TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408

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. 117 of 2024 July 16, 2024

Currency Watch			
USD	EUR	GBP	JPY
83.57	90.98	108.31	0.53

NATIONAL NEWS	
No	**Topics**
1	India's goods exports post 2.6% rise to $35.2 billion in June
2	India's exports of carpet, RMG, man-made & cotton yarn rise in June
3	India flagged concerns with Russia over non-tariff barriers: Commerce secy
4	'India, Eurasian Economic Union finalizing broad contours for proposed FTA'
5	Next round of talks for proposed trade, investments agreement between India, EU likely in September
6	India's textiles export hub Tiruppur stitches a new tale after FY24 setback
7	Government looks at Bangladesh-type model to boost garment sector
8	Textile industry outlook brightens for spinners
9	Indian spinning mills turn cautious in buying cotton as season end nears
10	Budget 2024: Apparel exporters seek fiscal incentives to boost exports
11	Non-toxic ionic liquids for silk processing
12	Amazon is looking beyond the road in India. Here's why.

SAYING NO TO CHILD LABOUR

G20 भारत 2023 INDIA

INTERNATIONAL NEWS

Better supply chain due diligence in 95% US textile-apparel firms: DHS

Apparel industry reports indicate that more than 95 per cent of US textile and apparel companies have actively enhanced their supply chain due diligence efforts with the use of technology and verification tools, according to the department of homeland security (DHS). As a result of DHS' focus on enforcement in apparel and cotton products, importers have shifted supply chains from China to mitigate their risk.

With its new Textile Enforcement Plan, DHS is expanding its enforcement efforts to address risk of cotton sourced from the Xinjiang Uygur Autonomous Region (XUAR) in de minimis shipments and to protect the textile and apparel industries' investments in clean free trade agreement supply chains, a DHS release said.

The XUAR produces 10 per cent of the world's polyvinyl chloride (PVC), the majority of which is used to manufacture vinyl flooring. US imports of PVC products declined by 48 per cent in the last 12 months as US importers shifted away from suppliers that utilised XUAR-sourced PVC in certain flooring products. Industry reports acknowledge these shifts away from Chinese supply chains and have resulted in new and expanded PVC and flooring production capacities in the United States, Mexico, India and Vietnam, DHS said.

The Uyghur Forced Labor Prevention Act (UFLPA) establishes a rebuttable presumption that the import of any goods produced by an entity on the UFLPA Entity List is prohibited from import into the United States.

Since implementation of the rebuttable presumption in June 2022, the US Customs and Border Protection (CBP) has reviewed more than 9,000 shipments valued at over $3.4 billion, covering a broad range of products, including apparel and flooring. The UFLPA Entity List now includes 68 entities, 48 of which were added in the last 13 months, DHS added.

Source: fibre2fashion.com– July 15, 2024

HOME

****

Euro area & EU's industrial production declines in May 2024

In May 2024, seasonally adjusted industrial production in the euro area decreased by 0.6 per cent compared to April 2024, while the European Union (EU) experienced a decline of 0.8 per cent, according to the first estimates from Eurostat, the statistical office of the EU. In contrast, April 2024 saw industrial production remain unchanged in the euro area and grow by 0.5 per cent in the EU.

Year-on-year (YoY) comparisons show that in May 2024, industrial production decreased by 2.9 per cent in the euro area and by 2.5 per cent in the EU. Within the euro area, industrial production for May 2024, compared to April 2024, saw a decrease of 1 per cent for intermediate goods and a decline of 1.8 per cent for durable consumer goods. Conversely, energy production increased by 0.8 per cent, and non-durable consumer goods saw a rise of 1.6 per cent.

In the EU, industrial production for May 2024 compared to April 2024 experienced a 1 per cent decrease for intermediate goods and a 2.1 per cent decline for durable consumer goods.

Energy production rose by 0.4 per cent, and non-durable consumer goods increased by 0.8 per cent. The largest monthly decreases in industrial production were recorded in Slovenia with a decline of 7.3 per cent, Romania at 6.2 per cent, and Denmark at 4.9 per cent.

On the other hand, the highest increases were observed in Ireland, which saw a growth of 6.7 per cent, Luxembourg at 3.9 per cent, and Estonia at 3.8 per cent, as per Eurostat.

YoY analysis for May 2024 in the euro area reveals a 3.5 per cent decrease in production for intermediate goods and a 4.2 per cent decline for durable consumer goods.

However, energy production increased by 0.7 per cent, and non-durable consumer goods rose by 2.8 per cent. In the EU, industrial production saw a YoY decrease of 3.1 per cent for intermediate goods and a 4.1 per cent decline for durable consumer goods. Energy production in the EU increased by 1.2 per cent, and non-durable consumer goods saw a 3.3 per cent rise.

The largest annual decreases in industrial production were recorded in Romania with a decline of 6.9 per cent, Germany at 6.6 per cent, and Bulgaria at 6.3 per cent.

Conversely, the highest annual increases were observed in Denmark, which saw a significant rise of 9.6 per cent, followed by Ireland at 8.7 per cent, and Greece at 6.8 per cent.

Source: fibre2fashion.com– July 15, 2024

HOME

****

Industry Groups Express 'Grave Alarm' at Cambodian Government's Audit of NGO Critic

Two prominent fashion industry trade groups have penned a letter expressing their "grave alarm" at an upcoming "national security" audit of a Phnom Penh-based labor rights organization that recently threw the spotlight on employer-imposed obstacles to freedom of association in the country's garment industry.

The timing of the investigation makes it appear that the probe's "sole purpose" is to retaliate against the Center for Alliance of Labor and Human Rights, better known by its acronym CENTRAL, the American Apparel & Footwear Association (AAFA) and the Fair Labor Association (FLA) wrote on behalf of members such as H&M Group, Nike and Zara owner Inditex. As such, the organizations are calling "in the strongest possible terms" for the audit to be dropped.

"Our members value the strong, and growing, relationship with your country, which has risen to become the No. 3 supplier of travel goods, the No. 4 supplier of footwear and the No. 6 supplier of garments to the U.S. market as well as a major supplier of garments, shoes and travel goods to Europe and Canada," Steve Lamar, president and CEO of the AAFA, and Jeff Vockrodt, president and CEO of the FLA, wrote in a letter dated July 12 to Deputy Prime Minister Abhisantibindit Sar Sokha, Minister of Labour and Vocational Training Heng Sour and Minister of Commerce Cham Nimul. "One of the key reasons this relationship is so valuable is the Cambodian government's respect for civil society, freedom of speech, and freedom of association, which is called into question by this audit."

The United States is the number one destination for Cambodian goods, accounting for nearly 36 percent of the country's exports, or $4.4 billion's worth, in the first six months of 2024, according to the General Department of Customs and Excise. Most of this was garments, textiles, footwear and travel goods.

