LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

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CITI's Textile CEO Delegation Strengthens Global Ties At Techtextil

Since the signing of the Trade and Economic Partnership Agreement (TEPA) between European Free Trade Association (EFTA) and India, Confederation of Indian Textile Industry (CITI) has been working on strategies to promote business collaborations between India and Switzerland. Under a partnership agreement, CITI has been working closely with the National Textile Association of Switzerland for greater engagement.
In this context, CITI mounted a Textile CEO Delegation to Techtextil 2024 in Germany, the premier international trade fair for technical textiles and nonwovens that ends today. Led by Dr. S K Sundararaman, the CITI delegation actively participated in a series of engagements, especially with textile companies and associations of Switzerland aimed at fostering collaboration and advancing the global textile industry.

A B2B meeting was organised on the sidelines of Techtextil for CITI members to delve into the full spectrum of technical textiles, nonwovens, functional apparel textiles, and textile technologies. It served as a hub for exploration, knowledge exchange, and the formation of strategic partnerships, CITI said in a media release.

The B2B interactions and tour of the Swiss Textiles booth, facilitated by chairman of Swiss Textiles offered insights into the latest innovations and developments in the textile industry, fostering networking and knowledge-sharing opportunities among industry leaders.

The CITI delegation was the first of many such engagement programmes planned for enhancing strategic partnership between the members of CITI and Swiss Textiles towards their shared commitment to advancing the textile sector.

The partnership between CITI and Swiss Textiles was formalised through a Joint Declaration signed on November 23, 2023, during the 19th Joint Economic Commission (JEC) between India and Switzerland. This declaration underscores the dedication of both parties to fostering collaboration and enhancing trade relations, marking a significant milestone in the textile industry.

Dinesh Nolkha, vice chairman of CITI, played a pivotal role in the JEC session, articulating the strategic objectives of the Joint Declaration and outlining plans for deeper engagement with the Swiss textile industry.

The participation of CITI members in Techtextil 2024 reaffirms the organisation's commitment to leveraging international platforms for driving innovation, collaboration, and growth within the global textile industry.

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India's cotton yarn, fabric exports rise 7 percent to USD 11.7 bn in FY24

The country's cotton yarn, fabrics/made-ups and handlooms exports rose 6.71 per cent year-on-year to USD 11.7 billion in 2023-24, even as the total exports dipped by 3 per cent in the last fiscal.

According to the commerce ministry data, these exports in March grew by 6.78 per cent to USD 1 billion.In 2022-23, these exports stood at USD 10.95 billion. This is one of the key product categories out of 30 closely monitored by the ministry.

The top five export markets for the sector during the last fiscal year were the US, Bangladesh, China, Sri Lanka, and the UAE. The US accounts for over 25 per cent of India's total cotton yarn, fabrics/made-ups and handlooms exports, followed by Bangladesh (16 per cent), China (6.6 per cent), Sri Lanka (4.4 per cent), and UAE (2.35 per cent).In 2023-24, the outbound shipments also entered new geographies like Anguilla, a British Overseas Territory in the Eastern Caribbean; Serbia; Georgia; Sweden; Cyprus; Azerbaijan; and Iran.

The other new markets explored by domestic exporters from the sector include Zambia, Cote D'Ivore, Sierra Leone, and Russia. An industry expert said that Brazil and Vietnam are promising markets where these shipments can be potted.On average, India exports of these products worth USD one billion every month.
As per estimates, India is the largest producer of cotton globally, accounting for 23 per cent of the total global cotton production. This category of exports is contributing to pushing up the country's labour-intensive textiles exports. Exporters are looking at increasing textiles shipments to USD 100 billion by 2030.

India's total merchandise exports dipped by 3.11 per cent to USD 437 billion in 2023-24. Imports too dipped to USD 677.24 billion in the last fiscal.

Welspun Living Q4 Results Live : profit rise by 16.44% YOY

Welspun Living Q4 Results Live : Welspun Living declared their Q4 results on 25 Apr, 2024. The topline increased by 19.56% & the profit increased by 16.44% YoY. Compared to the previous quarter, the revenue grew by 6.82% and the profit decreased by 17.41%. The Selling, general & administrative expenses rose by 2.89% q-o-q & increased by 37.83% Y-o-Y. The operating income was up by 10.02% q-o-q & increased by 58.61% Y-o-Y.

