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Currency Watch			
USD	EUR	GBP	JPY
83.72	90.75	107.88	0.55

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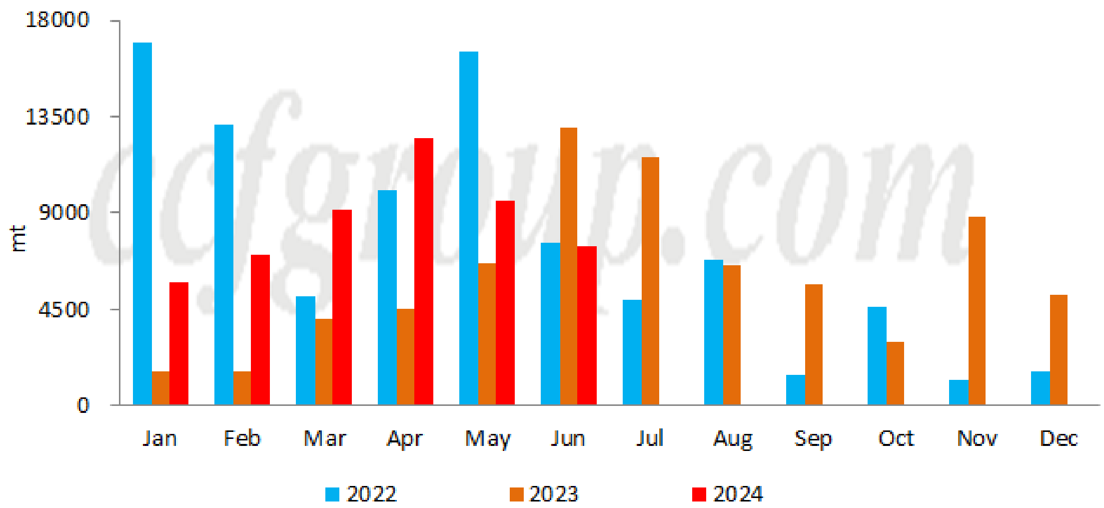
INTERNATIONAL NEWS

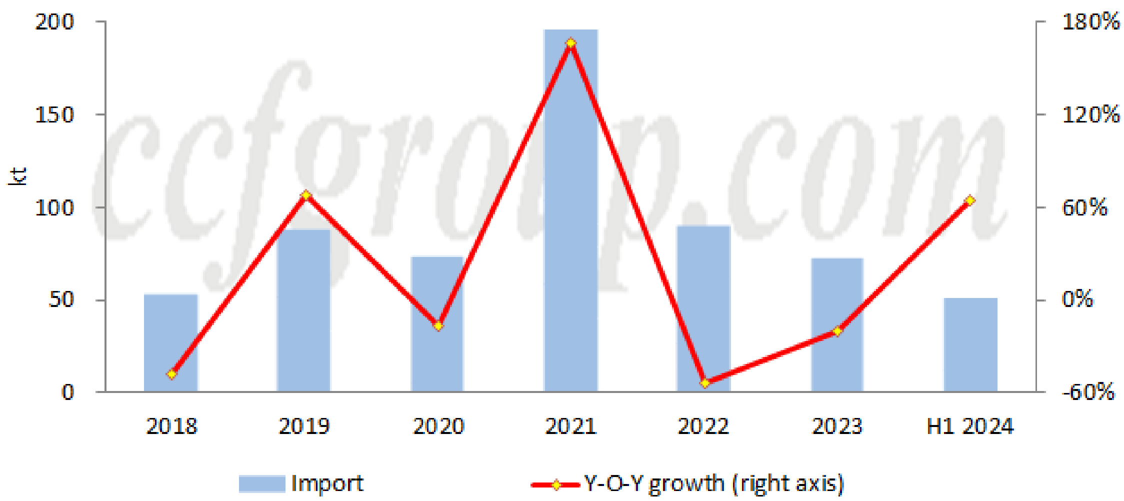
China: Cotton linter import from India and US marks a sharp rise in H1

In the first half of 2024, the cotton linter import market saw a significant surge. This year, cotton linter import of China experienced substantial fluctuations. From Jan to Apr, there was a continuous increase in imports, with monthly import volume expanding. In April, the volume reached a new high for the year but then gradually declined. In the first half of the year, imports from India and the United States surged, with regions like Xinjiang and Jiangsu seeing a dramatic increase in import volume.

