



IBTEX No. 69 of 2024

April 29, 2024

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INTERNATIONAL NEWS

Report: Made in America Here to Stay—But the Reality is Different Than the Dream

Is Made in America a lofty idea suited for presidential campaign bumper stickers—or is it a sourcing strategy with staying power?

The answer may lie somewhere in the middle, according to Kearney’s 2024 Reshoring Index (KRI), released this week. The group’s 11th annual report reveals that sourcing products closer to home is likely to be a lasting objective for many U.S. brands, though the path toward that goal may not be smooth or linear.

At the center of this trend is the U.S.’ conscious uncoupling from China, which was unseated by Mexico as the nation’s most prominent trading partner this year.

Kearney found China’s imports to the U.S. declined by 20 percent, or \$105 billion, in 2023. Trade tensions between the U.S. and China have been percolating for years, but escalating rhetoric from both countries’ governments in the lead up to the November election is creating even more uncertainty about the future of the relationship. As such, American companies are showing far less willingness to rely on China sourcing than they once did.

Some of that hesitancy is spilling over to China’s regional neighbors, Kearney data showed. American imports from 14 low-cost Asian countries and regions including Taiwan, Malaysia, India, Vietnam, Thailand, Indonesia, Singapore, Philippines, Bangladesh, Pakistan, Hong Kong, Sri Lanka and Cambodia dropped by \$143 billion in 2023.

According to Kearney Strategic Operations partner and study author Shay Luo, the supply chain slowdown that proceeded the pandemic made a big impression on U.S. firms and likely influenced their new philosophy on sourcing.

Covid highlighted the “non-cost benefits” of doing business closer to one’s end market—”agility, responsiveness; those became more critical. It was a wake-up call,” she said. “Most of them only looked at costs for the past 30

years,” but relying on low-cost overseas markets during a time of production and logistics turmoil cost companies billions in lost sales.

Fleeing China for other Asian markets “will not solve the problem of shipping products faster to the destination,” nor will it contribute to supply chain resiliency, she said.

As such, nearshoring and onshoring have come en vogue.

Made in the U.S.A.

The U.S. manufacturing sector has picked up some of Asia’s lost market share, though manufacturing gross output decreased slightly from \$7.245 trillion in 2022 to \$7.236 trillion in 2023 (a difference of \$9.8 billion).

There’s a likely explanation for this, Kearney’s report posits. Bureau of Economic Analysis (BEA) data shows that personal consumption expenditures (PCE) grew by only 3 percent in 2023, from \$5.997 trillion in 2022 to \$6.192 trillion. Between 2021 and 2022, PCE increased by 9 percent, suggesting a recent slowdown in goods and services consumption overall.

However, the group’s Reshoring Index is at its highest point in more than a decade, and 2023 saw levels twice as high as 2019—the previous high point. It was also the second consecutive year of relative movement toward the U.S., the report said.

“Most companies that are moving back to the U.S. are highly automated, and they are moving back to be closer to innovation or technology,” Luo said. While she believes conventional textile or apparel production is unlikely to move back to the U.S. in a big way due to a shortage in skilled and affordable labor, 3D printing, 3D knitting and other next-generation technologies could create major opportunities in the sector.

Mexico

Mexico has overtaken mainland China as the largest exporter to the U.S. for the first time since 2013, with U.S. imports from the country growing from \$320 billion to \$422 billion (32 percent) from a pre-pandemic baseline.

“When companies are considering moving their supply chain closer home to home to the U.S. or Mexico, it’s with the idea of making their supply chain more responsive and agile,” Luo said. “If the U.S. is not the perfect destination, Mexico then becomes the best choice they could possibly have.”

An affordable—and abundant—labor market that is well suited to manufacturing, Mexico trumps the U.S. when it comes to workforce, she explained.

The country is also investing heavily in the infrastructure needed to support a more robust manufacturing sector. Mexico’s leading presidential hopeful last week announced a plan to build out 100 new industrial parks with an eye toward green energy utilization and responsible water stewardship.

Meanwhile, Kearney called the rate of warehouse and manufacturing expansion close to the U.S. border “astonishing.” The report noted that one of Mexico’s leading warehousing firms reported a fourfold increase in business over the past two years.

“We do notice the ecosystem...is not there fully, so they still need to build the full vertical value chain,” from raw materials and components through production, “to be able to fully decouple from China,” Luo said. “I think we’re at the beginning of the localization journey. It takes years, and it takes a village, to have one product produced. So at this moment, we see the tail end of the value chain moving closer to home.”

Notably, Asian and especially Chinese manufacturing firms are rushing in to plant stakes in the Mexican market. While firms may be intent on moving away from China, “a lot of the global manufacturing shifts are driven by Chinese companies,” Luo said, noting that the acceleration of the trend was a “surprise.”

“We saw the trend last year, and this year it has become more obvious,” she said. “So [companies] are not really walking away from the Chinese—they’re still leveraging their production know-how, their knowledge and also their capital to find a better destination.”

Canada

The oft-unmentioned neighbor to the North, “Canada’s potential as a location for some Asian...imports to move to has jumped somewhat unexpectedly,” Kearney’s report said.

The country gained \$13 billion in U.S. export volume last year, with volumes steadily increasing over the past three years. In fact, the report said Canada’s exports to the States increased across half of its export categories, the largest being transportation equipment, which grew by 30 percent in 2023. “Canada’s US imports are now close to a third of what was imported” from the 14 low-cost Asian countries and regions, Kearney wrote.

“We’re a little bit surprised by Canada, as most of the time we focus on Mexico—the southern border,” Luo said. But with many U.S. firms looking for opportunities to shorten their supply chains, the country of 38.9 million can’t be overlooked.

While labor costs are comparatively high, Canada, like the U.S., is focused on bringing advanced technology to its production sectors. “The market Canada captures is very different from the type of industry Mexico has been capturing,” Luo explained. While Mexico’s export products are labor intensive, most of Canada’s are resource-driven, like petroleum, minerals, lime and cement.

A global supply chain

While China may be losing its grip on its “World’s Factory” title, it’s not shrinking away from the scene—far from it, Kearney wrote.

“Chinese companies are still very much in the U.S. import game and quickly adapting to a global market impacted by new re- and nearshoring developments,” the report said.

Countries like Vietnam, India and Thailand are importing more from China even as U.S. imports from the sourcing superpower have dwindled. And while those countries have also lost some ground when it comes to U.S. business, “the top Asian countries’ imports to the U.S. are almost directly proportional to their imports from mainland China,” the report said.

Even if it seems like China is being replaced by these other players, “in some cases at least, they’ve become a stopover in the journey of manufactured goods from mainland China to America.”

A similar strategy may be taking shape in U.S. nearshoring locales. “Further analyses of the trade data indicate a strategic shift among Chinese manufacturers, away from assembling end products domestically toward leveraging international manufacturing hubs in Southeast Asia and, increasingly, Mexico,” the group wrote.

