Andhra Pradesh, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra. In the Vijayapura region of Karnataka they are known as the Lambani and the traditional attire of the women is renowned for its use of intricate hand-embroidered techniques, a vivid colour palette and the lavish incorporation of mirrors and seashells. All these elements not only echo the cultural heritage and traditional motifs of the Lambani community but also serve as a testament to their rich history and artisanal expertise.

The model in the centre is wearing a cotton kadhi with Lambani thread work. The male model is wearing a charaka cotton kurtaCourtesy of Banjara Kasuti

When she noticed that fewer and fewer Lambani women were wearing their traditional attire in favour of more affordable alternatives, philanthropist Asha Patil set-up Banjara Kasuti in 2017 to ensure their embroidery would never go out of style. Her organisation not only preserves their ancient and colourful craftsmanship but also provides an economic lifeline for them to attain financial independence.

"Through education and skill-building initiatives, I endeavoured to reignite appreciation for Lambani artistry and curtail migration within the community. Banjara Kasuti emerged as a beacon of hope and is dedicated to safeguarding Lambani heritage and empowering its women for generations to come," said Patil.

The green fabric is handloom cotton with Lambani mirror and thread panelCourtesy of Banjara Kasuti

Over 120 full-time artisans craft coordinated sets, *kurtis*, jackets and waistcoats. They also design exquisite *sarees*, *dupattas* and dresses—each one of them adorned with fine embroidery and captivating mirror work. Accessories such as bags, pouches and home décor items are also imbued with the rich heritage of Lambani craftsmanship.

The creative process of crafting a single item shows the Lambani artisans attention to detail. They carefully select high-quality handloom cotton fabrics and threads. Crêpe silk and georgette are used for piping. While embroidering traditional motifs and patterns they also stitch in mirrors, coins and jewellery to further embellish their creation. The only limits are their imagination so no two pieces are alike. It can take anywhere from four days to six months to craft a piece depending on the product. Before going on sale each item undergoes a thorough inspection to ensure impeccable craftsmanship and quality.

Asha Patil (L), the founder of Banjara Kasuti with artisans Sonabai, Lalita, Rekha, Priyanka and Sunanda in their traditional attireCourtesy of Banjara Kasuti

Prices vary based on the complexity of the embroidery, the materials used and the type of product made. Costs start from INR 1000 to ensure fair pricing while maintaining accessibility for customers. Banjara Kasuti compensates the artisans on a daily wage basis and the proceeds are distributed among them with the exclusion of production costs.

During the COVID-19 pandemic the women were the sole breadwinners of their families. Upon being introduced to Banjara Kasuti they worked hard to sustain their families, showcasing their determination to not only provide for them but also their efforts in preserving their community heritage and identity.

Lambani women have deep-rooted aspirations for a better future amid economic challenges and cultural preservationCourtesy of Banjara Kasuti

What makes the Lambani art form truly stand out is its commitment to sustainability. “The artisan’s commitment to ecofriendly embroidery techniques reflects a profound respect for natural resources. Through their preference of natural fibres like cotton, they further reduce environmental impact and promote biodegradability,” Patil says. “Moreover, sourcing materials locally from Bijapur not only sustains the handloom industry but also reduces carbon emissions linked to transportation and industrial waste.”

The Lambani women have deep-rooted aspirations for a better future amid economic challenges and cultural preservation. Their concerns centre on economic stability, access to resources and the preservation of their rich cultural legacy, all while striving to support their families’ healthcare needs and provide their children with a quality education.

Lambani craftsmanship is committed to ecofriendly embroidery techniques Courtesy of Banjara Kasuti

They are hopeful about living happy and fulfilled lives while upholding their traditional values and art forms. Their craftsmanship offers valuable lessons for us all such as their unwavering determination, resilience and the ability to embrace change with a smile.

Small purse with waist belt made of handloom cotton with heavy Lambani hand embroideryCourtesy of Banjara Kasuti

People interested in purchasing Banjara Kasuti products can reach them on their Instagram (@banjara_kasuti) page or contact them on their website. An online shopping portal is in the works.

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Consumer price inflation likely eased to 5-month low of 4.91% in March

India's consumer price inflation likely eased to a five-month low of 4.91 per cent in March but was still above the Reserve Bank of India's 4 per cent medium-term target as food price rises persist, according to economists polled by Reuters.

