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Currency Watch			
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INTERNATIONAL NEWS

USA: Ending Permanent Normal Trade Relations Could Stunt Consumer Purchasing Power, NRF Warns

An increase in tariffs on China-made imports could have massive impacts at retail, costing shoppers an extra $31 billion.

A new study released by National Retail Federation (NRF) last week examined how ending permanent normal trade relations (PNTR) trade status with China could drastically change the U.S. market for goods like toys, furniture, apparel, household appliances and footwear, as policymakers debate methods for holding the country accountable for its predatory trade practices.

PNTR represents a legal status that extends standard tariff rates across U.S. trading partners. China's PNTR status was approved in 2000, and it officially joined the World Trade Organization (WTO) in December 2001.

China and the U.S. have been embroiled in a trade war stemming from the Asia superpower's unfair trade practices, forced technology transfers and IP theft, leading to the implementation of additional punitive tariffs placed on China-made goods for the past six years. The Section 301 duties has done little to change the country's trade behavior, and lawmakers are looking to turn up the heat.

"The calls to reduce U.S. sourcing of goods from China seem to grow louder by the day," NRF wrote. "Whether it is dubbed 'decoupling,' 'delinking' or 'disengaging,' the objective is the same: to reduce the role China plays in U.S. supply chains."

Eliminating China's PNTR status would subject finished goods and inputs to higher duties—and NRF argues that U.S. shoppers would be the ones paying the bill. "The idea is to increase the costs of goods and inputs imported from China, thereby motivating U.S. buyers to shift purchases of Chinese-made goods to those made in other countries, including the United States," it wrote. "Our results show that, even accounting for (limited) alternative sources of supply, the proposed tariffs would have a negative impact on American consumers totaling billions of dollars."

Using a modeling strategy for "industry-focused globally linked partial equilibrium analysis of tariff policy," NRF estimated the cross-country impacts of changing tariff rates for detailed product categories. It found that higher duties on imports from China due to the revocation of PNTR could cost U.S. shoppers about $240 per household. The price of toys would increase the most under this strategy, rising more than 21 percent, or $93 per household, while furniture prices are seen rising 4 percent, accounting for $50 more in U.S. household spend. Footwear MSRPs could increase by 4.6 percent, or $15, representing $1.9 billion total annual value in lost consumer spending, due to the higher prices. Apparel prices stand to grow by 1.8 percent, representing $40 more in spend per American household, and a $5.2 billion loss in consumer spending power.

According to NRF, "very little of the production currently sourced from China can be moved to other countries" with regard to the categories studied. It believes the Section 301 tariffs on apparel, footwear and furniture have already forced U.S. brands and retailers to shift sourcing to the extent possible. The manufacturing of products not yet subject to those tariffs, like toys and household appliances, is so embedded in China that efforts to shift sourcing locales would be extremely challenging, it added. Last year, China was responsible for 81 percent of U.S. toy imports and almost half of American imports of household appliances.

Low-income households, which are forced to spend higher shares of their incomes on these products than others, would be disproportionately impacted, NRF added. The price hikes would add to the price pressures already being felt due to high inflation, and efforts to further shift sourcing away from China could increase the risk of supply chain disruptions and product shortages, further inconveniencing shoppers.

"Even though significant efforts have been made in recent years to diversify sourcing, China continues to play an important role in the supply chain of many retailers and other global industries, from sourcing raw materials to manufacturing and production," NRF vice president of supply chain and customs policy Jonathan Gold said. "It would be impossible for American families to escape the higher costs from dramatic tariff increases on necessities such as apparel, footwear, furniture, appliances and toys."

Source: sourcingjournal.com– Oct 16, 2023

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Brazil Knocking on the U.S. Cotton Market Share Door

This week's mildly bullish USDA supply demand report supported higher prices in Friday trading (Oct. 13) and elevated the week's settlement to 86.06 cents. The report continued to reflect poor world demand for cotton but, like the past three months, showed a further decline in U.S. cotton production.

World production was increased slightly based on an 800,000-bale increase of the Brazilian crop, but also reflected a decrease in the high-quality Australian crop.

The New York ICE December contract, while off slightly on the week, did close on an uptick.

Liquidation of the December contract has begun. After posting 15 days of increasing open interest, contract liquidation has begun. Too, early in the week, the market dipped on profit taking, as the contract faces first notice day on Nov. 24.

The increase in certificated stocks will keep the contract on the defensive, and the 83/84-to-88/90-cent trading range will continue to dominate. Certificated stocks will continue to increase, as the Board is the best market for U.S. cotton.

USDA increased world production 200,000 bales, decreased world consumption less than 100,000 bales, but decreased world carryover by some 10 million bales by adjusting its Brazilian data base over a 20+ year period.

Prior to that adjustment, Brazilian stocks had risen to a level of some 15 million bales – far more than market estimates. The result was to decrease Brazilian and world carryover some 10 million bales. Brazilian carryover was estimated at 5 million bales and world carryover at 80 million.

The report also showed a decrease in U.S. production down to 12.8 million bales and lowered U.S. carryover to 2.8 million bales. The final U.S. crop may well be even 200,000 bales lower.

The data reflects an alarming change in the historical structure of the world cotton trade as Brazil is now the world's third largest producer, replacing the U.S. in that position. More importantly, it now places Brazil's share of the export market essentially equal to that of the U.S. The U.S. dominance in the export market heretofore has never been challenged, but now Brazil is at the historical doorstep. The U.S. has suffered two consecutive weather-beaten crops, thus allowing competitors to take significant world trade share from the U.S.

Supporting that report was the U.S. export sales report for the week ending Oct. 5 that indicated net export sales of only 43,400 bales of upland with shipment of only 104,000 bales. Only nine countries purchased U.S. cotton on the week, as other countries – notably Brazil and Australia – sold cotton much more effectively in the market compared to the U.S.

A significant problem facing the U.S. cotton industry is the favor that mills are becoming very familiar with spinning non-U.S. cotton and discovering that it may be more price competitive for their respective operations. Merchandisers report that while cotton movement is slow, they can sell more non-U.S. cotton than U.S. cotton. The U.S. has lost its promotional superiority. Some will claim that is caused by the weather-reduced crop.

Growers are cautioned that the slow movement of the U.S. crop has set up the reality that a significant volume of carryover stocks will move to the loan program. Too, if history is a judge, U.S. growers will keep cotton in storage, pay storage costs, and hope for a higher price later in the year. This scenario is set up to be a significant financial trap this year due to the anemic demand and the decline in U.S. market share.

We have commented over the past several weeks that growers should be prepared to sell their crop at harvest and buy call options. This strategy will avoid storage costs. It is a market fact that someone – some entity, some firm, some company – will pay for storage. Hopefully, the grower, by his own actions, will pass that cost to the merchandising industry this year. Still, I feel more comfortable with breaking 90 cents than falling below 83 cents. Either will be very difficult. Growers are encouraged to price at 87.50 and above. The support at 84 cents remains very, very strong.

Source: cottongrower.com– Oct 16, 2023

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Global cotton production up in Oct, trade mostly unchanged: US FAS

Global cotton production is up slightly this month to 112.6 million bales as higher production in Brazil, Argentina and Tanzania more than offset lower crops in Greece, the United States and Australia, according to the October 2023 Cotton Report by the Foreign Agricultural Service (FAS) of the US department of agriculture (USDA).

Consumption is mostly unchanged at 115.8 million bales and is forecast nearly 5 million bales higher compared with the previous year.

Global cotton trade is mostly unchanged from September at 43.2 million bales. Global ending stocks are down to 80 million bales due to historical revisions for Brazil. If realised, this would still be the second-highest level in four years.

The US season-average farm price for marketing year (MY) 2023-24 (August-July) is forecast unchanged at 80 cents per pound.

Changes to the placement of Brazil production has significant implications for global ending stocks as well as those in Brazil, USDA noted.

MY 2023-24 Brazil production forecast at 14.6 million bales is now expected to exceed US production for the first time. As the second-largest projected exporter at 11.8 million bales, Brazil is close to surpassing US exports for the first time since the nineteenth century.

