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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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Currency Watch			
USD	EUR	GBP	JPY
83.34	90.00	105.10	0.57

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INTERNATIONAL NEWS

Sustainability issues wear out global denim segment

After the crazy times of Covid, the way we see denim is changing. Now, everyone's into being eco-friendly and thinking more about the planet. The fashion world, dealing with money ups and downs and global issues, isn't growing as fast. Big clothing companies had big plans for denim, but now it's not the superstar anymore; it's more about keeping things steady.

Even fancy brands are all about going green. Making denim, it turns out, isn't great for the environment. Levi Strauss spilled the beans on making their famous 501 jeans – it takes a whopping 3,000 liters of water and pumps out 20 kg of carbon dioxide and other gases before it even hits the store. Growing the cotton needed for jeans uses lots of pesticides and fertilizers, which aren't good for people or the planet. And forget natural indigo dye – now it's all synthetic, with nasty stuff like formaldehyde and cyanide.

In some poorer countries where they make jeans, they let the leftover dye go into rivers and seas. And making cool-looking jeans involves more chemicals like sandblasting, stonewashing, and acid-washing. It's a real mess for the environment. Indeed, the denim world needs to rethink things to keep up with the push for a more eco-friendly future.

Slowdown in global market growth

As per the 'Global Strategic Business Report on Denim Jeans' published by GlobeNewswire, global denim jeans market, valued at approximately $70.1 million last year, is projected to touch about $114.6 million by 2030.

This represents a 6.3 per cent compound annual growth rate (CAGR) during the 2022-2030 forecast period. However, the growth is facing obstacles due to sustainability concerns, disruptions in global supply and distribution chains, and consumers tightening their purse strings.

In 2022, the denim jeans market in the US was estimated at $20 million, a front-runner in this sector. China, bouncing back strongly in post-Covid as the world's second-largest economy, is expected to reach a market size of $25.9 million by 2030, at an impressive 8.9 per cent CAGR over the forecast period.

Other countries contributing significantly to denim market sales include Japan, growing at 3.4 per cent, and Canada, at 5.1 per cent. Within Europe, Germany is anticipated to grow at 3.9 per cent CAGR. Despite these positive projections, challenges such as sustainability issues and supply chain disruptions are influencing the trajectory of the global denim market.

Trade shows boost sustainably awareness

However, even in this scenario, denim trade shows are still happening worldwide, although many in the industry are unsure about the future of this market. The Denim Premiere Vision Trade Show, a major event in Milan held in November, drew approximately 2,322 attendees – a 15 per cent increase from 2022. And despite the turnout, some exhibitors reported a dip in sales, with an overall decrease of around 20 per cent in 2023.

The current fashion scene showcased a comeback of vintage and worn-in styles, featuring loose-cut full cotton designs rather than the previously popular skinny jeans. Stretch denim seems to be taking a backseat.

A standout player in sustainability, Milan-based Pure Denim, a leading luxury denim fabric developer known for innovation, shone the spotlight on its exclusive Smart Indigo dye technology. This process involves an electrochemical application followed by a protective coating derived from orange peel and a finishing touch via the EcoSonic ultrasound system and other cutting-edge natural methods.

Indeed, these high-profile trade shows serve as crucial platforms for denim suppliers to connect with premium and luxury brands globally, signaling a renewed interest in this segment. With growing emphasis on eco-friendly manufacturing practices that reduce pollution, water, and energy use, many global denim brands are paving the way for a more sustainable future in the denim industry, promising long-term profitability.

Source: fashionatingworld.com– Dec 04, 2023

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Australia's current account deficit shrinks in Q3 2023

Australia's current account balance decreased by $7.9 billion, resulting in a modest deficit of $0.2 billion in the September quarter (Q3) of 2023, according to the Australian Bureau of Statistics (ABS). This shift comes amid various changes in the nation's trade and investment activities.

A significant factor in this development is the $8 billion drop in the balance on goods and services, which now stands at $22.8 billion. Concurrently, the net primary income deficit saw a slight improvement, narrowing by $0.4 billion to $22.3 billion. Australia's terms of trade also experienced a decline, falling 2.6 per cent during the quarter.

The country saw a decrease in the exports of goods by 3.1 per cent, primarily due to reduced prices. However, the export of services told a different story, rising for the seventh consecutive quarter by 2.7 per cent. On the other hand, imports of goods and services saw an increase of 3.3 per cent, as per ABS.

The primary income deficit's narrowing to $22.3 billion can be attributed to lower profit results, a consequence of heightened cost pressures experienced in the first half of the year.

In the financial sector, Australia recorded a surplus of $3.4 billion. However, the $3.7 billion fall in net trade is projected to negatively impact the September quarter's GDP, potentially reducing it by 0.6 percentage points.