RBI Governor Shaktikanta Das said last week that food price volatility remains a concern. Food price rises have outpaced headline inflation for several months, affecting millions of poor households already heavily dependent on government food subsidies.

Consumer price inflation likely eased to 4.91 per cent in March from February's 5.09 per cent, an April 4-8 Reuters poll of 50 economists predicted. Forecasts for the data, which will be released on April 12, ranged from 4.57 per cent to 5.35 per cent.

"We estimate that CPI inflation moved markedly lower...The disinflation is broadly attributed to easing in momentum across food, fuel and core items, though some base effects also helped," noted Shreya Sodhani, analyst at Barclays.

Inflation was expected to return to the RBI's target next quarter but be above it in subsequent quarters, according to a separate Reuters survey on the longer-term outlook.

Meanwhile, the onset of a heat wave could hamper the inflation downtrend in coming months.

Radhika Rao, senior economist at DBS Bank said potential supply-side shocks were the main risk, while "strong growth limits the need for additional support from monetary policy levers for the time being".

The economy grew 8.4 per cent in the October-December quarter, beating all estimates in a Reuters poll. It is forecast to grow 7.6 per cent over the 2023-24 April to March fiscal year and outpace its major peers.

Still, the RBI's next move is widely predicted to be a cut to its key policy rate next quarter.

Core inflation, which strips out volatile food and energy prices, was 3.27 per cent in March, according to the median forecast of 24 economists. Official core inflation figures are not published.

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Growth amid gloom adds to feel-good sentiment

Read more at : Economy: Growth Amid Gloom Adds To Feel-good Sentiment | Delhi News - Times of India (indiatimes.com)

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Retail inflation may top forecast

The Reserve Bank of India (RBI) would rather “ensure the descent of (consumer price inflation) to the target of 4%” and prolong the monetary pivot towards lowering rates. The wait for a looser policy could become even longer, with supply-side information causing fresh worries about food prices. Heatwaves are the villain.

Many economists have already revised their projections for CPI inflation upward for Q1FY25, and expect the headline print to average 5-5.2% during the quarter. This is about 10-30 basis points (bps) higher than the RBI's inflation forecast of 4.9% for the quarter.

Food inflation is seen posing a threat to headline CPI inflation in the near-term, and is unlikely to be contained anytime soon, as the predicted "above normal" temperature and heatwaves during April-June may cause prices of pulses, fruits, and vegetables and milk to spike further, say experts.

In his latest monetary policy statement, the RBI governor did acknowledge this. "As the uncertainties in food prices continue to pose challenges, the MPC remains vigilant to the upside risks to inflation that might derail the path of disinflation," he said. But he added that since the harvesting of wheat crop is over in most parts of the country, the chances of heat-waves hitting the cereal's output hard as in 2022 is remote.

However, prices of F&Vs and pulses could come under greater pressure. Prices of chana, which accounts for 50% of the country's pulses output is already ruling 10% above the MSP because of prospects of lower output. The production of moong, a major pulse variety grown during summer months, could be adversely impacted. As such, pulses inflation in February was 18.9%, remaining in double digits since June, 2023.

"Largely, the risks to food inflation are from vegetables and fruits," said Sakshi Gupta, principal economist, HDFC Bank. "There is evidence to suggest that a high temperature period pushes up vegetable prices sharply." To be sure, a 10% month-on-month increase in vegetable prices leads to 60 bps increase in headline inflation.

While there are questions over how amenable food inflation is less-than-severe monetary tightening, the CPI where food has a weight of 40%, might remain above the trajectory seen by the RBI. As the governor said, "frequent and overlapping adverse climate shocks pose key upside risks to the outlook on international and domestic food prices." Higher than normal temperature is likely to result in water shortage, which could hit cereals and vegetable yields.

The Indian Meteorological Department (IMD) last week predicted "above-normal" temperatures over most parts of the country during April-June, with the exception of parts of east and northeast India.

“Heatwaves tend to have a negative impact on production of key crops like wheat and can also lead to production losses for vegetables and other perishable items,” said Dhiraj Nim, economist, ANZ Banking Group. “As such, they become an upside inflation risk, especially given cereal and general food inflation is still quite high.”