Luo said she believes Chinese firms are likely to continue to invest in Mexico and Central America to capitalize on the appetite for nearshoring. Some U.S. brands are even pushing their Chinese suppliers to bring their expertise, inputs, technology and capital to new locales that are closer and less developed.

“Globalization still exists,” Luo said. While the interest in reshoring and nearshoring is undoubtedly on the rise, verticalization of supply chains takes time. It’s likely that the modern value chain will see more countries working on different parts of a single product, rather than a single country, like China, taking control of the process end-to-end.

Asked for her vision of the future, Luo predicted that “Countries may be connected in a different way, with a different format for the value chain.” “Everyone has a very specialized contribution that they could bring to the table.”

Source: fibre2fashion.com– Apr 26, 2024

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Athleisure Market: Blending comfort, style and fitness for a \$3.2 bn future

The global athleisure market is booming, projected to reach \$3.2 billion by 2032 with a steady growth rate of 5.2 per cent, says a new report by Allied Market Research. This growth is due to several factors viz: from rising health consciousness to innovative marketing strategies. Let's delve deeper into this dynamic market segment.

Comfort takes center stage

Millennials, a generation known for their active lifestyles and health consciousness, are a major force behind the athleisure boom. They prioritize comfort and functionality in their clothing choices, making athleisure a perfect fit highlights Allied Market Research, 2024 study. This is evident in the dominance of the female segment in the market, with women being frequent buyers of athleisure apparel. However, the men's segment is expected to see highest growth rate in the coming years, indicating a growing acceptance of athleisure styles among men. Moreover, athletes and celebrities endorsing athleisure brands further fuel consumer interest and market growth.

Athleisure for all occasions

The athleisure trend goes beyond just comfort. It offers a stylish and versatile option for everyday wear. Gone are the days when athletic wear was strictly for the gym. Today's athleisure apparel is designed to seamlessly transition from workouts to errands or even social outings. This versatility is reflected in the expected high growth of the hoodies segment, as consumers seek comfortable and stylish pieces for various occasions.

Digital revolution drives online sales

While traditional offline stores continue to hold a significant share of the athleisure market, online sales are rapidly growing.

The ease of purchase and wider variety offered by online retailers is helping in this shift. Social media also plays a crucial role, with influencers and celebrities promoting athleisure brands, further driving online sales.

Market segmentation and trends

Sneakers currently hold the largest market share, but hoodies are projected for the fastest growth due to their versatility and variety. While women's segment dominates the market, the men's segment is expected to grow significantly, with athleisure staples like bomber jackets and crew-neck sweaters gaining traction. In terms of retail, while offline stores were the preferred shopping destination in 2022, online sales are anticipated to surge due to convenience and wider product selection.

North America currently holds the largest market share, but Asia-Pacific is expected to witness the fastest growth as consumers in the region embrace athleisure.

Indeed, the athleisure market is not without its challenges. The rise of counterfeit brands, particularly in price-sensitive regions, can hamper the growth of legitimate brands. However, leading athleisure companies are countering this by employing innovative marketing strategies, such as celebrity endorsements and social media campaigns.

Additionally, advancements in material technology are leading to the creation of more comfortable, functional, and stylish athleisure apparel. Major players like Adidas, Nike, Lululemon, and Under Armour are constantly innovating and expanding their product lines to maintain a competitive edge.

As the focus on health and wellness continues to rise, and the lines between athletic wear and everyday fashion further blur, athleisure is likely to become an even more integral part of our wardrobes. The industry's ability to cater to the evolving needs of consumers, embrace technological advancements, and navigate challenges like counterfeit products will be key to its continued success.

Source: fashionatingworld.com– Apr 29, 2024

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US real GDP up by 1.6% annual rate in Q1 2024: BEA advance estimates

Real gross domestic product (GDP) increased at an annual rate of 1.6 per cent in the first quarter (Q1) this year, according to advance estimates released by the Bureau of Economic Analysis (BEA). It rose by 3.4 per cent in Q4 2023. The increase primarily reflects increases in consumer spending, residential and non-residential fixed investment, and state and local government spending that were partly offset by a decrease in private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

Compared to Q4 2023, the deceleration in real GDP in Q1 2024 primarily reflects decelerations in consumer spending, exports, and state and local government spending and a downturn in federal government spending. These movements were partly offset by an acceleration in residential fixed investment. Imports accelerated.

These estimates are based on source data that are incomplete or subject to further revision. The increase in consumer spending reflects an increase in services that was partly offset by a decrease in goods. Within goods, the decrease primarily reflected decreases in motor vehicles and parts as well as gasoline and other energy goods.

The increase in state and local government spending reflected an increase in compensation of state and local government employees. The decrease in inventory investment primarily reflects decreases in wholesale trade and manufacturing. Within imports, the increase reflects increases in both goods and services.

Current-dollar GDP increased by 4.8 per cent at an annual rate, or \$327.5 billion, in Q1 2024 to a level of \$28.28 trillion. In Q4 2023, GDP increased by 5.1 per cent, or \$346.9 billion, a BEA release said.

The price index for gross domestic purchases increased by 3.1 per cent in Q1 2024 compared to a rise of 1.9 per cent in Q4 2023. Current-dollar personal income increased by \$407.1 billion in Q1 2024 compared with an increase of \$230.2 billion in Q4 2023.

Source: fibre2fashion.com– Apr 27, 2024

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Japan likely to keep growing at pace above potential growth rate: BOJ

The Japanese economy is expected to keep growing at a pace above its potential growth rate, with overseas economies growing moderately and as a virtuous cycle from income to spending gradually intensifies against the background of factors like accommodative financial conditions, according to the Bank of Japan (BOJ).

The year-on-year (YoY) rate of increase in the consumer price index (CPI, all items less fresh food) is likely to be in the range of 2.5-3 per cent for fiscal 2024-25 (FY25, which began on April 1) and then be at around 2 per cent for FY26 and FY27, the central bank said in its latest outlook for economic activity and prices.

While the effects of a pass-through to consumer prices of cost increases led by the past rise in import prices are expected to wane, the rate of increase is projected to be pushed up through FY26 by the effects of the recent rise in crude oil prices and a waning of the effects of the government's economic measures pushing down CPI inflation.

Meanwhile, underlying CPI inflation is expected to gradually rise, as the output gap is projected to improve and medium- to long-term inflation expectations will rise with a virtuous cycle between wages and prices continuing to intensify.

In the second half of the projection period, it is likely to be at a level that is generally consistent with the price stability target.

The projected growth rate for fiscal FY26 is more or less unchanged. The projected YoY rate of increase in the CPI (all items less fresh food) for fiscal FY25 is higher, but that for FY26 is more or less unchanged.

High uncertainties surround Japan's economic activity and prices, including developments in overseas economic activity and prices, developments in commodity prices, and domestic firms' wage- and price-setting behaviour, a release from the central bank said.