Another notable aspect of the quarter was Australia's net international investment liability position, which decreased by $27.8 billion to $814.7 billion. This reduction is primarily due to a more substantial increase in Australia's foreign assets compared to its foreign liabilities.

"The current account deficit reflected a reduced trade surplus, driven by falls key export commodities prices, while the net primary income deficit narrowed slightly," said Grace Kim, ABS head of International Statistics.

Source: fibre2fashion.com– Dec 06, 2023

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Experts Address What 'Huge Gap' in AI Policy Means for Apparel Brands

President Biden's October executive order related to artificial intelligence does not directly affect brands and retailers in the fashion and apparel space. Instead, it outlines requirements that large technology companies, those supplying the U.S. government with technology, and healthcare providers must follow.

But brands and retailers shouldn't act as though they've been totally let off the hook, experts say. Regulations related to privacy and data could be ahead in 2024.

Stacy Marcus, partner with New York-based law firm Reed Smith, said the responsibility of supervising AI likely will fall to agencies like the Federal Trade Commission (FTC); the executive order, she said, doesn't offer much in the way of actionable guidance for brands.

"The executive order, while a great headline that shows the American people that the federal government is watching and concerned about these sorts of technologies… puts in these standards largely that are not applicable to brands," Marcus told Sourcing Journal. "I think that the real, meaningful guidance will ultimately come from regulators—either agencies or legislatures—and hopefully agencies because they have a little bit more time and energy and are a little bit deeper into a specific category."

That, she she, is partly because it would be extremely difficult for the federal government to hand out one solid set of regulations around AI due to its vastly different use cases in different industries.

Regulatory entities like the FTC have already begun evaluating AI's impact on consumers and are working to provide information and guidance.

In October, the FTC held a roundtable to learn more about AI's impact on creative fields; in an August blog post, it outlined some tips for companies offering consumer-facing digital products that integrated AI.

Ilana Golbin Blumenfeld, PwC's responsible AI research lead, said the FTC and other government agencies may outline regulations related to privacy, transparency and accountability and oversight in the future. Though nobody has a crystal ball on what could be coming brands' way, she said, the government has a track record of taking a hard look at privacy concerns.

"The government has historically had a very strong focus on consumer protection as a core tenant of a lot of their initiatives. The Blueprint [for] an AI Bill of Rights that came out several months ago, before the executive order, also reaffirmed that consumer protection, privacy, those types of attributes," she said. "Organizations that are using AI systems really could be looking at their existing practices around privacy and the practices that could potentially impact customers in a negative way, and [those] would be areas to focus on."

And as brands continue to implement AI into their inventory systems, customer experiences, trend forecasting and more, maintaining a strong governance structure and mindful risk mitigation practices will be paramount to success with the technology, she noted.

That includes oversight of third-party providers integrating AI solutions into a brand's systems, especially when using proprietary data.

"The most important thing from my perspective is having a clear set of roles and responsibilities. AI governance is not something that neatly falls into the purview of one existing stakeholder within the enterprise," Golbin Blumenfeld said. "Many organizations are trying to operate AI governance by committee, which is a great way to get started—to get voices involved from different perspectives from different facets of the enterprise—but you do need to have accountable parties and responsible parties for different portions of the risk management and data governance programs."

Data from Aptean shows 38 percent of fashion and apparel brands are using AI in their operations, with an additional 27 percent saying they're investigating how it can be implemented.

The data shows brands have most interest in the following use cases: data analytics, decision-making and predictive analytics; customer service; manufacturing; automation and supply chain management.

But generative AI could later help designers create styles with greater speed. Currently, Marcus noted, a lack of regulation on copyright procedure could be hindering brands' interest in using generative AI for design.

The U.S. Copyright Office is currently collecting feedback on the connection between copyrights and AI until Dec. 6. Earlier this year, a district court upheld the office's refusal to grant copyright to works that have been 100 percent generated by AI. The office has said that creative works created by AI alone cannot be registered under copyright, but it's possible that AI-assisted human work could be.

The lack of clarity around what can and cannot be registered creates an issue for brands interested in using generative AI to bolster their design processes, Marcus said.

"I think that the problem for most brands is there are very few things that are completely 100 percent AI generated, and then there's a ton of stuff in this gray area where the question remains as to how much human involvement is required in order to obtain protection and as a brand," Marcus said. "You want to make sure that whatever you're investing in, is protected or protectable. I think that that's a huge gap, and one where the policy gives us no directive; the laws give us no directive."