The EPS is ₹1.52 for Q4 which increased by 16.33% Y-o-Y. Welspun Living has delivered 5.71% return in the last 1 week, 18.06% return in the last 6 months, and 7.72% YTD return.
Currently, Welspun Living has a market cap of ₹14969.34 Cr and a 52wk high/low of ₹171.25 & ₹84.05 respectively. As of 27 Apr, 2024, out of 7 analysts covering the company, 3 analysts have given Hold rating & 4 analysts have given Strong Buy rating.

Welspun Living Financials

Period	Q4	Q3	Q-o-Q Growth	Q4	Y-o-Y Growth
Total Revenue	2575.24	2410.87	+6.82%	2153.9	+19.56%
Selling/ General/ Admin Expenses Total	275.83	268.08	+2.89%	200.12	+37.83%
Depreciation/ Amortization	96.23	100.35	-4.11%	113.53	-15.24%

Total Operating Expense	2312.82	2172.36	+6.47%	1988.45	+16.31%
Operating Income	262.42	238.51	+10.02%	165.45	+58.61%
Net Income Before Taxes	252.14	239.68	+5.2%	173.19	+45.59%
Net Income	146	176.78	-17.41%	125.39	+16.44%
Diluted Normalized EPS	1.52	1.84	-17.39%	1.31	+16.33%

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Seed industry for R&D boost to meet surging cotton demand

Raghavan Sampathkumar, Executive Director of FSII, underscored the pivotal role of cotton in sustaining the livelihoods of approximately six million farmers and fostering employment for an additional 40-50 million individuals engaged in related activities.

Sampathkumar's remarks resonate with recent assertions by Chandrakant Patil, Minister of Textiles for Maharashtra, who highlighted India's imminent rise as a global textile powerhouse. With ambitious targets set to achieve $250 billion in textile production by 2030, various states including Maharashtra, Telangana and Tamil Nadu are spearheading policy initiatives to establish textile parks, propelling the industry forward.

Acknowledging the transformative initiatives within the textile sector such as the PLI Scheme for Textiles, Kasturi Cotton Bharat programme and the National Technical Textiles Mission, Sampathkumar emphasised the imperative of promoting cotton cultivation to enhance India's global competitiveness. Given that approximately 74 per cent of India's apparel exports are cotton-based, revitalising the cotton industry is paramount.

However, Sampathkumar also highlighted the challenges confronting the cotton sector, including stagnant production levels post-FY2015 and evolving threats from pests, diseases and climate aberrations. To address these challenges, he advocated for increased investment in scientific research, particularly in biotechnological interventions, to enhance yield and production.

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India Continues To Be Fastest-Growing Major Economy: Finance Ministry

India continues to be the fastest-growing major economy amid positive assessments of the country's growth outlook for this fiscal by both international organisations and the central bank, the finance ministry recently said.
"Despite the global challenges, India stands out with its strong economic performance, highlighting broad-based growth across sectors and asserting its pivotal role in supporting the global growth trajectory," the 'Monthly Economic Review March 2024' released by the ministry's economic division said.

March witnessed record-breaking stock market performance and remarkable goods and services tax (GST) collections, it said.

Retail inflation in the country has reached its lowest level since the pandemic, it said. Fiscal 2023-24 closed with a low inflation rate of 4.85 per cent in March—the lowest in the past 10 months, reflecting a stable economic environment.

"In India, the government and the RBI's [central bank] efforts to combat inflation, including calibrated policy rates, strengthening food buffers, and easing imports, have ensured effective inflation management," the report remarked.

"Consumer and investor confidence, as indicated by notable improvements in sentiment, underpin India's ability to navigate global challenges successfully," it said.

Global slowdown led to a moderation in India's merchandise trade. "The slowing of trade has resulted in the merchandise trade deficit narrowing in FY2023-24, as exports have shown a smaller contraction than imports," it added.