Lower Brazil stocks also have significant implications for MY 2023-24 global stocks, which are now forecast at 80 million bales, 10 million lower compared with last month's projection of 90 million bales.

Cotton futures were mostly unchanged since last month's World Agricultural Supply and Demand Estimates (WASDE) with prices on the Intercontinental Exchange (ICE) settling at roughly 85 cents per pound.

Despite a decline in commodity indices, including the Bloomberg Spot and the Standard & Poor's Goldman Sachs, cotton futures resisted pressure and were somewhat supported by deteriorating crop conditions, the report said. However, expectations for higher and sustained US interest rates, coupled with lower US equities, pressured futures.

US prices were mostly unchanged at 81 cents per pound as macroeconomic concerns offset deteriorating crop conditions.

India future prices were down by more than 4 cents per pound to settle at 90 cents, likely due to greater arrivals of cotton at gin yards.

Brazil prices were down by more than 2 cents per pound to 80 cents as burgeoning supplies pressure prices.

Pakistan prices were unchanged at 71 cents per pound, the lowest spot price of the major producing origins. Despite a stronger Pakistani Rupee compared with last month, cotton lint priced in rupees fell by 8 per cent as MY 2023-24 production is forecast to rise by more than 2.5 million bales to 6.2 million bales.

Source: fibre2fashion.com– Oct 16, 2023

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Sri Lankan apparel embracing organic manufacturing: GOTS

The half-a-billion USD global organic textile market1 is set to grow at a compounded annual growth rate of 40% within the next five years and with eco-consumption on the rise, it is evident that apparel companies too, are gearing for the shift in consumer patterns. 2 Sri Lanka, known for its ability to produce high-end niche apparel, is now focused on enhancing its capacity to produce eco-friendly clothing using organic textiles, where compliance remains a key component.

The Joint Apparel Association (JAAF) notes an increase in Sri Lankan companies obtaining the Global Organic Textile Standard (GOTS), indicating an increased awareness within the industry of the importance of adopting international best practices and sustainable manufacturing.

South Asian Representative of GOTS Ganesh Kasekar reveals a 21% increase in certified facilities compared to 2022 in Sri Lanka, with 74 factories currently holding certification for the period of 2023/2024. Amongst these Sri Lankan companies, local apparel giants including Hirdaramani International Exports, MAS Intimates and Brandix have also obtained GOTS certification for the sustainable production of children's wear, ladies' wear, men's wear, and baby wear.

GOTS is recognized as the world's leading processing standard for textiles manufactured using organic fibres. It defines high-level environmental criteria through the entire organic textiles supply chain and requires compliance with social criteria as well.

The successful completion of GOTS certification by an approved certifier provides companies with the right to participate in the GOTS programme, including using the standard and the GOTS logo on GOTS-approved goods. With the standard being renewed annually, GOTS 7.0 was launched in March 2023, with full implementation required for all certified entities by March 2024.

GOTS Key Compliance Factors

Built on the three pillars of social responsibility, environmental sustainability and ethical business practices, GOTS covers the production process end to end. "Simply claiming to be sustainable is not enough," asserts Kasekar. “GOTS has developed standards that cover the entire production process, based on the use of organic fibres, from textile processing and manufacturing up to licensing and labelling. The certification process is rigorous and requires compliance with all criteria, but ultimately leads to an internationally recognized organic certification.”

The certification demonstrates a company’s commitment to providing sustainable, ethical and high-quality products to stakeholders, partners and consumers. Therefore to earn a GOTS certification, textile products must contain a minimum of 70% organic fibers, reflecting a commitment to environmentally friendly materials.

Additionally, stringent criteria govern the use of chemical inputs – ensuring that dyestuffs and auxiliaries meet strict environmental and toxicological standards. Even the choice of accessories is guided by ecological considerations. Notably, a functional waste water treatment plant is mandatory for any wet-processing unit, underscoring the importance of responsible water management.

Kasekar adds: “Because of the substantial impact of the textile industry, proper environmental stewardship is imperative. Emphasis on wastewater management and energy conservation is not new. Among the many inputs used in processing, GOTS only allows those with minimum or no ecological impact.”

Under GOTS, social responsibility is strictly based on the ISO, OECD and ILO conventions and stringently adhered to throughout the supply chain. GOTS 7.0 places additional emphasis on due diligence as an integral component of certification.

Worker welfare has been a core priority of all GOTS-certified Sri Lankan companies, with a commitment to preventing and opposing any form of human rights abuse within the supply chain. These companies uphold strict policies against forced and child labour and measures to combat discrimination, harassment and violence.

GOTS places special emphasis on safeguarding the rights of female workers, supporting collective bargaining and ensuring occupational health and safety standards. Moreover, companies are required to address fair compensation and assess any disparities in living wages.

The GOTS Human Rights and Social Criteria are firmly rooted in international labour and human rights standards, drawing from the United Nations Guiding Principles on Business and Human Rights, OECD guidelines, International Labour Organization (ILO) Guidelines and other relevant frameworks.

Sustainability at the centre of GOTS

“Sustainability is no longer just a trendy buzzword,” emphasises Kasekar “Certified organic products offer a practical solution for retailers and consumers to make legitimate and verifiable sustainability claims for textile products. The demand for organic products is strong in the US and EU markets, driven by environmentally-conscious Gen Next consumers.”

Stating that the textile industry holds promise in addressing economic challenges in Sri Lanka, he pointed out that it is crucial for local industries to align with sustainability standards, encompassing environmental, social and governance criteria.

It is evident that compliance certifications play a pivotal role in seamlessly integrating with global supply chains and international trade by adhering to globally accepted trading standards, and ideally emphasized at a time when Sri Lanka seeks export expansion, investor attraction and improved foreign exchange inflow.

Source: island.lk– Oct 17, 2023

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China's Sept e-com logistics index rises 1.2 points to 112.3 over Aug

China's e-commerce logistics index was 112.3 points in September—up by 1.2 points from the August figure, according to the China Federation of Logistics and Purchasing. The index measures logistics operations in the e-commerce sector.

The sub-index tracking total business volume in September stood at 123.9 points—a rise of 2.5 points from the August figure.

The satisfaction rate sub-index was 101.5 in September—up by 0.2 points from August—continuing an upward trend for the fourth month in a row, a state-controlled media outlet reported.

The overall demand for e-commerce logistics has significantly improved, and the supply capacity and efficiency of logistics enterprises have steadily increased, it added.

The e-commerce logistics index is compiled based on data from online retailer JD.com.

Source: fibre2fashion.com– Oct 16, 2023

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Rapid digitization sophisticates the textile manufacture and supply chain

As digital technologies and platforms become increasingly important in addressing global challenges, the textile industry is taking on many new forms in the automation, data analytics, and supply chain management segment to reduce costs and improve the overall product quality and customer experience. Whether it is energy conservation or waste management, rapid digitalization made age-old industry practices far more sophisticated and prompted faster implementation across various operations. With e-commerce emerging strong in post-Covid years catering quickly to changing customer preferences, the need for more sustainable production and consumption is driving forward rapid digitalization in this segment.

CAD, RFID help automation, waste reduction

Increased productivity and more sophisticated manufacturing processes have been advantageous in incorporating digital technology in which in turn has helped in reducing wastage and reusing raw materials. This has further helped in minimizing the need for power resources such as electricity, water, and energy and creating a greener and cleaner environment.

Digitization processes such as Computer-Aided design (CAD) technology that helps create sophisticated patterns faster while allowing a range of design modifications have drastically reduced industrial wastage. Other digitization forms such as Radio Frequency Identification (RFID) technology helps track the movement of textile rolls for efficient material handling and many other new processes in automation, data analytics, and supply chain management are all being incorporated into the textile industry.

Digitalization driving fashion segment

A recent report by Deloitte's Global Fashion & Luxury Private Equity and Investors Survey 2023, highlighted the fashion and luxury segment has and will continue to be a lucrative one for most global investors and financial operators. This is due to many positive factors such as more predictable and mapped consumer behavior and the difficulty issues of high energy costs and raw material prices and supply chain disruptions having becoming far more manageable.

The growth drivers of the apparel segment have been the personal luxury goods sector. A lot of this growth can be attributed to the rapid digitization across the apparel, accessories, and textile segments.

