TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

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

IBTEX No. 50 of 2024 March 27, 2024

Currency Watch			
USD	EUR	GBP	JPY
83.31	90.21	105.13	0.55

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	Morgan Stanley raises India's GDP growth expectation for FY25 to 6.8%
2	Exporters work on product identification problems under UK's replacement scheme for GSP
3	Textile exports see annual decline, government blames global demand, geopolitical factors
4	Some relief to India's exports from global commodity prices drop: Govt
5	CCI procures 32.81 lakh bales cotton at MSP so far in 2023-24 season
6	Charting Maharashtra's Path to Becoming a Textile Hub
7	India's current account deficit narrowed to 1.2% of GDP in Q3: RBI data
8	The physical retail store is not dying, rather rocking!

SAYING NO TO CHILD LABOUR

G20 भारत 2023 INDIA

INTERNATIONAL NEWS

Asian economy estimated to rise 4.5% in 2024: Report

Asia's economy is estimated to grow about 4.5 per cent in 2024, according to the latest Asian Economic Outlook and Integration Progress report by the Boao Forum for Asia (BFA). This anticipated acceleration in economic activity not only surpasses the previous year's performance but also underscores Asia's critical contribution to worldwide economic growth.

Amidst a backdrop of external economic adversities, Asia is poised to sustain its vibrant growth trajectory, buoyed by robust consumer spending and dynamic fiscal strategies.

The report delineates varied growth prospects across the region: East Asia is projected to maintain its current growth pace at 4.3 per cent; South Asia is poised for an uptick from 5.4 per cent in 2023 to 5.8 per cent, reaffirming its status as the fastest-expanding region within Asia; Central Asia, however, might see a slight dip in growth to 4.3 per cent; and West Asia is anticipated to experience a significant growth surge to 3.5 per cent.

"In terms of purchasing power parity, Asia's economic aggregate is expected to account for 49 per cent of global GDP in 2024, marking a 0.5 percentage points increase from 2023," said Chinese media agencies quoting the report.

Trade and investment in Asia are also expected to recover from the downtrend observed in 2023. The report attributes this positive shift to several key factors including the burgeoning sector of digital trade,, progressive economic and trade agreements such as the Regional Comprehensive Economic Partnership, and the beneficial impact of the restructuring within Asian industrial and value chains on regional economic cohesion.

However, the employment landscape presents a mixed picture, with the report cautioning against subdued job growth in densely populated regions like East and South Asia, potentially impacting the continent's overall employment figures. Despite these challenges, Asia's unemployment rate is forecast to stay below the global average.

Income growth in Asia is facing 'considerable pressure' with disparities across sectors likely to widen domestic income inequality. Nevertheless, an observed increase in the total weekly working hours for full-time positions in most Asian locales offers a silver lining.

Inflation dynamics are anticipated to improve across the majority of Asian economies, with pressures expected to diminish further in 2024. That said, regions currently experiencing lower inflation levels might see a moderate rise.

Source: fibre2fashion.com– Mar 27, 2024

HOME

****

US House passes key bill to shield ports from Chinese influence

A piece of legislation led by US House of Representatives lawmakers Dusty Johnson and John Garamendi to protect US ports and shippers from the Chinese Communist Party's influence passed the House with overwhelming majority.

Johnson and Garamendi introduced the Ocean Shipping Reform Implementation Act this month to build upon the foundation of the Ocean Shipping Reform Act (OSRA), which became law in June 2022.

The bill prohibits US ports from using Chinese state-sponsored LOGINK software, allows the Federal Maritime Commission (FMC) to investigate foreign shipping exchanges like the Shanghai Shipping Exchange to preempt improper business practices, and authorises the FMC to streamline data standards for maritime freight logistics, according to the official website of Congressman Johnson, who represents South Dakota.

"House passage of OSRA 2.0 gets us one step closer to further securing our ocean shipping supply chains," said Johnson. "The FMC needs authority to crack down on China's unfair shipping practices. I hope the Senate considers our bill soon."

"Foreign businesses' access to the American market and its consumers is a privilege, not a right," said Garamendi.

"Congressman Johnson and I are committed to seeing that bipartisan 2022 law implemented fully to support American exporters and correct our nation's longstanding trade imbalance with countries like China. We are finally making free trade fair trade and stopping Chinese state-controlled companies from ripping off our country and gutting our manufacturing jobs. Our implementation bill introduced today will finish the job," he told the House.

"Most importantly, the bill continues to focus on data standardization and collections that are critical to providing the full picture of what is happening in the supply chain and being able to address the next disruption," said David French, senior vice president of government relations for the National Retail Federation.

The National Association of Manufacturers (NAM) also extended its support to the 2023 Act as "it addresses targeted and vital improvements to the national supply chain network and will advance important efficiency, workforce and safety priorities sought by manufacturers," said NAM managing vice president of policy Christopher Netram.