Funded by Swiss nonprofit Solidar Suiss and published in early June, CENTRAL's report criticized the International Labour Organization's Better Factories Cambodia (BFC) initiative for failing to identify breaches of workers' rights, and in so doing undermining Cambodia's constitution, labor laws and human rights commitments. Despite "perfect" BFC scores on freedom of association criteria at the 14 factories included in the study, the report said, union representatives at 10 of them said they encountered barriers such as verbal intimidation, threats, harassment and blacklisting, “severely” hampering their ability to operate.

Part of the broader Better Work Program, BFC began in 2001 with the goal of improving garment worker conditions through a combination of labor monitoring and training. To date, it covers over 651,000 workers across 700 factories, or more than three-quarters of the Cambodian garment sector’s total. Some 45 brands and retailers participate in the program, including H&M, Nike and Inditex, though no international buyers were named in CENTRAL’s report.

BFC appeared to take both the paper’s criticisms and recommendations in stride, saying that it appreciated the feedback and is aware of the limitations of its assessments, though its work with unions and on freedom of association extends beyond them. CENTRAL had suggested the establishment of a BFC-specific grievance mechanism for compliance violations, improved accessibility of assessments and more direct engagement with a broader swath of workers and worker representatives, among other things.

“We are committed to exploring opportunities to better communicate the full scope of our program,” a Better Factories Cambodia spokesperson said after the release of the report. “We will discuss potential improvements internally based on the recommendations received, and will also continue our engagement with both CENTRAL and Solidar Suisse.”

But more than a dozen “pro-government” unions have claimed that CENTRAL’s report does not accurately reflect conditions in the industry and therefore could harm existing and future investment. It’s these unions, according to the Clean Clothes Campaign, the garment industry’s largest consortium of trade unions and labor groups, that have filed letters of petition requesting that the Ministry of Labour and Vocational Training and Ministry of Interior investigate CENTRAL’s operations and finances.

“This smear campaign against CENTRAL fits in seamlessly with the wider repression against labor and human rights advocates in the country,” the Clean Clothes Campaign said in a statement late last month. “Civic space has been under enormous pressure in Cambodia for years now.....The current targeted attacks on CENTRAL appear coordinated and a well-planned effort to eliminate yet another independent voice in Cambodia’s civic space landscape.”

The AAFA and FLA agree that "robust discourse," even if critical, is necessary to a "thriving and successful society."

"Government and global buyers are sometimes challenged by what they perceive as misleading or inaccurate allegations made by NGOs," Lamar and Vockrodt wrote. "However, the overriding value of freedom of speech in ensuring a free civil society means that the appropriate response in such cases is to speak up and counter those claims, rather than to eliminate the ability of those we may disagree with to speak at all."

To accept anything else, they said, would create a "chilling effect" not only on civil society but also a society's "perceived viability" as a responsible sourcing destination.

"In the strongest possible terms, we again call on the Cambodian government to immediately cancel its upcoming 'national security' audit of CENTRAL and refrain from taking any measures that could be, and will be, perceived as intimidation and harassment of this NGO or any other NGO," they added. "With the name 'Cambodia' increasingly printed on our member brands' products, your actions immediately impact our member brands' values, reputations and legal obligations".

Source: sourcingjournal.com– July 15, 2024

HOME

****

China's GDP Grows 4.7% in Q2

China's economy registered 4.7 percent year-over-year growth for the second quarter, missing analysts' consensus of 5.08 percent, according to a survey conducted by Wind, a local financial data provider.

Based on data released by the National Bureau of Statistics on Monday, China's economy expanded 4.7 percent from April to June, slowing from the first quarter's 5.3 percent expansion. In the first half of 2024, China's economy expanded 5 percent year-over-year, according to NBS data.

Apart from a faltering real estate market and high unemployment rate, factors including extreme weather and weak local demand are challenges facing the economy, according to a NBS spokesperson.

The world's second-largest economy has a goal of 5 percent GDP growth for 2024.

According to ING, more policy support will need to be put in place in order to achieve this year's 5 percent growth target.

"Stabilizing home prices should be the top priority in order to support confidence, and if policy support continues to roll out we could see some positive signs in the coming months," wrote ING's chief economist of Greater China Lynn Song.

"Nonetheless, the actual drag on GDP growth will likely persist for an extended period of time, as even if prices bottom out, there is still a high level of inventories that need to be digested before new investment takes place," Song continued.

Key economic directives and even stimulus plans are expected to come out of The Third Plenum of the 20th National Congress, which is held in Beijing every five years and runs from Monday to Thursday.

On the retail front, sales of consumer goods rose 2 percent to reach 4.073 trillion renminbi, or $626.49 billion, in June, a slowdown compared to May's 3.7 percent increase, and the lowest rise since December 2022.

For the first half of 2024, online retail sales amounted to 7.099 trillion renminbi, or $1.09 trillion, an increase of 9.8 percent year-on-year.

Sales of apparel goods declined 1.9 percent year-over-year to 123.7 billion renminbi, or $19.03 billion, in June. For the first half of 2024, the category grew 1.3 percent.

Sales of cosmetics goods fell 14.6 percent year-over-year in June to 40.5 billion renminbi, or $6.23 billion. Sales of gold and jewelry dropped 3.7 percent year-over-year to 26.2 billion renminbi, or $4.03 billion in June.

Source: sourcingjournal.com– July 15, 2024

HOME

****

Global cotton market sees varied trends in June

In the past month, cotton benchmark prices have shown mixed movements, reflecting varied trends across different markets, according to Cotton Incorporated.

The December NY/ICE futures contract has fluctuated between 70 and 76 cents per pound. In late June, prices approached slightly above 75 cents but have since shifted towards the lower end of the range. The A Index experienced similar fluctuations, ranging between 81 and 85 cents per pound. It too saw a rise towards the end of June before drifting lower, Cotton Incorporated said in its Monthly Economic Letter - Cotton Market Fundamentals & Price Outlook - July 2024.

A notable decline was observed in the Chinese Cotton Index (CC Index 3128B), which dropped from 102 to 97 cents per pound in international terms. This marked the first time the index consistently stayed below 100 cents per pound since late 2022. Domestically, prices fell from 16,200 to 15,600 RMB (approximately $2,231.43 to $2,148.79) per ton, with the RMB remaining stable against the dollar at approximately 7.27 RMB/USD.

Indian spot prices for Shankar-6 quality cotton saw a slight increase, moving from 85 to 88 cents per pound. This rise reversed the minor decline noted the previous month. In domestic terms, prices increased from ₹56,000 to ₹58,200 (approximately $669.96 to $696.28) per candy, while the INR maintained stability around ₹83 per USD.

In contrast, Pakistani spot prices fell from 86 to 80 cents per pound. Domestically, values decreased from 19,700 to 19,300 PKR (approximately $70.72 to $69.29) per maund, with the PKR steady at around 278 PKR/USD.