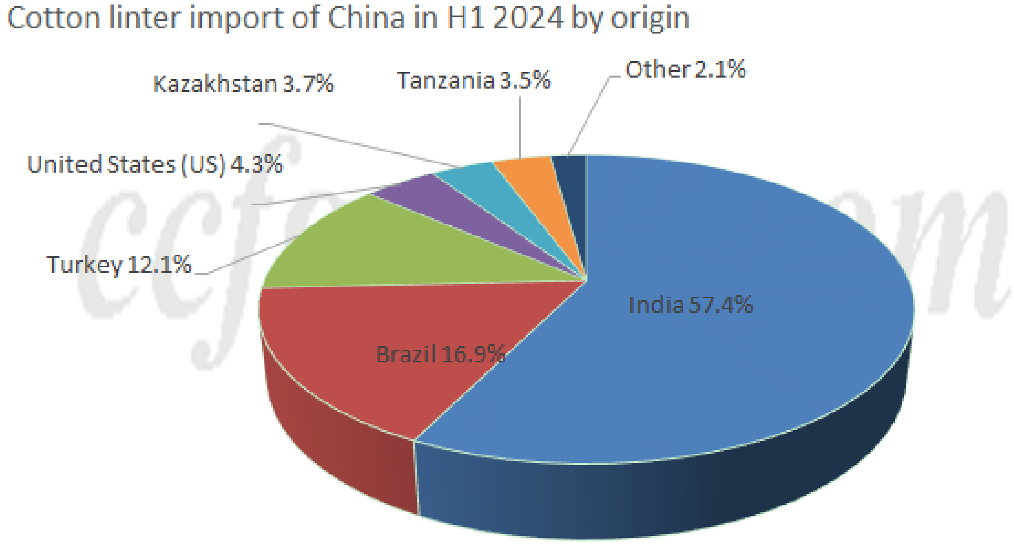
Monthly cotton linter import of China in 2022-2024