Source: fibre2fashion .com– Mar 26, 2024

HOME

****

European Council endorses EU-Chile Interim Agreement on trade

The European Council recently adopted the decision on the conclusion of the Interim Agreement on trade (iTA) between the European Union (EU) and Chile, marking the end of the internal ratification process within the EU and paving the way for the entry into force of the deal.

This agreement focuses on trade and investment liberalisation exclusively within the EU's competence, while investment protection provisions are covered by the broader Advanced Framework Agreement (AFA), which is still in the ratification process within the member states.

The iTA will expire when the AFA, after ratification by all member states, enters into force. The agreements aim to update the current EU-Chile association agreement and will strengthen EU-Chile political and economic relations and deepen cooperation and trade, an official release said.

The EU is Chile's third-largest trade partner. Around 99.9 per cent of EU exports will be free of tariffs on the entry into force of the agreement, which is expected to increase EU exports to Chile by up to €4.5 billion (~$4.87 billion).

The agreement will bring greater access to raw materials and clean fuel, such as lithium, copper and hydrogen, which are crucial for the transition to the green economy.

It will also make it easier for EU companies to provide their services in Chile, including delivery services, telecommunications, maritime transport and financial services.

It will provide the same treatment for both EU investors and Chilean investors in Chile and will give EU companies improved access to Chilean government procurement contracts for goods, services, works and works concessions, and vice versa.

The agreement includes a dedicated chapter on small and medium-sized enterprises to help ensure that smaller businesses fully benefit from the agreement, including by cutting red tape.

The iTA only requires ratification by the EU and not by individual member states. Therefore, it can enter into force as soon as the Chilean side completes its internal ratification process.

The iTA will expire when the AFA, subject to ratification by all member states, enters into force.

Source: fibre2fashion .com– Mar 26, 2024

HOME

****

Trends in US textile and clothing imports, 2024

This 2024 update contains analysis and insight into the USA's top ten foreign suppliers of textiles and clothing in 2023, along with more specific information on US imports of cotton dresses, cotton knitted shirts, cotton non-knitted (woven) shirts, cotton skirts, cotton trousers, cotton underwear, man-made fibre bras, man-made fibre dresses, man-made fibre knitted shirts, man-made fibre skirts and man-made fibre trousers.

The report also includes an outlook for 2024 and beyond, and a statistical appendix containing data on exchange rates and US imports of cotton and man-made fibre baby garments, cotton coats, cotton pile towels, denim trousers, man-made fibre coats, and wool coats.

In 2023 US textile and clothing imports fell in value to their third lowest level since 2013. They also fell in volume terms, although they were still at their third highest level on record.

Within the 2023 total, imports of clothing plunged in volume terms to their second lowest level since 2012 and imports of yarn fell to their lowest level since 2016. Imports of fabrics also fell but they were still at their second highest level on record. Imports of made-up textiles fell too but they were still at their fourth highest level on record.

The average price of US textile and clothing imports fell in 2023 to a record low, reflecting the fact that the fall was the 11th in 12 years. The fall reflected a decline in the average price of textile imports and a decline in the average price of clothing imports.

In terms of fibre type, man-made fibres continued to dominate US textile and apparel imports as a whole, and man-made fibre products accounted for the largest share of US apparel imports in 2023 for the tenth consecutive year.

China remained by far the USA's biggest textile and clothing supplier but imports from China were down sharply in value terms and in volume terms. There were also sharp declines in imports from several of the other nine supplying countries which ranked among the leading ten.

The steepest decline in value terms was in US textile and clothing imports from Bangladesh, followed by those from Indonesia, Vietnam, Cambodia, Pakistan, India, Turkey, Mexico and Italy. In fact, the only increase in value or in volume was in the volume of US textile and clothing imports from Mexico.

Click here for more details

Source: innovationintextiles.com– Mar 26, 2024

HOME

****

UK retail sales stabilise in March after 10 months of decline: CBI

Optimism has cautiously returned to the UK retail sector in March, as there was a stabilisation in retail sales volumes, breaking a ten-month trend of continuous decline, according to the latest findings from the Confederation of British Industry (CBI) Distributive Trades Survey.

However, the future remains uncertain, with expectations of reduced sales volumes in April looming over retailers. The survey found that sales volumes in March were broadly flat compared to the same period last year, showing a weighted balance of 2 per cent, a significant improvement from minus 7 per cent in February. Despite this stabilisation, retailers are expecting sales to dip by 25 per cent in the upcoming month, as per the survey.

Retailers reported that sales for March were considered ‘average’ for the time of year, marking a slight improvement from February's figures. However, expectations for April suggest sales could be slightly below the seasonal norm, with forecasts indicating a minus 8 per cent deviation. Order volumes experienced a sharper decline in March than in the previous month, with the pace of contraction accelerating to minus 22 per cent from minus 14 per cent in February. Retailers anticipate a similar decline in order volumes for April, expecting a minus 24 per cent balance.

Stock levels were deemed ‘adequate’ in relation to anticipated sales, showing a slight dip to minus 1 per cent from 17 per cent in February. Expectations for the next month predict stock positions will remain broadly unchanged, with a forecasted balance of 2 per cent.