Source: fibre2fashion.com– July 16, 2024

HOME

****

EU approves Sri Lanka-Indonesia cumulation for textile exports

The European Commission has approved a landmark decision permitting regional cumulation between Sri Lanka and Indonesia for selected textile and apparel products. This move, based on a joint request by the two countries, will enable them to export these products to the 27-member countries of the European Union under the EU Generalized Scheme of Preferences (GSP) scheme, potentially increasing Sri Lanka’s apparel exports to the EU market.

After thorough examination, the European Commission determined that the conditions for granting cumulation between the two countries from two regional groups were met. The decision, effective from August 8, 2024, allows Sri Lanka to cumulate origin for certain materials from HS Chapters 51 to 55, 58, and 60 originating in Indonesia. Sri Lanka can then produce textile products of HS Chapters 61 to 63 under regional cumulation, provided both countries remain in the GSP scheme.

“This decision not only strengthens trade relations with the European Union but also underscores the commitment of both countries to adhere to rigorous origin rules and administrative cooperation,” Sri Lanka’s Ministry of Foreign Affairs said in a press release.

The approval of regional cumulation will enable Indonesia to export fabrics to Sri Lanka for re-processing into apparel products, which Sri Lanka will then export to the EU market. Leveraging Indonesia's strong textile production capabilities, Sri Lanka can secure a steady supply of high-quality materials. This arrangement is expected to enhance the competitiveness of Sri Lankan apparel in the global market, create employment opportunities, and bolster economic growth, offering a mutually beneficial outcome for both countries.

Sri Lanka's export-oriented apparel industry, a key driver of the national economy, has significantly contributed to the country's economic growth over nearly three decades. In 2022, the apparel industry accounted for approximately 43 per cent of Sri Lanka's total export value, earning USD 5,591 million, a 10 per cent increase from 2021. The European Union stands as one of the three largest buyers of Sri Lankan apparel by volume and value. The industry employs nearly 350,000 workers directly and twice as many indirectly.

Despite its substantial contributions, Sri Lanka's apparel sector has a limited domestic fabric supply, with only six companies engaged in fabric production. Consequently, the industry relies heavily on imported fabrics, amounting to USD 2,080.81 million in 2022, with imports from five tariff lines excluded from the joint request constituting 59 per cent of total fabric imports. In contrast, Indonesia is a major textile producer with robust output in cotton, man-made fibres, and synthetics.

The European Commission's decision follows a concerted effort by the Joint Apparel Association Forum (JAAF), the Department of Commerce, the Ministry of Foreign Affairs, and the Sri Lankan Embassy in Brussels, in collaboration with the Indonesian Government and EU authorities, over several years. The implementation of this decision will require additional administrative measures from Sri Lanka and will be monitored by the European Commission to ensure proper management.

Source: fibre2fashion.com– July 15, 2024

HOME

****

EURATEX welcomes EU customs reform package

The European Textile and Clothing industry (EURATEX) welcomes the proposed reforms to the EU's customs system, emphasizing the need for a modernized framework that addresses the challenges of the digital age and fosters a level playing field.

“Customs play a critical role in safeguarding fair competition within the EU Single Market and ensuring that products meet our environmental and safety standards,” states Dirk Vantyghem, EURATEX director general. “We recognize the need for a reformed system adapted to the 21st century, particularly considering the growth of e-commerce and the increasing complexity of regulations.”

EURATEX highlights key priorities for a successful reform:

- Phasing Out De Minimis Exemption: EURATEX strongly supports abolishing the €150 import duty exemption for small consignments. This exemption has been exploited by e-commerce companies, creating unfair competition for European manufacturers. EURATEX urges immediate action to eliminate this loophole, rather than waiting until 2028.

- Harmonization and Streamlining: The organization calls for a unified customs regime across the EU, with simplified procedures and reduced administrative burdens for businesses, especially SMEs. This includes avoiding duplication of efforts and ensuring seamless interoperability between different customs information systems.

- Data Security and Transparency: EURATEX emphasizes the importance of robust data security measures within the proposed EU Data Hub. Clear regulations on data access, ownership, and cybersecurity safeguards are essential. Open collaboration between industry and policymakers is crucial in designing the Data Hub for optimal functionality.

- Effective Implementation of Trust & Check Trader (T&CT): The T&CT status offers potential benefits for companies through features like self-assessment. However, EURATEX raises concerns about practical implementation, particularly for SMEs struggling to obtain existing Authorized Economic Operator (AEO) statuses. Providing support for SMEs in obtaining this status is crucial.

- Interoperability and Data Sharing: EURATEX emphasizes the importance of the EU Data Hub's interoperability with various IT systems. Also, a uniform central IT network facilitating national and other legal requirements would be a significant step forward.

- Structured Dialogue with Stakeholders: The establishment of the EU Customs Authority (EUCA) is seen as a positive development for coordinating customs enforcement across the EU. EURATEX recommends a dedicated dialogue between the EUCA and stakeholders, including industry representatives, to improve overall coordination and effectiveness.

Source: fibre2fashion.com– July 16, 2024

HOME

****

European businesses confident in Vietnam's long-term growth: EuroCham

Despite Vietnam's robust first-half growth in gross domestic product (GDP), the second quarter (Q2) Business Confidence Index (BCI) released recently by the European Chamber of Commerce in Vietnam (EuroCham) saw a marginal decline from 52.8 in Q1 to 51.3 in Q2, underscoring the necessity for ongoing policy adjustments to maintain momentum.

While fewer companies report the economic situation as 'very poor' (decreasing from 8 per cent to 6 per cent), those describing it as 'not good' increased slightly from 24 per cent to 26 per cent.

Despite this, a majority (68 per cent) still maintain a neutral to positive outlook regarding their own business conditions, suggesting an overall sense of stability, the BCI survey, conducted by Decision Lab, revealed.

Though overall sentiment towards Vietnam's economic outlook in Q3 2024 is cautiously optimistic (45 per cent), individual businesses are more hesitant about their own prospects for the quarter, with 45 per cent remaining neutral and 23 per cent expressing concerns.

This short-term uncertainty is balanced by robust long-term confidence, with nearly 70 per cent of businesses expressing optimism about the country's economic growth over the next five years. This confidence is further reflected in the fact that a comparable percentage would recommend Vietnam as an investment destination, a EuroCham release said.

The survey also highlights persistent regulatory challenges that hinder growth and investment. Key pain points identified include ambiguous regulations subject to varying interpretations; burdensome administrative processes; difficulties in obtaining licences, permits and approvals; challenges with visas and work permits for foreign workers; and duplicate or inconsistent approvals across government levels.

Despite the introduction of Decree No. 70 in September 2023 to streamline work permit and visa procedures for foreign workers, only 3.3 per cent of respondents report significant improvements.