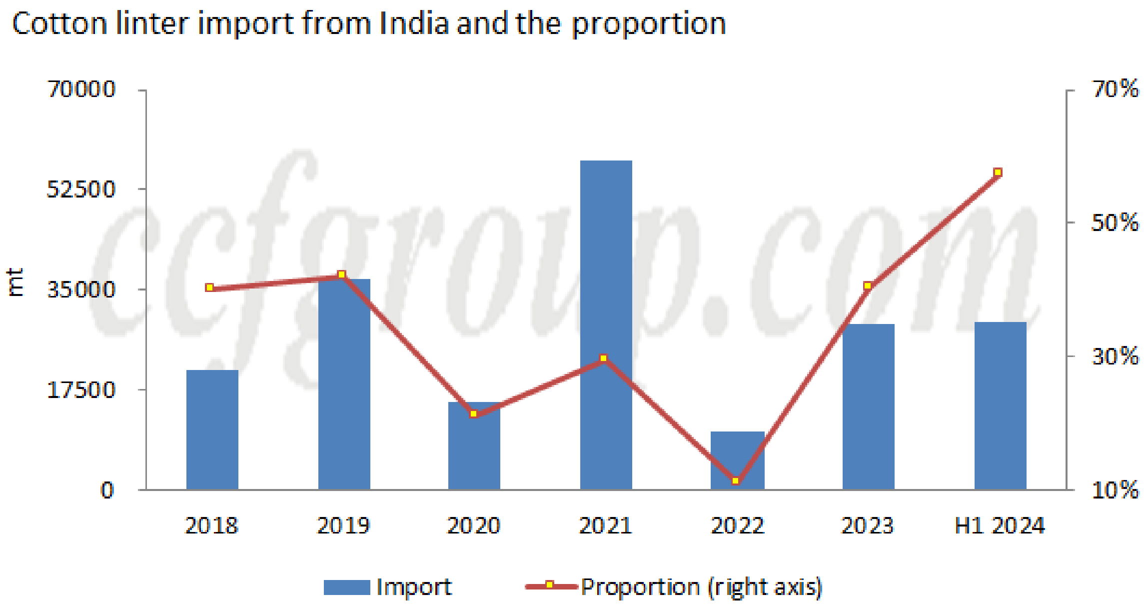


Cotton linter import of China in 2018-H1 2024



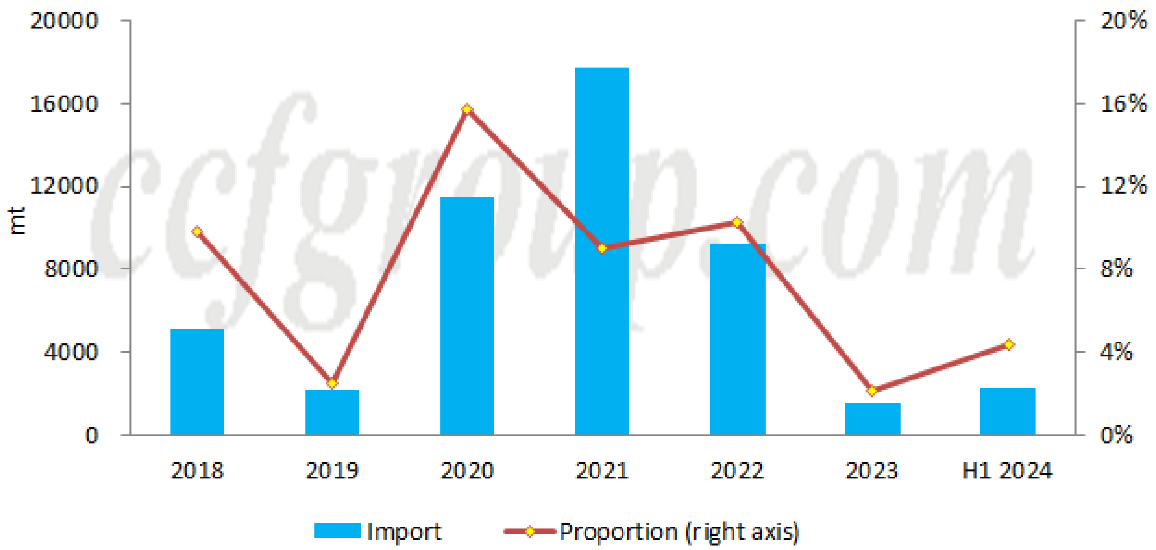
Due to the high prices and limited supply of Chinese cotton linter, downstream cotton linter pulp and refined cotton enterprises increased their import activities. Specifically, imports grew month by month from Jan to Apr, exceeding 10kt and reaching 12,468.1 tons in Apr, before tapering off. Imports in other months remained below 10kt. According to customs data, in June this year, the import volume of cotton linter was about 7,445.22 tons, a decrease of 22% from the previous month and a 42.6% decrease year-on-year. The cumulative import volume for the first half of the year was about 51,431.9 tons, a year-on-year increase of 64%.





The largest increase in imports came from the United States, with about 2,230.8 tons, a year-on-year increase of 8,044.4%, accounting for 4.3% of the total. Imports from Tanzania, Kazakhstan, and Uzbekistan also saw significant growth. However, imports from Turkey decreased considerably, with about 6,231.8 tons in the first half of the year, a 19.7% year-on-year decrease, accounting for 12.1% of the total.

Cotton linter import from US and the proportion



In terms of destinations, Jiangsu led the imports significantly, with an import volume of about 17,429.6 tons in the first half of the year, a year-on-year increase of 208.7%, accounting for 33.9% of the total, holding over one-third of the market share.

Jiangsu, Shandong, and Anhui were the top three importers, collectively accounting for 69.2% of the total, thus holding a dominant position in the market.

Xinjiang saw the largest increase in cotton linter imports, with about 2,337 tons, a year-on-year increase of 1,215.7%, occupying 4.5% of the total. Beijing and Shanghai also saw significant increases in import volume.

However, Zhejiang experienced a considerable decrease, with imports in the first half of 2023 at about 367.3 tons, and nearly zero this year.

In summary, the import volume of cotton linter grew rapidly in the first half of 2024, increasing by about 64%. Imports grew month by month from Jan to Apr, with April's import volume reaching a new high for the first half of the year.