The survey also shed light on the performance of internet sales, which saw a significant downturn in March, falling to minus 27 per cent from a growth of 4 per cent in February. The outlook for internet sales in April is somewhat less bleak, with a slower expected decline of minus 12 per cent.

The wider distribution sector reflected a mixed picture, with wholesale volumes experiencing a slight contraction in March after a period of growth.

Source: fibre2fashion.com– Mar 27, 2024

HOME

****

France Cracks Down on Fast Fashion: A step forward or a symbolic gesture?

France's recent bill targeting ultra-fast fashion with penalties and advertising bans has sparked debate on its effectiveness in tackling environmental concerns within the clothing industry. Here's a deeper look at the issue, considering various perspective.

The regulation to curb environmental impact

The proposed law aims to curb the environmental impact of fast fashion, particularly from companies like Shein, known for its trendy, low-cost clothing. The penalties will gradually increase to €10 per garment by 2030, and advertising for such products will be banned. Shein argues their model generates less waste, claiming their unsold items remain in the "low single digits," compared to traditional retailers' 40 per cent waste. According to a McKinsey & Company report fashion contributes 3-5 per cent of global carbon emissions, with a significant portion coming from the production of synthetic fibers like polyester. The French bill seeks to address this by:

Implementing and gradually increasing fines (up to €10 per item by 2030) on ultra-fast fashion products.

Banning advertising for such products.

France's repair scheme with consumer reimbursements promotes extending clothing life and reducing waste.

While the French bill represents a proactive approach, its effectiveness remains to be seen. Because of its limited scope as the bill primarily targets French companies or those selling within France. The global nature of the fast-fashion industry demands international cooperation for a more impactful solution. Critics argue the fines might be negligible for large corporations, potentially rendering the bill a symbolic act.

In fact, the €10 per garment might not significantly impact large companies like Shein. The effectiveness hinges on strong enforcement and potential expansion to other EU countries. Targeting advertising might have limited impact if consumers still seek out these products online.

The ideal solution is a multi-pronged approach

Experts suggest a combination of measures:

Stronger legislation: Global regulations targeting production practices, material usage, and waste reduction are needed.

Consumer awareness: Educating consumers about the environmental impact of fast fashion and promoting sustainable alternatives like buying second-hand or repairing clothes are key.

Producer responsibility: Holding brands accountable for the lifecycle of their products, including take-back programs for used clothing, could incentivize more sustainable practices.

A global approach to regulating the fashion industry is likely more effective than individual efforts. The EU ban on used clothes exports suggests a growing international awareness of the issue, potentially paving the way for broader.

Indeed, France's bill is a step towards tackling fast fashion's environmental impact. However, its effectiveness remains to be seen. Long-term solutions require a global shift towards sustainable production, responsible consumption, and robust regulations.

Source: fashionatingworld.com– Mar 26, 2024

HOME

****

Autumn Fair 2024: A premier retail destination

Autumn Fair, the UK's foremost retail marketplace scheduled for September 1-4 at NEC Birmingham, is primed for its highly anticipated return. Renowned for its role as a vital hub in the latter part of the year, the fair offers an indispensable platform for buyers to explore an extensive range of new and captivating products from leading brands in the retail industry.

Curated selection

With over 600 carefully selected suppliers spanning Home, Gift, and Fashion sectors, Autumn Fair prides itself on its curated selection of products. Notably, more than 30 per cent of brands showcased are exclusive to Autumn Fair, making it a unique and sought-after event in the retail calendar. Among the confirmed exhibitors for 2024 are industry giants like Widdop & Co, Lesser and Pavey, Hill Interiors, and a host of others, promising an exciting showcase of the latest offerings in the market.

Anticipation and excitement

Jackson Szabo, Portfolio Director of Autumn Fair, exudes confidence in the upcoming event, expecting an impressive turnout of over 12,000 visitors. With a staggering 85 per cent of attendees coming with the intent to buy or source products, Szabo emphasizes Autumn Fair as the perfect destination for retailers looking to meet key suppliers and place orders ahead of the peak shopping season. The event is touted as a wholesale platform that not only celebrates quality homewares, gifts, and fashion products but also streamlines the shopping experience with fast fulfilment, catering specifically to the winter season's demands.

Appeal to retailers

Autumn Fair's appeal extends to retailers of all scales, from major players to independent businesses. With over 80 per cent of attendees wielding purchasing power, and a vast majority attending to procure products for their businesses, the fair holds paramount importance in the retail industry. Jane Harris, Buyer for Anne Furbank in Buckden, praises the fair as an invaluable opportunity to engage with a diverse array of suppliers, including smaller, independent businesses that often offer unique and niche products.

Strategic platform for exhibitors

For exhibitors, Autumn Fair represents a strategic platform to showcase new product ranges and capitalize on the lead-up to the festive season. Alan Pimm, Managing Director of Sifcon, expresses enthusiasm for returning to Autumn Fair, citing the event as the ideal stage for launching new products and leveraging the momentum generated by Spring Fair 2024. Similarly, Jonny Greves, Director at Lesser and Pavey, highlights the significance of ensuring sufficient stock availability for retailers during the busiest quarter of the year, emphasizing the pivotal role of Autumn Fair in driving success for exhibitors.