Other industry global reports on the key prospects offered by digitalization have focused on sustainability which can together attain more Sustainable Development Goals (SDG) set for 2030 by the United Nations as a global call to action to end poverty and protect the planet from environmental damage.

As Brij Mohan Sharma, Managing Director, RSWM, one of the largest textile manufacturers in India and exports points out, the fourth Industrial Revolution, driven by digitalization, is reshaping economies through digital innovation across sectors. Embracing it is no longer a choice but a necessity in current times, to gain a competitive edge in the market and can help companies position themselves at the forefront of progress by navigating the complexities of modern markets.

Brands across the board have realized to keep up with technological innovation and new computer languages, an increasing digital presence is a necessity and not just an option. It is time textile businesses include digitization to make more responsibly manufactured products and lower global pollution for more streamlined operations with sustainability and durability as its core issues.

Source: fashionatingworld.com– Oct 16, 2023

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USAID & Vietnam launch $3.25 mn initiative to boost digital trade

The US Agency for International Development (USAID) and Vietnam's Ministry of Industry and Trade (MOIT) have announced the launch of a new $3.25 million activity aimed at facilitating digital trade in the country. The initiative was unveiled as part of the US–Vietnam Comprehensive Strategic Partnership, which was announced last month during US president Joseph Biden's visit to Vietnam.

The three-year activity, named Vietnam Digital Trade, is designed to assist MOIT in the implementation of policy frameworks that facilitate digital trade, particularly in consultation with the private sector. By shaping regulations that are responsive to private sector needs, the project aims to remove trade bottlenecks and increase regulatory transparency, ultimately benefiting enterprises of all sizes, the USAID in a press release.

The initiative will also focus on promoting the participation of small and medium enterprises (SMEs) in digital trade by introducing new business models and best practices, such as the traceability of goods. It will work to facilitate cross-border connections between enterprises via MOIT's digital trade promotion platform, Decobiz. In addition, the activity targets female-owned enterprises and minority communities, aiming for inclusive economic growth.

USAID's Vietnam Digital Trade activity will collaborate with local business associations like the Vietnam Chamber of Commerce and Industry and the Vietnam E-commerce Association to promote digital trade nationwide.

The newly launched activity aligns with the US Indo-Pacific Economic Framework for Prosperity. Under this framework, Vietnam and the US seek to harness innovation and high-standard rules in the digital economy to drive continued growth. This initiative builds on the longstanding successful partnership between the US and Vietnam in facilitating increased trade and improving the business environment over the past two decades.

Source: fibre2fashion.com– Oct 16, 2023

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NATIONAL NEWS

Median GDP growth forecast for 2023-24 pegged at 6.3%: FICCI Economic Outlook Survey

The latest round of FICCI's Economic Outlook Survey has projected annual median GDP growth forecast for the year 2023-24 at 6.3 per cent—with a minimum and maximum growth estimate of 6 per cent and 6.6 per cent, respectively.

The median GDP growth is estimated at 6.1 per cent and 6.7 per cent in the quarters ended September 30 and December 31, the results of the survey showed. After a four-quarter high growth of 7.8 per cent in Q1 2023-24, the subsequent quarters are likely to witness some moderation, said the survey.

On an overall basis, the GDP growth in 2023-24 is expected to moderate from the 7.2 per cent growth clocked in 2022-23. Persisting headwinds on account of geopolitical stress, slowing growth in China, lagged impact of monetary tightening, below normal monsoon pose as downside risks to growth, according to the survey.

While the median growth forecast for agriculture has been put at 2.7 per cent for 2023-24, industry and services sector, on the other hand, are anticipated to grow by 5.6 per cent and 7.3 per cent, respectively, in the current financial year. Consumption and investment activity have noticed an improvement, and the contact intensive services sectors continue to keep the momentum, it added.

RETAIL INFLATION

CPI-based inflation has a median forecast of 5.5 per cent for 2023-24 with a minimum and maximum range of 5.3 per cent and 5.7 per cent, respectively. This is in line with RBI's projection — the CPI-based inflation rate was forecasted at 5.4 per cent for 2023-24.

After showing signs of moderation from March 2023 to June 2023, CPI soared to a 15-month high of 7.4 per cent in July 2023. Although the latest data point for August and September reported a softening in retail price level to 6.8 percent and 5 percent respectively— CPI continues to be outside RBI's comfort zone.

REPO RATE

The Reserve Bank of India is expected to maintain its policy repo rate at 6.5 per cent until the end of the fiscal year 2023-24, the economists who took part in the latest survey said. A cut in repo rate is expected to materialise only by the end of Q1 or Q2 of the next fiscal year 2024-25.

On private investments, the participants to the survey unanimously cited that at present the government has been doing much of the heavy lifting with respect to capex. The government's thrust on capital expenditure has led to a crowding in of private investments and provided support to growth momentum. However, momentum in private investments has been primarily led by the non-industrial sector. Investments have been concentrated in sectors including road, railways, iron and steel, cement and chemicals.

The participants to the survey opined that a full-fledged momentum in investments will take some more time to build in. It was felt that going forward any further recovery in private investments will be led by a pick in consumption activity —both domestic and external.

Source: thehindubusinessline.com – Oct 16, 2023

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Overall trade gains may be limited for India in FTA with UK: GTRI

The proposed free-trade agreement (FTA) between India and the United Kingdom (UK) may result in only 'limited trade benefits' for Delhi since many of its exports already enjoy low or zero tariffs, according to a report.

The average tariff on goods imported into India from the UK is 4.2 per cent.

TRADE MATTERS

4.2% Avg tariff on goods imported into UK from India

0% tariff Already on products worth $6 billion, including petroleum products, medicines, diamonds, machine parts, and airplanes without an FTA

INDIA MAY GAIN:	UK MAY GAIN:
If UK agrees to cut duty on textiles, apparel, footwear, and agricultural products	If India agrees to cut duty on petroleum products, whisky, medicine

Source: GTRI

Substantial growth in Indian exports to the UK will ultimately depend on product quality improvements, rather than the FTA alone. But labour-intensive sectors such as textiles, apparel, footwear, and agricultural products will benefit from tariff reductions, according to a report by think tank Global Trade Research Initiative (GTRI).

Negotiations for an FTA between both the nations are in their last lap now. The duo is attempting to iron out the differences and the negotiations are going on a weekly basis now.

There is anticipation that both the countries will sign the trade agreement by the end of the month, during UK Prime Minister Rishi Sunak's visit to India.

Products worth $6 billion, including items such as petroleum products, medicines, diamonds, machine parts, airplanes, and wooden furniture already see no tariffs in the UK, even without the FTA.

"However, there will be gains from reducing duties for Indian exports valued at $5 billion, such as textiles, apparel (shirts, trousers, women's dresses and bed linen), footwear, carpets, cars, marine products, grapes, and mangoes.

For example, tariffs on yarn and fabric are 4 per cent, while tariffs on shirts, trousers, women's dresses, and bed linen range from 10-12 per cent," the report said. It added that these products will benefit from the FTA tariff reductions by the UK.

On the other hand, UK products face higher tariffs in India. London is set to gain if India agrees to reduce tariffs on items such as petroleum products, whiskey, medicine and machinery, among other items.

Import duty is currently steep for items like automobiles, whiskey, and wines.

The FTA could lead to tariff reductions on these goods, potentially opening up new opportunities, the report said.

“India’s reluctance to reduce tariffs in certain sectors, like dairy, due to political sensitivities, highlights the need for selective import opening to enhance domestic quality. Flexible Rules of Origin may be imperative for the FTA’s success, especially in sectors reliant on imported inputs,” it said.

Source: business-standard.com – Oct 16, 2023

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India's goods exports decline 2.6% in September, but 'green shoots' signal hope for recovery

India's goods exports declined 2.6 per cent (year-on-year) to $34.47 billion in September 2023, the fifth month of fall this fiscal, weighed down by the petroleum, gems & jewellery, chemicals and garments sectors. But the government is optimistic that the "green-shoots" of growth are getting confirmed and shipments may rise in the remaining six months .