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PRESSURE CONTINUES ON ICE COTTON, MARKET HAS REDUCED PREVIOUS GAINS

Pressure continues on ICE cotton, market has reduced previous gains - Apparel Views

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FTAs help engineering exports; shipments to Russia double

Engineering goods exports this year have benefitted from the free trade agreements with UAE and Australia and change in direction of trade flows brought about by the geo-political realignments.

While engineering exports to the UAE rose 16% year-on-year to $ 5.22 billion in the current fiscal till February, shipments to Australia increased 5% to $ 1.30 billion during this period.

While Russia has become a major trading partner in the last two years largely due to imports of petroleum crude, engineering exports to the country have doubled during April-February this year to $ 1.2 billion as compared to the same period last year.

The US, however, still remains the biggest market for the sector but the shipments to that market declined 7% to $ 15.9 billion.

Among other key markets, India's engineering goods exports to China witnessed a marginal decline in FY24 till February at $ 2.38 billion as against $ 2.40 billion in the corresponding period of the previous financial year.

Overall, engineering exports entered the positive growth zone by February stood at $ 98.03 billion as against $ 96.84 billion during April-February of last year, securing 1.23% growth.

“The FTA with UAE and the negotiations with GCC have been quite effective as West Asia and North Africa’s share in India’s engineering export basket increased to 15% from 12% last year. This performance has been possible despite the difficult global trade situation,” Chairman of Engineering Export Promotion Council Arun Kumar Garodia said.

“We are optimistic that FTAs with the UK, Oman, and the EU would be signed sooner than later. This will significantly help the engineering sector grow its share in the global market,” he added.

The share of engineering exports in India’s total merchandise exports increased to 24.01% in February 2024 from 23.75% in January 2024. On a cumulative basis, the share was 24.82% during April-February.

In February 2024, as many as 28 out of 34 engineering panels witnessed positive year-on-year growth, while 6 remaining engineering panels experienced a decline. Exports of zinc and products, nickel and products, motor vehicles and cars, railway transport and parts, ships and boats, and office equipment dropped.

On a cumulative basis, as many as 20 out of 34 engineering panels recorded positive growth and the remaining 14 engineering panels including iron and steel, some non-ferrous sectors including aluminium, zinc and nickel, industrial machinery and automobiles recorded negative growth during April-February 2023-24.

Region-wise, positive year-on-year growth in February 2024 was observed in almost all the regions barring Association of SouthEast Asian Nations (ASEAN) countries and South Asia.

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Deloitte revises India's FY24 growth forecast to 7.6%-7.8%

Consultancy major Deloitte raised its India GDP growth forecast for FY24 to 7.6-7.8% on Friday from its earlier forecast of 6.9-7.2%, anticipating higher consumption expenditure and economic activity. The company said it expects India’s GDP growth to be around 6.6% in FY25 and 6.75% in FY26.
Deloitte's upward revision comes after several other entities including the IMF, World Bank, Asian Development Bank and S&P Global raised their forecasts for India’s GDP growth in FY24.

“The global economy is expected to witness a synchronous rebound in 2025 as major election uncertainties get sorted out and central banks in the West may announce a couple of rate cuts later in 2024. India will likely see improved capital flows and a rebound in exports," said Rumki Majumdar, economist at Deloitte India.

“Strong growth numbers over the past two years have helped the economy catch up with pre-covid trends. Investment, backed by strong government spending on infrastructure, has helped India maintain a steady recovery momentum," Majumdar added.

Upwardly mobile

As things stand, India remains the world’s fastest-growing major economy. The economy surged ahead in the December quarter, clocking 8.4% growth and belying fears of a slowdown as manufacturing, electricity and construction continued to fire on all cylinders. High growth numbers in the quarter caused India's National Statistical Office to raise its GDP growth estimate for FY24 from 7.3% in its first forecast to 7.6% in its second. The RBI’s economic-growth estimate for FY24 is 7%, while the International Monetary Fund pegs it at 6.7%. Ratings agency Moody's has revised its estimate from 6.6% to 8%, citing strong government expenditure and domestic consumption.

Last month Fitch Ratings raised India’s growth forecast for FY25 from 6.5% to 7%, saying investment would be a significant driver of growth.