Value of face-to-face interaction

Stephen Illingworth from Widdop & Co emphasizes the irreplaceable value of face-to-face interactions facilitated by trade shows like Autumn Fair. He underscores the importance of such events in enabling companies to engage effectively with customers, particularly during critical selling periods like autumn and Christmas. Illingworth stresses the necessity of showcasing new launches and engaging with customers directly, which he believes is best achieved through trade shows.

A cornerstone event

As Autumn Fair 2024 approaches, anticipation mounts within the retail industry for an immersive experience where retailers can source the best products to meet consumer demand during the peak shopping season. With its comprehensive selection of brands and products, Autumn Fair stands as a cornerstone event for industry professionals seeking innovation, quality, and efficient sourcing solutions. As the countdown to September begins, all eyes are on NEC Birmingham, where Autumn Fair promises to once again set the stage for a successful end-of-year retail season.

Source: fashionatingworld.com– Mar 26, 2024

HOME

****

Sri Lanka's apparel exports earnings grow by 0.19% in February

In February, Sri Lanka's apparel export earnings registered a marginal growth of 0.19 per cent Y-o-Y to $398 million.

Export figures revealed a mixed trend across key markets. While exports to the United States and the United Kingdom experienced growth, expanding by 5.94 per cent and 22.61 per cent to $165 million and $64 million respectively, exports to the EU faced a slight decline, dipping by 1.05 per cent Y-o-Y to $112 million.

Additionally, exports to other markets saw a significant decrease, plummeting by 25 per cent Y-o-Y to $56 million in February.

However, the cumulative export performance for the January to February period showed a contraction, declining by 4.8 per cent to $756 million. During this timeframe, exports to the United States, European Union, and other markets experienced decreases of 6.2 per cent, 5.2 per cent, and 10.32 per cent respectively. Notably, exports to the United Kingdom bucked the downward trend, growing by 7.31 per cent.

Source: fashionatingworld.com– Mar 26, 2024

HOME

****

Sri Lanka cuts key interest rates as economy rebounds

Sri Lanka's central bank cut interest rates Tuesday as the country emerged from its worst economic crisis that forced the ouster of a president.

The Central Bank of Sri Lanka reduced its benchmark lending rate from 10 percent to 9.5 percent and the deposit rate from 9.0 to 8.5 percent, the first reduction in four months.

The bank said it would boost "the ongoing revival of economic activity".

Sri Lanka is currently drawing down a four-year $2.9 billion bailout loan from the International Monetary Fund, and is in talks with foreign creditors over a debt restructure.

The IMF last week urged Sri Lanka to speed up finalising debt restructure deals with its bilateral lenders, including China, the main official creditor of the South Asian nation.

Sri Lanka's Prime Minister Dinesh Gunawardena is currently in Beijing for talks with Chinese leaders.

The bank said the economy had grown since the second half of last year to contain the overall contraction in 2023 to 2.3 percent.

That compared with a 7.3 percent shrinkage in 2022 when an unprecedented economic crisis gripped the nation and months of protests forced then-president Gotabaya Rajapaksa to resign in July 2022.

The peak of the economic crisis in 2022 saw months of food, fuel and pharmaceutical shortages after the island ran out of foreign exchange.

New President Ranil Wickremesinghe has doubled taxes, cut generous energy subsidies and raised prices of essentials to shore up state revenues. Tourism and foreign remittances have also picked up considerably.
The number of tourists visiting the country jumped to 210,000 in December, more than double the 91,900 a year earlier, according to official data.

Source: thedailystar.net– Mar 26, 2024

HOME

****

Bangladesh's RMG exports to major European nations see healthy growth

Bangladesh saw a positive growth in its export of readymade garment (RMG) items to major destinations in Europe during the July-February period of the current fiscal (FY24).

RMG export to the European Union (EU) reached $16.23 billion during the eight-month period—an increase of 3.27 per cent year on year (YoY).

The country’s RMG exports to Spain, France, the Netherlands, Poland and Denmark showed a YoY rise of 8.68 per cent, 4.72 per cent, 14.55 per cent, 21.82 per cent and 32.81 per cent respectively during this period, according to figures from the Export Promotion Bureau (EPB).

However, such exports to Italy and Germany declined by 0.93 per cent YoY and 11.63 per cent YoY during the period, a domestic news agency reported.

RMG exports to the United States reached $5.46 billion in the period—a YoY fall of 2.58 per cent, while such exports to the United Kingdom and Canada reached $3.85 billion and $998.77 million—YoY increases of 14.64 per cent and 1.81 per cent respectively.

Such exports to non-traditional markets grew by 10.83 per cent YoY to $6.30 billion during the period. Among the major such markets, RMG exports to Japan, Australia and South Korea increased YoY by 7.12 per cent, 21.29 per cent and 17.16 per cent respectively.