Source: sourcingjournal.com– Dec 05, 2023

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China's renewable energy capacity surges in Jan-Oct 2023

China's recorded 1.4 billion kilowatts in total installed capacity of renewable energy by the end of October this year, according to the latest data from the National Energy Administration. This marks a substantial 20.8 per cent increase compared to the previous year.

This growth signifies that renewable energy now constitutes 49.9 per cent of China's total installed power generation capacity.

During the first 10 months of 2023, power generation from renewable sources in China achieved another breakthrough, reaching 2.33 trillion kilowatt-hours. This accounts for 31.8 per cent of the total power generation in the country during the same period.

The National Energy Administration predicted that the installed capacity of renewable energy in China is expected to exceed 1.45 billion kilowatts by the end of the year.

Source: fibre2fashion.com– Dec 05, 2023

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Chinese firm to invest $89 mn for factory in Bangladesh's Mongla EPZ

Chinese firm Yun Sheng BD Co Ltd has inked an agreement with Bangladesh Export Processing Zones Authority (BEPZA) to establish a factory in Mongla Export Processing Zone (Mongla EPZ). The deal, signed yesterday, involves an investment of $89 million.

Yun Sheng BD's project encompasses the production of textiles, garments, and accessories within Mongla EPZ, marking a significant milestone for the region. The investment amount is the highest ever proposed by a single company for a factory within Mongla EPZ, BEPZA said in a media release.

The company's manufacturing portfolio will include a wide range of products such as woven/knitted fabrics, padding, quilting, printing fabrics, embroidered fabrics, coated fabrics, laminated fabrics, various tapes, knit and woven garments, and more. Importantly, this venture will generate employment opportunities for 5,421 Bangladeshi nationals.

The agreement signing ceremony took place at BEPZA Complex, Dhaka, with Ali Reza Mazid, member (investment promotion) of BEPZA, and Ji Lai Yang, managing director of Yun Sheng BD, sealing the deal. BEPZA executive chairman Major General Abul Kalam Mohammad Ziaur Rahman, ndc, psc, was present to witness the occasion.

Mongla EPZ has emerged as an attractive investment destination, particularly after the opening of the Padma Bridge. In fiscal 2022-23, the zone attracted a total investment of $61 million, double the target. BEPZA recently signed lease agreements with five companies, including Yun Sheng BD Ltd, with a proposed investment of $142.7 million following the bridge's opening, the release added.

Currently, approximately 15,000 Bangladeshi nationals are employed in the 31 operational industries within Mongla EPZ. The zone has accumulated a total investment of $205 million and achieved impressive exports amounting to $1,169 million.

Source: fibre2fashion.com– Dec 04, 2023

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Bangladesh: Fund, tech and policy support needed for circular economy in textile sector

Bangladesh's textile sector needs adequate funds, technology and policy support to ensure a circular economy, which will be a major requirement to export products to western countries in upcoming years, experts said yesterday.

A circular economy is a system where materials never become waste and nature is regenerated. In a circular economy, products and materials are kept in circulation through processes involving maintenance, refurbishment, reusing, remanufacturing, recycling, and composting.
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Remarking that the RMG sector was already facing a crisis given tight margins and the slowdown in the global economy, Asif Ibrahim, a director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), questioned how entrepreneurs would finance adequate investment for the development of a circular economy.

"It is going to be extremely difficult to finance the investment," he said while speaking at a workshop titled "Advancing Circular Textiles Policies in Bangladesh", organised by Policy Exchange and Chatham House with support from the United Nations Industrial Development Organization (UNIDO).

The event was held at the auditorium of the Metropolitan Chamber of Commerce & Industry (MCCI), Dhaka.

Brands need to be engaged in this process because such business practices will lead to additional costs and the government also needs to incentivise firms to use sustainable raw materials, he added.

Circular economy is a priority for the European countries as they are committed to reducing carbon emissions and building sustainable supply chains, said Edwin Koekkoek, team leader for Green Inclusive Development at the delegation of the European Union to Bangladesh.

Sustainable business practices are essential to fight climate change and reduce pollution, especially in the textile sector, which is one of the sectors that contributes the most to carbon emissions, he added.

Vidiya Amrit Khan, a director of the BGMEA, said the government needed to frame guidelines for the transition.

"We need to define the responsibilities of each stakeholder in waste management," she said, adding that financing the required investment was a big issue, so financial institutions should come forward with low rates.

She also said the government should provide incentives for sustainable business practices, adding that the waste management system was mostly driven by an informal sector controlled by powerful political people. "So, here political support will be necessary," she added.

Patrick Schröder, senior research fellow of Chatham House, said the country needed to develop specific industrial guidelines applicable for post-industrial waste in the RMG sector, covering all aspects of waste management from waste reduction, sorting and collection to the use of alternative materials.

