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CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

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Result preview: Weak demand may persist for apparel retailers in Q4

Even as the apparel sector witnessed continued weakness in sales during the January-March quarter, jewellery is expected to shine on the back of higher gold prices. The apparel sector's weakness is due to lower disposable incomes coupled with a high base from the same quarter last year.

On the other hand, jewellery companies are expected to witness strong growth in top line due to higher gold prices during the quarter.

"Titan Company has reported a healthy 18 per cent year-on-year (Y-o-Y) growth in the jewellery business. We expect earnings before interest and taxes (Ebit) margin of 13.3 per cent (ex bullion)," IIFL Securities said in its report.

The brokerage also added that Titan will be able to maintain a high-teen growth in the medium term, benefiting from an accelerated shift to the organised sector from unorganised.

It also added that in apparel, retail companies are expected to report an aggregate revenue growth of 21 per cent for the coverage. Excluding Trent, it expects growth to be 11 per cent. "March performance was much better than the previous months, driven by festival demand," Phillip Capital said in its report on the sector.

It added that discounting was relatively lower during the January-March quarter. And, consumption may increase in the first quarter of FY25 as green shoots have been seen in Tier-II and III markets.

Emkay said in its report that fashion, apparel, and innerwear trends remain weak due to pent-up demand last year (on a high base) and lower disposable incomes.

“We expect single-digit growth for Page Industries/Aditya Birla Fashion and Retail (core business). GOCOLORS is likely to outperform with mid-teen growth,” Emkay said in its report. Motilal Oswal expected Page Industries to see a 9.8 per cent Y-o-Y rise in revenue on the back of seasonality and base effect. It expects gross margin and earnings before interest, taxes, depreciation and amortisation (Ebitda) margin increase of 150 basis points (bps)/430 bps Y-o-Y during the quarter. IIFL expects Trent to report a 51 per cent increase in sales, driven largely by store additions and ramp-up in sales per square feet in Zudio. “At the end of the quarter, Westside and Zudio store count stood at 225 and 518 — implying 11 and 166 store additions, respectively, for FY24,” it added.

It is possible that some of these include converting smaller Westside stores in Zudio.”

The brokerage also said that V-Mart closed 10 stores during the quarter, taking its store count to 444. It believes that an extended winter should benefit the retailer.

However, it noted that core V-Mart same-store sales witnessed moderation from 5 per cent in October-December to 4 per cent in January-March.

MIXED FORTUNES Q4FY24 estimates

(₹ crore) Company	Net sales	% chg Y-o-Y	Ebitda*	% chg Y-o-Y	PAT**	% chg Y-o-Y
Titan	10,347	12.3	1,291	18.5	827	13.3
Aditya Birla Fashion & Retail	3,246	12.7	322	67.0	-250	-
Page Industries	1,141	17.8	199	48.1	127	62.2
Trent	3,253	49.0	394	93.8	190	251.6
Bata India	804	3.2	195	7.1	57	-13.7

*Earnings before interest, taxes, depreciation, and amortization **Profit after tax
Compiled by BS Research Bureau Source: Bloomberg

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India's exports dip marginally in March; 3.11% in FY24

Read more at: https://www.deccanherald.com/business/economy/indias-exports-dip-marginally-in-march-311-in-fy24-2979325

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India's exports shrink 3% in FY24 but tide is turning

Snapping the trend of growth in three consecutive months, goods exports in March year-on-year (Y-o-Y) contracted a moderate 0.67 per cent to $41.68 billion due to falling commodity prices and persistent geopolitical challenges.

With March being the seventh month when exports contracted in 2023-24, on a cumulative basis outbound shipments saw a 3.11 per cent decline at $437.06 billion, the data released by the commerce department on Monday showed.

The contraction came after exports grew during the last two financial years.

However, Commerce Secretary Sunil Barthwal exuded optimism and said exports had moved into a "positive cycle of growth", particularly in the calendar year 2024.

"This year was extremely difficult for trade. The Russia-Ukraine war continues, and other conflicts came up. There was a huge issue due to the Red Sea (crisis) and Panama Canal. There were recessionary trends as well … We have beaten all odds," Barthwal said.

The commerce secretary said that sectors such as electronic goods, drugs, and pharmaceuticals had done well despite adversities.

Even though exports contracted in March, their value in the month was the highest in FY24. According to the data, the trade deficit in March fell to an 11-month low of $15.6 billion because imports declined at a faster pace than exports did.