Imports declined by 15 per cent to $53.84 billion in September 2023, as petroleum imports dipped 20.3 per cent to $14 billion, which shrunk the trade deficit to a five-month low of $19.37 billion, per quick estimates released by the Commerce Department on Friday.

"Last month we saw some green shoots in terms of improvement in exports, although the global scenario is quite bleak. This has been confirmed by September data... Weekly trends for exports in October 2023 are also positive," said Commerce Secretary Sunil Barthwal. Excluding exports of petroleum (which were negative because of a fall in global oil prices) and gems & jewellery, goods exports in September 2023 at $ 24.78 billion were higher than $24.33 billion in September 2022, although the increase was marginal, he added.

In a revision of data after some "reconciliation" with Customs, exports for August 2023 are now estimated at a higher $38.4 billion, which leads to a 3.88 per cent growth (year-on-year) instead of a 6.8 per cent fall announced last month when exports for the month were pegged at $34.48 billion. "In the current financial year, this (August 2023) is the first month where we have achieved positive growth," Director General of Foreign Trade Santosh Sarangi said.

The Commerce Secretary pointed out that services exports were doing well, and the fall in merchandise exports had lessened ringing in optimism. "I think for the remaining six months, there should be definitely positive growth in our exports. In fact, these green shoots are getting confirmed," he added.

Exports in the April-September 2023 declined 8.77 per cent to $ 211.4 billion. Imports during the six months fell by 12.23 per cent to $ 326.98 billion.

Sluggish global demand, especially in major economies like the EU, UK and China, coupled with the subdued growth in economies like the US and Australia, had led to declining export trends though the downward movement is largely arrested, pointed out exporters' body FIEO. "The need of the hour is to provide easy and low cost of credit to the MSMEs, marketing support for promoting overall exports and GST exemption on freight on exports," said FIEO President A Sakthivel.

The fall in exports this fiscal could partly be attributed to the decline in global commodity prices. "There has been a large surge in volume of exports in certain commodities (in April-August 2023). But the fall in commodity prices have resulted in a decline in or reduced export realisation. Petroleum leads the show. In marine products, too, there has been a big jump in volume...but there has been a decline in realisation. But in September marine exports have gone up," Sarangi said.

Source: thehindubusinessline.com– Oct 13, 2023

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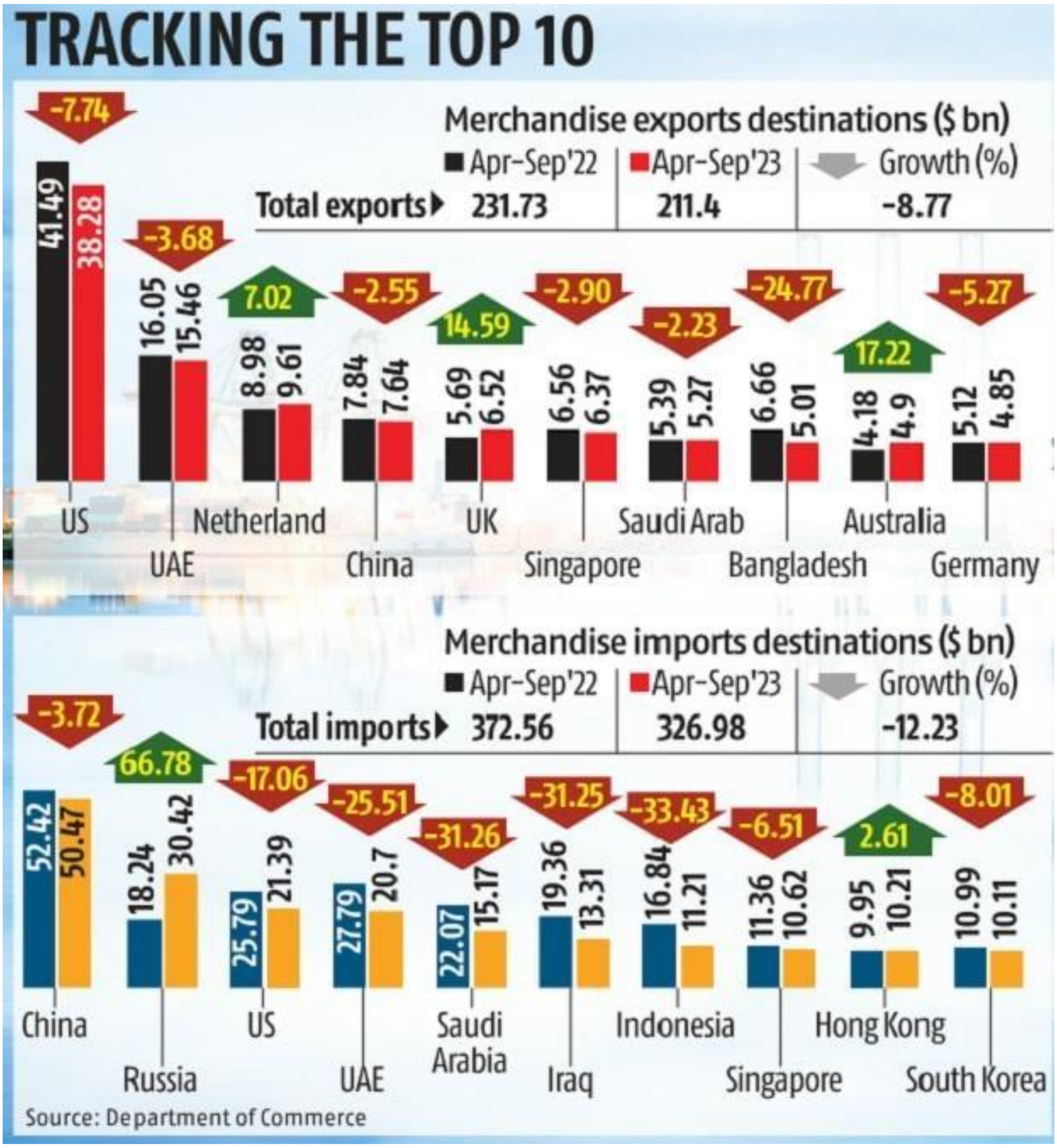
Amid declining Indian imports, shipments from Russia, Hong Kong see growth

Among India's top 10 import partners, only Russia and Hong Kong saw growth in inbound shipments during the first months of the current financial year (2023-24). This occurred at a time when the country's overall imports declined by 12.2 per cent, owing to tepid demand and falling commodity prices.



Data compiled by the commerce department reveals that imports from Russia grew two-thirds to $30.4 billion during April-September. Russia became India's second-largest import partner, after China.

Although disaggregated country-wise trade data was not available until September, the trend for the first five months indicated consistent growth, primarily due to crude oil imports from Russia.

In the case of Hong Kong, the rise was 2.6 per cent, totalling $10.2 billion. This growth was primarily driven by imports of electrical machinery during the first five months of the current financial year.

Among India's top 10 import partners, a contraction in inbound shipments was observed in the case of China (minus 3.71 per cent), the US (minus 17.06 per cent), the United Arab Emirates (minus 25.51 per cent), Saudi Arabia (minus 31.26 per cent), Iraq (minus 31.25 per cent), Indonesia (minus 33.43 per cent), Singapore (minus 6.51 per cent), and South Korea (minus 8.03 per cent).

These 10 countries account for over 59 per cent of India's merchandise imports.

India's overall imports have been contracting for nine consecutive months. During April-September, the contraction has been due to tepid local demand and a fall in global commodity prices.

Non-gold imports, which serve as a proxy for domestic demand, have remained weak, declining by 10 per cent compared to a 35.7 per cent increase last year, as reported by Bank of Baroda economist Aditi Gupta.

Exports

In the case of the top 10 export markets, only the UK (14.6 per cent), the Netherlands (7.02 per cent), and Australia (17.22 per cent) witnessed growth during the first six months of the financial year. This growth was driven by demand for items such as petroleum products, apparel, and machinery.

Seven of India's top 10 export partners — the US (minus 7.7 per cent), United Arab Emirates (3.7 per cent), China (minus 2.5 per cent), Singapore (minus 2.9 per cent), Saudi Arabia (minus 2.2 per cent), Bangladesh (minus 24.8 per cent), and Germany (minus 5.3 per cent) —

experienced contraction during the first six months of the current financial year, resulting in an 8.8 per cent contraction in overall exports.