He also proposed to improve the tax environment, provide incentives for investment, adjust tariffs for jhoot trade, promote investment by providing loans, raise awareness among stakeholders, and implement existing waste management regulations in the jhoot sector.

Masrur Reaz, chairman and CEO of Policy Exchange Bangladesh, said a circular economy could expedite exports of the RMG sector.

He added that this issue needed to be prioritised since western nations and the brands have their own commitments and targets to reduce carbon emissions.

Consequently, countries and brands will not buy products from factories that fail to ensure environmental, social, and corporate governance in their firms even if they offer products at lower prices, he added.

Zaki Uz Zaman, country representative of UNIDO, Shams Mahmud, former president of Dhaka Chamber of Commerce and Industry, and

Abdur Rahim Khan, additional secretary of Ministry of Commerce, also spoke at the event.

Hasnat Alam, economist & senior manager of Policy Exchange, said the main barriers to the transition are the existing informality in the waste collection sector, limited technological capacity and infrastructure, and the huge investment required for specialised machinery and recycling materials.

He recommended learning from other countries and focusing on research and development for a smooth transition.

Source: thedailystar.net– Dec 04, 2023

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Bangladesh's exports rise 27% MoM in Nov; apparel exports up 28% MoM

Bangladesh’s exports increased by 27 per cent in November this year to $4.78 billion compared to October amid higher demand for clothing in the Western markets due to onset of the festive season. The figure was a drop of 6.05 per cent year on year (YoY).

Apparel exports were worth $4.05 billion in November, 28 per cent higher than October's $3.16 billion, according to Export Promotion Bureau (EPB) data released recently.

Central bank figures show a 2.4 per cent fall in remittance inflow in November than the previous month.

The reasons for lower export earnings this year in the garment sector compared to the same period last year are slowdown in global apparel demand, a fall in unit price and a disruption in production due to workers unrest in November, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Faruque Hassan was quoted as saying by a domestic newspaper.

The trend of higher exports is expected to continue in the coming months as the peak sales season in Europe and America will run till January end.

The overall export earnings in October this year were $3.76 billion—a 26-month low.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) executive president Mohammad Hatem is hopeful of a positive trend in businesses by next year if the political situation does not worsen.

Source: fibre2fashion.com– Dec 05, 2023

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Bangladesh hosts 204 green RMG factories

Two hundred and four garment factories in Bangladesh boast of the US Green Building Council's (USGBC) LEED certification for being friendly with the environment.

These include 74 platinum-rated and 116 gold-rated factories.

Two more garment factories in the country have obtained green building certification from the USGBC in the platinum (Integra Dresses Ltd) and gold category (SM Accessories) in recent months, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Twenty two new factories were certified in just the past six months, including 14 platinum and 8 gold.

Fifty four of the world's top 100 LEED green factories are now located in Bangladesh, including 9 of the top 10 and 18 of the top 20.

The country achieved 30 green building certifications in 2022, while 550 more factories are in the pipeline to get the LEED certification.

USGBC honours factories based on several criteria such as transformation performance, energy, water, and waste management. The best performers are rated with platinum, followed by gold and silver.

Despite a shortage of orders across the world, Bangladesh garment manufacturers are still receiving orders due to their green factories, BGMEA director Mohiuddin Rubel was quoted as saying by domestic media outlets.

Source: fibre2fashion.com– Dec 05, 2023

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NATIONAL NEWS

India set to become 3rd largest economy by 2030, says S&P Global

S&P Global has projected that India would become the third largest economy in the world by 2030.

Based on IMF data, India is currently placed at the fifth slot with the size of its economy at over $3.7 trillion. The list has US (around $27 trillion) on top followed by China (around $17.7 trillion), Germany ($4.4 trillion) and Japan ($4.2 trillion).

Rapid expansion

"India is set to become the third largest economy by 2030, and we expect it will be the fastest growing major economy in the next three years," S&P Global said in its Global Credit Outlook 2024 report titled, 'New Risks, New Playbook.' Earlier, S&P Global Market Intelligence had said that India's nominal GDP measured in USD terms is forecast to rise from $3.5 trillion in 2022 to $7.3 trillion by 2030. This rapid pace of economic expansion would result in the size of the Indian GDP exceeding Japanese GDP by 2030, making India the second largest economy in the Asia-Pacific region.

These remarks support the confidence expressed by Prime Minister Narendra Modi who has repeatedly said that India would soon be the third largest economy in the world.

In his address at 20 Years' Celebration of Vibrant Gujarat Global Summit this September, the PM had said: "Now we are standing at a turning point where Bharat is going to become a global economic powerhouse. Now this is Bharat's guarantee to the world and my guarantee to you too. You will see before your eyes; within a few years Bharat will be among the top 3 largest economies of the world. This is Modi's guarantee."