On a cumulative basis, the trade deficit narrowed from $265 billion in FY23 to $240 billion in FY24.

According to Barthwal, this narrowing was due mainly to the steps taken by the government to curb non-essential imports, as well as import substitution.

In March, India imported goods worth $57.28 billion, down nearly 6 per cent mainly on the back of lower imports of items such as coal, petroleum products, gold, and fertilisers. On a cumulative basis, growth in imports was 5.41 per cent at $677.24 billion during FY24, the data showed.

Madan Sabnavis, chief economist at Bank of Baroda, said the decline in imports in FY24 could be attributed to lower oil imports, which went down 14.1 per cent, supported by reduced oil prices.

"On the other hand, gold imports surged 30.1 per cent in FY24, compared with a decline of 24.2 per cent in FY23 as it became an attractive investment option," Sabnavis said.

Aditi Nayar, chief economist and head of research and outreach, ICRA, said led by a larger Y-o-Y decline in merchandise imports vis-à-vis such exports, India's merchandise trade deficit eased to an 11-month low in March, while also trailing the levels seen in the year-ago month, amid a halving of gold imports and a fall in non-oil non-gold imports.

"This is expected to augur well for the current account number in Q4FY24, which may witness a small, transient surplus of $1-2 billion in the quarter," Nayar said.

Services exports saw a 6.25 per cent contraction at $28.54 billion in March, while that of imports saw 6.57 per cent decline to $15.84 billion, resulting in a surplus of $12.69 billion. The services trade data for January, however, is an "estimate", which will be revised based on the Reserve Bank of India's subsequent release.

India's overall exports -- goods and services -- saw only 0.04 per cent growth at $776.68 billion in FY24.

"For FY25, we expect a further recovery in both goods as well as services exports as the global economy recovers. Import growth is also expected to be steady as domestic demand picks up. Global commodity prices have remained largely stable so far. However, risks remain from escalation in geopolitical conflicts as well as a recovery in China's growth outlook," Sabnavis added.

Federation of Indian Export Organisations President Ashwani Kumar said the tensions in West Asia, especially the threat for consignments routing through the Red Sea, had added to the woes of the exporting community, because the freight rates, along with the insurance cost, had gone up "unimaginably high", with the burden of various surcharge.

Much will depend on the new contracts to be signed with buyers in the new financial year because the exporters have been absorbing the burden of increased freight cost in accordance with the old agreement.

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India's WPI Inflation Rises To 0.53% In March 2024

The annual rate of inflation based on all India Wholesale Price Index (WPI) number is 0.53 per cent (provisional) for the month of March 2024 (over March 2023), registering an increase over 0.20 per cent registered in the previous month, according to the ministry of commerce and industry.

The month-over-month change in WPI index for the month of March 2024 stood at 0.40 per cent as compared to February 2024.

"Positive rate of inflation in March 2024 is primarily due to increase in prices of food articles, electricity, crude petroleum and natural gas, machinery and equipment and other manufacturing etc," the Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (DPIIT), under the ministry of commerce and industry, said.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of March 2024 increased to 151.8 from previous month's 151.2.

The index for manufactured products (weight 64.23 per cent) for March 2024 rose to 140.1 from 139.8 in February 2024. The index for 'Manufacture of Textiles' sub-group decreased slightly to 134.5 in March from 134.6 in February, while the index for 'Manufacture of Wearing Apparel' decreased to 151.3 from 151.9 in February.

The index for primary articles (weight 22.62 per cent) increased to 183.1 in March 2024 from 181.4 in February 2024, while that for fuel and power (weight 13.15 per cent) decreased to 155.2 from 155.1 in February 2024.

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How a plan to fix fashion's waste crisis unraveled in just 12 months

How a plan to fix fashion's waste crisis unraveled in just 12 months - The Economic Times

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India, UK to resume FTA talks

A team of Indian officials will be in the UK this week to resume negotiations on the free trade agreement, after a brief stalemate. The idea is to resolve a few pending issues and sew up the deal without any more delays, a senior official said Monday.

The visit of the Indian delegation comes a month after both sides decided to take a pause in negotiations when Indian elections were announced on March 15. At that time the 14th round of negotiations were on.

“Team is going this week. Some of them have already gone. Our deputy chief negotiator is also now in the UK. There are very few pending issues now in the FTA,” commerce secretary Sunil Barthwal said.