While half acknowledge some progress, a quarter indicates no change. Enhancing this process is crucial for attracting international talent and fostering knowledge exchange.

The recently implemented Personal Data Protection Decree (PDPD), designed to safeguard personal information, has inadvertently caused uncertainty among businesses, the survey found.

A quarter of survey respondents admit to not fully understanding the decree's requirements, and only a third feel confident in their ability to comply. This highlights the need for clearer guidance and support from authorities to ensure a smooth transition and compliance, the report added.

Source: fibre2fashion.com– July 16, 2024

HOME

****

NATIONAL NEWS

India's goods exports post 2.6% rise to $35.2 billion in June

India's goods exports inched upwards in June growing 2.6 per cent (year-on-year) to $35.2 billion fuelled by sectors such as engineering goods, electronics, chemicals, and pharmaceuticals sectors as global conditions supporting trade showed some improvement.

Imports in June increased by a higher 4.9 per cent to $56.18 billion, generating a trade deficit of $20.98 billion, which was a tad higher than the trade deficit of $19.19 billion in June 2023 but lower than the previous month's trade deficit of $23.8 billion.

"If you look at various global forecasts, there is positive global growth and inflation is also getting down. If growth sustains globally, India's exports will also sustain. However, there are a lot of ifs and buts due to geopolitical conflicts. Going by the ongoing situation, we will be crossing $800 billion total (goods and services) exports during the current financial year," Commerce Secretary Sunil Barthwal said at a media briefing on Monday

While goods exports increased in June for the third consecutive month, there was a slowdown in the rate of growth compared to May 2024 when exports posted a rise of 9.1 per cent (year-on-year) to $38.13 billion.

Q1 exports up

In the April-June 2024 period, goods exports rose 5.84 per cent to $109.96 billion while imports grew 7.6 per cent to $172.23 billion. Trade deficit during April-June 2024 widened to $62.26 billion compared to $56.16 billion in the same period last year.

"I am very confident, given the current trend of Q1(April to June) in which we have crossed $200-billion exports (of goods and services), we will be able to cross $800 billion of total exports (in the fiscal)," the Commerce Secretary said.

The country's import growth in June was driven by items such as petroleum products, electronic goods, iron & steel, non-ferrous metals and chemicals. Oil imports increased by 19.62 per cent to $ 15 billion in June 2024, gold imports declined by 38.66 per to $ 3 billion during the month.

Top five import sources in June in terms of growth were the UAE, China, Russia, Indonesia and the US.
Sectors in focus

Barthwal said the Commerce Ministry was focusing on six major sectors (engineering, textiles and apparel, electronics, pharmaceuticals, chemicals and plastics, and agriculture) and 20 countries to give exports a further push.

"The need of the hour is to take steps on the liquidity front with deeper interest subvention support and extension of interest equalisation scheme for five years," said Ashwani Kumar, President, Federation of Indian Export Organisations.

The government also needs to ensure availability of containers, marine insurance and a rationale increase in freight charges to address the challenges arising from the Middle East geopolitical situation and the Red Sea crisis, he added.

Top export hub

The top five export destination for India in June in terms of growth included the US, the UAE, Malaysia, Bangladesh and Tanzania.

In 2023-24, exports had declined 3.11 per cent to $437 billion partly due to global slowdown and geopolitical strains affecting demand.

Source: thehindubusinessline.com– July 15, 2024

HOME

****

India's exports of carpet, RMG, man-made & cotton yarn rise in June

India's total exports—merchandise and services combined—in June this year were worth an estimated $65.47 billion, registering a growth of 5.4 per cent year on year (YoY), according to the data released by the ministry of commerce and industry.

Total imports for the month were worth an estimated $73.47 billion, registering a YoY growth of 6.29 per cent.

The country's total exports during the second quarter (Q2) this year were worth an estimated $200.33 billion—a growth of 8.6 per cent YoY. Total imports during that quarter were estimated to be worth $222.89 billion—a growth of 8.47 per cent YoY.

Merchandise exports during June were worth $35.20 billion compared to $34.32 billion in the same month last year, while such imports during the month were worth $56.18 billion compared to $53.51 billion in June 2023.

Merchandise exports during Q2 2024 were worth $109.96 billion compared to $103.89 billion during the corresponding quarter last year, which such imports during the quarter were worth $172.23 billion compared to $160.05 billion during Q2 2023.

Merchandise trade deficit during Q2 2024 was $62.26 billion compared to $56.16 billion during Q2 2023.

Exports of carpet; readymade garments of all textiles; man-made yarn, fabrics, made-ups, etc; and cotton yarn, fabrics, made-ups, handloom products, etc witnessed YoY growths of 10.64 per cent, 3.68 per cent, 2.79 per cent and 0.92 per cent respectively during June, a release from the ministry said.

Imports of raw & waste cotton and leather & leather products dropped by 26.16 per cent and 17.38 per cent YoY respectively during June.

India's top five export destinations, in terms of change in value, exhibiting YoY growth in June this year were the United States (5.98 per cent), the United Arab Emirates (UAE, 13.81 per cent), Malaysia (93.82 per cent), Bangladesh (25.2 per cent) and Tanzania (59.13 per cent).

The top five export destinations, in terms of change in value, exhibiting YoY growth in Q2 2024 were the Netherlands (41.33 per cent), the United States (10.4 per cent), the UAE (17.62 per cent), Malaysia (81.84 per cent) and Singapore (26.55 per cent).

The top five import sources, in terms of change in value, exhibiting YoY growth in June were the UAE (48.15 per cent), China (18.37 per cent), Russia (18.57 per cent), Indonesia (23.22 per cent) and the United States (10.65 per cent).

The top five import sources exhibiting YoY growth in Q2 2024 were the UAE (35.68 per cent), Russia (19.72 per cent), China (8.34 per cent), Iraq (27.64 per cent) and Indonesia (17.92 per cent).

Source: fibre2fashion.com– July 15, 2024

HOME

****

India flagged concerns with Russia over non-tariff barriers: Commerce secy

India has flagged concerns over non-tariff barriers (NTBs) faced by its exporters with the Russian government, commerce secretary Sunil Barthwal said here on Monday.

NTBs faced by Indian exporters are mainly in sectors such as marine products and pharmaceuticals. For instance, India has been finding it difficult to export marine products to Russia as exporters face certification and listing challenges related to exports.

"These issues are being taken up at different forums. We are looking at getting greater market access and addressing these non-tariff barriers in areas such as marine products and pharmaceuticals," Barthwal told reporters, adding that a visit to Moscow is also being planned.

The secretary's statement comes against the backdrop of setting an ambitious target to increase bilateral trade to $100 billion by 2030, up from over $67 billion now. The target was set during Prime Minister Narendra Modi's meeting with Russian President Vladimir Putin in Russia last week.