Food inflation has been ruling above the 6% mark in the past eight months and is seen to remain so at least till July. This is also due to the low base effect during Q1. In April-June FY24, food inflation had averaged 3.78%. Cereals, pulses, milk and fruits carry a weight of 22% in the CPI basket, and accounts for about 55% of the Consumer Food Price Index (CFPI).

Lower pulses output is expected to put further pressure on the government’s to initiate more measures to improve supplies. Prolonged heat wave conditions are also likely to impact milk output, usually the production witnessing a decline during summer months.

“Heatwaves” are noticed when the maximum temperature of a station or location reaches at least 40 degree celsius or more for plains and at least 30 Celsius or more for hilly regions.

The phenomenon occurs mainly during March-June. Punjab, Haryana, Delhi, Uttar Pradesh, Bihar, Jharkhand, West Bengal, Odisha, Madhya Pradesh, Rajasthan, Gujarat, parts of Maharashtra, Karnataka, Andhra Pradesh and Telangana where heatwave occurs.

However, the met department has projected ‘normal to below normal’ maximum temperatures are likely over some parts of western Himalayan region, northern eastern states and north Odisha, in April-June.

The IMD has clarified that there is no heat wave warning for wheat producing states except Madhya Pradesh where 90% of the harvesting has been completed. IMD has said that even if temperatures rise above 35 degrees, there will be no impact on wheat crops in Punjab , Haryana and Uttar Pradesh, which means cereals inflation will be contained.

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GLOBAL

ASEAN+3 Economic Outlook Brightens, But Challenges Loom, Says AMRO

In its latest ASEAN+3 Regional Economic Outlook (AREO) report for 2024, the ASEAN+3 Macroeconomic Research Office (AMRO) has presented a cautiously optimistic forecast for the region, expecting a growth acceleration to 4.5 per cent this year, a slight increase from 2023's 4.3 per cent. The 2025 outlook remains promising, with projected growth tapering slightly to 4.2 per cent.

The report attributes this year's economic uplift to robust domestic demand, fuelled by rising household incomes and a revival in investment activities. A potential upturn in exports, particularly buoyed by a global surge in chip production, alongside a resurgence in tourism, is expected to further bolster the region's economy, as per the report.

The ASEAN subgroup is predicted to outpace the broader region slightly, with growth rates of 4.8 per cent and 4.9 per cent for 2024 and 2025, respectively. The Plus-3 countries (China, Japan, and South Korea) are forecast to maintain solid growth at 4.3 per cent and 4.1 per cent over the same period.

Inflation in the region, excluding Lao PDR and Myanmar, is anticipated to ease from 2.8 per cent in the previous year to 2.5 per cent in 2024, with a further decline to 2.3 per cent expected in 2025, thanks to the stabilisation of global commodity prices.

“A sudden spike in global commodity prices, weaker-than-expected growth in China, or escalating geopolitical tensions could turn the tide for the region,” said *AMRO chief economist Hoe Ee Khor*. “Now that the current outlook is quite positive, given robust growth and gradual disinflation, ASEAN+3 economies need to rebuild policy space as much as they can.”

“Revitalising growth requires boosting investment and embracing technology to raise productivity and resilience, especially of smaller firms,” said Khor. “Stepping up regional collaboration can be instrumental in achieving this goal.”

Despite the positive outlook, AMRO cautions against complacency, highlighting ongoing challenges such as the lingering effects of the COVID-19 pandemic on the economy, labour market, and infrastructure development. The report stresses that most economies in the region have not yet regained their pre-pandemic growth momentum, particularly in capital formation, the report said.

AMRO also underscores the need for enhanced regional cooperation to navigate the impacts of aging populations, shifts in global trade, and technological advancements.

While these trends present potential risks, they also offer opportunities for growth and productivity improvements if managed effectively.

“Aging presents a critical challenge for the ASEAN+3 region,” said *Allen Ng, AMRO group head and one of the lead authors of the AREO report*. “At the same time, it’s important to recognise that the region is not just aging. We are also living longer and healthier. Adapting to this ‘longevity dividend’ and enabling our populations to age productively will be crucial for the region’s future.”

The realignment of global trade, while raising questions about the sustainability of traditional export models, is also seen as a catalyst for foreign direct investment inflows and the expansion of modern service sectors, particularly digital services, the report added.

However, the rapid evolution of technologies, especially in artificial intelligence, poses new challenges for the region's industries and job markets, warranting close attention and strategic planning to harness these advances positively.