India's overall merchandise exports witnessed an 8.8 per cent contraction compared to an increase of 16.9 per cent in the same period last year.

"Within this, while oil exports have declined by 17.5 per cent, non-oil exports have held up better and declined by only 6.3 per cent," according to Gupta.

Source: business-standard.com– Oct 16, 2023

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India's textile & apparel market to reach $350 bn by 2030: Report

India's textile and apparel market is expected to hit $350 billion at a 10 per cent CAGR by 2030. The market size was also estimated to be around $165 billion in 2022, with the domestic market constituting $125 billion and exports contributing $40 billion, as per a report.

The global apparel market is estimated at around $1.7 trillion in 2022 and expected to grow at a CAGR of around 8 per cent to reach $2.37 trillion by 2030. Global textile and apparel trade was around $910 billion in 2021 and is expected to grow at a CAGR of 4 per cent to reach $1.2 trillion by 2030, according to a knowledge report titled 'Textile Industry's Amrit Kaal: Roadmap for $350 Billion Market by 2030' by the Federation of Indian Chambers of Commerce & Industry (FICCI)-Wazir Advisors at the FICCI TAG 2023 Annual Textile Conference.

The report suggested that export competitiveness, attaining manufacturing excellence, strengthening the textile value chain, embracing sustainable practices and circular economy, and leveraging government schemes are the key enablers to attain the $350 billion market.

It was also recommended that the industry should focus on automation and digitalisation to improve processes and efficiency levels; bring strong focus on people and skill development; start leveraging FTAs to tap new markets; develop capabilities and build capacities in synthetic textiles and technical textiles; and adopt global best practices for manufacturing excellence. The government should bring additional support to the existing textile clusters which will help build capabilities and allow MSMEs to compete globally, highlighted the report.

"The transformational change for textile industry at large would need to be based on manufacturing excellence, responsible production, embracing sustainable practices, leveraging technological capacities, and developing assurances in product and process by collaborative efforts of us all. The ecosystem is being enabled from raw material end to international market access initiatives during this Amritkaal and we are confident to achieve the $350 billion target, with sustainability at the core for planet as well as textile enterprise," said Roop Rashi, textile commissioner, ministry of textiles, government of India.

“With anchor investors, state-of-the-art infrastructure, and large land availability in place, Telangana invites the textile and apparel industry to KMTP,” said Mihir Parekh, director, textiles and apparel, commerce and industries department, government of Telangana.

“Unlocking the potential of India's textile industry is not just a vision; it's an achievable reality. To reach the $350-400 billion mark by 2030, we must embrace global trends, foster partnerships, manage labour reforms and strengthen our value chain, reducing import reliance. Let's collaborate, innovate, and build a brighter future for the Indian textile and apparel industry,” said Rajendra Agarwal, MD and mentor, Donear Industries Ltd.

“The FICCI recommends that the government should focus on developing mini sub sectoral roadmap within the larger macro picture with the support of Industry and help supporting each of the segments, which can not only contribute higher quantum but also provider faster growth to the overall textile sector,” said Sucheta Shah, immediate past chair, MSME Committee, FICCI Maharashtra State Council.

“In nations such as India, it is crucial to develop supply-side capacities, given the country's unique advantage in both domestic and international markets. Synthetic fibre industry is equipped to take care of all needs of raw material as industry expands,” said RD Udeshi, president, Polyester Chain, Reliance Industries Ltd.

“The focus on sustainability, digitalisation, and manufacturing excellence for profitable manufacturing growth will help to achieve $350 billion by 2030,” said Prashant Agarwal, co-founder and joint managing director, Wazir Advisors.

“There is a need for creating product development centre and tie-up up with international institutes for new product growth and should focus on international experts in niche areas,” said Murugan Thenkondar, president and global head marketing and business development, Grasim Industries Ltd.

“The textile and apparel Industry of India has a bright future, and it will be a player to reckon with in the next 4-5 years,” said Chetan Bhagat, general manager – sales, Oerlikon Textile India Pvt Ltd.

"The PLI scheme is expected to boost investment in the industry, contributing to significant growth in production, employment, and exports, and will emerge as a strong competitor in the global market," said Tushar Gurg, director-commercial lifestyle division, Raymond Ltd.

Source: fibre2fashion.com– Oct 16, 2023

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India's labour-intensive goods to get benefit: GTRI on FTA with UK

India's high quality labour-intensive goods such as apparel, footwear, carpets and cars will benefit from the removal of import duties by the UK, under the proposed free trade agreement between the two countries, according to think tank GTRI.

However, the overall gains for India will be limited because most of the goods from here are already entering the UK at low or zero tariffs (import or customs duties), the Global Trade Research Initiative (GTRI) said.

In 2022-23, India's merchandise exports to the UK were valued at USD 11.41 billion and out of this, USD 6 billion worth of goods such as petroleum products, medicines, diamonds, machine parts, airplanes, and wooden furniture entered Britain at zero levy, it said.

"The FTA is expected to have a limited impact on increasing these exports because over half of Indian products already enter the UK with low or no tariffs. The average duty on goods imported from India into the UK is 4.2 per cent," GTRI Co-Founder Ajay Srivastava said.

However, there will be gains from reducing duties for Indian exports worth USD 5 billion and those items include textiles, apparel (shirts, trousers, women's dresses, bed linen), footwear, carpets, cars, marine products, grapes, and mangoes.

"These products face relatively low to moderate tariffs in the UK," he said. Citing examples, the think tank said that duties on yarn and fabric are 4 per cent, while tariffs on shirts, trousers, women's dresses, and bed linen range from 10 per cent to 12 per cent.

Similarly, handbags and trunk cases attract 8 per cent tariffs, levies on footwear vary from 4 per cent to 16 per cent.

These products will benefit from the FTA's tariff reductions by the UK.

Chief negotiators of both the countries are negotiating the pact in the national capital and talks are at a crucial stage, as the negotiations are expected to close by end of this month.

GTRI added that while the duty elimination in the UK can help Indian exports, significant growth requires improvements in product quality and signing an FTA alone may not lead to a substantial increase in India's labour-intensive goods exports.

For instance, India's textiles and apparel exports to Japan did not see significant gains from the free trade agreement, Srivastava said.

From 2007-09 to 2019-21, India's exports to Japan grew from USD 257.7 million to USD 368.6 million, a cumulative growth of 43.1 per cent, while India's global exports grew by about 67.9 per cent during the same period. Therefore, the modest increase in exports to Japan may be attributed to natural growth factors rather than the FTA, he added.

Further, UK exporters would gain immediately after India eliminates high tariffs on most British products, it said.

India's merchandise imports from the UK were USD 8.96 billion in 2022-23. Out of this, it said, 91 per cent of total merchandise imports from the UK enter India on payment of average to high tariffs duties.

For example, the tariff on cars is 100 per cent and on Scotch whisky and wines are 150 per cent. The simple average tariff in India on goods imported from the UK is 14.6 per cent, it added.

According to GTRI, British products which will gain from the FTA (free trade agreement)-led tariff reductions include precious metals (silver, unwrought platinum and gold, diamonds); metal scrap (aluminium, copper waste); petroleum products; scotch and other alcohol; machinery (turbojet, taps, valves); medicine; and make up items.

The UK exported USD 2.7 billion worth of precious metals; and USD 374 million worth of Scotch and other alcohol into India during 2022-23.

On automobiles, it said: "for luxury cars like those from JLR, Bentley, Rolls-Royce, and Aston Martin, the UK might want zero tariffs, but India could reduce them from 100 per cent to 50 per cent. India might also consider allowing a few thousand units at a 25 per cent tariff".

It added that India could reduce tariffs from 150 per cent to 50 per cent over a few years, similar to what it did for Australian wines.

These sectors in India have had high tariff protection, even more than agricultural products. Significant tariff cuts, especially for wines, will help the Indian market grow.

On Rules of Origin, an important issue in the agreement, GTRI said India tends to prefer more conservative rules compared to most developed countries, leading to extended discussions and negotiations in its FTA talks, including with the UK.