Bangladesh’s apparel exports to India, however declined by 22.99 per cent YoY during the period.

Source: fibre2fashion.com– Mar 26, 2024

HOME

****

Better Cotton, Pakistan commerce body drive traceable cotton uptake

Under the terms of the MoU, Better Cotton Pakistan will provide training to the FPCCI on its newly developed Chain of Custody Standard. This standard sets out the requirements for suppliers wishing to trade in Traceable Better Cotton, ensuring compliance throughout the product's chain of custody.

A key point to the collaboration lies in FPCCI supporting Better Cotton Pakistan in the national rollout of the organisation's traceability initiative which was launched in November 2023 after three years of research and development with stakeholders from the fashion and textile sectors.

The aim is to integrate traceability measures into supply chains, meeting the growing demand for transparency and compliance with emerging legislation.

The FPCCI, representing over 270 domestic trade bodies involved in national trade and services, brings its extensive expertise in fostering economic activities and protecting the interests of the private sector, through ongoing dialogue with the government.

The sustainable organisation will focus on building capacity within the country to align with industry expectations and achieve export targets.

Source: just-style.com– Mar 25, 2024

HOME

****

NATIONAL NEWS

Morgan Stanley raises India's GDP growth expectation for FY25 to 6.8%

Global Brokerage firm Morgan Stanley on Wednesday raised India's GDP growth estimates for FY25 to 6.8 per cent from 6.5 per cent earlier on the back on continued traction in industrial and capex activity.

The forecast for FY24 GDP stood at 7.9 per cent. "We expect GDP growth to track at around 7 per cent in QE Mar-24 with GVA growth of 6.3 per cent and thus F2024e GDP growth of 7.9 per cent," the company said in its report.

Furthermore, it said that the growth us expected to be broad-based and the gaps between rural-urban consumption and private-public capex will be narrow in the next fiscal i.e. FY25.

"The cycle will have more years of steady expansion driven by improvement in productivity growth, which will ensure macro stability remains benign. Indeed, we expect CPI inflation to track at 4.5 per cent in F2025e and F2026e and current account deficit at 1 per cent of GDP in F2025e and F2026e, " it further stated.

Source: economictimes.com– Mar 27, 2024

HOME

****

Exporters work on product identification problems under UK's replacement scheme for GSP

The UK government's decision to replace the popular Generalised Scheme of Preferences (GSP) programme, which offered import duty concessions to developing nations and LDCs for certain items, with the "simpler and more generous" Developing Countries Trading Scheme (DCTS) has resulted in some inadvertent confusion for Indian exporters as product description under the new scheme is different from one used by India for exports, sources have said.

Efforts are now on by the exporters' body Federation of Indian Export Organisations (FIEO) to match the products by drawing equivalents so that there is clarity for exporters on the items being referred to under the new scheme, a source tracking the matter told businessline.

"It is important for Indian exporters to sort out technical issues related to product identification under the DCTS as India's exports worth an estimated $2.5 billion annually were entitled for the GSP benefit in the UK," the source said.

The scheme is intended to benefit labour-intensive sectors such as leather, carpets, chemicals, iron and steel and textiles.

The DCTS, which is described by the UK government as a simpler and more generous preferential trading scheme designed to boost trade with developing countries, offers import duty cuts similar to the GSP scheme, but the origin declaration process for exporters for their goods to claim benefits was changed.

"The Directorate General of Foreign Trade has recently issued a notification on the changed origin declaration requirements under the UK DCTS which replaced the GSP. But the products were not notified.

The UK website gives the product description with HS 12-digit codes but India uses HS 8-digit codes. Now somebody has to find out the equivalent 8-digit code as that is what is used by Indian exporters. FIEO has stepped in to do so and hopefully, the matter will be sorted out soon," the source said.

HS classification

The Harmonised System (HS) classification is an international customs classification system which allocates a unique 6-digit HS code to each group of products which lays down the chapter, heading and sub-heading under which a given item is classified to determine what tariffs they attract. The HS codes are further subdivided into 7 to 12- digit items or more depending on the country for a finer classification of items.

“In international trade, the HS classification nomenclature varies from country to country. But there is no change in the HS 6-digit code which is strictly according to the World Customs Organisation classification. So if products get identified at the HS 6-digit level then concurrence between the subgroups at the higher levels of classification can be worked out. Exporters can do the matching,” a government official said.

“Starting from January 1, 2024, Indian exporters to the UK are required to adhere to the new rules under DCTS to avail concessions on their exports to the UK,” the trade notice issued by the DGFT last week noted.

Goods that meet the UK DCTS Rules of Origin (ROO) requirements would be eligible to claim a concessional rate of import duty for exports to the UK.

“Consequently, the origin criteria necessary for satisfying the ROO to avail tariff concessions on exports from India to the UK must be filled in through self-certification,” it added.

Indian exporters must, therefore, use origin declaration wording under the DCTS scheme, in place of origin declaration wording under GSP.