India, Brazil, and Turkey were the main sources of imports, accounting for over 86% of the total. Jiangsu led the imports with over one-third of the market share, and Jiangsu, Shandong, and Anhui were the main importers, taking up nearly 70%.

Notably, Xinjiang, a major production area for cotton linter, also saw substantial imports, with a 1,215.7% increase in the first half of the year. With the new cottonseed and cotton linter expected to arrive in Sep, further fluctuations in the import market are anticipated.

Source: ccfgroup.com– July 24, 2024

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Soaring ocean container shipping market appears hitting peak: Xeneta

The soaring ocean container shipping market of recent months appears to be reaching a peak, according to the Norway-based ocean and air freight rate benchmarking and market analytics platform Xeneta.

The latest Xeneta data shows average spot rates from the Far East to US East Coast stood at $10,078 per 40 ft equivalent shipping container (FEU) on July 17. Into the US West Coast, average spot rates stood at $7,917 per FEU.

This leaves average spot rates on these major fronthaul trades up more than 140 per cent since the end of April when the latest market spike began.

There has also been a spike on fronthaul trades from the Far East into North Europe and Mediterranean, where average spot rates have increased by 163 per cent and 95 per cent respectively since April 30 to stand at $8,499 per FEU and $8,127 per FEU.

Data reveals some carriers attempted to push for higher spot rates in the mid-July general rate increases (GRI) while others offered lower rates for the first time in months, Xeneta said in a release.

The fundamental cause of the market spikes this year is the conflict in the Red Sea. Unless there is a large-scale return of container ships to the Suez Canal—which seems unlikely at present—the situation cannot be fully resolved, the company noted.

It is likely that ocean freight markets will soften as they did during March and April, but shippers should move forward with caution.

There is now a very real prospect of union strike action at ports on the US East and Gulf Coasts, while a Trump presidency could see businesses rush to frontload imports ahead of increasing tariffs on imports from China and elsewhere.

Port congestion, one of the key reasons behind the current market spike, is easing and the delivery of more new ships will increase capacity further in the remainder of the year.

However, global shipping networks are still under immense strain and it will not take much to push the needle back into the red and rates heading skywards, it said.

While shippers should be prepared for a difficult second half this year, the latest market movements should offer some hope over increasing available capacity, Xeneta added.

Source: fibre2fashion.com– July 25, 2024

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Italy's growth projected to average around 0.75% in 2024-26: IMF

Economic growth in Italy is projected to average around 0.75 per cent in 2024-26 as one large spending programme is succeeded by another, with disinflation continuing, according to the International Monetary Fund (IMF).

Inflation is projected to undershoot the 2-per cent target this year, but return to target thereafter, IMF said after its executive board concluded the Article IV Consultation for the country for this year.

While positive growth surprises are possible if stronger fiscal performance were to crowd in higher private investment, growth could be adversely affected by an intensification of regional conflicts, sharp slowdowns in major trading partners, deepening geo-economic fragmentation and significantly higher-than-expected interest rates that could revive concerns about sovereign-bank-corporate linkages, the IMF said in a release,

Incomplete National Recovery and Resilience Plan (NRRP) spending and implementing reforms would also weaken growth, while still-large fiscal deficits could erode investor confidence, further weakening public finances, it noted.

IMF directors noted that despite the recovery, fiscal deficits are much larger than the pre-COVID era, and with rising latent spending pressures, public debt and financing needs would remain very high.

They underscored the need to raise productivity and boost the supply of skilled labour.

They also recommended deepening capital markets and cautioned that industrial policy be used selectively to correct market failures.

Source: fibre2fashion.com– July 25, 2024

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Apparel leads in mixed online & in-store shopping in US: Report

Apparel is experiencing the highest level of mixed online and in-store shopping in the US, highlighting significant shifts in consumer behaviour, according to Walmart's State of Adaptive Retail Report. As customers embrace new retail channels at varying speeds across categories, the fundamental values of price, quality, and trust remain paramount. With increasing comfort in tech-powered choices, consumers are becoming more channel agnostic. Early tech adopters and Gen Z are already shopping relatively equally across all channels for general merchandise.