"However, India may need to be more flexible in its Rules of Origin framework, especially as its firms in sectors like chemicals, electronics, and synthetic textiles are increasingly using imported inputs," it said.

Rules of Origin ensure that products from third countries do not receive FTA benefits unless they undergo significant transformation in the exporting country.

Source: business-standard.com– Oct 16, 2023

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Govt deserves praise for e-SHC initiative

In a remarkable move, the commerce ministry has decided to grant status recognition for exporters on the basis of the merchandise exports data available with the Directorate General of Commercial Intelligence and Statistics (DGCIS). Under the new arrangement, exporters will not be required to file an application for status recognition in the normal course.

All exporters of goods, services and technology, having an import-export code (IEC) number, are eligible for recognition as a status holder based on export of goods and services, and even deemed exports they make. The threshold export performance for recognition of various categories of status i.e. one-star export house to five-star export house are given in Para 1.26 of the current Foreign Trade Policy (FTP).

Certain categories of exports/exporters mentioned in Para 1.27 of the FTP get double weightage for recognition as one-star export house. The privileges for various categories of status holders are mentioned in Para 1.29 of the FTP. The skilling and membership obligations of the status holders are given at Para 1.30 of the FTP.

Status certificates issued under the earlier FTP 2015-20 to an IEC holder were valid only till September 30, 2023. The eligible exporters were required to apply online for fresh status certificate in the prescribed form ANF-1B along with the scanned copy of prescribed documents such as a certificate from an independent Chartered Accountant regarding export performance.

Most exporters who meet the threshold levels of export performance have already applied for status recognition under the FTP 2023 to the jurisdictional Regional Authorities (RA) of the Directorate General of Foreign Trade (DGFT). Their pending applications will be vetted by the data available with the DGCIS and processed.

However, for most exporters, the new procedure will come into play by next year. The DGFT Trade Notice no.28/2023-24 dated October 9, 2023, regarding automatic system based issue of electronic status holder certificate (e-SHC) without the requirement of filing any application by the exporter says that the e-SHC will be made available to the exporting entity in their registered email and customer dashboard @DGFT portal by August 15 each year.

As the export figures pertaining to services exports, deemed exports and double weightage are not being compiled by the DGCIS, it is quite possible that the data available with the DGCIS does not entitle some expor-ters for grant of status recognition or grants them lower status category recognition. In such cases, the expor-ters can very well make an application online to the jurisdictional RA in the form ANF-1B along with the prescribed documents either for grant of status recognition or for upgrading their status to a higher category.

The commerce ministry says that with the launch of this new system, the number of status holders will go up from 12,518 to about 20,000. This claim appears to be an exaggeration. Any increase in the number of status holders may be due to moderate minimum export performance of US$ 3 Million in the current plus preceding three financial years for recognition in the one-star export house category rather than due to the new process of issuing the e-SHC.

The commerce ministry deserves appreciation for relying on the data already available for granting e-SHC. The other government departments must also follow the lead given by the Commerce Ministry and use the available data sensibly.

Source: business-standard.com– Oct 15, 2023

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Israel-Palestine conflict could hurt India-Israel bilateral trade: Container xChange

India is a crucial trading partner for Israel with $3.94 billion in Israeli exports. The ongoing conflict between Israel and Palestine group Hamas could have an impact on bilateral trade, potentially leading to disruptions in Israel's exports to India, says Container xChange, an online platform for container logistics based in Germany.

"The Israel-Palestinian conflict serves as a reminder of the uncertainties facing ambitious trade projects like the India-Middle East-Europe Economic Corridor (IMEC), positioned as a Western counterpart to China's Belt and Road," said Christian Roeloffs, Co-founder and CEO, Container xChange.

IMEC, involving railways, ports, and green energy, aligns with the G7's plans to mobilise $600 billion by 2027 for global infrastructure investments. India's trade with Saudi Arabia has doubled in two years, reaching $53 billion in 2023, but the corridor's true potential lies in strengthening Indian-European trade ties.

Reliable link

To fully realise IMEC, a reliable link between Saudi Arabia and Israel is essential. However, the ongoing regional complexities make it riskier for Saudi Crown Prince Mohammed bin Salman to normalise diplomatic relations with Israeli Prime Minister Benjamin Netanyahu, Container xChange said.

In the near term, the Suez Canal remains the primary route for goods from India to Europe. This conflict underscores the enduring complexities of reshaping global trade and financial routes, highlighting the unpredictable nature of such endeavours.

Christian Roeloffs said the Suez Canal may face disruptions. Similarly, the Strait of Hormuz, a backbone for oil and gas shipping, could be affected. However, the extent of these effects will largely depend on the conflict's expansion and duration. Leading international companies to issue cautionary advisories and adapt their operations in the region.

Maersk, a major player in the industry, reassured stakeholders by announcing that its port operations across Israel's key terminals are functioning without disruption. MSC echoed this sentiment, asserting that Israel's major terminals are operational, enabling them to facilitate cargo delivery.

Individual ports

The Port of Ashdod, situated 50 km from the Gaza border, operates in an 'emergency mode' only, subject to potential missile attacks. Furthermore, restrictions on vessels carrying Hazardous Materials remain in effect.

In contrast, the port of Haifa, encompassing the Haifa Bay port and Israel shipyard, continues with business as usual, undeterred by the conflict.

Located just 15 km from the Gaza border, the Port of Ashkelon is severely impacted, rendering it incapable of normal operations due to missile threats.

The port of Hadera, in comparison, carries on without disruption, maintaining its regular functions.

The port of Eilat similarly remains operational, showcasing the industry's commitment to ensuring the flow of maritime trade.

Beyond the ports, several global companies with a presence in Israel have been forced to adjust their operations. Chevron, the second-largest US oil and gas producer, was directed by Israel's energy ministry to shut down the Tamar natural gas field off the country's northern coast.

Adani Ports, operator of the Haifa Port, assured stakeholders of operational readiness while closely monitoring the situation and having a business continuity plan in place.

Source: thehindubusinessline.com – Oct 13, 2023

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‘Escalation in on-going Israel-Hamas war may impact trade’

The Commerce & Industry Ministry is concerned that an escalation in the on-going war between Israel and Palestine-based terror group Hamas could have an impact on trade.

“We need to wait and watch because developments are happening on a daily basis. We are concerned that there should be no escalation of the conflict because then it would have an impact,” Commerce Secretary Sunil Barthwal said at a briefing.

Shipping costs and insurance premium for consignments are the first to get hit in such situations, but the impact can be assessed only when data come in, another official said.

India’s goods exports to Israel were estimated at $8.4 billion in 2022-23 and mostly included diesel, cut and unpolished diamonds, electronics and telecom components. Its imports from Israel amounted to $2.3 billion last fiscal. The two countries are also negotiating a free trade agreement (FTA).

On UK FTA

On the proposed India-UK FTA, Barthwal said negotiations are at an advanced stage, and both sides are working to iron out differences on the remaining issues.
Also read

“These negotiations are in the advance stage. These are going on, and we are ironing out the differences. We should wait till these negotiations are over because the 13th round is going on,” he said when asked whether the deal would get sealed during UK PM Rishi Sunak’s scheduled visit this month-end.

Source: thehindubusinessline.com– Oct 13, 2023

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Interview With Kailash K Lalpuria

The Culture Of Commitment And Delivering On Promises Should Be Paramount

Indo Count is a specialised end-to-end bedding provider that is solely focused on creating all-encompassing sleep experiences. Its passion and global vision have allowed the company to enter more than 50 markets with the objective of continuing to add more every year. It is also the preferred partner for some of the best-known retail, hospitality and fashion brands in the world. In an interview with Fibre2Fashion, Executive Director & CEO Kailash K Lalpuria provides insights into the Indian textile industry, and sheds light on Indo Count's contributions to the sector.

How has the Indian textile industry evolved over the past few decades, particularly in comparison to its global competitors?

In recent years, India's textile industry has assumed a pivotal role in the nation's economy, and the government has introduced a range of initiatives aimed at bolstering its growth. One such initiative is 'Make in India', which champions domestic manufacturing and endeavours to position India as a global manufacturing hub. Significant emphasis has been placed on skill development programmes, technological advancements, and infrastructure development to enhance the industry's competitiveness.