Source: thehindubusinessline.com– Mar 26, 2024

HOME

****

Textile exports see annual decline, government blames global demand, geopolitical factors

Government sources have indicated that the 11-month trade data between April 2023 and February 2024 showed an annual fall in exports of textiles. Terming exports as a function of demand and supply and dependent on several variables, sources attributed the fall in exports to slack international demand and geopolitical challenges like the Red Sea conflict.

Other variables were described as order flow, inventory and availability of shipping containers and ships.

Sources added that the export of readymade garments fell to $13.05 billion between April 2023 and February 2024, compared to $14.73 billion during the same period last year.

During the same period, the value of yarn shipments declined to $4.23 billion from $4.47 billion while the value of jute exports fell from $400 million to $310 million. However, sources pointed out that initial estimates for February 2024 have shown over 12% growth in textiles exports compared to February 2023.

In January 2024, government sources informed that the cost of shipments had risen by around 20% and the turnaround time had increased by around two weeks due to curbed services by two private shipping lines due to the Red Sea crisis.

An inter-ministerial panel held several meetings to discuss strategies to deal with the impact of the ongoing conflict. While the Department of Financial Services (DFS) was asked to maintain credit flow for exporters, the Ministry of Shipping had been told to monitor volumes of trade.

Source: cnbctv18.com– Mar 27, 2024

HOME

****

Some relief to India's exports from global commodity prices drop: Govt

Though slower growth, particularly in key trading partners like Europe, is dampening the demand for India’s exports, a decline in global commodity prices from their post-Ukraine conflict highs offers some relief, according to the latest monthly economic review of the economic division of India’s finance ministry.

While import volumes have increased substantially, a fall in international commodity prices has brought down the overall value of imports. The rise in the volume of imports reflects India’s sustained domestic demand for imports driven by a rapidly growing and expanding economy, it noted.

India’s manufacturing sector registered double-digit growth in the third quarter (Q3) of fiscal 2023-24 (FY24), driven by a surge in investment, improved investor confidence and strong domestic demand conditions, the review said. The strength of the manufacturing sector is also underscored by the India manufacturing purchasing managers’ index (PMI), which, as of December last year, stood at five-months high of 56.9, supported by new orders and favourable demand conditions.

This has been partially led by improved domestic demand and a decline in the inventory of finished goods. The volume indicators like the index of industrial production and the index of eight core industries have also observed growth of 5.8 per cent and 8.4 per cent respectively during Q3 FY24.

Though rejuvenating demand scenarios in the advanced economies are expected to have a positive impact on India, the country may face a sectoral impact on agricultural commodities, marine products, textiles and chemicals, capital goods and petroleum products due to the Red Sea crisis.

To effectively address these challenges, there may be a need to diversify trade routes and transportation options. That would increase transit costs and affect the price competitiveness of Indian merchandise exports, the review added.

Source: fibre2fashion.com– Mar 26, 2024

HOME

****

CCI procures 32.81 lakh bales cotton at MSP so far in 2023-24 season

The Cotton Corporation of India (CCI) on Tuesday said it has procured 32.81 lakh bales of cotton so far in the ongoing 2023-24 season with maximum quantity from Telangana, Andhra Pradesh and Maharashtra.

The CCI is the government's nodal agency for the procurement of cotton at a minimum support price (MSP). It undertakes procurement when prices fall below the MSP level. Cotton season runs from October 2023 to September 2024.

"CCI did not procure cotton last year as prices were ruling above the MSP level. However this year, prices started falling since mid-October 2023 onwards due to various factors and the CCI began procurement," a senior CCI official told PTI.

About 32.81 lakh bales (of 170 kg each) have been purchased at MSP till date in the 2023-24 season. Much of the quantities have been procured from Telangana, Andhra Pradesh, Maharashtra and Gujarat, the official said.

Of which, the CCI has already disposed of 3.37 lakh bales of cotton. The government has fixed an MSP for medium staple cotton at Rs 6620 per quintal, while for long-staple cotton at Rs 7,020 per quintal for 2023-24.

The official said from March-end onwards, cotton prices in the open market are ruling above MSP and it is unlikely farmers would sell their produce to the CCI. However, the CCI will be ready for procurement if the rates fall again below the support price. Cotton production is pegged at 323.11 lakh bales for the 2023-24 season, lower than 336.6 lakh bales achieved in 2022-23, as per the agriculture ministry estimate.

Source: moneycontrol.com– Mar 26, 2024

HOME

****

Charting Maharashtra's Path to Becoming a Textile Hub

India is home to one of the largest textile industries in the world – holding 4% of the global textile and apparel market share, contributing 2% to the country's Gross Domestic Product (GDP), and employing over 45 million people directly (making it the second largest employer in the country), the industry is projected to achieve US$250 billion in textile production by 2030.

The textile industry has assumed a substantial impetus over the past five years, with numerous central government strategies thrusting upon enhancing India's role as a global textile producer, basis the 5F vision of "Farm to Fibre to Factory to Fashion to Foreign".