The retail customers are expecting personalised and guided shopping experiences. Shoppers now demand hyper-specific recommendations, adaptable offerings, and seamless delivery. Retailers that can curate these next-gen conveniences, such as pre-filled carts with favourites, are likely to foster greater loyalty. More than half of shoppers desire tools that recommend products based on their actual space or body, while nearly half want suggestions tailored to their preferences, mood, and schedule. Additionally, 38 per cent of shoppers, including 50 per cent of Gen Z and parents, would always want a virtual personal shopper.

Shopping has transformed from a singular activity to one often done while multi-tasking. Nearly 8 in 10 shoppers have made an online purchase while focused on another task. Nearly half of Americans wish for the ability to purchase an item instantly upon seeing it, integrating shopping seamlessly with their other activities, such as using social media, as per the report.

A majority of consumers (56 per cent) have made purchases while watching TV, 21 per cent while doing daily tasks, and 55 per cent of Gen Z have shopped while browsing social media. Social media is becoming a key platform for product discovery, especially among Gen Z, who start their shopping journey on social media almost as much as on retailer apps, websites, and online searches.

Furthermore, 20 per cent of Gen Z shoppers and nearly a quarter of early adopters believe shopping primarily through entertainment and social media platforms will enhance convenience and enjoyment.

There is a growing demand for online retail to mirror the in-store experience and vice versa. Shoppers want a seamless journey across all channels, combining the broad product range and convenience of online shopping with the immediacy and tangibility of in-store shopping. Key in-store experiences that shoppers want online include immediate access to items (48 per cent), the ability to touch and feel products (47 per cent), and the option to preview or try products before buying (41 per cent). Conversely, online experiences desired in-store include no checkout lines (45 per cent), 24/7 shopping availability (42 per cent), and easy search for all available inventory (28 per cent).

Tech solutions for efficiency are also highly desired, with 49 per cent of shoppers wanting a store-path mapping app and 50 per cent interested in phone-based self-checkout in-store. Many parents, over half of Gen Z, and 43 per cent of all shoppers want to buy products in-store but have them delivered directly to their homes. Nearly half of Americans prefer virtual try-ons over traditional dressing rooms, and the same proportion (49 per cent) would buy more clothes if a great virtual try-on experience were available.

Source: fibre2fashion.com– July 24, 2024

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Global cotton production expected to reach 29 Mt by 2033: OECD, FAO

Global production of cotton is expected to grow steadily and reach 29 million tonnes (Mt) by 2033—17 per cent higher than in the base period of 2021-23, with India accounting for about 38 per cent of the increase, followed by the United States (27 per cent) and Brazil (21 per cent), according to the 'OECD-FAO Agricultural Outlook 2024-2033' report.

The leading cotton producing countries, i.e., India, China, the United States, Brazil and Pakistan, are jointly expected to account for around 77 per cent of global output in 2033.

Average global yields are projected to increase by 11 per cent compared to the base period, the report, released recently by the Paris-based Organisation for Economic Cooperation and Development (OECD) and Rome-based Food and Agriculture Organisation (FAO) of the United Nations, said.

Factors like improvements in genetics, better agricultural practices and digitalisation supporting precision agriculture will significantly contribute to enhance productivity and sustainability, it noted.

Overall, gains in cotton production are predominantly driven by higher yields, and to a lesser extent, on expansion in area harvested.

Over the past two decades, global average yields have been stagnant, suggesting static or decreasing yields in some of the major producers due to various factors including climatic constraints, limited uptake of efficient agricultural practices, unfavourable conditions for the application of new technology and high input costs.

By 2033, yields in China and Brazil are projected to double the world average, while in India, the largest cotton producer, yields are expected to remain below it.

Area under cotton cultivation is projected to expand by 6 per cent compared to the base period, with the highest growth occurring in Brazil (23 per cent compared to the base period), where the prospect of growing exports encourages producers to invest in increasing the planted area.

Production in India is estimated to grow by around 2.3 per cent per annum (p.a.) over the next decade, mainly on account of yield improvements rather than area expansion, as cotton already competes for acreage with other crops, such as soybeans and pulses.

Raw cotton productivity has remained stagnant in recent years and is among the lowest globally.

Growth in cotton yields in India is projected to grow by 2 per cent p.a. over the next decade.

Chinese cotton is currently produced with the highest global yield (1.90 t/ha average in 2021-23), which are more than double of the world's average.