“Navigating these crosscurrents requires prioritising robust policies to secure growth under various possible futures. For ASEAN+3, this includes deepening infrastructure development as well as promoting innovation and social inclusion,” Ng said.

Home

Bangladesh cultivating top-notch quality cotton

Bangladesh is one of the top cotton-importing countries globally. Every year the country imports 80-85 lakh bales of cotton for the 450 spinning mills of the textile sector to meet the demand.

At present, only 2-3 percent of the cotton demand is met domestically. Bangladesh ranks 40th as a cotton-producing country in the world. In the 2020-2021 fiscal year, Bangladesh produced 176,286 bales of cotton.

Globally leading cotton-producing countries have their cotton policy. Regardless, that is absent in Bangladesh’s case. It is high time that the country also needs such policies to speed up the production process.

To cancel out this handicap to some extent and increase domestic cotton – the Cotton Development Board (CDB) is playing a paramount role. Recently, CDB has started a mega project for research, conservation, infrastructure development and expansion of cotton cultivation along with cotton and other natural fibers. Throughout the country, CDB has cultivated cotton in 46,000 hectares in 2023-24 crop year (CY) – in 13 zones and 185 units. Around 25000 farmers are cultivating this golden fibre.

CDB is working to supply 20% of Bangladesh's cotton demand by 2041. Initially, 2.5 lakh hectares of cultivable land has been earmarked and research projects have been taken up for the development of improved varieties and hybrid varieties of cotton.

To dig up the more on-field perspective, Textile Today Factory Tales team went to the Pakutia Union of Nagarpur Upazila, Tangail District – where the FT Research Team talked to CDB officials, and farmers to depict the crystal clear picture of the cotton cultivation target of 2023-24, quality, price and other various aspects.

M. Abdul Baten, Chief Cotton Development Officer, CDB said, “First of all, despite severe weather, we have managed to achieve 100% of our cultivation target. This success was a combined effort of our field officers and farmers. I want to especially thank our farmers for following all our guidelines step-by-step. The success rate is such that we are expecting to fetch on average 600kg of cotton per bigha (33 Decimal) land. And we have cultivated cotton on 1,495 hectares in the Dhaka Zone for the 2023-24 CY. Overall, we are optimistic that we can achieve the CDB’s cotton cultivation target.”

“Thanks to the Cotton Development Board's initiatives, Pakutia Unit's Seed cotton varieties boast exceptionally low moisture content, ranging from 6% to 6.5%. This surpasses the global standard of 12% acceptable moisture for cotton crops, highlighting the exceptional quality achieved.”

“Besides seed cotton varieties, we have also sowed 2 varieties of high-yielding and pest-resistant BT cotton seeds between October to September – a genetically engineered crop – under the supervision of the Ministry of Agriculture. And I am pleased to inform you that on average we are getting around 560-600 kg of cotton per bigha. Overall, we are getting a tremendous result.”

In terms of the highest-yielding cotton varieties cultivated in the country, Abdul Baten said, “Four varieties are very popular to the farmers. These are CB hybrid -1, Shuvro-3, Rupali-1 and DM- 4. Cotton Development Board's ‘CB hybrid-1’ is the highest-yielding cotton variety. On average, we are expecting around 640kg of cotton per bigha.”

Md. Ali Jinnah, a cotton farmer said, “After 50 years of cultivating cotton, I can confidently say this year's crop is the highest quality I've ever seen.”

Land scarcity is a big obstacle to cotton cultivation, in this regard, profitability plays a key role for farmers.

Another prominent cotton farmer of Pakutia Union, Aliar Hussain said, “In 2023-24 CY, I have cultivated in 3 bigha. And I am expecting around 2000 to 2100 kg of cotton crop. Which will bring around BDT 195,000.”

In terms of the CDB’s help in the cultivation process, Aliar Hussain said, “CDB provides a game-changer for cotton farming. They offer a variety of seeds, pesticides, and fertilizers, with some even being available for free. Taking into account the costs, which typically fall between 40,000 and 45,000 taka, I still see a remarkable profit of around 150,000 taka. Honestly, no other crop delivers this level of profitability!”

“Cotton farming is booming in our Union! 120 cotton farmers have planted on 300 bighas this year, and we're gearing up to cultivate an additional 300 bighas next year, for a total of 600.”