Through initiatives like the Production Linked Incentive (PLI) Scheme for Textiles, Kasturi Cotton Bharat programme, National Technical Textiles Mission (NTTM), SAMARTH, and PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks Scheme, the textile industry has undergone a substantial facelift. Drawing from India's ambitious endeavours to achieve US$100 billion in exports by 2030, Maharashtra has emerged as a potent contender in driving the country's textile industry.

Our contribution to the national textile industry is paramount – accounting for 10.4% of the total textile and apparel production and employing over 10% of the total employment in India.

Furthermore, the Maharashtra Industrial Development Corporation (MIDC) has expedited the growth of the state's textile industry with the development of 11 exclusive textile parks, strategically located in areas like Amravati, Thane, Solapur, Kolhapur, Nagpur, Nashik, Pune, and Nandurbar (as of 2020).

Maharashtra: A Potent Textile Player in the Making

With the establishment of the Bombay Spinning and Weaving in 1854 – commemorating India's expansion into the modern cotton industry – Maharashtra marked its place in the country's textile industry for decades to come, contributing to 60% of the cotton mills in the 1870s.

Owing to our geographical positioning – with sprawling fertile soil for cotton (leading the national cotton acreage with 39.41 lakh ha), and access to extensive coastline (the state has a total of 50 ports) – we are furthering our efforts in increasing the state's stakes as a leading textile centre as we prepare to establish a garment trading hub in Mumbai, giving it a competitive edge alongside China's Guangzhou and Turkey's Istanbul.

As we continue retain a host of intrinsic features that deepens our potential as a textile hub, a robust focus on policies and interventions also remains fundamental in strengthening our infrastructural capacities to facilitate Maharashtra's growth as a global textile hub.

In the recent times, the state's exponential efforts in revolutionising the textile industry paved the way towards recognition at the national front, as we become one of the seven recipients of the PM MITRA Park Scheme – to be established in Amravati – projecting to attract INR 10,000 crore and create direct and indirect employment opportunities for nearly 300,000 people.

The PM MITRA Park, which would be developed by Maharashtra Industries Development Corporation (MIDC), and funded by the central government, aims to ease business operations for investors by establishing the entire infrastructure under the state government – allowing investors to kickstart their operations.

Advancing its vision of establishing itself as a textile hub, we have further committed to developing 18 mini textile parks – aiming to attract INR1,800 crores as investment and providing employment opportunities to 36,000 individuals.

Progress in the State's Textile Industry

To emerge as the leading textile hub, the recently released Integrated and Sustainable Textile Policy 2023-2028 manifests our stringent efforts in fostering robust conditions to attract investments, strengthen economic growth, and create significant/massive employment opportunities within the state – positioning it as a key player in the global textile market.

To enhance the textile and apparel industry in the state, the Policy aims to promote its textile value chain via technological upgradation and envisages to attract a staggering INR 25,000 crore investment, increasing the production of cotton to 80%, while creating over 5 lakh job opportunities in the next 5 years.

Further, the development of six technical textile parks, enhancement of research and development to implement sustainable innovations, with additional emphasis on utilising information technology (IT) to promote ease of doing business, and augment skill development to ensure adequate skilled manpower in the industry, demonstrates our commitment to completely transform the state's textile sector.

As Maharashtra embarks on its journey to becoming a global textile hub, the transformative and inclusive Integrated and Sustainable Textile Policy is destined to unlock the state's true potential.

Source: financialexpress.com– Mar 26, 2024

HOME

****

India's current account deficit narrowed to 1.2% of GDP in Q3: RBI data

Current account deficit (CAD) narrowed sequentially to $10.5 billion in the quarter ended December 2023 (Q3 FY24) — 1.2 per cent of gross domestic product (GDP) — from $11.4 billion in Q2 FY24 (1.3 per cent of GDP).

The deficit was also down from $16.8 billion or 2 per cent of GDP in the year-ago period (Q3 FY23).

Reserve Bank of India (RBI) data showed that the rise in net services receipts more than compensated for a slight rise in merchandise trade deficit in Q3 FY24. This helped cushion the CAD.

Services exports grew by 5.2 per cent year-on-year (Y-o-Y) on the back of rising exports of software, business and travel services.

"The CAD narrowed in Q4 despite a wider merchandise trade deficit, cushioned by a record high services trade surplus and secondary income," Barclays said in the note.

"Positive foreign direct investment (FDI) and foreign portfolio investment (FPI) flows kept the balance of payments (BoP) in surplus. We expect current account financing needs to remain manageable this financial year and next," it added.

The merchandise trade deficit was at $71.6 billion in Q3 FY24 compared to $71.3 billion a year ago.

Net services receipts rose to $45 billion in Q3 from $38.7 billion in Q3 of last year, RBI said in a statement.

Madan Sabnavis, chief economist, Bank of Baroda, said services exports are doing well and global commodity prices have softened Y-o-Y. This has helped reduce the CAD during the third quarter. The trend is expected to continue for the current quarter (Q4 FY24) also.

Net outgo from the primary income account, mainly reflecting payments of investment income, increased to $13.2 billion in the December 2023 quarter, from $12.7 billion a year ago.