Source: fibre2fashion.com – Apr 28, 2024

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Cargo throughput at China's ports up 8.2% YoY in 2023

The cargo and container throughput at Chinese ports witnessed steady expansion last year, with the total cargo throughput amounting to 16.97 billion tonnes—up by 8.2 per cent year on year (YoY), according to data from the ministry of transport.

Foreign trade cargo throughput at the ports rose by 9.5 per cent YoY to 5.05 billion tonnes, a state-controlled news outlet cited the ministry as saying.

In the same period, ports in the country handled 310.34 million twenty-foot equivalent units (TEUs) of containers—a rise of 4.9 per cent YoY.

Source: fibre2fashion.com— Apr 28, 2024

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Inditex returns to Venezuela market with a new Zara store

Marking a significant milestone in its journey, Spanish fast fashion retailer Inditex returned to the Venezuela market by opening a Zara store under a franchise agreement.

Known for its portfolio of popular brands including Bershka and Pull & Bear, Inditex had shuttered all its operations in Venezuela in 2021 following a restructuring of its franchise agreement with local partner Phoenix World Trade.

However, earlier this year, the fashion conglomerate reaffirmed its commitment to the Venezuelan market with plans to reestablish its presence through a partnership with Grupo Futura.

Eagerly awaited by fashion enthusiasts, the relaunch of Inditex in Venezuela signifies not only a fresh beginning for the retailer in the country but also a resurgence of interest in global fashion trends among Venezuelan consumers.

Source: fashionatingworld.com– Apr 27, 2024

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USA: Cotton Prices Trapped as Export Sales Continue with No Change in Demand

Low prices have encouraged export sales of all growths and U.S. cotton continues to move. Yet the level of sales is not sufficient to suggest that demand is improving. In fact, the level of sales does not even suggest any improvement in demand. Thus, cotton prices remain trapped within the narrow six cent, 77-83 cent trading range. The high 70s to low 80s trading range for both old crop and new crop will continue to prevail.

The U.S. Cotton Belt experienced pleasant weather all week, but parts of the vast Southern Plains still need timely moisture. Most of the region has adequate moisture for seed germination, which puts the area far ahead of the year ago pace that proved to be a disaster. Nevertheless, the entire region does need additional moisture for crop development after germination.

The good news is that the region is only just past the halfway point of its rainy season, so adequate time remains for additional moisture. Thus, as is the case every year, the Memorial Day weekend rains will be necessary, otherwise new crop prices will see a significant rally.

New crop price activity is dependent on weather conditions across the U.S. Cotton Belt, and especially on the moisture requirements of the High Plains and Rolling Plains of Texas, Oklahoma, and Kansas. Thus, the coming month will find December trading between 75 and 80 cents, but any forecast moisture – whether it materializes or not – will keep pressure on prices into the last week of May. However, once Memorial Day arrives, prices will strictly be in the hands of Mother Nature.

Weather activity during the month of July will provide the framework of price activity for the remainder of the 2024 growing season. The old crop July contract, now the spot month, should be expected to replace – exactly – the trading pattern of the now-expiring May futures contract. As commented, one should expect its trading range to be between 77 and 83 cents, with a tilt toward the lower end of the range. Should international conditions experience further deterioration, then the July contract could fall below the 77-cent level. There does not appear to be any scenario that could pull the July contract above 83 cents.

Weekly export sales totaled a net of 177,100 bales – a good week. China was the primary buyer, taking 95,200 bales.

Long ago I popularized the counting of countries in the market for U.S. cotton every week. I see others use that standard now. It can be a good, but quite simple price barometer, but not under present economic conditions. Typically, if sales were made to 17-18 countries, the market could experience some positive price movement. This week, sales were made to 17 countries. Prices were flat to down. Last week, sales were made to 22 countries. Price movement was flat to negative.

However, the 2023-24 export season has seen exceedingly small sales to countries other than China. Of course, Vietnam, Pakistan, Bangladesh, and Turkey have been steady customers. Yet, the sales to those great customers of U.S. cotton have been smaller than was historically typical.

Demand has simply not been good, and it remains “not good.” We can dress it up with all our ideas and superlatives, but demand is not good, and we cannot expect a price rally until demand surfaces (of course, a production disaster can boost prices, as we saw during the February-March period this year). Yet, as has been the case most of the season, most of the export sales have been made to China, generally for the Chinese reserve program and not for nearby mill use.

Absolutely yes, that is good for demand. However, the cotton is simply moving from a U.S. warehouse to a Chinese warehouse. It is not going to a spinning mill. It is not moving to a retail shelf. It is not available to the consumer. It simply remains as a bale of cotton stored in a warehouse. It is not demand, nor is it not demanded by the ultimate consumer. Thus, the sales are based on the potential for future demand and most definitely not for immediate demand.

Consequently, one should not expect a market price reaction to the Chinese sales. The 50,000 -100,000 bale weekly sales have been expected. The Chinese told the market they would rebuild their reserve stocks, and, at 75 to 85/90 cents, cotton is a “steal” for the world’s largest textile industry – although an industry that is currently operating with one hand tied behind its back.

The market will react to yarn sales and garment sales, the ultimate demand factor for cotton – not raw cotton sales.

The cotton on-call statistics continue to suggest that a price rally is doubtful. The July on-call sales to purchases, in terms of raw numbers, looks positive for prices. Yet, the ratio is only about 4 to 1, not typically friendly. The ratio is less positive this week than last, and prices are lower. Mills have more than ample time to fix prices and have been extremely aggressive the past two weeks. Thus, one should not expect that fundamental to move the market.

While I am not fond of repeating comments of the prior week, last week's closing comment remains. Let us hope I just missed it.

“It was thought the July contract could challenge the 86 -87 cent level again. The 84-cent level will likely hold any price advance. The mid to high 70s appears to be the expected trading range.”

Source: cottongrower.com– Apr 28, 2024

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EU employment hits record high in 2023

In an encouraging development for the European economy, employment rates across the European Union (EU) have hit their highest levels since records began in 2009, according to the latest figures released by Eurostat. Over 75 per cent (195.7 million) of individuals aged 20 to 64 years in the EU were employed in 2023. This milestone marks a significant recovery, showcasing three consecutive years of employment growth following a decline to 72 per cent in 2020 due to the impacts of the COVID-19 pandemic.

The data reveals that the Netherlands leads the EU with an impressive employment rate of 84 per cent, closely followed by Sweden at 83 per cent and Estonia at 82 per cent. These figures contrast starkly with those at the lower end of the spectrum, where Italy records the lowest employment rate at 66 per cent, with Greece and Romania slightly above at 67 per cent and 69 per cent respectively.

The EU's over-qualification rate stood at 22 per cent in 2023, indicating a significant proportion of the workforce with tertiary education are employed in jobs that do not require such advanced qualifications. This rate shows a slight gender disparity, with 21 per cent for men and 23 per cent for women, as per Eurostat.