Cotton farmer Md. Matiur Munna, said, “I have been growing cotton for the last 15 years. This year’s yield is the best of quality without a shadow of doubt. The main reason is seed variety is top-notch. We are expecting a good profit this year. I want to express my gratitude to CDB officers, as they provide all kinds of support.”

Farmers can plant 2 crops in a year. And in Bangladesh, cotton is a long-duration crop. Matiur Munna, said, “Cotton is a 7-month crop. Besides cotton, we plant jute or other crops. This widens our profitability.”

Elaborating on the crucial aspect of the country’s specialty and cotton qualities the textile industry seeks, Md. Raihan Kauser, Cotton Development Officer, Cotton Development Board said, “Our country’s seed cotton is one of the best qualities in the world. The main reason behind this is our cotton is hand-picked. This eliminates all types of trash.

Whereas, other leading cotton-growing countries use mechanization methods to pick cotton. Which contains some trash."

"Bangladesh's cotton breeds exhibit encouraging signs in terms of staple length, micronaire, and GOT (Ginning Out Turn). These quality indicators are comparable to some of the world's best varieties, suggesting potential for further development within the industry. For these reasons, Bangladesh's fiber cotton breed is one of the most sought-after cotton varieties in the world," Md. Raihan Kauser added.

"From the farmers, the Ginning Association buys the cotton. After the ginning process, textile spinning mills like Armada, SQUARE Textiles and other local mills buy our cotton."

In terms of research and development (R&D) of CDB, S. M. Abdul Baten said, "CDB is progressing considering 3 aspects. First, to invent short-duration cotton variety. Second, to increase yield. And thirdly, to implement High-Density Planting System (HDPS) to increase farmers' profit. For short-duration cotton, we are doing R&D to make it a 5-month crop. So, the farmers can grow two more crops besides cotton."

"If we can make a breakthrough on these 3 aspects – then we can harvest and meet at least 20% cotton of the demand very soon."

Home

Brazil welcomes Bangladesh's interest in trade agreement

Brazil's foreign minister Mauro Vieira expressed appreciation for Bangladesh's interest in establishing a MERCOSUR-Bangladesh Preferential Trade Agreement (PTA) during a meeting with his Bangladeshi counterpart Hasan Mahmud recently.

Both sides recognised the potential of this agreement to boost business opportunities and deepen private sector engagement between Bangladesh, Brazil, and other MERCOSUR member states, thereby fostering South-South cooperation.

The ministers affirmed their commitment to initiating negotiations for the PTA at the earliest opportunity.

MERCOSUR, initially comprising Argentina, Brazil, Paraguay, and Uruguay, expanded with Bolivia gaining full membership in 2023.

Their discussions, held at the state guesthouse Jamuna in Dhaka, also celebrated the signing of the Agreement on Technical Cooperation between Bangladesh and Brazil even as this marked the first-ever foreign minister-level visit from Brazil to Bangladesh.

The ministers held extensive talks on bilateral relations, regional initiatives, and multilateral cooperation, focusing on areas such as science, technology, agriculture, livestock, education, climate change, energy transition, and technical cooperation.

They hailed the forthcoming signing of a Memorandum of Understanding (MoU) on Sports Cooperation as a testament to the enduring bond between their nations.

Foreign minister Hasan highlighted Bangladesh's interest in joining BRICS, a sentiment echoed by his Brazilian counterpart, who acknowledged Bangladesh's potential to contribute significantly to BRICS discussions as a voice of the Global South.

During his visit, Mauro Vieira paid respect at the Bangabandhu Memorial Museum and engaged in discussions with Prime Minister Sheikh Hasina even as he also attended a lecture on Brazil's G20 priorities and met with business leaders, further strengthening the bilateral ties.

Home

Surging Exchange Rates Challenge Vietnamese Businesses: Reports

Businesses in Vietnam are feeling the impact of currency volatility, with the Vietnamese dong's surge against the US dollar attracting scrutiny in financial circles.

This is as per media reports, which added this upward trend has pushed the dollar beyond the VND 25,000 mark in some banks, pushing regulatory limits.

Addressing this swift ascent, deputy governor Dao Minh Tu of the State Bank of Vietnam (SVB) reassured during a recent press conference stating: "With a war chest of over $100 billion in foreign exchange reserves, we are poised to stabilise the exchange rate as needed."