Private transfer receipts, representing mainly remittances from Indians employed overseas, amounted to $31.4 billion, an increase of 2.1 per cent Y-o-Y, RBI said.

As for the BoP position in Q3 FY24, there was an accretion of $6 billion to the reserves. This is lower than the $11.1 billion in the year-ago period. For April-December 2023, the country's CAD moderated to 1.2 per cent of GDP, against 2.6 per cent of GDP in the same period of the previous year, on the back of a lower merchandise trade deficit, RBI said.

Net invisible receipts were higher in the first nine months of FY24, on account of services and transfers.

As for the BoP position in April-December 2023, there was accretion of $32.9 billion, against depletion of $14.7 billion in the year-ago period, the RBI said.

According to Radhika Rao, senior economist, DBS Bank, the FY24 full-year CAD may narrow to -0.8 per cent of GDP. This compares to the previous forecast of -1.5 per cent of GDP.
For FY25 current account, the Singapore-based bank has estimated a slower rise in services exports and a wider goods deficit on post-election pick-up in capital imports, leaving the CAD at -1.1 per cent of GDP.

Source: business-standard.com – Mar 26, 2024

HOME

****

The physical retail store is not dying, rather rocking!

The fate of the physical retail store has been up for discussion over the past few years. During with people confined to their houses, e-commerce went through the roof. As people stepped out of the pandemic a couple of years ago, the store did make a stunning comeback. But the question remained: Was it a 'revenge consumption' story or was it more fundamental?

The return of the retail store

There is no doubt that a physical store is the centre of any retail and consumer company's channel strategy. According to research agency CBRE, the retail sector's store leasing increased by ~46% in the first nine months of 2023 compared to the previous year. This is a phenomenon playing out across sectors.

The biggest name that comes to our mind is the ex-darling of the entrepreneurship boom, Byju's, which bet heavily that the future of education will be primarily online. But that bet failed to take off. From my own experience, I teach Executive Education at leading IIMs, and it is always in person and not online.

The investment in the physical store space is almost everywhere. For instance, French sports retailer giant Decathlon is ramping up its store expansion in urban India. While Reliance Retail is coming up with more than 500 value stores across tier-II and tier-III towns.

Even in a matured market like the United States, as per the US Census Bureau, e-commerce penetration for retail and consumer-centric companies is stagnating around 16% with the rest of it being dominated by organised retail led by the physical store. As the Ed Sheeran concert in Mumbai shows, there is a massive desire for people to step out and meet in person. The key question is why?

The underlying driver

It is important to understand the deep human behaviour to make sense of this phenomenon. As human beings, we are fundamentally social. We seek a community. We seek an experience. We seek a social experience. A store caters to this social-seeking experience with appropriate elements of entertainment and commerce thrown in.

Also, it is important to not underestimate the role of nostalgia.

While quick commerce is booming for food and groceries, organised food and grocery retail is still booming as most consumers like the social experience of buying their food in person. It gives them a sense of control as they choose their vegetables. It also reminds them of the 'good old days' when they went out for short-purchase trips in their younger years.

This desire is not just restricted to millennials and Generation X. A global research by ICSC, says that 97% of the Gen Z shop brick and mortar with over 35% of those due to the experience and ability to see, touch and try products.

An interesting nuance is that an average store in India is getting bigger. As per Anarock data, the share of stores that were larger than 2,000 square feet increased from 39% to 48% of total stores in 2023. This is because retail players are trying to factor in entertainment, content and a superior experience to drive consumer loyalty.

Also, for some consumers, there is a perception that quality of goods online, especially apparel, is not up to the mark. Hence, the preference for the physical store.

What lies ahead?

To be honest, brands love the physical store. The primary reason is that they can introduce multiple touch points for impulse purchase at the store — standing at the check-out; a salesperson inside the store for trial; an in-store media vehicle to keep consumers entertained; sensory elements of light, sound and smell to keep buyers hooked. The list is endless.

Omni-channel is an overused term but what is likely in the future is the ramp-up of social commerce. One element of that is retail players may use a virtual influencer to drive up the traffic and experience at their physical stores.

For instance, virtual influencer Lu Do Magalu has over 14 million followers on Facebook, 6 million followers on Instagram and more than 2.6 million followers on YouTube. She actively engages with consumers on behalf of the Brazilian retail giant Luiza as she discusses product reviews, unboxing and builds a community.

The next big conversation is around Artificial Intelligence. AI like e-commerce will operate as a layer over the physical store. In conversational commerce for customer service for companies. In virtual trial rooms. In multi-lingual order taking (for example Domino's) before a consumer comes to the store.

The key question for organisations

For organisations, a key question is how the e-commerce and the physical store teams are operating. Are they operating in silos or are they integrated? The market demands that e-commerce sits as a layer on top of the physical store. For instance, a platform like JioMart is built by bringing over 2 million 'mom and pop' partners on it.

However, the reality in India is that a majority of retail and consumer-centric companies do treat e-commerce and physical retail as separate channels.

Source: economictimes.com– Mar 26, 2024

HOME

****