"We are looking to raise the overall trade volume with Russia... We are looking at various sets of commodities such as electronics, engineering goods and other items, where trade can be enhanced," the commerce secretary said.

The trade between both the countries expanded rapidly over the last two financial years. However, it was mainly driven by a rise in oil imports from Russia, soon after its standoff with Ukraine started in February 2022. Trade deficit with Russia is also the second highest, raising concerns over an "imbalanced trade" between the two countries.

As far as the proposed free trade agreement (FTA) with Eurasian Economic Union (EAEU) is concerned, conversations between chief negotiators have been made. Broad contours and terms of reference are being finalised, Barthwal said.

EAEU comprises five member states of Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia.

On the other hand, senior officials of India and the 27-nation European Union (EU) are expected to hold the next round of talks for the proposed FTA, which aims at boosting commerce and investments, in September. Darpan Jain, joint secretary in the commerce department, said the eighth round of talks was concluded on June 28 and saw discussions on all 21 chapters.

Progress was made in areas such as government procurement, digital trade, technical barriers to trade, goods and market access. “We plan to hold more inter-sessional meetings in July and August, and we intend to have another round (of talks) in the last week of September,” Jain told reporters here.

As far as the proposed FTA with the UK is concerned, another official said that with the new government taking charge in Britain, the two countries will take forward the negotiations.

Last week, Commerce and Industry Minister Piyush Goyal said that both countries are “deeply committed” to signing an FTA.

Earlier this month, Keir Starmer became Britain’s Prime Minister after his Labour Party’s landslide electoral victory against Rishi Sunak-led Conservatives. Starmer’s win has renewed hope for the long-pending India-UK trade deal.

The portal will help exporters in meeting the non tariff measures so that goods can be produced depending on the needs of different trade partners. “Different countries have different standards and they vary a lot and we have seen that in the case of spices. EU has very stringent standards while US has relatively liberal ones…so exporters have to send products as per their standards,” he added.

On Monday, Business Standard reporter that the government is working towards a strategy to tackle non-tariff barriers faced by exporters by setting up a committee and launching a portal.

Source: business-standard.com– July 15, 2024

HOME

****

'India, Eurasian Economic Union finalizing broad contours for proposed FTA'

India and the five-nation Eurasian Economic Union bloc are working to finalise broad contours and their terms of reference on a proposed free trade agreement, an official said.

The five members of the Eurasian Economic Union (EEU) are Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.

Additional Secretary in the Department of Commerce Anant Swarup said that on the EEU proposed free trade agreement (FTA), chief negotiators of both sides have already met and broad contours are being finalised.

"Scope and the ToRs (terms of reference) of the proposed free trade agreement are under stakeholder consultation internally in India and same with Russia and soon it will be exchanged so that the next steps can take place," he told reporters here.

On the timeline for both sides to formally launch negotiations for the pact, he said that unless there is an understanding on the ToR, the launch date is premature to be decided.

In such agreements, two or more trading partners either eliminate or significantly reduce customs duties on the maximum number of goods traded between them. These agreements provide greater market access to Indian goods and services.

Russia is the top trading partner of India in the bloc, with bilateral trade worth $65.7 billion in 2022-23. India's exports to Russia stood at $4.26 billion in 2023-24, while imports were $61.43 billion due to an increase in crude oil imports.

The bilateral trade with Armenia, Belarus, Kazakhstan, and Kyrgyzstan was $131.38 million, $59 million, $331.7 million, and $55 million, respectively, in the last fiscal.

Source: business-standard.com– July 15, 2024

HOME

****

Next round of talks for proposed trade, investments agreement between India, EU likely in September

New Delhi: Senior officials of India and the 27-nation European Union (EU) are expected to hold the next round of talks for the proposed free trade agreement, which aims at boosting commerce and investments, in September, an official said. Joint Secretary in the Department of Commerce Darpan Jain said that the eighth round of talks was concluded on June 28.

He said that discussions were held on all 21 chapters in the meeting and progress was made in number of areas such as government procurement, digital trade, technical barriers to trade, goods, and market access.

"We plan to hold more inter-sessional meetings in July and August and we intend to have another round (of talks) in the last week of September," Jain told reporters here.

On June 17, 2022, India and the EU formally resumed negotiations on the proposed agreement, after a gap of over eight years. They are negotiating Trade and Investment Agreement, and a pact on Geographical Indications (GI).

India had started negotiations for a trade pact with the EU in 2007, but the talks stalled in 2013 as both sides failed to reach an agreement on key issues, including customs duties on automobiles and spirits and the movement of professionals.

The trade agreement with the EU would help India further expand and diversify its exports of goods and services, including securing the value chains.

India's merchandise exports to EU member countries have increased to USD 75.92 billion in 2023-24 from USD 74.83 billion in 2022-23. Imports also rose to USD 59.38 billion in 2023-24 from USD 61 billion in 2022-23. The EU accounts for over 17 per cent of India's total exports and about 8.8 per cent of the country's total imports.

Talking about the proposed trade pact with the UK, another official said that with the new government taking charge in Britain, the two countries will take forward the negotiations.

The official said the new government in the UK will look into the agreement.

The India-UK talks for the proposed free trade agreement (FTA) began in January 2022. The 14th round of talks stalled as the two nations stepped into their general election cycles.

Britain's newly-elected Prime Minister Keir Starmer spoke to Prime Minister Narendra Modi recently and said he stood ready to conclude an FTA that worked for both sides.

The two leaders agreed to work towards the early conclusion of a mutually beneficial India-UK FTA.

There are pending issues in both the goods and services sectors.

The Indian industry is demanding greater access for its skilled professionals from sectors like IT and healthcare in the UK market, besides market access for several goods at nil customs duty.

On the other hand, the UK is seeking a significant cut in import duties on goods such as scotch whiskey, electric vehicles, lamb meat, chocolates and certain confectionary items.

Britain is also looking for more opportunities for UK services in Indian markets in segments like telecommunications, legal and financial services (banking and insurance).

The two countries are also negotiating a bilateral investment treaty (BIT).

There are 26 chapters in the agreement, which include goods, services, investments and intellectual property rights.

The bilateral trade between India and the UK increased to USD 21.34 billion in 2023-24 from USD 20.36 billion in 2022-23.

The Labour Party's election manifesto for the recent polls also committed to clinching the deal.

Source: economictimes.com– July 15, 2024

HOME

****

India's textiles export hub Tiruppur stitches a new tale after FY24 setback

This revival is mainly driven by major orders from global players like Primark, Tesco, George at ASDA and Decathlon

With a contraction of 14 per cent in knitwear exports during 2023–24, India's textiles export hub Tiruppur is back in positive terrain in 2024–25, with the first three months seeing a rise in exports.