Spain experienced the highest rate of over-qualification at 36 per cent, followed by Greece at 31 per cent, and Cyprus at 30 per cent. On the other end of the spectrum, Luxembourg recorded the lowest rate at 5 per cent, with Denmark and Czechia both at 13 per cent.

Source: fibre2fashion.com – Apr 29, 2024

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Iran exports \$500 million of textiles in one year

About \$500 million of textile products were exported from Iran in the previous Iranian calendar year (March 21, 2023 to March 19, 2024).

In this period, most of the country's textile products were exported to Iraq, Afghanistan and Russia. The three countries accounted for 26, 18 and 6.0 percent share of Iran's total textile exports, respectively.

The majority of the textile products were exported from the country through the Kashan Customs Office, followed by Mashhad and West Tehran customs. Also \$2.2 billion of textile products were imported into the country from March 21, 2023, to March 19, 2024, showing a 12 percent growth compared to a year earlier.

The United Arab Emirates (UAE), China and Turkey were the main countries that exported textile products to Iran in this period

Back in October 2023, Secretary of the Association of Iran Textile Industries Shojaeddin Emami Rauf said annual export from the country's textile industry stands at \$560 million, while the imports are currently about \$1.880 billion.

"The imports in the textile industry are currently \$1.880 billion, which includes the import of yarn, clothing, fabric, etc.," Emami Rauf said. According to the official, approximately \$680 million of the above-mentioned figure is related to the imports of fabrics.

"We have a big gap in the weaving industry and investment should be made in this field; with a small investment we can reduce the imports in this sector and turn raw materials into domestic products," the official said.

"If the government supports weaving units, we can also invest in the spinning and dye sector and increase exports while preventing currency outflow," he added. According to Emami Rauf, the Iranian textile industry has the capacity to increase exports by 3-4 times.

Source: tehrantimes.com– Apr 28, 2024

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Bangladesh, Thailand set to kickstart FTA talks this year: Reports

Bangladesh and Thailand have cemented their commitment to commence negotiations on a Free Trade Agreement (FTA) by 2024. The announcement came after the two nations signed a Letter of Intent (LOI) following a bilateral meeting between Prime Minister Sheikh Hasina and her Thai counterpart Srettha Thavisin at the Thai Prime Minister's Office in Bangkok recently.

The agreement underscores a mutual intent to bolster economic ties and enhance trade relations between the two countries even as during the meeting, aside from the FTA negotiations, an additional agreement and three memorandums of understanding (MoUs) were inked in the presence of the Prime Ministers.

Prime Minister Sheikh Hasina emphasised the importance of Thai investment in Bangladesh's healthcare sector, urging exploration into investments in hospitals and medical facilities. She also extended invitations for Thai investments in Bangladesh's special economic zones and hi-tech parks, underscoring avenues for mutually beneficial collaboration.

Addressing the joint press conference, Prime Minister Sheikh Hasina highlighted the signing of an agreement on visa exemption for holders of official passports, facilitating smoother interactions between officials from both nations.

Additionally, an MoU was signed to explore energy cooperation potential, positioning Thailand as a key partner for Bangladesh in this sector.

Another MoU focused on cooperation and mutual assistance in customs matters, aiming to streamline customs procedures and enhance trade efficiency.

Furthermore, an MoU on cooperation in the field of tourism was signed, reflecting efforts to leverage Thai expertise and best practices to enhance Bangladesh's tourism sector.

Source: fibre2fashion.com– Apr 28, 2024

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NATIONAL NEWS

Govt evaluating usefulness of interest equalisation scheme in promoting exports

The government is scrutinising the interest equalisation scheme for exporters to analyse its usefulness in promoting exports so far, including from the MSME sector, to decide if it should be continued beyond June 30 2024, sources have said.

“The DGFT office is holding consultations with various export bodies and banks to have more clarity on those benefitting from the scheme and find out if it actually played a role in promoting exports,” an official told businessline.

The interest equalisation scheme, first implemented in April 2015 for five years, allows exporters of 410 identified products and all exporters from the MSME sector, to get bank credit at a subsidised interest rate determined by the government.

The banks are later reimbursed by the government for their lower interest earnings. The scheme has since got a number of extensions and the last one is set to lapse on June 30, 2024.

“There is a need for a detailed analysis of beneficiaries of the scheme under various sectors to pinpoint where the benefits are accruing and if a correlation can be established with growth in exports. If no direct correlation can be established, then the government will take a call on whether it should be withdrawn completely or for certain sectors,” the official said.

The Commerce and Industry Ministry has already been taking steps to ensure a better distribution of the outlay set aside for the interest equalisation scheme to ensure that it is not cornered by just a few.

Last year, the government introduced a cap of ₹10 crore per Importer Exporter Code (IEC) on the annual net subvention amount. This means that an individual unit cannot claim equalisation benefits beyond ₹10 crore.

In December 2023, an additional outlay of ₹2,500 crore, over and above the current outlay of ₹9,538 crore under the scheme, was approved by the Union Cabinet to bridge the funding gap to continue the scheme up to June 30, 2024.

Currently the scheme provides an interest equalisation benefit at the rate of 2 per cent on pre and post shipment rupee export credit to merchant and manufacturer exporters of 410 identified tariff lines at four digit level and 3 per cent to all MSME manufacturer exporters.

Exporter bodies have been asking the government to increase the subsidy rate to 5 per cent for MSME exporters and 3 per cent for others to help them be more competitive and cope better with global headwinds and the uncertain geopolitical scenario. In FY2023-24, India's goods exports declined 3.11 per cent to \$437.06 billion.

Source: thehindubusinessline.com– Apr 28, 2024

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Export figures for FY04, FY14, and FY24 show interesting trends

A look at the destination of our exports shows that our shipments to our neighbours in South Asia at 5.8 per cent have stagnated in the past 10 years.

The Commerce Ministry has released the quick estimates of exports and imports figures for March 2024. The figures for the full year 2023-24 are now available, and that enables an assessment of the export figures for 2003-04, 2013-14, and 2023-24.

The total merchandise exports figures went up from \$63.84 billion in 2003-04 to \$314.40 billion in 2013-14 (a rise of \$250.62 billion), and now stand at \$437.06 billion (a rise of \$122.65 billion). So, while the merchandise exports grew almost four-fold during 2004-14, they grew by a little over a third during 2014-24.

The services exports, however, grew from \$46 billion in 2003-04 to \$167 billion in 2013-14 (a rise of \$123 billion) and to \$340 billion in 2023-24 (a rise of \$173 billion from 2013-14). Thus the rise in exports of services is more than the rise in the exports of merchandise in the past ten years.

The chapter-wise disaggregated export figures are available up to April-January 2024. So, if the percentage shares, rather than absolute figures, of some major commodities are examined, some interesting trends emerge. First, the share of petroleum products (Chapter 27) in our exports basket has stagnated around 20 per cent in the past ten years. The share of gem and jewellery (Chapter 71) exports (7.7 per cent) have halved during the past 20 years. The share of pharmaceuticals (Chapter 30) has doubled in 20 years but still is only around 5 per cent.