Labor law reforms, measures to improve the ease of doing business, and relief packages for MSMEs (micro, small, and medium enterprises) have been implemented to mitigate the impact of the COVID-19 pandemic on the textile sector.

Moreover, several announced schemes, including the Production-Linked Incentive (PLI) scheme, the establishment of textile parks, and the Rebate of State and Central Taxes and Levies (RoSCTL) scheme, are expected to further propel the growth of the Indian textile industry in the future.

Furthermore, recent Free Trade Agreements (FTAs) with countries such as the United Arab Emirates and Australia hold the potential to benefit India's textile and garment export industry, making it more competitive in global markets. These initiatives collectively underscore the government's commitment to fostering the growth and global competitiveness of the Indian textile sector.

With over 39 years of experience in the textile sector, what would you say has been your most challenging experience, and how did you overcome it?

With over 39 years of experience in the textile sector, reflecting upon the challenges and lessons learnt is insightful. Those 39 years were invigorating, continually motivating me to anticipate more decades in this industry, if God permits. The textile industry has always been at the heart of India's growth, especially after the country embraced liberalisation post-1991, when exports became pivotal. We witnessed numerous export-oriented units emerging and achieving success.

However, the real challenge was cultivating an export-oriented culture within organisations. In exports, you make a commitment, a promise to your clients. I have always believed that it is this unwavering determination and commitment that fuels the drive to honour the promises made, especially in customisation, which is my primary area of expertise. There are two main types of exports: 'made to order' and 'made to stock'. In 'made to order', personalisation is crucial. This demands an organisational culture where everyone is resolute in their commitment to timelines, quality, service levels, post-sale services, and the adaptability to the ever-evolving global demands.

Once an organisation enters the global market, it must be nimble, adapting rapidly to meet the demands of the international clientele. Such agility is especially essential as there are many stakeholders involved in the export process – like customs, the DGFT, the RBI, banks, overseas market organisations – over many of whom one does not have direct control. Flexibility becomes the key.

In my 39 years, the cornerstone of a successful export venture has been the commitment culture. This ethos differentiates the global outlook from the domestic one. Cultivating this culture, where there is a genuine pride in delivering quality products on time, has been both a challenge and a learning experience. Too often, I have witnessed a lackadaisical approach in organisations. It is essential to instil a sense of pride and passion in every employee, ensuring they view their product with esteem, especially when dealing with large global corporations with systematic working processes.

These international entities are not just clients; they are partners. Every business transaction with them aims for a mutual commercial success. Treating them as partners ensures a win-win outcome. Failing to see this mutual benefit can jeopardise the very essence of the commitment. So, the overarching lesson from my journey in textiles is that the culture of commitment and delivering on promises is paramount.

Indo Count has a focus on both domestic and overseas markets. Can you discuss the strategic considerations that guide your decisions on market diversification and entry?

Indo Count, our company, exports to over 50 countries, and through this vast experience, we have gleaned the importance of adapting to the distinct requirements of each market. Every country possesses its own culture, fashion trends, product preferences, transactional systems, and business methods. Therefore, ensuring our organisation remains flexible and adaptive is paramount for successful market diversification.

Strategically, while the US remains a prominent market for us – bolstered by our efficient operations that cater to large customers like Walmart and Target – we have also established a significant presence in other markets. We have a showroom in the UK and have expanded our reach to the European Union, Japan, South Korea, Australia and the UAE, among others. These developed nations, with their high per capita consumption of home textiles, are vital for our diversification strategy.

Beyond the well-organised US market, we have tailored our operations to cater to smaller, fragmented markets. Despite facing challenges such as the imposition of a 10 per cent duty in the UK and European Union, which our competitors from Pakistan and Bangladesh are exempted from, we have managed to hold almost 25 per cent of our business in non-US markets. We aspire to grow this segment further, targeting a 60-40 split between US and non-US markets.

Recent trends, like the surge in e-commerce, have been beneficial. Nearly 14 per cent of our revenue now stems from online sales channels. Furthermore, our domestic brands, Boutique Living and Layer, have been making steady inroads into the Indian market, a nation poised to become a $5 trillion economy. Even though India's demand landscape is diverse and fragmented, our dedicated team has succeeded in strategising distribution across various channels, including large format stores, MBOs, and private labels.

Looking ahead, while we are poised to seize more significant market shares once FTAs are established. We also recognise the growing demand from countries which are pivoting from their traditional suppliers. The prevalent strategies of 'China plus one' and now 'Pakistan plus one' open avenues for Indian textiles and our company to capture more significant market shares in non-US markets.

What are Indo Count Industries' forthcoming plans for growth, particularly in terms of new product lines, markets, or business segments?

Indo Count Industries has consistently recognised the potential in the home textiles segment. To break it down, bed linen is the primary value driver in home textiles, accounting for approximately 50 per cent of its value. Within bed linen, there are four significant categories: sheet sets, fashion bedding, utility bedding, and institutional bedding, each targeting different market segments and distribution channels.

Historically, our primary focus was on sheet sets, which consist of a flat sheet, a fitted sheet, and two pillowcases. It is a fundamental commodity for consumers. However, about four to five years ago, we began expanding into the other categories. Fashion bedding pertains to decorative filled products like comforters and quilts. Utility bedding encompasses essential items like pillows, mattress protectors, and pillow protectors. Institutional bedding caters to hotels, hospitals, and cruise lines.

To provide some context, the US market for home textiles stands at approximately $32 billion at retail value. Out of this, bed linen alone constitutes $16 billion. The remaining $16 billion is spread across other home textile products, such as towels ($2.5 billion), rugs ($1 billion), carpets ($1.5 billion), table linen, kitchen linen, curtains, upholstery, and accessories. Previously, by focusing only on sheet sets, our target market was limited to about $5 billion. By venturing into fashion, utility, and institutional bedding, we have expanded our target market by almost $10 billion.

We opted for this strategic direction instead of diversifying into already crowded smaller segments like towels or curtains. This was especially when considering the market dynamics, where China dominates the fashion, utility, and institutional bedding segments holding almost 70 per cent market share, while India possesses only 10-12 per cent. Thus, the 'China plus one' strategy becomes even more relevant in these segments.

Moving forward, our growth strategy is two-fold. On the backend, we are looking to ensure supply chain security, especially concerning cotton. On the front-end, we aim to connect with more distribution channels, like furniture stores and mattress companies, to broaden our product offerings. This dual focus ensures we expand both our market and product diversification, all while remaining committed to our core competency in bed linen.

Can you shed some light on your personal involvement in the sustainability initiatives at Indo Count, such as Project Gagan, Project Avani, and Project Anant?

Post-COVID, we recognised that supply chain reliability is paramount for a successful export-oriented organisation. Previously, cost was the primary focus, but the current decade demands an emphasis on supply chain security.

With this understanding, we decided to delve deeper into our supply chain, particularly on the cotton side, by connecting directly with farmers. By doing so, we could address multiple challenges such as fluctuating cotton prices, quality issues due to pests like ball worms, ensuring continuous yield, and preserving the soil's health. If these concerns are not addressed, the long-term stability of our business might be jeopardised.

Another pivotal aspect is traceability. The modern world demands knowledge about the origin of cotton, down to specifics about the farm, the area, and the quality levels. Ensuring the genuineness of the cotton we consume was one of the main reasons we established a direct connection with farmers.

We initiated three projects, reflecting our commitment to these challenges:

- Project Gagan focuses on Better Cotton Initiative (BCI) cotton.
- Project Avni concentrates on organic cotton.
- Project Anant is dedicated to extra-long staple cotton.

We started these projects a few years ago on a modest scale, and today, we are connected with nearly 50,000 farmers. Through blockchain technology, we have established a system that traces the cotton from its source, ensuring quality and authenticity. This ensures that the cotton we use is genuinely Indian and maintains consistent quality.

Furthermore, recognising the vital role seeds play, we have partnered with Partec, a company with 30 years of experience in seed research. Together, we are researching superior seed varieties to offer farmers, ensuring better quality crops.