This revival is mainly driven by major orders from global players like Primark, Tesco, George at ASDA and Decathlon.

While in April it was marginal at 1.5 per cent, May and June saw a rise of over 11.4 per cent and 10 per cent, respectively.

The region is also seeing a beeline of other brands which include US players like GAP, Carter's and Walmart. There are also European majors like Next and Duns, and Australian giants like Target and Woolworths, according to the Tiruppur Exporters Association (TEA).

Export numbers were in negative terrain for 10 months in the last financial year. This was owing to multiple reasons like the war in Ukraine, the financial crisis in Europe and the United States, and global businesses not coming back to normalcy.

“We have seen over 10 per cent rise in June also. This is mainly driven by the global majors diversifying their sourcing basket due to the "China Plus One" policy and a major wage hike in an important market like Bangladesh,” said K M Subramanian, president of TEA.

Late last year, Bangladesh reportedly announced a 56 per cent increase in the monthly minimum wage to $113 from the previous $75 for garment factory workers. This has now forced global buyers to look at other traditional sourcing hubs like Tiruppur.

According to data shared by TEA, the region's exports in April 2024 stood at $294 million, up from $290 million in April 2023. And in May 2024, they were at $360 million versus $323 million last year.

At present, Tiruppur accounts for 90 per cent of the country's cotton knitwear exports and 55 per cent of all its knitwear exports.

During the calendar year also, except for a dip of 3.8 per cent in January, all the other months saw the exports rise.

In February, the increase was 6.4 per cent and in March it was around 5.6 per cent compared to the same months last year.

"We are yet to see the peak. This is because of Europe and the possible US recession when people were conservative in placing orders. The rise in cotton prices also hit trade. Now, the markets are coming back to a new normal," said R Senthil Kumar of Premier Agencies, a micro, small and medium enterprise (MSME) based out of Tirupur.

According to him, stabilising of cotton prices due to better supply-demand situation and Bangladesh wages nearing Indian rates helped the order book.

One of the major issues haunting the region was its labour shortage. However, after elections, this situation is also improving. Before polls, the city was seeing a shortage of around 40 per cent in migrant employees. Now, it has come down to 10 per cent with facilities for employees increasing, said industry sources.

Tiruppur's textile industry has 600,000 inland employees and 200,000 migrants.

The rise in orders also gives a push to activities in the entire cluster. These include knitting units, dyeing and bleaching units, fabric printing, garmenting, embroidery, compacting, calendaring, and other ancillary units.

Source: business-standard.com– July 15, 2024

HOME

****

Government looks at Bangladesh-type model to boost garment sector

NEW DELHI: Government has discussed the possibility of a Bangladesh-type model to help the Indian garment sector ramp-up output and compete globally and create jobs domestically.

While discussions have been preliminary, industry representatives have pointed to the massive potential that exists in the country, both due to availability of cotton, as well as the need to shift a part of the production to man-made fibre (MMF).

While free trade agreements with the UK and the European Union may address one of the major gaps — import duty differential where Bangladesh enjoys an edge due to its status as a least developed country — other measures were also discussed during a meeting in the textiles ministry.

Indian industry representatives, led by the Apparel Export Promotion Council, have pitched for pushing investments as Rs 40 crore investment in plant and machinery is expected to generate annual production of around Rs 150 crore. It has been estimated that 1,000 machines will create around 2,000 jobs.

Industry representatives has suggested duty-free import of machinery for three years and then imposing high tariffs once a domestic eco-system is created.

“The Indian apparel industry needs to derive competitiveness by scaling up the size of its garment manufacturing units, investing in MMF fabric manufacturing, embracing technology in manufacturing, investing in technology upgradation and acquiring necessary certifications for positioning India as the preferred sourcing destination for apparel,” said an industry source.

Source: timesofindia.com– July 15, 2024

HOME

****

Textile industry outlook brightens for spinners

Textile companies are set to report mixed results for the April-June quarter. While spinning firms are expected to benefit from lower cotton prices, leading to improved margins, garment makers will likely face challenges due to subdued domestic demand.

According to Elara Capital, the overall textile industry may see revenue growth of 1.4 per cent year-on-year but a 5.9 per cent quarter-on-quarter decline. However, the brokerage maintains a positive long-term outlook, with Arvind Ltd being its top pick.

Spinning companies are poised to gain from lower cotton procurement costs, translating into better margins. Additionally, increased demand has boosted production volumes. In contrast, garment manufacturers are grappling with muted domestic demand, although export orders have risen due to Western retailers diversifying away from China.

Home textile firms are also expected to see improved margins thanks to favorable raw material costs.

Key players like Arvind Ltd, KPR Mill, and Vardhman Textiles are expected to exhibit varied performances based on their specific segments and market dynamics.

While Arvind Ltd is projected to witness strong garment volume growth, its overall profitability may be impacted by higher costs due to a factory strike. KPR Mill is expected to benefit from increased yarn and garment production, leading to improved margins in the textile segment. Vardhman Textiles is anticipated to see growth in the fabric category but a decline in yarn volume.

Source: fashionatingworld.com– July 15, 2024

HOME

****

Indian spinning mills turn cautious in buying cotton as season end nears

Spinning mills have turned chary in purchasing cotton as the current season is set to end in two-and-half months and are keen to avoid any liquidity problem.

“Being the end of the cotton season and liquidity issues in the overall market, (spinning) mills want to be careful in cotton purchases. Man-made and cellulosic fibre penetration has also helped mills to reduce their exposure to cotton,” said Prabhu Dhamodharan, Convenor, India Texpreneurs Federation (ITF).

The cost factor is driving the fashion towards alternate fibres and reducing cotton consumption in all stages, he said.

Slack demand

Prices quoted by Cotton Corporation of India (CCI), which has over 20 lakh bales (170 kg each) of stocks procured from farmers at minimum support prices this season, are a dampener despite slack demand, said Ramanuj Das Boob, a Raichur-based sourcing agent for domestic mills and multinationals. He is also the vice president of All India Cotton Brokers Association.

“If traders buy cotton from CCI and resell it to mills on credit, the economy doesn’t work out. So, they are also silent,” he said.

“Lack of demand for yarn and declining prices are creating hurdles for the textile industry,” said Rajkot-based Anand Popat, a cotton, yarn and cotton waste trader.

Speculator bearish

Bearish speculators on InterContinental Exchange, New York, are also responsible for dull trading in the domestic market despite strong fundamentals, he said.

Cotton prices have declined over 10 per cent since the beginning of 2024. According to the Economic Research Service (ERS) of the US Department of Agriculture, global cotton prices for 2024-25 season (August-July) are expected to decline for the third consecutive year.

Global production in 2024-25 is forecast at 119.1 million bales (226.8 kg), nearly 5 per cent higher than in 2023-24. It is the largest crop since 2017-18. Brazil and the US are expected to harvest higher crops, making up for the expected loss in China, India and Pakistan.