Challenges remain

Majumdar said that despite reporting higher-than-expected growth, the Indian economy faces challenges around inflation and geopolitical uncertainties that are translating to higher food and fuel prices.

"The prediction of an above-normal monsoon will likely provide some respite by positively impacting agriculture output and easing pressure on food prices," she said. "Inflation is expected to remain above the RBI’s target level of 4% over the forecast period due to strong economic activity," she added.

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Global economy expected to witness a synchronous rebound in 2025: Deloitte India’s Majumdar

The global economy is expected to witness a synchronous rebound in 2025 as major election uncertainties get sorted out and the central banks of the West may announce a couple of rate cuts later in 2024, Dr. Rumki Majumdar, Economist, Deloitte India.

''India will likely see improved capital flows and a rebound in exports,'' Dr. Majumdar predicted..

Analysing changed market conditions, Deloitte has revised India's annual economic growth prediction to 7.6% to 7.8%. The consulting firm also estimated the country's GDP growth to be around 6.6% in FY 2024-25 and 6.75% in the current fiscal as markets learn to factor in geopolitical uncertainties in their investment and consumption decisions Dr. Majumdar further said strong growth numbers over the past two years have helped the economy to catch up with the pre-COVID trends. Investment, backed by strong government spending on infrastructure, has helped India maintain a steady recovery momentum. "We are also seeing the difference between actual GDP from the pre-COVID GDP levels progressively narrowing as growth picks up pace,'' the economist observed.

However, Dr. Majumdar said, there were concerns about inflation and geopolitical uncertainties feeding into higher food and fuel prices. At the same time, the prediction of above normal monsoon would likely provide some respite by positively impacting agriculture output and easing pressure on food prices. ''Inflation is expected to remain above the Reserve Bank of India's target level of 4% over the forecast period due to strong economic activity,'' she further noted,

According to Deloitte's Quarterly 'India Economic Outlook released on Friday, the firms' expectations for the near-term future remain in line with the previous forecasts with a slight change in the forecast range due to a higher base effect in FY 2023-24.

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Economic think-tank NIPFP projects India's FY25 GDP growth at 7.1%

Economic think-tank National Institute of Public Finance and Policy (NIPFP) on Friday said it has estimated India's GDP growth at 7.1 per cent for the current fiscal, using high-frequency models.

NIPFP, in a series of tweets, said the Centre is on a fiscal consolidation path through buoyancy in taxes and revenue expenditure compression.

The economic think tank said that in 2023-24, states' capex growth is robust due to significant capex transfers from the Centre.

While the Asian Development Bank (ADB) and Fitch Ratings have estimated India's growth at 7 per cent, the International Monetary Fund (IMF), S&P Global Ratings and Morgan Stanley projected a 6.8 per cent growth rate for FY25.

IMF praises India for maintaining fiscal discipline in election year

The International Monetary Fund has applauded India for maintaining fiscal discipline in an election year, saying that the Indian economy is doing well and continues to be the world's bright spot.

"At this point in time, India's economy is doing well. Growth at 6.8 per cent is very good. Inflation's coming down. We have to make sure that inflation comes down to target and it is there on a durable basis. Macro fundamentals look pretty good," Krishna Srinivasan, Director, Asia and Pacific Department, at the IMF told PTI in an interview.

"One thing I would say is that maintaining fiscal discipline, especially in the election year, for me, has been quite a highlight because countries do embark on fiscal adventures in the election year.

"This government has maintained a discipline, I think, is very important because at the end of the day, sound macro fundamentals are the basis on which countries prosper and have durable growth. So that's very important to maintain that," Srinivasan said.

India, he said, has successfully navigated multiple shocks over the last several years. It's emerging to be one of the fastest major economies in the world. "In fact, for this year, for 2024-25, we project growth at 6.8 per cent led by private consumption and public investment. Inflation is coming down gradually. It's now below 5 per cent," he said.

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India's Cotton Exports Soar 137% in First Half of Season

According to the latest estimates from the Cotton Association of India (CAI), the apex trade body, India's cotton exports during the October-March period of the 2023-24 season jumped a staggering 137 per cent to 18 lakh bales compared to just 7.59 lakh bales exported in the same six-month period last year.