Over the past two decades, the cotton area in China has been declining, mostly due to changing government policies. Nevertheless, this trend seems to have slowed down since 2016.

It is expected that the area under cotton cultivation in China will decrease by 0.4 per cent p.a. during the outlook period, against a near-3-per cent decline in the past decade, while cotton production is expected to remain stable thanks to improvements in yields, mainly as a result of the increasing rates of mechanisation, investments in irrigation and improved agricultural practices in general, the report noted.

In Brazil, cotton is grown in part as a second crop in rotation with soybeans or maize. Recently, output has strongly grown in the main cultivation areas. Cotton output in the country is projected to increase by 2.4 per cent p.a.

Sustainability issues play an important role and will impact cotton markets in the medium term, the report added.

Source: fibre2fashion.com– July 23, 2024

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E-commerce Exports Boom: China Leads, India poised to take off

E-commerce exports are growing globally, transforming how businesses reach international customers. But which country reigns supreme in this digital trade arena?

China tops the charts

China takes the crown for the largest volume and value of exports through e-commerce. Estimates suggest China's e-commerce exports reached $300 billion annually, dwarfing other major players. This dominance can be attributed to a vast domestic e-commerce ecosystem, strong manufacturing capabilities, and a government keen to promote cross-border online trade.

Fashion goes global

While data on the specific share of apparel and textiles in global e-commerce exports is limited, industry reports suggest fashion is a significant driver. The Business of Fashion and McKinsey & Company estimate apparel and footwear online sales could reach $762 billion globally by 2023. This trend highlights the growing consumer demand for convenient access to a wider variety of clothing and accessories.

India's e-commerce export potential

India presents a promising future for e-commerce exports. A report by the Directorate General of Foreign Trade (DGFT) suggests India's e-commerce exports could reach $400 billion by 2030, a significant leap from the current estimate of around $1 billion. This potential stems from India's diverse and competitive manufacturing sector, coupled with a growing pool of tech-savvy entrepreneurs.

To fully capitalize on this opportunity, India needs to address some key challenges:

Streamlining regulations: Implementing clear and efficient regulations for e-commerce exports can help businesses navigate the complexities of cross-border trade.

Logistics infrastructure: Investments in efficient logistics infrastructure, including robust postal systems and reliable international shipping options, are crucial for timely and cost-effective deliveries.

Digital literacy & support: Promoting digital literacy among small and medium-sized enterprises (SMEs) and providing dedicated support for e-commerce export operations is essential to empower businesses to tap into global markets.

Source: fashionatingworld.com– July 24, 2024

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Sri Lankan central bank cuts interest rates to boost economic recovery

The Central Bank of Sri Lanka's (CBSL) monetary policy board yesterday cut interest rates by 25 basis points to boost economic recovery from a financial crisis.

The standing deposit facility rate was cut to 8.25 per cent and the standing lending facility rate to 9.25 per cent, it said in a statement. The decision was taken "in the absence of significant inflationary pressure" and the bank expects inflation to remain below its 5-per cent target in the medium term.

Headline inflation was 1.7 per cent in June this year and is projected to remain below the inflation target in the near term. Meanwhile, core inflation was 4.4 per cent year on year in June compared to 3.5 per cent in May, although a sustained acceleration is not anticipated, the statement said.

The country's economy expanded for the third consecutive quarter in the first quarter (Q1) this year, with a YoY growth of 5.3 per cent, as per the estimates of the department of census and statistics.

The latest economic indicators suggest that real gross domestic product (GDP) growth in Q2 2024 also has been robust.

The rebound in domestic economic activity is expected to sustain, buoyed by the transmission of relaxed monetary policy to broader market interest rates, enhanced supply conditions, the gradual rebound in external demand conditions, revival of tourism and the dissipation of uncertainties surrounding debt restructuring, the central bank said.

The economy, which operates below its full capacity presently, is forecast to reach its potential over the medium term horizon, it noted. While the external current account is likely to have recorded a surplus in Q1 2024, the cumulative merchandise trade deficit widened YoY during this period.