Meanwhile, according to the agency, a paramount test will be whether India can become the next big global manufacturing hub, an immense opportunity. Developing a strong logistics framework will be key in transforming India from a services-dominated economy into a manufacturing-dominant one. "Unlocking the labor market potential will largely depend upon upskilling workers and increasing female participation in the workforce. Success in these two areas will enable India to realise its demographic dividend," it said.

It felt booming domestic digital market could also fuel expansion in India's high-growth start-up ecosystem during the next decade, especially in financial and consumer technology. In the automotive sector, India is poised for growth, building on infrastructure, investment, and innovation. Overall, Mexico is not the only EM that could benefit from the reconfiguration of global-supply chains. "Countries with strong and stable trade ties with the US, such as Vietnam and India, are also gaining attention in this area," it said.

The agency expects India to grow at 6.4 per cent during current fiscal which is 40 basis points higher that previous forecast. For FY25, the projected growth rate is also 6.4 per cent, but it us 50 basis points lower than earlier projection. Forecast for FY26 and FY27 are 6.9 and 7 per cent, respectively.

Source: thehindubusinessline.com– Dec 05, 2023

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India and Oman begin talks on Free Trade Pact

India's exports to Oman could soon get duty concessions with the two sides having begun talks for a free trade agreement.

Mineral fuels, inorganic chemicals, compounds of precious metals and iron and steel are India's top exports to Oman while oil, fertilisers and plastics are the top imports.

Officials said that the negotiations will be fast tracked and the pact could be on similar lines as the one with the UAE. India's exports to Oman in April-September FY24 were $2 billion and imports were $2.1 billion.

"Discussions have started and the agreement would be a comprehensive one," said an official. The government has identified petroleum products, gems and jewellery, engineering products, pharmaceuticals, cement and ceramic products, ready made textiles, and footwear as some goods with scope for more trade with Oman.

India could also push for fast tracking the approval for Indian pharma products that are already registered by the US Food and Drug Administration (USFDA), UK drug regulator MHRA and European Medicines Agency, similar to a provision in its trade pact with the UAE.

Both Oman and the UAE are part of the Gulf Cooperation Council with which India aims to ink a trade pact. Besides duty concessions, the commerce and industry ministry is also analysing non-tariff barriers and product-specific rules as part of the India-Oman Comprehensive Economic Partnership Agreement (CEPA) negotiations.

Source: economictimes.com– Dec 06, 2023

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Understanding, meeting quality standards of US, EU: A primer for Indian textile exporters

Textile and apparel exporters from India will need to prioritise the use of sustainable raw materials, establish traceability from farm to finished product, switch to energy-efficient manufacturing processes and set in place fair labour practices. By doing so, they not only align with the values of discerning consumers but also enhance their competitiveness in these markets.

In today's globalised economy, India's textile and apparel industry plays a vital role in the nation's economic growth. As Indian manufacturers and exporters continue to make a mark in the United States and the European Union markets, they face newer challenges. While stricter ESG (Environmental, Social, and Governance) norms, evolving consumer preferences and rapid geopolitical shifts make the challenges more pronounced, they also present opportunities to up their game by meticulously adhering to the regulations in order to make way for smooth trade.

Both the US and the EU prioritise not only the safety of their consumers but also stringent environmental standards. The US enforces rigorous quality checks, including ensuring textiles are free from harmful substances under the Consumer Product Safety Improvement Act (CPSIA).

Similarly, the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation mandates that garments and apparel must be free from harmful chemicals. In addition to safety protocols, sustainable practices and ethical manufacturing methods have become integral quality standards, with frequent updates reflecting the industry's evolving priorities.

Consumers in both the US and EU are increasingly conscious of their global footprint, influencing their shopping preferences. Hence, textile and apparel exporters from India will need to prioritise the use of sustainable raw materials, establish traceability from farm to finished product, switch to energy-efficient manufacturing processes and set in place fair labour practices. By doing so, they not only align with the values of discerning consumers but also enhance their competitiveness in these markets.

Another critical aspect, often overlooked by Indian manufacturers, is apparel sizing. The US and EU markets follow different sizing systems, and misalignment in this area can lead to significant commercial losses. Indian exporters should invest in accurate size charting specific to each geographic location to meet consumer expectations and ensure a seamless fit, paramount for success in these markets.

Differences in textile labelling requirements also pose a challenge. In the US, labels must include details such as fibre content, country of origin, care instructions and the manufacturer's identity. The EU mandates similar details but includes a symbol indicating the product's care based on an international care labelling code.