This sharp spike in exports during the first half of the current season is particularly notable when compared to India's total cotton exports of 15.59 lakh bales for the entire 2022-23 season that ended in September 2023.
The massive 137 per cent year-over-year increase in exports from October 2023 to March 2024 can be attributed to several factors according to trade experts.
Indian cotton prices remained very competitive on the global market for a large portion of this period, making Indian supplies an attractive option for overseas buyers.
CAI President Atul Ganatra noted that for some time Indian cotton prices were lower by Rs 3,000-4,000 per candy compared to prevailing international prices based on the Cotlook Index benchmark.
However, the CAI cautioned that with global cotton prices easing in recent weeks, the pricing advantage for Indian supplies has now neutralised.
Indian cotton is currently priced at par or slightly higher than global benchmarks.
Even with exports expected to moderate in the coming months, CAI still projects India's total cotton exports for the full 2023-24 season to surpass 22 lakh bales, well above last season's 15.59 lakh bales.

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Patanjali's Woes Continue: Company Gets Show Cause Notice From GST Authority Over Rs 27 Crore Tax Claim

Patanjali Foods has faced another jolt as the company on Friday received a show cause notice from the Directorate General of GST Intelligence (Chandigarh) in connection to Rs 27.5 crore tax claim. The authority has issued a warning to the company regarding input tax and may levy a penalty on it under the CGST Act.
“A Show Cause Notice is received by the Company from the Directorate General of GST Intelligence, Chandigarh Zonal Unit, requiring the Company, its Officers and authorised signatories to show cause as to why input tax credit amounting to Rs 27,46,14,343 should not be recovered (along with interest), and why penalty should not be imposed under Section 74 and other applicable provisions of the CGST Act 2017/Uttarakhand SGST Act, 2017 read with section 20 of IGST Act 2017,” Patanjali said in an exchange filing.

Incorporated in 1986, Patanjali Foods Limited (formerly known as Ruchi Soya Industries Limited) is one of India’s top FMCG players. The company operates in edible oils, food and FMCG and wind power generation segments via a bouquet of brands like Patanjali, Ruchi Gold, Nutrela.

Recently, Yoga guru Baba Ramdev apologised to the Top Court for publishing misleading advertisements and making comments against allopathic medicines, assuring he will "remain conscious about it in future". Co-founder of Patanjali Ayurved Ltd., Ramdev, tendered unconditional apology "for the mistakes", adding that "What we did at the time was not correct. We will be conscious about it in the future."

Patanjali's Managing Director Acharya Balkrishna also apologised to the court, stating that their conduct was not deliberate.

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Petitions pile up as GST notices come after 3 years of returns filing

Petitions pile up as GST notices come after 3 years of returns filing - The Economic Times (indiatimes.com)

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India's services exports grow 11.4% in 2023: UNCTAD report

services export growth: India's services exports grow 11.4% in 2023: UNCTAD report - The Economic Times

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Bangladesh Expected To Eclipse 1.01% Global GDP Share By 2028

Bangladesh is poised for a significant economic milestone as projections from the International Monetary Fund (IMF) suggest that it will surpass the 1.01 per cent mark and contribute to over 1 per cent of the global gross domestic product by 2028, as per the latest World Economic Outlook database released in April 2024.

Media reports underlined this adding, presently, Bangladesh's economy constitutes 0.84 per cent of the global GDP, with an expected growth of 0.17 per cent over the upcoming five years.

This growth trajectory is expected to propel Bangladesh to the 19th position globally in terms of economic size, marking a substantial advancement from its current 25th position even as over the next five years, Bangladesh is forecasted to surpass several economies, including those of Iran, Thailand, Australia, Poland, Taiwan, and Pakistan.

The IMF projects Bangladesh's GDP to surge by $245.52 billion over the next five years, reaching $691.865 billion by 2028—a remarkable 55 per cent increase from the previous year's $446.349 billion.

This growth is expected to translate into a 54 per cent increase in economic activities based on Purchasing Power Parity (PPP) Dollar, alongside a projected 48 per cent rise in per capita GDP.

Despite challenges posed by the ongoing economic crisis, Bangladesh's economy exhibited a growth rate of 6.03 per cent in 2023, expected to moderate to 5.70 per cent in 2024 before rebounding to 6.60 per cent in 2025.