However, this turbulence is affecting equity markets, particularly businesses with import operations or USD-denominated obligations even as the BSC Securities noted the mixed impact, favouring exporters while burdening import-reliant firms.

In the textile industry, although reliant on US markets, operational performance remains somewhat stable due to the balanced cost implications while steel producers face challenges due to import-heavy inputs even as firms like HSG and NKG may benefit from diversified exports, reports underlined.

Meanwhile, PetroVietnam – PetroVietnam is the trading name of the Vietnam Oil and Gas Group – with a foreign currency debt of $1.55 billion, exemplified the broad impact of currency fluctuations across sectors, as highlighted by chairman Le Manh Hung.

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CLMV Nations May See Higher Growth In 2024 Due To Rising FDI: SCB EIC

Cambodia, Laos, Myanmar and Vietnam (CLMV region) are expected to witness accelerated economic growth this year due to increasing foreign direct investment (FDI), according to a new report by Bangkok-based Siam Commercial Bank Public Company Limited Economic Intelligence Centre (SCB EIC).

The rise in FDI for the CLMV region in the Association of Southeast Asian Nations (ASEAN) is backed by a recovery in global exports and tourism this year compared to last, which can be expected to bolster domestic demand through a labour market recovery within CLMV nations in general, the report said.

Though the CLMV nations' overall economic development is lesser than the other ASEAN member states, these have significant potential as future growth leaders of the ASEAN bloc, it noted.

These economies are well-positioned to benefit this year from the 'China+1' strategy, i.e., enterprises diversifying their manufacturing bases to mitigate rising geopolitical and trade risks. This relocation trend is driving FDI in CLMV countries in the medium term, it said.

Vietnam will lead in FDI this year in the CLMV cluster, with a 6.3 per cent growth—up from 5.1 per cent last year. Cambodia will rank second, expecting a 6 per cent growth in FDI this year—up from 5.6 per cent in 2023.

Laos, ranked third for EIC 2024 FDI predictions, is set to see a 4.7-per cent FDI growth—a slight increase from 4.5 per cent last year.

Myanmar should expect 3 per cent FDI growth—up from 2.5 per cent last year, and fourth place for investment growth in the CLMV region, the report said.

The growth rate of all CLMV economies, however, will still lag behind pre-COVID-19 averages due to pressures from China's economic deceleration, given the former's heavy reliance on the latter in trade, investment, tourism, real estate and construction sectors, it noted.

In the short term, disruptions in trade in the Red Sea and a drought in the Panama Canal could lessen global trade and significantly increase costs in export logistics for CLMV countries.

In the long term, the CLMV region must prepare for rising protectionism worldwide, notably more trade barriers and tariffs, EIC suggests. CLMV local currencies should also face less downward pressure this year, it added.

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How Fast Fashion Impacts The Environment

In recent years, the fashion industry has undergone a significant transformation with the rise of fast fashion. Fast fashion refers to the rapid production of inexpensive clothing collections that mimic current fashion trends. While fast fashion offers consumers affordability and accessibility to the latest styles, its impact on the environment is cause for concern. Let's delve into how fast fashion affects the environment and why it's essential to address these issues:

1. Excessive Water Usage:
The production of fast fashion garments requires vast amounts of water, from growing cotton to dyeing fabrics. According to the World Wildlife Fund, it takes approximately 2,700 liters of water to produce a single cotton t-shirt. The indiscriminate use of water in fast fashion manufacturing processes contributes to water scarcity, particularly in regions where water resources are already strained.

2. Chemical Pollution:
The textile industry is one of the largest contributors to water pollution, primarily due to the use of toxic chemicals in textile dyeing and finishing. These chemicals, including heavy metals and hazardous dyes, can contaminate waterways, soil, and air, posing risks to human health and ecosystems. Additionally, the disposal of textile waste in landfills contributes to soil contamination and leaching of harmful chemicals into the environment.

3. Carbon Emissions:
The fast fashion industry is notorious for its high carbon footprint, largely driven by the transportation of goods and the energy-intensive production processes. From manufacturing to distribution, every stage of the fast fashion supply chain emits

greenhouse gases, contributing to climate change and global warming. Moreover, the short lifecycle of fast fashion garments encourages frequent consumption and disposal, further exacerbating carbon emissions.