Source: fibre2fashion.com– July 24, 2024

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E-com volume in Turkiye projected to double in 2024: TOBB

E-commerce volume in Turkiye is projected to reach 3.2-3.6 trillion liras ($97.144 billion-$109.3 billion) this year from 1.8 trillion liras ($54.64 billion) last year, according to Seyhun Ozkara from the E-Commerce Assembly at the Union of Chambers and Commodity Exchanges of Türkiye (TOBB).

E-commerce volume increased by 32 per cent in June and its growth rate remained above the inflation rate in the first five months this year, Ozkara said.

Several companies recorded strong sales in the first quarter (Q1) this year, with the number of transactions rising by around 12 percent, he noted.

"The picture, however, changed in April, May and June, as consumers' access to loan became limited," he was quoted as saying by domestic media reports.

However, e-commerce sales picked up in June due to festive occasions, he said.

The e-commerce volume in the country recorded a 132 per cent increase year on year (YoY) last year and the number of transactions grew by 23 per cent YoY to around 6 billion.

The average basket size rose by 108 per cent YoY last year to 492 liras, a separate report prepared by iyzico and the Association of E-Commerce Operators (ETID), said.

The share of e-commerce in total retail volume was 18.3 per cent last year, while its share in Turkish national income rose to 6.8 per cent.

Source: fibre2fashion.com– July 23, 2024

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Vietnamese ministry offers solutions to tackle high sea freight costs

As sea freight rates keep rising and congestion at some Asian ports and lack of empty containers have hit trade activity, Vietnam's ministry of industry and trade (MoIT) recently asked domestic associations and businesses to coordinate implementing key solutions to promote imports and exports.

The Vietnam Logistics Business Association, the Vietnam Ship-owner's Association, the Vietnam Shipper's Council and the Vietnam Ship Agents, Brokers and Maritime Services Providers Association received the official order.

The ministry called for strengthening coordination among associations and businesses to improve capacity; jointly developing production and business and transportation plans and goods import and export plans as a basis for signing long-term contracts with shipping lines; minimising the impact of freight rates and surcharges, a domestic media outlet reported.

Importers and exporters may consider alternative routes to and from Europe; for example, a hybrid transport route, the ministry suggested.

Import-export enterprises have been asked to coordinate with customs authorities and port operators to speed up the process of handling backlogged goods at ports, contributing to promoting the flow of goods and improving the capacity of handling goods at ports.

Industry associations should also coordinate with the Vietnam Chamber of Commerce and Industry (VCCI) to strengthen communication and improve the capacity of small and medium enterprises in negotiating and signing foreign trade and insurance contracts to protect businesses against risks and losses, especially with sea cargo going through high-risk routes.

The ministry also asked associations and businesses to develop contingency response plans to minimise risks and losses.

Source: fibre2fashion.com– July 24, 2024

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Bangladesh: Garment factories start reopening after unrest

Following a four-day shutdown, garment and textile companies have begun to progressively reopen. Around thirty per cent of garment factories—some of which are located in Dhaka—opened on 23rd July, and there have been no significant negative events noted in these sectors.

"We are hopeful that all the factories will reopen tomorrow ," said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). He claimed that because of an extended internet blackout, they were having trouble getting in touch with their overseas customers.

International apparel retailers and brands' liaison offices located locally have also expressed dissatisfaction over their inability to get in touch with their headquarters and submit fresh work orders.

Over the past two days, representatives from the textile and apparel industries have been pleading with the state minister and home minister about ICT to restore internet service and ensure worker and factory safety.

According to SM Mannan Kochi, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the industry has already lost Taka 6,400 crore in potential revenue as a result of the four-day stoppage.

He said that even though there was no production in the factories, the owners would still have to pay Taka 1,000 crore in salary. Likewise, Kochi stated that the apparel accessory industry has lost more than Taka 2,500 crore.

The Bangladesh Textile Mills Association's members are attempting to reopen their plants as well, but some have been denied access due to safety concerns by local authorities. With the exception of those located inside export processing zones, a large number of Chattogram's clothing factories have started up again.

Syed Nazrul Islam, first vice president of the BGMEA, said that during a meeting with officials of the organization's Chattogram chapter on

Monday, law enforcement authorities and the local government approved the reopening.

“Around 70 to 80 per cent of the 450 factories currently operational outside the EPZs resumed production today,” said Islam. Law enforcers allowed workers with identity cards to enter the factories, he said.