Furthermore, the IMF expects an average GDP growth of 6.72 per cent for Bangladesh in the next fiscal year, followed by rates of 7.10 per cent in 2026, 7.20 per cent in 2027, and 7 per cent in 2028.

An analysis of IMF time series data underscores Bangladesh's remarkable ascent in the global economic landscape, progressing from the 44th position in 1980 with a 0.376 per cent share of the global GDP. This steady climb reflects Bangladesh's emergence as a significant player in the global economy, with experts emphasising its substantial contributions to the world GDP.

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Asia stocks rise, yen slips as BOJ maintains accommodative monetary policy

The yen fell amid volatile trade on Friday after the Bank of Japan (BOJ) maintained its accommodative monetary policy stance at the conclusion of its two-day policy meeting, while Asian shares rose in the broader market.

The BOJ kept interest rates around zero on Friday, as expected, while removing a reference to the amount of government bonds it has roughly committed to buying each month.

The central bank also issued fresh estimates projecting inflation to stay near its 2 per cent target in the next three years, signalling its readiness to raise borrowing costs this year.

Still, the Japanese yen fell to the weaker side of 156 per dollar in a knee-jerk reaction to the decision, and last stood at 156.045 per dollar.

"Currency markets were likely looking for some form of more explicit communication on policy moves. But it appears markets may be too hopeful," said Christopher Wong, a currency strategist at OCBC.

Ten-year Japanese government bond futures came off lows.

Focus now turns to BOJ Governor Kazuo Ueda's news conference later on Friday for further details of the BOJ's policy outlook.

Fears of an intervention from Tokyo to shore up the yen also remained high, given the yen's decline to multi-decade lows against a resurgent dollar.

Japanese Finance Minister Shunichi Suzuki said on Friday the country is concerned about negative effects of the weak yen, adding to the slew of aggressive jawboning from authorities in recent weeks, though to little effect.

"Absence of any other measures so far just gives the green light for dollar/yen to keep testing policymakers' patience," OCBC's Wong said.

Riding on a weaker yen, Japan's Nikkei extended early gains and was last 0.9 per cent higher.

Elsewhere, MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.8 per cent. Hong Kong's Hang Seng Index surged 2 per cent, while Chinese blue chips edged 1 per cent higher.

US stock futures jumped after tech giants Alphabet and Microsoft reported quarterly results that beat Wall Street estimates.

Nasdaq futures advanced more than 1 per cent, while S&P 500 futures rose 0.85 per cent.

In the broader market, investors were digesting the implications of Thursday's data which showed the US economy grew at its slowest pace in nearly two years in the first quarter, though inflation accelerated.

That reinforced expectations that the Federal Reserve would not cut interest rates before September.

"The US Q1 GDP report delivered the worst of both worlds, softer than expected growth and higher than expected inflation," said Rodrigo Catril, senior FX strategist at National Australia Bank.

US Treasury yields surged to five-month highs in the previous session and remained elevated in Asia. [US/]

The two-year yield hovered near the 5 per cent level, while the benchmark 10-year yield steadied at 4.6961 per cent.

The dollar, however, slipped on the back of the weaker US growth, and was nursing some of those losses on Friday.

Sterling dipped 0.11 per cent after touching a two-week high on Thursday, while the euro eased 0.07 per cent. [FRX]

Focus now turns to March's core PCE price index data due later on Friday - the Fed's preferred measure of inflation - for further clues on the US rate outlook.

"We don't think inflation will give the Fed reason to tighten," said James Reilly, a markets economist at Capital Economics.

"Granted, the PCE data... could present another 'bump' in the road, extending a succession of stronger-than-expected US inflation and activity prints; but the Fed has already acknowledged that these would come," Reilly added. "We continue to think that the disinflationary trend will reassert itself soon and that Fed cuts have therefore been delayed, not cancelled."

In commodities, Brent edged 0.39 per cent higher to $89.36 a barrel, while US crude gained 0.34 per cent to $83.85 per barrel. [O/R]

Gold rose 0.18 per cent to $2,336.05 an ounce.

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