Current prices

Currently, December cotton futures on ICE are quoted at 72.60 cents a pound (₹50,000/candy of 356 kg). On India's MCX, July cotton futures are ruling at ₹57,750 a candy. The price of Shankar-6, the benchmark for exports, was ₹57,900 on Monday. In Rajkot agricultural produce marketing committee yarn, kapas (unprocessed cotton) were quoted at ₹7,625 a quintal.

On Monday, CCI cut its price by ₹500 a candy across all States, said Das Boob, adding this comes after the corporation hiked prices by ₹1,900-2,000 within 10-12 days ending July 12.

Dhamodharan said the six-month domestic consumption season begins in September. "We expect some better stability in the retail market. Already many retailers have indicated about same stores sales growth. They expect good festival season this year," he said.

MSP hike

The inventory level with retailers have reduced considerably. They do not stock up more than a week or 10 days requirement. "So we expect sales and consumption at yarn and fabric level will stabilise in the coming days," said the ITF Convenor.

Das Boob said the market tendency kept traders away from purchase and it was difficult to fathom the reason for the slow movement. However, after the Centre increased the minimum support price (MSP) of cotton, some mills began buying. "Even CCI could sell around 3-4 lakh bales after that," he said.

The government has increased the MSP for the current crop year (July 2024-June 2025) to ₹7,121 a quintal (for medium staple) from ₹6,620 last year.

Popat said the low prices for European yarn prices were also leading to a bearish trend.

Yarn exports stable

Das Boob said cotton prices have dropped due to low demand by mills as yarn prices are not supporting at the higher cotton price level.

Dhamodaran said cotton yarn exports have stabilised in the range of 9-10 crore kg per month. Buying by Bangladesh and Europe has been consistent over the past few months. “We expect the same level of calibrated buying in exports will continue in the coming months,” he said.

Meanwhile, Popat said cotton sowing has been completed in Gujarat and North India. In both these regions, the area will likely be 10 per cent and 30 per cent lower, respectively. However, higher acreage in Maharashtra, Telangana, Karnataka and Andhra Pradesh will ensure almost the same area of 123.87 lakh hectares as last year.

Das Boob said good rainfall has been reported all over Telangana and Karnataka, which is positive for the cotton crop. “Even Maharashtra has got sufficient rain,” he said, adding that the area under cotton in South India would be higher than last year.

Source: thehindubusinessline.com– July 16, 2024

HOME

****

Budget 2024: Apparel exporters seek fiscal incentives to boost exports

Apparel exporters on Monday sought fiscal incentives including cut in customs duties and fund support in the forthcoming Budget to boost the outbound shipments from the sector. Finance Minister Nirmala Sitharaman is scheduled to present the Budget on July 22.

The Apparel Export Promotion Council (AEPC) suggested the government should increase the rates under the interest equalization scheme to 5 per cent for all the apparel exporters for a period of five years. "This will increase the apparel industry's competitiveness in the international market," AEPC Chairman Sudhir Sekhri said in a statement. He also said that all types of trimmings and embellishments should be covered under Import of Goods at Concessional Rates of Duty Rules.

Sekhri said that with the complete value chain and commitment for compliance driven quality products, India is all set to unleash its prowess in the textiles and apparel sector by being a significant global player. "The long-term policy for garment industry related schemes will provide stability in the policy regime and will be a pro-active step to help garment exports from the country," he added.

He also asked for reduction in the custom duty on high-end textile machinery; direct tax concessions to apparel manufacturers adopting ESG (environmental, social, and governance) and other international quality norms and compliances; and budgetary support for branding and marketing of made-in-India products.

"The custom duty should be brought down to zero per cent for three years to enable technology upgradation. Subsequently, a high tariff wall should be raised on import of textile machinery to encourage foreign investment in textile machinery manufacturing," he said.

Mithileshwar Thakur, Secretary General, AEPC, added that this labour-intensive sector needs the right push and all the support from the government as it holds the key to the generation of massive employment opportunities for the youth and empowerment of women.

Source: business-standard.com– July 15, 2024

HOME

****

Non-toxic ionic liquids for silk processing

Researchers have found an eco-friendly approach that can eliminate the use of toxic chemicals in silk processing. Traditionally, toxic chemicals like sodium carbonate, sodium hydroxide, sulfuric acid, and lithium bromide have been used to extract silk proteins, fibroin and sericin from various types of raw silk fibres, an important step in the process of making silk from cocoons.

A team at the Institute of Advanced Study in Science and Technology (IASST) Guwahati has identified Ionic Liquids (ILs) which can be promising sustainable alternatives to the toxic chemicals currently in use for the silk protein extraction process, according to a press release from the Department of Science and Technology, Government of India.

The team, led by Dr Kamatchi Sankaranarayan, has identified 4 different ILs that can be effective in extracting silk proteins from raw fibres. This new research, published in Chemistry Select by Wiley Publishers, has potential for use in sericin extraction from both mulberry (Bombyx mori) and non-mulberry silks, such as Muga (Antheraea assamensis) and Eri (Philosamia ricini), indigenous to Northeast India.

The researchers explored six different ILs and found some of them were particularly effective in removing sericin without damaging the silk protein structure. The ones showing the greatest promise included 1-Butyl-3-methylimidazolium chloride (BMIM.Cl), 1-ethyl-3-methylimidazolium tetrafluoroborate (EMIM.BF4), and Tetraethylammonium bromide (TEAB). TEAB appeared to be highly effective due to its ability to destabilize sericin proteins.

The research holds great significance for the silk industry. Not only does it offer a more environmentally friendly alternative to traditional chemical methods, but it also paves the way for efficient sericin extraction from non-mulberry silks, potentially leading to new applications for these unique fibres. This is the first instance of using ILs for sericin extraction from non-mulberry silks, highlighting the potential of this new approach for a more sustainable and diverse silk industry.

Source: thehindubusinessline.com– July 15, 2024

HOME

****

Amazon is looking beyond the road in India. Here's why.

The Dedicated Freight Corridor Corporation of India (DFCCIL), which has built huge capacity for freight transportation in the country, has a dedicated customer now – Amazon.

The Western Dedicated Freight Corridor, a part of the network which extends from Dadri in Uttar Pradesh to Sanand in Gujarat, introduced parcel services along its New Rewari and New Palanpur section in July last year. Amazon has been a regular user of this service.

As per DFC's parcel service, anybody can place an indent for a full wagon with a total capacity of 18 tonnes. Logistics companies can place indents, book wagons, as well as pay online. "Amazon has been regularly loading. Some companies showed interest but haven't really put indents so far," says Shobhit Bhatnagar, director - operations and business development at DFCCIL.