The shares of chemicals (Chapters 28 and 29) at 5.2 per cent and farm, marine etc. products (Chapters 1 to 24) at 11.01 per cent have stagnated in 20 years.

The share of cotton including yarn, fabrics etc. (Chapter 50) at 5.4 per cent has gone up from 3.9 per cent two decades back. The share of highly labour intensive readymade garments (Chapters 62 and 63) has gone down from 8 per cent to 3 per cent in 20 years.

The success story is that of engineering products exports (Chapters 72 to 89) whose share in our total exports went up from 18.78 per cent in 2003-04 to 21.33 per cent in 2013-14, and now stands at 29.01 per cent. The share of other products has halved at 13.06 per cent in the past 20 years. From these figures, it is clear that engineering and petroleum products account for almost half of our exports.

A look at the destination of our exports shows that our shipments to our neighbours in South Asia at 5.8 per cent have stagnated in the past 10 years. Shipments to West Asia (15.38 per cent) are slightly higher than what it was 20 years back (14.74 per cent). Exports to East Asia have fallen from 24.93 per cent in 2003-04 to 20.25 per cent. Exports to North America (19.89 per cent) are almost the same as two decades back (19.60 per cent). In 20 years, Europe's share of our exports has gone down from 24.54 per cent to 22.49 per cent.

The share of Latin America at 3.43 per cent has stagnated in the past 10 years. Only 6.03 per cent of our exports went to Africa in 2003-04 but that share went up to 9.96 per cent in 2013-14 and is now 10.46 per cent. Shipments to other destinations went up from 2.03 per cent in 2003-04 to 4.81 per cent in 2013-14 before coming down to 2.28 per cent in 2013-14.

So, the broad message is that North America, Europe and Asia take in 83.83 per cent of our exports. Hopefully, our policymakers will draw the right inferences and lessons from these figures.

Source: business-standard.com– Apr 28, 2024

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India set to sign trade deal with Oman to expand its Middle East ties

India and Oman will sign a trade deal in the coming months, two Indian government officials said, as New Delhi seeks to expand its ties in the Middle East, where rising tensions are putting major shipping routes at risk.

"It will help India with a strategic partner and access to key trade routes in a volatile region," one official told Reuters.

India and Oman have annual trade of less than \$13 billion, but the relationship is important for New Delhi as the Gulf nation is a gateway to the narrow Strait of Hormuz between Oman and Iran, a major transit point for global oil shipments.

Israel's war against Hamas in Gaza has spread to hostilities with Iran, and Yemen's Iran-aligned Houthi militants have launched repeated drone and missile strikes in the Red Sea area, claiming solidarity with the Palestinians in Gaza.

The trade deal requires the approval of the government that wins India's ongoing national elections, whose results are to be announced on June 4, the officials said. Prime Minister Narendra Modi is widely expected to win a rare third term.

The officials asked not to be named as the discussions are private.

India's trade and foreign ministries and Oman's embassy in India and foreign ministry did not respond to emails seeking comment.

Making little progress on a deal with the Gulf Cooperation Council (GCC), India has pivoted to seeking bilateral deals with GCC member nations such as Oman and United Arab Emirates.

The planned deal with Oman "also gives a competitive edge as GCC is negotiating trade agreements with Pakistan and China," the official said.

Oman has agreed to eliminate duties on Indian exports worth an annual \$3 billion including agricultural products, gems and jewellery, leather,

automobiles, medical devices, engineering products and textiles, the officials said

India has agreed to reduce duties on some petrochemicals, aluminium and copper from Oman, while capping imports of such goods, the officials said.

Source: economictimes.com – Apr 27, 2024

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China's share in industrial goods imports jump to 30% from 21%: GTRI

With increasing India's dependence on Chinese industrial goods like telecom, machinery and electronics, Beijing's share in New Delhi's imports of such goods rose to 30 per cent from 21 per cent in the last 15 years, a report said.

According to the report by the economic think tank Global Trade Research Initiative (GTRI), the growing trade deficit with China is a cause of concern, and the strategic implications of this dependency are profound, affecting not only economic but also national security dimensions.

From 2019 to 2024, India's exports to China have stagnated at around \$ 16 billion annually, while imports from China have surged from \$ 70.3 billion in 2018-19 to over \$ 101 billion in 2023-24, resulting in a cumulative trade deficit exceeding \$ 387 billion over five years.

The Indian government and industries must evaluate and potentially recalibrate their import strategies, fostering more diversified and resilient supply chains, GTRI founder Ajay Srivastava said.

This is imperative not only to mitigate economic risks but also to bolster domestic industries and reduce dependency on single-country imports, especially from a geopolitical competitor like China, he added.

"Over the last 15 years, China's share in India's industrial product imports has increased significantly, from 21 per cent to 30 per cent.

"This growth in imports from China has been much faster than India's overall import growth, with China's exports to India growing 2.3 times faster than India's total imports from all other countries," the report said. In 2023-24, India's total merchandise imports amounted to \$ 677.2 billion, with \$ 101.8 billion of that coming from China.

This means China accounted for 15 per cent of India's total imports.

Out of these imports from China, \$ 100 billion or 98.5 per cent were in major industrial product categories.

"When compared to India's global imports of these industrial products, which total \$ 337 billion, China's contribution is quite significant, representing 30 per cent of India's imports in this sector. Fifteen years ago, China's share was just 21 per cent," it added.

The key sectors, where New Delhi's dependence is rising significantly, include electronics, telecom and electrical; machinery; chemicals and pharmaceuticals; products of iron, steel and base metal; plastics; textiles and clothing; automobiles; medical, leather, paper, glass, ships, aircraft and remaining categories.

During April-January 2023-24, the electronics, telecom and electrical products sectors had the highest import value at \$ 67.8 billion, with China contributing \$ 26.1 billion.

"This represents a substantial 38.4 per cent of the total imports in this category, indicating a heavy dependence on Chinese electronic goods and components," it said. In the machinery sector, China accounts for \$ 19 billion, which is 39.6 per cent of India's imports in the sector.

This underscores China's key role as a supplier of machinery to India, Srivastava said. India's chemical and pharmaceutical imports during the period stood at \$ 54.1 billion. Out of this, \$ 15.8 billion came from China.

This resulted in a Chinese share of 29.2 per cent, highlighting the importance of Chinese chemical and pharmaceutical products in India.

Similarly, the report said the total imports for plastics and related articles stand at \$ 18.5 billion, with China providing articles worth \$ 4.8 billion.

This accounts for 25.8 per cent of the total imports in this sector.

Srivastava also said that half of the imports from China consist of capital goods and machinery, indicating a critical need for focused research and development in this area.