Adhering to this array of standards may appear daunting, but Indian garment manufacturers can rise to the challenge. Investing in stringent quality control measures and continuous learning and adaptation can help navigate this complex landscape. Implementing international third-party testing protocols can ensure product safety and instil trust in the brands the manufacturers are associated with.

Manufacturers may also consider acquiring internationally recognised certifications such as OEKO-TEX, WRAP, or GOTS, dedicated to promoting sustainable and ethical practices in textile manufacturing. These certifications serve as global recognition of the company's commitment to superior quality and responsible manufacturing.

However, understanding and meeting quality standards is not enough. To harness the potential of the international markets, garment manufacturers need a proactive approach by staying updated with evolving consumer preferences. This is where robust research and development (R&D) initiatives play a crucial role. Developing innovative materials, setting up advanced manufacturing processes, and integrating cutting-edge technologies contribute immensely to building a comprehensive strategy that would determine the industry's success.

In the sphere of fibres and materials, R&D efforts focus on developing sustainable and high-performance textiles with specific functionalities tailored to diverse applications. This includes synthetic fibres, nanomaterials, biopolymers, and advanced coatings that exhibit properties such as flame resistance, UV protection, moisture-wicking, antibacterial characteristics, and strength for various sectors like agriculture, construction, sports apparel, and healthcare.

Further, state-of-the-art machinery, automation, and digital technologies need to be leveraged to optimise production efficiency, ensuring precision in fabrication while minimising the environmental footprint.

As the industry continues to evolve, India remains a key player in the global apparel export market, with over 44% of clothing exports destined for the US and EU markets. With the right approach and commitment to quality, Indian apparel exporters are well-positioned to flourish in these lucrative markets. Quality standards in the US and EU should be viewed as a journey towards achieving superior quality, sustainability, and consumer delight.

By embracing this mindset and fully committing to excellence, Indian apparel exporters can establish the "Made in India" tag as a symbol of premium quality and trust globally. Going the extra mile in understanding, adhering to, and exceeding these standards will solidify their presence and reputation in these highly competitive markets.

Source: economictimes.com– Dec 05, 2023

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Export-linked e-tailing may get FDI support

The government is learnt to have resolved to allow foreign direct investment (FDI) in inventory-based models of e-commerce, subject to the rider that these will be solely aimed at export markets.

According to an official source, while the key ministries of finance and commerce & industry have come to a common position this regard, the two have also identified a few potential impediments in the implementation of the proposed policy and are exploring ways to address them.

“A lot of background work is required at multiple levels to enable the functioning of the proposed new framework for the sector,” the official told FE on Tuesday.

At present, FDI is not allowed in e-commerce where the platform operators are also the sellers. Also, a foreign manufacturer is permitted to sell its products manufactured in India through e-commerce retail. Another way FDI can now flow into retail e-commerce business is through single brand retail trading entities operating brick and mortar stores.

“The policy (permitting FDI in e-commerce meant for exports) is in the final stages… There is an understanding that this restriction (on holding of inventory by e-tailers) should not be applicable to exports,” the official who did not wish to be named said, while declining to give a timeline on when the policy could be formalised.

The government expects exports through e-commerce would account for $200 billion of the $1 trillion worth of goods exports from India by 2030. Allowing bigger e-commerce players like Amazon greater freedom to export from India would enable domestic producers including farmers and small artisans, product owners to access the global markets. “It does not create any competition with the local players or small retailers so it is a win win for everyone,” the official added.

The government has recently tied up with Amazon for capacity building of small enterprises for exports in 20 districts. Similar agreements are expected with other large e-commerce players.

The easing of rules would require amendment in the Press Note 3 (2016 series) of the Department for Promotion of Industry and Internal Trade.

Apart from the enabling changes in the FDI rules, adjustments would have to be made on other laws too so that this change can be implemented.

The first change would require detailed guidelines on how e-commerce companies will keep the inventory for exports separate from their other operations. There could be a mechanism like a custom bonded warehouse strictly separated from the domestic tariff area (DTA) and markets. After getting entry into that bonded space, the product cannot be allowed to re-enter the DTA.

Also, a mechanism would have to be created for managing returns of goods exported through e-commerce, which would be anywhere between 15-20%. Allowing entry of these goods back into the bonded warehouse without gaining access to the DTA would require detailed guidelines and procedures, the source said, adding that consultations were on with the department of revenue in this regard.

According to the rules of Foreign Exchange Management Act, export proceeds have to be brought back to India within 270 days which might not happen in the case of e-commerce exports so here too , new rules would be required.

The Reserve Bank of India will have to vet these too.