4. Waste Generation:
Fast fashion promotes a culture of disposability, where clothing items are designed to be worn for a short period before being discarded. As a result, the fashion industry generates an enormous amount of textile waste, with millions of tons of clothing ending up in landfills each year. Synthetic fabrics, commonly used in fast fashion, are particularly problematic as they are non-biodegradable and can take hundreds of years to decompose.

5. Exploitation of Resources and Labor:
The relentless pursuit of cheap labor and resources in the fast fashion industry has led to exploitation of both natural resources and human labor. From deforestation for cotton cultivation to sweatshop labor in garment factories, fast fashion perpetuates unsustainable and unethical practices that harm both people and the planet. Workers in the fashion supply chain often endure poor working conditions, low wages, and exposure to hazardous chemicals.

Conclusion:
The environmental impact of fast fashion is undeniable, with devastating consequences for ecosystems, communities, and future generations. As consumers, we have the power to drive change by making informed choices and demanding transparency and accountability from fashion brands. By supporting sustainable and ethical fashion practices, such as investing in quality garments, promoting circularity, and advocating for fair labor practices, we can work towards a more sustainable and equitable fashion industry. Together, we can redefine fashion's role in protecting the planet and fostering a more just and sustainable future.

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Can China's consumers save its economy?

MOST EMERGING economies struggle to live within their means. China, however, struggles to live up to them. Even in the best of times, the combined spending of its households, firms and government is not enough to buy all that it can produce, leaving a surplus that must be exported. The country has run a trade surplus for 34 of the past 40 years. And these are not the best of times. China is enduring its longest spell of deflation since the Asian crisis over a quarter of a century ago. An epic stockmarket rout since late 2022 has seen investors lose $2trn.

Behind that panic lies a deeper fear among investors and officials, namely that China no longer has a reliable engine of growth. The country's property boom is over. Cash-strapped developers are afraid to start building flats and people are afraid to buy them. The infrastructure mania has run out of road: indebted local governments lack the funds. Exporting goods to the rest of the world, which China relied on for decades to escape poverty, is getting harder as protectionism rises and Western countries become increasingly wary of relying on authoritarian states.

Much therefore rests on one remaining source of growth: boosting the spending of China's 1.4bn people. "The Chinese market, with its vast space and growing depth, will play an important role in boosting aggregate global demand," Li Qiang, China's prime minister, told the World Economic Forum in Davos last month. A new IMF review of China's prospects published on February 2nd contains 61 references to the word "consumption".

The goal of raising it makes sense. China's stingy consumers often prefer to save, not spend. Consumption accounts for 53% of GDP, compared with 72% for the world. On this measure China ranks 156th out of 168 countries. Its resulting lopsided contribution to the world economy is stark. It accounts for 32% of global investment and 18% of GDP, but only 13% of consumption, according to Michael Pettis, an economist. Even among emerging economies, China stands out: it consumed 7% less per person than Brazil in 2022, though it produced about 40% more.

What are the prospects of rising consumption bailing China out? The good news is that 2023 showed some recovery as the end of pandemic-era restrictions allowed people to return to restaurants, shops and travel. As a result, consumption accounted for over 80% of growth, the biggest share since 1999. The bad news is that the prospects of a step change appear slight, based on the public mood, cross-country maths and China's own history.

Start with the public mood. The turmoil in the property market has damaged the income, assets and morale of ordinary Chinese. Take Mr Chen, a construction worker from Jiangsu province. He has struggled to find work—and is not always paid when he does. He ploughed his savings into a flat for his children in a town near his village, where many homes cannot find buyers. "What's frightening is not the past, but the future," he says. The mood is mirrored in forecasts: the IMF expects consumption growth to slow during 2024.

Then consider the cross-country maths. Even if China escapes deflation this year, the long-term pivot required is daunting. For China to rebalance its economy successfully, consumption would need to rise by about ten percentage points of GDP, according to calculations by Mr Pettis. The Economist has examined how often this sort of shift has occurred around the world, looking at the experience of 181 countries since 1960 and dividing their economic history into rolling ten-year intervals. We found that only in 11% of cases did consumption rise by more than ten percentage points in the space of a decade (see chart). Some of these examples are not encouraging. Albania had a consumption mania in the early 1990s but also experienced hyperinflation. Taiwan managed a ten-point shift from 1986 to 1996, but the consumer boom was associated with a big stockmarket bubble.