Intermediate goods like organic chemicals, APIs (Active Pharmaceutical Ingredients), and plastics, which represent 37 per cent of imports, show a pressing need for upgrading these industries, he said, adding that consumer goods make up 12 per cent of the imports, while raw materials are less than 1 per cent.

The report added that many products imported from China, such as textiles, apparel, glassware, furniture, paper, shoes and toys are from categories dominated by micro, small, and medium enterprises (MSMEs), and most of these items could potentially be produced domestically.

"Overall, India imports a broad array of products from China, from high to low technology items, highlighting significant gaps in India's industrial capabilities across various sectors," it added.

Chinese companies are involved in India's energy, telecommunications, and transportation sectors, and they play critical roles in smartphones, electronics, electric and passenger vehicles, solar energy, engineering projects and many other sectors, it said.

The report said that so far, imports were carried out by Indian firms but now with the entry of Chinese firms into the Indian market, India's industrial product imports are set to rise at an accelerated pace.

"As the Chinese firms operating in India will prefer sourcing most requirements from their parent firms, Indian imports will rise sharply. For example, in the next few years, every third electric vehicle (EV) and many passenger and commercial vehicles on Indian roads could be those made by Chinese firms in India alone or through joint ventures with Indian firms," the report said.

The large-scale entry of Chinese automakers into India will impact the domestic auto/EV manufacturers, firms working in the EV value chain space and battery development, it added.

Source: [business-standard.com](https://www.business-standard.com)– Apr 28, 2024

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Cotton yarn, fabric, handloom exports up 7% to \$11.7 bn in FY24, shows data

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

According to the commerce ministry data, these exports in March grew by 6.78 per cent to \$1 billion.

In 2022-23, these exports stood at \$10.95 billion. This is one of the key product categories out of 30 closely monitored by the ministry.

The top five export markets for the sector during the last fiscal year were the US, Bangladesh, China, Sri Lanka, and the UAE.

The US accounts for over 25 per cent of India's total cotton yarn, fabrics/made-ups and handlooms exports, followed by Bangladesh (16 per cent), China (6.6 per cent), Sri Lanka (4.4 per cent), and UAE (2.35 per cent).

In 2023-24, the outbound shipments also entered new geographies like Anguilla, a British Overseas Territory in the Eastern Caribbean; Serbia; Georgia; Sweden; Cyprus; Azerbaijan; and Iran.

The other new markets explored by domestic exporters from the sector include Zambia, Cote D'Ivoire, Sierra Leone, and Russia.

An industry expert said that Brazil and Vietnam are promising markets where these shipments can be potted.

On average, India exports of these products worth \$one billion every month.

As per estimates, India is the largest producer of cotton globally, accounting for 23 per cent of the total global cotton production.

This category of exports is contributing to pushing up the country's labour-intensive textiles exports.

Exporters are looking at increasing textiles shipments to \$100 billion by 2030.

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

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

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Exporters brace for high cost of insurance amid tense backdrop of Iran-Israel conflict

Amid the tense backdrop of the Israel-Iran conflict, exporters are grappling with the spectre of escalating insurance and container rates with potential repercussions on global trade dynamics.

The recent tension between Israel and Iran have ushered in a precarious calm, leaving observers uncertain whether it's merely a pause before an impending storm.

Shipping container rates have already surged by 40-50 per cent compared with the previous year, accompanied by a corresponding increase in insurance premiums.

Furthermore, the insurance costs for shipping lines have skyrocketed, with war risk premiums ballooning from a mere 0.05 per cent to a staggering 1 per cent of a vessel's value. For vessels valued at approximately \$100 million, this translates to an exorbitant additional cost of \$1 million in war risk premium expenses, a burden voiced by exporters.

Compounded by the spike in costs, the prolonged freight shipments due to circumnavigating the Cape of Good Hope route are raising alarm bells among exporters, who fear losing their foothold in European markets.

While air freight initially seemed a viable alternative, traders are now contending with disruptions in flight schedules compounded by escalating airline rates.

With an anticipated 15 per cent surge in air freight rates from India to Europe and the added complications of shipment backlogs and airspace restrictions over Iran, exporters are actively seeking alternative logistics routes, they said.

Source: telegraphindia.com– Apr 29, 2024

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Cotton acreages in Central and South zones stable, North zone faces 20-30% decline

In the Central and South zones, the top two cotton-producing regions in the country, acreages are likely to be maintained in the forthcoming kharif season on the forecast of a normal monsoon.

Still, a shortage of premium cotton hybrid seeds looms large and is likely to weigh on the cropping trends. This is even as cotton faces a weak sentiment in the North zone, where the acreages are likely to come down by 20-30 per cent on account of rising pest infestations.

The cottonseed industry faced challenges in seed production last year, particularly in Karnataka, due to drought conditions. After the seed production capacities in the Nandyal region of Andhra Pradesh had come down, Karnataka emerged as a key player. However, a drought in the seed production belt has adversely impacted the output, casting a shadow on the overall availability of seeds.

“The demand (for seeds) has yet to start because of heat waves and the delay in wheat harvest. As far as North India is concerned, there may not be any shortage of seeds, but in the South and Central regions, there may be a shortage of popular brands to the extent of 15 to 20 per cent,” said Ram Kaundinya, Director-General of the Federation of Seed Industry of India (FSII).

The Central Zone, comprising Gujarat, Maharashtra and Madhya Pradesh, is the largest cotton-growing region, accounting for 60 per cent of the total acreages of over 124.69 lakh ha during 2023-24 season.

The South zone comprising Telangana, Karnataka, Andhra and Tamil Nadu accounted for 16 per cent of the cotton acreages during the 2023-24, and the North zone consisting of Punjab, Haryana, and Rajasthan accounted for 13 per cent.

“We used to have buffer stocks of seeds to take care of any shortages. But we don’t have the cushion this time,” said M Prabhakara Rao, President of the National Seeds Association of India (NSAI), stating there may not be much increase or decrease in acreages this year.

Demand for hybrid seed

The industry expects the demand for cotton hybrid seed to be 4.5-5 crore packets of 450 grams each. About two-thirds of the 4.5 crore packets are considered 'premium', a group of seed varieties in huge demand for high yields. The demand for seeds in South and Central India would stay put, but it may not compensate for the likely drop in the Northern parts of the country.

“The seed pricing issues are not encouraging. As we said earlier, it will impact the production. The demand for cotton from textiles industry is expected to grow further beginning this year. This year looks not so encouraging. But in the medium to long term the outlook looks promising” Rao said.

Considering the forecast of a normal monsoon and prices, the overall acreages should increase by about 5 per cent this year, said M Ramasami, Founder of Rasi Seeds.

Kaundinya said the area could see a marginal decrease due to pink bollworm damages, boll rot issues, and the availability of various alternative crops like corn, groundnut, and paddy, which are remunerative this year.

Bhagirath Chaudhary, founder director of South Asia Biotechnology Centre in Jodhpur, said the North zone might see a 20 per cent area decline, while in the Central and South, the acreages would depend on the arrival of monsoon.