Another issue would be providing flexibility on pricing which is a key for e-commerce. Discounts or price increase after declaring export price would have to be enabled in e-commerce exports for which RBI has to be approached. In other exports flexibility of up to 10% is allowed either way to the export price.

Source: financialexpress.com– Dec 06, 2023

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61st Network Planning Group Meeting under PM GatiShakti

Marking two years of PM GatiShakti National Master Plan (NMP), the 61st Network Planning Group (NPG) meeting was held under the chairpersonship of Special Secretary (Logistics), Department for Promotion of Industry and Internal Trade (DPIIT), Smt. Sumita Dawra on 01st December 2023 in New Delhi. The meeting reviewed the status of (i) mapping of existing and proposed economic zones at NMP platform and (ii) 100 identified critical infrastructure projects.

Participation from over 60 officials of concerned Ministries/Departments was observed, including the Ministry of Road Transport and Highways, Ministry of Railways, Ministry of Ports, Shipping and Waterways, Ministry of Power, Department of Telecommunications, Department of Pharmaceuticals, Ministry of Fisheries and Animal Husbandry and Dairying, Ministry of Electronics and Information Technology, Ministry of Textiles, National Industrial Corridor Development Corporation (NICDC), Ministry of New and Renewable Energy, and NITI Aayog.

Special Secretary (Logistics), DPIIT highlighted the notable achievement of PM GatiShakti National Master Plan (NMP) such as onboarding of 39 individual line Ministries and 36 State/UT, uploading of 1463 data layers from Central Ministries and States/UTs and development of tools and use cases by the Ministries as well as States on NMP. Further, a 'Compendium of PM GatiShakti' showcasing 8 best use cases was launched on 13th October 2023.

The National Master Plan has facilitated the various Ministries in identification and prioritization of critical gap infrastructure projects for FY 2023-24. Also, a budget allocation of Rs. 75,000 Crores was made in the Union budget FY 2023-24 for one hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors.

Special Secretary (Logistics), DPIIT emphasised that over 1300 infrastructure projects were envisaged as part of the PM GatiShakti initiative across diverse Ministries/Departments for comprehensive infrastructure planning, ensuring inclusive growth. Further, mapping of existing and proposed economic zones on NMP such as PM MITRA Parks under Ministry of Textiles, Mega Food Parks under Ministry of Food Processing Industries, SEZs, etc., are crucial.

In the course of the meeting, various Ministries/Departments shared the status of projects. The Ministry of Textiles mapped eight (8) sanctioned PM Mitra Parks on the NMP portal. Department of Pharmaceuticals reported the successful completion of 129 Pharma clusters and 23 medical device cluster projects. Department of Animal Husbandry and Dairying has mapped all training institutes across India. The Ministry of Railways and the Ministry of Road Transport and Highways presented details on commissioned and ongoing projects, with an emphasis on critical infrastructure. NICDC furnished an update on 13 identified projects; and featuring a presentation on the NMP portal's utilization to ensure multimodality and last-mile connectivity to Dholera. Other Ministries/Departments also provided updates on their respective projects.

Special Secretary (Logistics), DPIIT recognized substantial progress in mapping of the projects on the portal. Further, emphasis was placed to extensively utilize the PM GatiShakti portal for identifying first and last-mile connectivity gaps to new and emerging economic nodes. The projects identified under PM GatiShakti are catalysts for economic activities, facilitating the seamless movement of goods and services and attracting and de-risking investments for enhanced productivity and demand-led approach to infrastructure development.

Source: pib.gov.in– Dec 05, 2023

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Pilot study aims at quantum jump in cotton output

India will extend a pilot study targeted at increasing output of cotton farms beyond January 2024, enthused by the preliminary results of a 20-25% gain in productivity.

The average productivity of Indian farmers is around 450 kg per hectare, with some states having a productivity of around 750 kg per hectare. However, this is still lower than 1,500-2,200 kg per hectare witnessed in countries like Brazil and Australia.

The government is keen to bring productivity of Indian farmers on par with the Western ones and the Ministry of Textiles started the pilot study last year in association with the Ministry of Agriculture and the Indian Council of Agricultural Research. "The initial estimates look promising, and we would in all likelihood extend the pilot," an official, familiar with the development, told ET.

The pilot is currently running 15,000 farmers across 10 states. "The pilot is yielding good results and industry has also recommended its extension," said an official, explaining that interventions such as high- density planting systems, closer spacing and Extra Long Staple cotton cultivation are being undertaken.

The government is looking at the best practices from across the states, which can then be implemented nationwide," the official said. While India's cotton yield had risen 44% to 554.4 kg per hectare in 2007-08 from 307.7 kg per hectare in 2001-02, it has since declined. In 2023-24, India's cotton yield is likely to be 429.1 kg per hectare.