Finally, consider China's own history. Its policymakers have talked about rebalancing the economy towards consumption, and away from exports and investment, for almost 20 years, since an economic conference at the end of 2004. Back then, consumption's share of GDP was around 55%—about the same as today. Rebalancing is easier said than done.

Despite this, China has little choice but to try. One option is to promote a new consumer culture. Mr Li, in his Davos speech, spoke of rapidly unlocking China's “supersize market" and “upgrading consumption" towards new products such as electric vehicles, smart homes and “green lifestyle" services. But social change cuts both ways. Even as they say they want to promote spending, officials are on guard against the wrong kind. Draft regulations on the video-gaming industry, issued in December and then withdrawn, instructed companies to punctuate their games with pop-up warnings against “irrational consumption behaviour". China's leaders could, alternatively, stimulate consumption through short-term handouts to households. But they seem to view such giveaways as ineffective, wasteful or worse: an invitation to laziness.

That means the most plausible lever is to make citizens feel more financially secure, so that they save less and splurge more. Expanding health care and pension provision is important in the long run. Citizens like Mr Chen might feel relaxed about spending more if it were easier for them to settle in the cities in which they work. Under China's hukou system, a household registry, Mr Chen is officially a resident of his home village. That makes it harder for him to access schools and hospitals in the cities where he earns a living.

Cai Fang of the Chinese Academy of Social Sciences thinks giving migrant workers urban hukou could raise their consumption by as much as 30%, although other studies report less dramatic results. A study by economists at Southwestern University of Finance and Economics in Chengdu found that rural migrants who obtain urban hukou spend about as much as native city-dwellers, but do so more conspicuously. The end of the housing bubble could also liberate consumers. The cost of saving for a down-payment and servicing a mortgage was 11% of city-dwellers' disposable income in 2021, according to rough estimates by Goldman Sachs, a bank. That figure could fall to about 6% in a decade, it estimates.

Yet for now China's approach to hukou reform is timid and piecemeal, any dividend from the housing pivot is years away, and there is little sign of comprehensive welfare reform. Consumption will probably increase somewhat as a share of GDP, as a large cohort of retiring workers keeps spending but stops producing. The associated demographic drag, however, is hardly positive for growth. For economically insecure citizens like Mr Chen, the equation points only one way. At 51 he is just nine years from the customary retirement age for blue-collar workers. But he must look after his parents as well as his youngest child. "It all depends on me. I don't dare do the maths." For China's government the calculations are similarly daunting.

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Garment industry exports make recovery

Many garment companies have reported 10-15% year-on-year increases in exports in the first quarter and receiving enough orders to last until the third.

A spokesperson for Saigon 3 company said that garment exports have improved and the order book is full for until July.
"Demand from the U.S. has recovered, and so the company's first quarter revenues were up from the same period in 2023."

Than Duc Viet, CEO of Garco 10, said his company's revenues rose 15% year-on-year and it has enough orders for until the end of the third quarter.

This year it is expanding its customer base and targets revenues of VND4.5 trillion (US$180.3 million), up 6.6% from 2023, and profits of VND130 billion, a 5.7% increase, he said.

Major textile company Thanh Cong is targeting a 20% rise in profits.

Vu Duc Giang, chairman of the Vietnam Garment and Apparel Association, said the garment industry has shown improvement and the increased order volumes would help enterprises recover from a rough 2023.

Last year exports had declined by over 9% to $40.3 billion due to weaker demand in major markets such as the U.S. and EU.

But they rose by 9.62% in the first quarter of this year to $9.53 billion, according to customs data.

At the current trajectory, the export target of $44 billion for this year is well within reach, Giang said.

But garment businesses are concerned that geopolitical conflicts could stymie recovery.

Many are pessimistic since the higher shipping costs caused by tensions in the Red Sea have hit their profits badly.

They are also under pressure to meet global fashion brands' stringent requirements with respect to sustainability, extended producer responsibility, digital transformation, and environmental, social and corporate governance.

Concurring with this, Giang said garment exports to the EU might decline due to higher standards on emissions set by the European Green Deal.

Vietnamese businesses need to proactively embrace green transformation, amend their production processes and invest in new technologies to maintain their competitiveness and meet the demands of global supply chains, he added.

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