He said the 14th round of negotiations will resume.

“Teams have made good progress and the majority of difficult issues are towards resolution,” another official said while refusing to elaborate on the issues.

“A couple of key priority issues to seal the deal are being ironed out to have a balanced outcome,” he added.

The India-UK started negotiations on the Free Trade Agreement in January 2022 and which covers 26 chapters or policy areas covering areas like intellectual property, rules of origin apart from tariff reductions and market access. Along with the FTA both sides also intend to sign a Bilateral Investment Treaty (BIT).

On another key FTA that India is negotiating with the European Union, the official said the eighth round of negotiations are being planned for May or June. The 7th round of talks were held in February this year. Prior to the next round officials from both sides will be meeting virtually for discussions on different policy areas.

India and EU launched talks on FTA in June 2022. This FTA covers 23 policy areas or chapters. Both UK and EU are key trade partners for india. The UK is the 6th biggest market for Indian exports. Among trading blocks the EU is the biggest buyer of goods from India. It accounts for 17% of India’s exports.

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India-UK to hold further talks on free trade agreement this week

India and the United Kingdom will resume talks for the proposed free trade agreement (FTA) this week when an official Indian delegation visits London.

"A team is going to the UK this week. There are very few pending issues left in the negotiation," said commerce secretary Sunil Barthwal on Monday, while declining to identify the issues.

"A couple of key priority issues to seal the deal are being ironed out to have a balanced outcome," said a commerce ministry presentation, adding that majority of difficult issues are towards resolution.

The talks will be part of the 14th round of negotiations between India and the UK, the first leg of which was started in March this year.

India and UK launched negotiations for a free trade agreement in January 2022 but the talks have gained momentum in recent months and were seen to be almost close to the finish line. However, with the General Elections in India, they are now in the slow lane but it is expected that a deal may be signed soon after the new government is elected.

Pending issues between the two countries include the UK's ask for greater market access and lower tariffs for items such as whiskeys and automobiles. India is looking for more visas for its professionals and social security payments by Indian professionals working temporarily in the UK though they do not qualify for pensions in the country.

Meanwhile, India and the European Union are likely to start the eighth round of negotiations for the FTA, which is likely in May or June this year in Brussels. Both sides have decides to meet virtually to discuss some chapters before the commencement of the next round. The seventh round of talks between the two was held in February.

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India-UK FTA talks to continue in London this week

In continuation of efforts to close gaps in the negotiations for the proposed India-UK Free Trade Agreement, officials from the two sides will meet in London this week to move the talks forward.

"A team is going to the UK this week. In fact, some of them (Indian officials) have already gone. There are very few pending issues left in the negotiations," Commerce Secretary Sunil Barthwal told reporters on Monday. The talks in London will be an extension of the 14th round launched earlier this year. The two countries are hoping to conclude the talks soon after the Indian general elections scheduled to begin later this month.

“A couple of key priority issues to seal the deal are being ironed out to have a balanced outcome,” according to a Commerce Ministry note. Teams have made good progress and majority of the difficult issues are towards resolution, it added.

Some of the differences that have persisted in the negotiations are in areas such as rules of origin, market access for vehicles (including EVs) and Scotch, easier work visas for Indian workers, liberalisation of financial services and tightening of intellectual property rights.

Once implemented, the India-UK FTA is expected to double bilateral trade to $100 billion by 2030.

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India imposes port restrictions on export of essential commodities under restricted category to Maldives

The Indian government on April 16 imposed port restrictions on the export of essential commodities categorised as prohibited or restricted to the Maldives. Through the 2024-25 fiscal, these commodities will only be permitted for export through four designated customs stations — Mundra Sea Port, Tuticorin Sea Port, Nhava Sheva Sea Port (JNPT), and ICD Tughlakabad.

The ties between India and the Maldives have been strained following a social media dispute that led to an uproar among Indian tourists, who began boycotting the Maldives as a travel destination and instead chose Lakshadweep. Since then, both sides have been making attempts to mend their diplomatic ties.

On April 5, India lifted restrictions on the export of specified quantities of nine products, including potatoes, onions, eggs, rice, wheat flour, and sugar to the Maldives for the current fiscal year.