On August 16, 2023, DFCCIL held a meeting with several logistics companies including Delhivery, Blue Dart, Flipkart, Meesho, TCI Express, Shadowfax, and others, to explore opportunities for shifting loads to rail. However, most companies haven't shown much interest.

This year onwards, the rail service has been extended up to Sanand in Gujarat, which is closer to Ahmedabad, thus boosting Delhi to Ahmedabad traffic.

Every day, a train with eight wagons departs in both directions from Sanand and Rewari between 8pm and 10pm and arrives between 7am and 8am. "Of the eight wagons being run, Amazon is usually taking up four to five," informs Bhatnagar.

As per Bhatnagar, new stations like New Ancheli and New Kharbao, which will be closer to Mumbai, are likely to be added to DFC's parcel services sometime next year.

Amazon's global strategy

Adopting rail in India is Amazon's wider global strategy to reduce carbon emissions and achieve cost efficiencies. Amazon has been using rail networks largely for inventory transfers between fulfilment centres.

In April this year, Amazon signed an agreement with the Italian state railways to launch a rail service to move products between distribution centers in Italy and Germany. As per the Italian state railways, this shift could reduce CO_2 emissions by 9,000 tonnes annually, compared to the road transport.

In 2023, Amazon increased its rail and sea transportation in the European market by about 50%. The company has partnered with European carriers to transport products over 100 rail lanes and 300 sea routes to speed up customer deliveries.

In a statement, Amazon said it aims to decrease its carbon emissions by almost 50% by reducing its reliance on road transport.

The rail network

Since launching its operations in India in 2013, Amazon has significantly invested in expanding its logistics and fulfilment network across the country.

Currently, Amazon operates more than 43 million sq ft of space, fulfilment centres in more than 15 states, and sort centres in 19 states with more than 2.3 million sq ft of sortation area. In India, the company continues to make regular fund infusions in its Amazon Transportation Services (ATS). In January, last year, it invested INR400 crore in ATS after an INR375 crore investment in June, the previous year. The company has gradually reduced its dependence on third-party logistics players to handle around 85% of its deliveries on its own.

In 2019, Amazon India became the first e-commerce company to establish an operational partnership with the Indian Railways to transport customer packages. This collaboration enabled Amazon to strengthen its logistics capabilities across more than 110 inter-city lanes, facilitating one- or two-day deliveries to remote locations.

As per an internal post on Amazon.in posted on August 3, 2022, the number of railway lanes that are part of Amazon India's operations network has increased 10x to touch 325 inter-city transportation lanes for the movement of customer packages. These inter-city transportation lanes are one of the enablers in offering one- and two-day delivery promises to customers in the hinterlands of the country. This expansion enables Amazon India to ship customer packages via the Indian Railways to cities such as Jharsuguda, Ratnagiri, Kurnool, Nanded, Bareily, Bokaro, Rudrapur, among others.

In the same post, Venkatesh Tiwari, director, Amazon Transportation, says, "Working with the Indian Railways helps us further that commitment by offering a faster delivery promise to customers in towns like Darbhanga, Puri, and Haldwani, among others, for delivery in one-two days."

Rail vs. road

The biggest advantage rail can offer is reduction in travel time, besides cost advantages, especially for long distances. Companies can save on the operating cost of running trucks, driver expenses, etc. However, there are several deterrents for e-commerce companies for whom time sensitivity is the most important parameter.

"For long distances, beyond 600km-700km, the cost of moving goods via rail on a per tonne basis can be half of that by road," says Lalit Chandra, railway expert.

However, several companies have turned away from rail due to the diminishing cost advantages. This is often due to the significant additional costs incurred in the first- and last-mile transportation, as well as terminal charges, loading, and unloading expenses.

"Road transport has become much faster than before and guarantees much simpler end-to-end movement, thus giving a tough competition to rail," says Dinesh Goyal, president - rail at CJ DARCL Logistics.

Goyal adds, "For Amazon, rail makes sense to move goods between fulfilment centres. The company can get first-mile and last-mile cost advantages if the warehouses are located close to rail terminals."

On track with investment

At present, the Indian Railways allows parcel booking at over 750 stations, out of more than 7,000 of its stations, allowing customers to book space in parcel vans attached to express passenger trains. Indian Railways, which has been majorly dependent on coal and other bulk goods for its freight revenues, has been making sporadic efforts to increase its parcel traffic, comprising small packages of goods like foodgrains, electrical items, and household goods. Till one year ago, the railways allowed items such as mobile phones, laptops, and perfumes in the parcel vans of passenger trains to attract more parcel volumes.

During the Covid-19 year, when passenger trains were suspended, the Indian Railways had introduced 109, time-tabled parcel trains over 58 routes to connect major corridors namely Delhi, Mumbai, Chennai, Hyderabad, Bengaluru, and Kolkata, besides several smaller cities. Amazon was quick to grab the opportunity.

However, according to experts, establishing a sustainable strategy is crucial for regular rail usage. Companies with sporadic needs often prefer leasing parcel vans, whereas those with consistent daily requirements typically opt for long-term leases or invest in their own fleet of trains.

The advantage of rail accrues further when you invest in your own rolling stock and rail sidings, say experts.

"If Amazon is a serious player in rail transportation, given its volumes, it will need to have dedicated rail sidings, which will enter their premises on both loading and unloading sites, so as to remove first-mile and last-mile connectivity issues. It can also invest in its own trains, tailor-made to meet their requirements and maximise throughput," says railway expert, Lalit Chandra.

Companies like Tata Steel, NTPC, and Maruti, which have regular requirements for bulk commodities, have invested in railway sidings to avoid the hassles of first-mile and last-mile transportation. These players have also invested in their own parcel vans which are designed to carry material from their plants in areas like Chennai across the country.

The logistics expansion

If one looks at recent developments, Amazon has been actively developing a multi-modal logistics network in India, capitalising on the country's robust infrastructure to enhance its logistical capabilities.

About eight months ago, Amazon India added a new mode of transport to its supply chain-navigable inland waterways of potentially 14,500km, comprising rivers, canals, backwaters, and creeks. The e-commerce giant signed a memorandum of understanding (MoU) with the Inland Waterways Authority of India (IWAI), under the Ministry of Ports, Shipping, and Waterways, to facilitate the movement of containerised cargo. The aim is to establish a network for cargo shipment on inland waterways, with a pilot to be initiated on the water route between Patna and Kolkata.

In January last year, Amazon launched its air service in India, with two leased cargo aircrafts, Boeing 737-800, operated by Benglauru-based Quikjet. The lease agreement with Quikjet will help Amazon supplement its huge trucking network in India and have a strong grip over air shipments across its busiest lanes — Mumbai, Delhi, Hyderabad, and Bengaluru. India is the third market, after the United States and Europe, for Amazon Air.

Source: economictimes.com– July 15, 2024

HOME

****