Atul Ganatra, President of the Cotton Association of India, said it was too early to predict the next season's cotton sowing.

India's cotton production during 2023-24 was down to 323.11 lakh bales of 170 kg each from the previous year's 336.60 lakh bales due to a dip in area and yields.

Source: thehindubusinessline.com– Apr 26, 2024

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Tamil Nadu: Tiruppur exporters say orders from the West increase

Tiruppur-based exporters are excited as their overseas trade has picked up of late. More orders from European countries have lifted the spirit of exporters. The order books of exporters are increasingly improving, stated Tiruppur Exporters Association (TEA).

With the increasing orders, the demand for manpower for various departments has increased. As of today, there is a high demand for jobs such as tailors, checkers, assistants, administration, merchandising etc, stated TEA President KM Subramanian in a press release.

Large manufacturing companies are willing to hire people with limited experience and some go to the extent of hiring unskilled people without any experience. Through skill-development centres they train the unskilled manpower to their requirement and absorb them on a regular scale, Subramanian explained.

He also mentioned people are required for various levels of work such as tailors, checkers, assistants, printing, knitting, dyeing and compacting. People who are looking for jobs will have the option to choose their favourite jobs. He also said that unemployed youth who are looking for job opportunities from all over Tamil Nadu could approach the TEA. They would be assured of a job with an attractive salary including free food and accommodation.

One reason for the increasing job opportunities is the decline in the arrival of workers from the north and northeast states given the Lok Sabha Election. Even those working already in Tiruppur are returning to their hometowns to exercise their franchise.

"Over the past few years, the economic slowdown caused by the COVID-19 pandemic and the resultant lockdown has brought many problems for the Tiruppur garment industry. Besides, the impact of the American and European economic recession, the Russian-Ukraine war, and the resulting industrial recession have gradually changed, and today, Tiruppur has more business opportunities. In particular, large American and European retailers have started issuing large orders to Tiruppur Exporters to the extent that they were placed before the COVID-19 pandemic," states the TEA statement.

Another factor that may go in favour of Tiruppur exporters is the decision of large companies based in Europe to set up large-scale production facilities in India. This is because top garment exporter Bangladesh would have the benefit of the 'Least Developed Nation' status and be eligible for duty-free import in Europe only till December 2027.

Source: newindianexpress.com – Apr 29, 2024

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Punjab's cotton production surges despite dip in area

Despite having the lowest-ever area under cotton cultivation in Punjab during the 2023-24 season, the state has witnessed a notable increase in production of the crop compared to the previous year.

Even as the area under cotton has decreased by 80,000 hectares compared to the previous year, Punjab has recorded significant gains in yield per hectare. Punjab is among the three states of the north zone where cotton is cultivated.

The other two are Haryana and Rajasthan.

According to data sourced from the Cotton Association of India (CAI) and the Office of the Textile Commissioner under the Union Ministry of Textiles, Punjab's cotton production stands at 59,500 tonnes (equivalent to 3.50 lakh pressed cotton bales) as of March 31, 2024.

This marks a considerable increase from last year's production of 46,740 tonnes (2.75 lakh bales) by the same date. Notably, one bale equals 170 kg. The latest report from the CAI suggests that Punjab's cotton production is poised to rise further.

Given Punjab's cotton season spanning from October to September, cotton arrivals in the mandis continue throughout the year. The Office of the Textile Commissioner estimates Punjab's total production to reach 4.89 lakh bales by the end of this season, compared to around 4.44 lakh bales last year.

Yield and area trends

Punjab's cotton cultivation area this year stood at approximately 1.69 lakh hectares, marking an all-time low in over six decades. Despite this, the yield per hectare in Punjab reached around 491.89 kilograms, equivalent to approximately 4.92 quintals per hectare.

Last year, Punjab cultivated cotton on 2.49 lakh hectares, an 80,000-hectare difference from this season. However, due to one of the lowest yields recorded in the past decade, the state's cotton production was significantly lower, with only 314.06 kg of cotton per hectare.

Regional comparisons

In comparison, Haryana and Rajasthan, the other two North Zone states cultivating cotton, have also witnessed increases in yield per hectare this year compared to the previous year.

Haryana: Recorded 13.50 lakh bales against 11 lakh bales last year by March 31. The cultivation area increased from 5.75 lakh hectares last year to 6.83 lakh hectares this year, with yield per hectare rising from 295.95 kg to 360.91 kg.

Rajasthan: Recorded 29 lakh bales against 29.25 lakh bales last year by March 31. The cultivation area decreased from 8.15 lakh hectares to 7.91 lakh hectares, with yield per hectare increasing from 578.63 kg to 589.52 kg.

The increase in yield per hectare in these states has contributed to the overall growth in cotton production despite variations in cultivation area.

Source: indianexpress.com– Apr 29, 2024

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Weaving Wamsutta in portfolio is a ‘gamechanger’, says Indo Count

With this acquisition, Indo Count not only joined the ranks of renowned names in specialty and departmental stores across the US, but has also positioned itself alongside well-known labels such as Royal Velvet and Fieldcrest, said Kailash Lalpuria, executive director and chief executive officer, Indo Count.

For Kolhapur-based bed linen manufacturer Indo Count Industries Ltd, the recent acquisition of US home fashion brand Wamsutta from Bed Bath & Beyond has been nothing short of a "gamechanger".

With this acquisition, Indo Count not only joined the ranks of renowned names in specialty and departmental stores across the US, but has also positioned itself alongside well-known labels such as Royal Velvet and Fieldcrest, said Kailash Lalpuria, executive director and chief executive officer, Indo Count.

“Indo Count has been upgraded from a national brand existing in specialty and department stores to the upper scale segment," he said.

The company is now gearing up for its debut at the New York Market Week in September. It is also planning a significant launch of its spring-summer collection for 2025, targeting a bump to revenue and margin in fiscal year 2026.

“We anticipate revenue exceeding \$100 million in the next two-three years and expect it to scale up going ahead," said Lalpuria. The company's margin profile is also expected to reasonably improve, as branded goods typically command margins ranging from 22% to 30%, he added.

Wamsutta is also expected to expand the company's distribution channels from solely business-to-business to include business-to-consumer and direct-to-consumer channels, both online and offline, broadening Indo Count's market reach.

Earlier, the company was focussed mainly on B2B sales, with e-commerce accounting for 10% of its overall business. “Now we can build an online store of Wamsutta just like a Boll & Branch or Casper or anybody like that," said Lalpuria.

Indo Count had in 2021 partnered with renowned British designer Jasper Conran to launch his bed and bath collection worldwide. Building on this momentum, the bed linen maker teamed up with US brand Gaiam the following year. Next came Wamsutta.

Indo Count acquired Wamsutta from Bed Bath & Beyond parent Beyond Inc earlier this month for \$10.25 million.