Source: economictimes.com– Dec 06, 2023

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Indian cotton prices drop to 2-year low on slack demand

Cotton prices in India have declined to a two-year low on slack demand due to economic woes in western nations, particularly the US and UK, traders have said.

“There is practically no demand for cotton despite a low crop, which is in the range of 300 lakh bales (of 170 kg), including the carryover stock from last year. But the demand for garments in western countries is slack due to economic troubles,” a source working for a multinational trading firm said. Hence, mills are not ready to buy even if farmers are willing to sell kapas (unprocessed cotton) at ₹7,000 a quintal

“There is no parity for kapas. While kapas arrivals are low, the low offers from spinning mills is proving to be a dampener,” said Anand Popat, a Rajkot-based cotton, yarn and cotton waste trader.

“Cottonseed prices have dropped below ₹3,000 a quintal, while the price of ginned cotton is down to ₹56,000-55,000 a candy (356) due to lack of demand,” said Ramanuj Das Boob, a sourcing agent for multinationals based in Raichur, Karnataka.

CCI MSP buys

Raw cotton prices have now dropped to ₹7,200-7,300 a quintal and in some cases to the minimum support level of ₹7,020 a quintal for long staple cotton and . “It is at a level that farmers have not seen the last two seasons,” Das Boob said.

Currently, Shankar-6 cotton, the benchmark for exports, is quoted at ₹54,850 a candy (356 kg) in Rajkot, Gujarat. On the other hand, at Rajkot agricultural produce marketing committee (APMC) yards, raw cotton is quoted at ₹7,100 a quintal.

In the global market, cotton futures on InterContinental Exchange, New York, are currently quoted at 78.25 US cents per pound (₹51,600 a candy). The drop in cotton prices has resulted in the Cotton Corporation of India (CCI) producing 2.5 lakh bales (170 kg each) from growers at MSP. It has so far spent over ₹900 crore in these purchases.

Polls delay arrivals

"CCI purchases are not much compared to the arrivals of 58 lakh bales till now. Last week, about 9 lakh bales arrived across various APMCs in the country. Daily arrivals were 1.1 lakh bales to 1.3 lakh bales," Popat said.

"Arrivals have been low till now due to elections in Madhya Pradesh and Telangana. Now that they are over, arrivals will pick up and peak. This could put further pressure on prices," Das Boob said.

Popat said spinning mills are facing problems with yarn prices declining. "Prices of CCH-30 (combed cotton hosiery) yarn have dropped to ₹230 a kg from ₹245 a month ago. There is no yarn movement," he said.

Indian Texpreneurs Federation (ITF) Convenor Prabhu Dhamodharan said cotton prices are gradually bottoming out in alignment with actual demand trends.

Challenging situation

An estimation based on the utilisation survey of 5 million spindles in Tamil Nadu and survey reflects that overall in South India, yarn output in November dropped approximately by 17 per cent in South India, he said.

"The current situation is challenging for a lot of spinning mills. Yarn production was lower in this region by about 3.5 to 4 to crore kg during November compared to the peak utilisation levels. Also, 200 mills in the southern region are using 10-20 per cent viscose to produce blended yarn," Dhamodaran said.

Low prices could encourage buying by exporters. "Exporters will start showing interest once prices drop to levels of ₹54,500-55,000 a candy. Right now, only Bangladesh is buying," Das Boob said.

"About 3.5 lakh bales have been picked up for exports. But shipments of cotton and yarn are less," Popat said.

Non-cotton fibres growth

Dhamodharan said two factors will keep cotton prices under check over the next few months. "Reduced production by the spinning sector to the tune of 15-20 per cent in major consuming States such as Tamil Nadu in the current quarter and increasing trend of spinners making synthetic and cellulosic fibres blended yarn will rein in prices for next few months," he said.

Non-cotton fibre sales from manufacturers showing healthy year-on-year growth. The ITF Convenor said the trade expects less volatility during the current season to September 2024. There will be a more stable trend within the ₹1,000-1,500 per candy fluctuation, which is a very basic necessity for the entire value chain's export competitiveness and performance.

The source working with the multinational firm, who did not wish to be identified, said the current trend will continue for another couple of months. "Something has to happen to drive demand. But we don't see anything happening now," the source said.

Though the US crop is lower, Brazil is making it up. "But slack demand is stopping the market," the source said.

Dhamodharan said though retailers have begun showing interest in placing new orders after the exhaustion of their excessive inventories, all of them are playing it safe and keeping tight control on their inventory. "We need to wait until the first quarter of the upcoming calendar year to get exact visibility of consumption trends in all developed markets," he said.

Source: thehindubusinessline.com– Dec 06, 2023

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