For Indo Count, sustainability is not just a buzzword; it is deeply ingrained in our ethos. True sustainability means safeguarding every aspect of our business, from the farmer's well-being to ensuring consistent product quality. Our projects reflect our commitment to not just our business but also our environment, ensuring a sustainable future for all stakeholders. We constantly seek opportunities to economise, streamline processes, nurture our workforce, safeguard the environment, and reduce emissions. In essence, these measures underscore our dedication to fostering a harmonious relationship between our business and the environment.

How do you keep yourself updated with the evolving landscape of textile retail, including digital transformations like AI, AR, and VR?

In today's dynamic global landscape, it is imperative for companies to remain at the forefront of technological advances. Being connected to world-class retailers globally has given us insights into their evolving systems and expectations. To meet these demands, we have integrated robust IT solutions into our operations.

We utilise SAP in our organisation and are currently transitioning to SAP Hana, equipping our employees with a platform that facilitates superior results. As we bolster our IT team, our focus is on incorporating Artificial Intelligence (AI) into our decision-making processes.

The value of data-driven decisions cannot be overstated. We believe in basing our decisions on clear, precise, and timely information rather than relying solely on instinct. This emphasis on data ensures that we measure, analyse, and control each operational activity effectively.

Additionally, we are exploring the potentials of Virtual Reality (VR) and Augmented Reality (AR) as communication tools for engaging with our customers. By employing these digital transformation tools, we aim to enhance our interaction with the global market and present our products and services more vividly.

Internally, we prioritise educating our team on these technologies, ensuring that they can communicate externally as the world expects. Ultimately, our commitment is to absorb, adapt, and leverage these digital innovations to enhance both our operations and customer interactions.

Could you discuss your involvement in industry associations and advocacy efforts, like CITI and TEXPROCIL, and how they contribute to promoting the interests of the textile sector?

The Cotton Textiles Export Promotion Council (TEXPROCIL) and the Confederation of Indian Textile Industry (CITI) are vital bodies in the textile sector, with all the major export promotion councils associated with them. For over 70 years, TEXPROCIL has been instrumental in fostering the growth of cotton textile exports from India. It has successfully aided the development of the spinning, weaving, and made-up industries.

These organisations provide invaluable support to exporters by offering a wealth of information and resources. They act as a bridge between the industry and the government, ensuring that policy measures are both timely and beneficial for the sector. By doing so, they help stimulate growth, facilitate employment generation, empower women (especially unskilled women), and promote the establishment of new industrial clusters through schemes like MITRA, PLI, and TUFS.

With a clear vision for the future, these organisations are working on a roadmap to achieve a substantial increase in India's textile exports, targeting $100 billion by 2030. This growth aspiration is backed by comprehensive strategies to identify areas needing governmental support and areas ripe for capturing international market share.

Beyond this, these associations offer myriad opportunities for learning and self-education. They keep members abreast of policy updates, ensuring ease of business. Moreover, they facilitate interactions with government agencies to address any business challenges and ensure a conducive environment for the industry to thrive.

In essence, TEXPROCIL and CITI not only connect industry members with each other and the government, but they also play a pivotal role in influencing policy formation that benefits the sector. Their contributions have been, and continue to be, indispensable for the overall growth and evolution of the textile industry in India.

What role do your stakeholders and vendors play in achieving Indo Count's mission and vision, particularly as you strive to become a billion-dollar company?

Stakeholders and vendors are integral to the success of Indo Count. Without their support and collaboration, achieving our ambitious goals would be unattainable. They serve as major pillars in our business ecosystem, consistently assisting us in maintaining desired quality and service levels.

Our stakeholders act as critical sounding boards, providing valuable feedback and posing relevant queries that push us towards continuous improvement and growth. Their insights are invaluable, helping shape our strategies and operational tactics.

Vendors, on the other hand, enable us to meet our production and quality commitments, ensuring we consistently deliver value to our clients. Their expertise and reliability directly influence our capability to fulfil our mission and vision.

In essence, both stakeholders and vendors are extensions of the Indo Count family. They are not merely external entities but crucial partners in our journey towards becoming a billion-dollar company. Our board of directors is fully aware of their importance, and as a policy, we ensure that their interests are always considered, aiming for mutual growth and success. We believe in fostering a collaborative environment where all parties move forward in harmony, ensuring the collective success of our endeavours.

What opportunities do you see for the Indian textile industry in the international market, especially considering the shift towards more sustainable practices?

First, there is a growing demand for sustainable and eco-friendly textiles worldwide. Indian textile manufacturers can capitalise on this trend by producing organic cotton, hemp, bamboo, and other sustainable fabrics. Certifications such as GOTS (Global Organic Textile Standard) can also enhance market access.

Second, consumers are increasingly conscious of ethical and fair-trade practices. Indian textile companies can promote fair wages, safe working conditions, and transparent supply chains, which can appeal to ethically-minded consumers.

Third, Indian textile manufacturers can focus on producing value-added products such as organic and sustainable clothing lines, high-quality handwoven textiles, and artisanal fabrics, which often command premium prices in international markets.

Fourth, leveraging India’s rich heritage of textile design and craftsmanship, businesses can offer customised and unique products to international customers. This can include traditional textiles like sarees, hand-embroidered garments, and block-printed fabrics.

Fifth, manufacturers need to invest in innovative and sustainable manufacturing processes, such as waterless dyeing technologies, recycled fibres, and closed-loop production systems, to reduce the environmental impact of textile production.

Sixth, there is a need to collaborate with international fashion and retail brands to supply sustainable textiles and garments. Many global brands are seeking reliable and sustainable suppliers to meet their ethical sourcing goals.

Seventh, textile producers can explore emerging markets and niche segments that have a growing appetite for sustainable textiles. For example, sportswear, athleisure, and activewear made from sustainable materials are gaining popularity.

Eighth, manufacturers need to embrace digital marketing strategies and e-commerce platforms to reach a broader international audience. Establishing an online presence can help Indian textile companies connect with consumers directly.

Finally, businesses should take advantage of favourable trade agreements and tariff concessions to access international markets with reduced trade barriers.

What are the key challenges currently faced by the textile industry in India, and what solutions do you propose?

Challenges

Global Competition: Indian textile manufacturers face stiff competition from countries with lower labour and production costs. This can make it challenging to remain competitive in the international market.

Lack of Technology Adoption: Many Indian textile mills still rely on outdated machinery and processes. This results in lower productivity and higher production costs.

Environmental Concerns: The textile industry is known for its high water and energy consumption, as well as the generation of significant waste and pollution. Compliance with environmental regulations is a growing concern.

Supply Chain Disruptions: The COVID-19 pandemic exposed vulnerabilities in the textile supply chain, particularly with regards to sourcing raw materials and disruptions in global logistics.

Skill Gap: There is a shortage of skilled labour in various segments of the industry, from design and technology to manufacturing and quality control.

Proposed Solutions

Technology Upgrade: Invest in modern machinery and automation to improve productivity, reduce costs, and ensure consistent product quality. Research and Development: Encourage research and development efforts to create innovative textiles, sustainable materials, and production processes.

Sustainable Practices: Adopt eco-friendly production methods, such as water recycling, waste reduction, and renewable energy sources, to meet environmental regulations and reduce long-term costs.

Skill Development: Establish training programmes and partnerships with educational institutions to bridge the skill gap in the workforce and promote vocational education.

Supply Chain Diversification: Diversify supply chain sources to reduce dependence on a single region or country, minimising the impact of future disruptions.

Government Support: Collaborate with government agencies to develop policies that promote investment in the textile industry, such as tax incentives, export subsidies, and infrastructure development.

Market Diversification: Explore new markets and expand product offerings to reduce dependence on a single type of textile or market segment.

Digitalisation: Implement digital tools and platforms for supply chain management, customer engagement, and marketing to enhance efficiency and competitiveness.

Collaboration: Foster collaboration between industry stakeholders, including manufacturers, designers, and policymakers, to address common challenges and promote sustainable growth.

Consumer Education: Educate consumers about the environmental and social impact of their clothing choices to drive demand for sustainable and ethically produced textiles.

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