"Development & Regulation Act, 1992 (No. 22 of 1992), as amended, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy (FTP), 2023, the Central Government paragraph 1. hereby incorporates following conditions in Notification No. 03/2023 dated 05.04.2024 for exporting of essential commodities to Maldives under bilateral trade agreement between Government of India and Government of Maldives," Directorate General of

Foreign Trade (DGFT) said in a notification.

The bilateral trade agreement between the governments of India and Maldives that provides for the export of essential commodities was signed in 1981. This agreement continues to guide the trade relations between the two countries.

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India's March trade deficit narrows to $15.60 billion; exports up, imports fall.

India's march trade deficit narrows to $15.60 billion; exports up, imports fall (cnbctv18.com)

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Global Supply Chain Leaders Turn To Automation Amid Workforce Shortage

About 54 per cent of global supply chain and logistics leaders are now prioritising the automation of repetitive and non-value-added tasks to bolster worker productivity, according to a study conducted by Descartes Systems Group. This shift is largely in response to significant workforce shortages, highlighting the need for technological integration in routine supply chain functions that currently depend on manual effort.

To enhance the efficiency of labour workers, delivery route optimisation and driver mobile productivity solutions were the primary technology investments, chosen by 54 per cent and 45 per cent of respondents respectively. For knowledge workers, such as planners and analysts, 53 per cent favour real-time shipment tracking as the key technological tool, as per the 'What Are Companies Doing to Survive the Supply Chain and Logistics Workforce Challenge?' study.

The Descartes study also underscores how companies are not only turning to technology but also reshaping their recruitment and retention strategies to mitigate workforce shortages. Modifying the hiring process for both labourers, including warehouse workers and drivers, and knowledge workers emerged as the most significant change, as noted by 54 per cent of participants.

In terms of attracting new employees, offering flexible working hours (35 per cent) and employing cutting-edge technologies (34 per cent) are the foremost strategies. For retention, providing on-the-job training and educational compensation (35 per cent) alongside competitive remuneration (34 per cent) are leading the way.

Moreover, the approach to managing labour challenges varies considerably across different business performance metrics. Factors such as a company's financial health, growth rates, management's valuation of supply chain operations, and the effectiveness of employee retention programs all influence the strategies, tactics, and technologies adopted to address labour constraints in the supply chain and logistics sectors.

“The workforce problem is pervasive, and the study confirms that most supply chain and logistics organizations have made changes to their operational, technology, recruitment and retention strategies to help combat the issue,” said *Chris Jones, EVP, Industry at Descartes*. “Based on the results of the study, we believe that employers should continue to invest and evolve to get the most they can from their existing resources and focus on more than money to hire and retain a capable workforce.”

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Bangladesh Sees Slight Rise In National Wage

In March, Bangladesh witnessed a slight uptick in its national nominal wage, as revealed by the recently released Wage Rate Index (WRI) from the Bangladesh Bureau of Statistics (BBS).

The WRI for March reached 118, marking a modest increase of 0.60 per cent from February’s 117.30. Notably, this figure reflects a more substantial growth of 7.80 per cent compared to March of the previous year.

Despite this nominal increase, the reality is tempered by the backdrop of inflation, which soared to 9.81 per cent in March, highlighting a significant erosion in real wages. The WRI serves as a vital tool for tracking the movement of nominal wages for both skilled and unskilled labour across various sectors.

Additionally, it aids in gauging changes in real wages over time.

The BBS data underscored sector-specific trends in wage growth.

In March of this year, nominal wages in the agriculture sector surged by 8.19 per cent compared to the same period last year. Meanwhile, the industrial sector recorded a 7.32

per cent annual growth in WRI, and the services sector witnessed an even higher jump of 8.40 per cent.

The WRI encompasses data from the three primary sectors of the economy—agriculture, industry, and services—spanning 63 different occupations. Among these, 17 occupations are from the agriculture sector, 30 from industry, and 16 from services. These occupational wage data are meticulously collected from 64 district statistical offices, categorised by gender and whether food is provided or not. The resulting measurement is a geometric wage average based on male and female occupations.

Explaining the methodology, the BBS clarified that the Wage Rate Index is derived from the weighted average of eight divisional wage rate indices. The monthly average wage rates for both male and female workers across the 63 occupations reflect the total daily wages distributed accordingly.

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China reports surprisingly strong growth driven by industry

China reports surprisingly strong growth driven by industry (cnbctv18.com)

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UK is beating US on inflation fight and may cut rates sooner

UK is beating US on inflation fight and may cut rates sooner (cnbctv18.com)

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