With this acquisition, the textile company plans to increase its product offerings to categories such as rugs, windows, carpet, table linen, and kitchen linen, other than bed and bath. It also plans to include mattresses and furniture, boasting a robust brand recall of over 80% in North America.

When Bed Bath & Beyond acquired Wamsutta in 2012, the brand's global reach was limited as a retailer confined to the US, Canada, and partly Mexico.

“With \$500 million in annual revenue and a peak of \$800 million annually, Wamsutta had a good run at Bed Bath & Beyond stores,” Lalpuria said.

In the premium branded segment, there are retailers like Pottery Barn, West Elm, Restoration Hardware, Nordstrom's D2C brand Shapermint, Brooklyn Bedding, Casper, and Boll & Branch. Indo Count will also be competing with private labels including Calvin Klein, Tommy Hilfiger, Donna Karan, Kate Spade, and Ralph Lauren.

Bright prospects

Indo Count gains from the rising share of Indian home textile players in the US market, said Nuvama report dated 13 March. This trend is fuelled by the "China plus one" strategy, following the US ban on cotton from Xinjiang region, China's focus on its own market, and the increased manufacturing costs in China, the report added.

Having said that, revenue shall hinge on demand picking up. In the past, the home textile export market, particularly bed linen, has weathered challenges such as the rise in cotton prices, lower demand due to inflation, inventory build-up with US retailers, and supply chain disruptions.

Nuvama Institutional Equities anticipates a compound annual growth rate of 15% in revenue, 20% in Ebitda, and 24% in profit after tax from FY23 to FY26. In the nine months ended December, its revenue from operations stood at ₹2,331 crore.

Indo Count is also leveraging its low debt levels to pursue both organic and inorganic growth, Lalpuria said.

“We already have two licenced brands in our kitty--Jasper Conran and Gaiam. And now, we are in talks and exploring new licensed brands to add to our portfolio,” Lalpuria said.

“There is ample opportunity for the company to enhance its capacity utilization, targeting 62-65% this year, with about one-third of its capacity remaining untapped, offering potential for revenue growth,” he said.

In the last couple of years, the bedsheet manufacturer has expanded its capacity to 153 million metres from 90 million metres. “Around 95% of revenue accrues from exports (74% to the US),” said Nuvama Institutional Equities report dated 13 March.

As of March quarter, the company’s exports have likely risen 38% year-on-year and 67% sequentially to ₹1123.7 crore, according to Arihant Capital Markets.

Although there are some short-term disruptions due to longer transit times caused by the Red Sea crisis, analysts see growth prospects for the bed linen exporter amid the US ban on cotton imports from China’s Xinjiang.

The FTAs signed with Australia and the UAE, the potential for more agreements with the EU and the UK, and various government initiatives are likely to aid textile exports, they added.

“European tariffs of 12% pose a significant hurdle for Indian home textile exporters. Post FTA European markets would open up a huge market for home textile players,” said Vikram Suryavanshi, vice president-equity, PhillipCapital (India).

“EU market is in fact marginally bigger than the US; however most of home textile players have 65-70% sale from the US while 12-15% from the

EU region due to duty disadvantage compared to Bangladesh and Pakistan," Suryavanshi added.

Lalpuria acknowledges some current industry challenges, including the need for Free Trade Agreement approvals and high input costs, which he hopes the government will address to support further industrial growth.

"Logistic costs are another headache, eating up around 6-8% of expenses compared to just 2-3% in developed countries. Plus, interest rates have risen to 9-10% from 7-8%," he pointed out.

However, moving forward, Lalpuria believes the demand outlook for the company remains steady with green shoots such as higher retail sales and improving consumer sentiment seen boosting growth.


Source: [livemint.com](https://www.livemint.com)– Apr 26, 2024

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Smart Growth: Uniform Variety Produces High-Quality Cotton

A cluster of farmers has successfully produced high-quality cotton from a uniform variety – containing higher lint percentage with cleaner bolls – in five talukas of Nagpur district under the Smart Cotton Project of Govt of Maharashtra.

About 1,000 farmers, through five farmer groups from across the state, took part in the project which assumes importance mainly because traditionally farmers have been sowing different varieties which results in variation in the final characteristic of cotton.

		<p>➤ The agriculture department and experts provided a three-day training to farmers through CIRCOT Nagpur</p>
<p>➤ Traditionally farmers have been sowing different varieties which results in variation in the final characteristic of cotton</p>	<p>➤ Poor picking practices, climatic conditions, trash content, multiple picking seasons affect the yield to a large extent</p>	<p>➤ About 1,000 farmers, through five groups across the state, took part in Smart Cotton Project of Maharashtra Govt</p>
<p>1,800 Farmers in 60 villages of Katol, Narkhed, Nagpur, Saoner and Hingna tehsils were supplied long staple and high lint percentage seed varieties on a pilot basis</p>		<p>➤ Farmers were taught about efficient pre-picking to avoid trash and given 3,600 cotton picking bags to collect clean cotton bolls</p>
		<p>➤ A ginning unit was reserved to process bales</p>

Additionally, poor picking practices, climatic conditions, trash content, multiple picking seasons affect the yield to a large extent.

Arvind Uprikar, deputy commissioner of agriculture and nodal officer in Nagpur district, said, “Bales produced by all the five farmer groups are of super grade variety with 30-31 MM staple length. Spinners or bale buyers should prefer this cotton because of its high lint percentage and clean bolls.”

In its second year of operation, the project has attracted 95 farmers from Katol, Narkhed, Nagpur, Saoner and Hingna talukas. About 1,800 farmers in 60 villages of five talukas were supplied with long staple and high lint percentage seed varieties on a pilot basis. “Additionally, 3,600 cotton picking bags were provided,” Uprikar said.

The agriculture department and its team of experts provided a three-day training to the participating farmers through CIRCOT Nagpur. Farmers were taught about efficient pre-picking to avoid trash and given picking bags to collect clean cotton bolls while a ginning unit was reserved to process bales.

Jayesh Mahajan, state nodal officer (post harvest), Smart Cotton Project, Maharashtra, said from 2,900 bales in the state last season to 5,500 this time is a big achievement. “Initially 500 farmers participated which has gone up to 900. Meanwhile, we have reached out to over 1 lakh farmers in the state,” he said.

Mahajan said the aim is to increase lint percentage and uniformity of variety for mass production in the same ecological condition/region. “Farmers’ storage habits are poor. As a result, India’s cotton is considered the dirtiest in the world. We educate the farmer to ensure quality and it doesn’t deteriorate in the processing phase. Ultimately, the farmer needs a good price,” he said.

The project works on a push and pull mechanism. “The push is for better quality and the pull is from the buyer where the govt certifies the quality. E-auctioning of the bales ensures prices are discovered and gullible farmers are not cheated,” Mahajan added.

Cotton has a short shelf life and its value falls with time. “If lint is converted into bales after selling off the seeds, the ready-to-sell bales fetch a good price when demand goes up,” he said.

Source: timesofindia.com– Apr 29, 2024

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