Source: apparelresources.com– July 24, 2024

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Pakistan: Textile exports will start falling soon

It seems that our economic planners are living in a fantasy world. Contrary to our budgetary expectations, which portray our exports rising from the current 30 billion dollars a year to 60 billion in a few years; our textile exports shall actually start falling.

The effects of all the adverse factors that have developed over the last couple of years should see a decline in our textile exports in the coming few years. This is not simply the result of the current budgetary measures, but the cumulative effect of the economic factors affecting our country. This shall be accentuated by the economic developments in our main competitor countries. The combined effects of all these will be to the detriment of our textile exports.

An industry is viable in world trade when it is cost competitive. We have seen how the dominance of the west in consumer durables, cars and trucks, electronics, was eroded first by the Japanese thirty years ago. They supplanted European- and US-made goods.

Then the Koreans found their place and now the Chinese are flooding the world markets .The Japanese cars and consumer durables are being outsold by Chinese firms, not only by price but by an equally acceptable quality. The Japanese have moved on to higher technology products. The best price with a reasonable quality sweeps the market.

Much the same factors apply to the textile products that we specialize in. Our competitive strength has eroded and the obvious results will follow.

Pakistan today is a high-cost country for producing textiles as compared to other South Asian and some Far Eastern countries. It has no specialized skills that the others do not have and so will find it difficult to expand its markets.

On the contrary, however, the others have developed skills that we lack and their workers, management and regulatory authorities are far batter skilled and trained than ours. So we are in danger of losing what we have achieved and not expect to expand our exports further.

Firstly, let’s examine the relative costs:

Cotton: Our current quotes for Punjab Cotton is about Rs19,000 per maund. This is equivalent to about 83 US Cents/Lb. The Indian Punjab cotton is quoted at Indian Rs5,900/maund. This is equivalent to about US 86 cents/lb. On the face of it, the Indian cotton is 3 cents/lb more expensive than ours. However, our cotton has a trash content of 7% to 8%.

The Indian cotton's trash content is guaranteed at below 3.5%. This eliminates the current price differential. Add to this the better uniformity of the staple fiber and the higher percentage of short fiber in our cotton, the Indian cotton is far more suited to produce the base line 20's cotton yarn.

This is the position of the short staple cotton used for coarse yarns. For longer staple cottons, India is way ahead of us. We have not bothered to develop any mid- or long- staple varieties. There are quite a few varieties available in India.

MCU 5 from Orissa/Karnataka is available at US 90 cents/lb.

Our domestic cotton advantage has vanished. Even if we are allowed to import Indian cotton through Wagah as before, we still have to pay for the transport, packaging, fumigation, border crossing, documentation and remittance fees. All this will cost us a pretty packet, plus the humiliation of restarting trade that we cut off some years ago.

Click here for more details

Source: brecorder.com– July 22, 2024

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NATIONAL NEWS

Highlights of the Union Budget 2024-25

The Council is pleased to inform you that the Hon'ble Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman has announced the Union Budget for 2024-25 on 23rd July, 2024.

The Budget focusses mainly on Employment, Skilling, Manufacturing, Support for MSMEs, Urban Development, Energy Security, Infrastructure, Innovation, Research & Development and Next Generation Reform. The Budget also includes several initiatives aimed at boosting various sectors and supporting the Indian economy.

1) Budget Speech (click here)
2) Key features of Union Budget 2024-25 (click here)

For more details visit: https://www.indiabudget.gov.in

Source: pib.gov.in– July 23, 2024

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Textile industry gets 28 per cent more allocation in Budget 2024-25

In her Budget 2024-25 Finance Minister Nirmala Sitharaman proposed several provisions for the apparel and textile industry. The textile industry has been allocated Rs. 4,417.03 crore, or 28 per cent more in the current fiscal year 2024–25.

Sitharaman announced Rs. 600 crore under the Central programme for Cotton Corporation of India (CCI) to purchase cotton under the price support scheme. For the current fiscal year, she has suggested allocating Rs. 635 crore to the Amended Technology Upgradation Fund Scheme (ATUFS).

For the current fiscal year, 45 crore were set aside under the heading of Research and Capacity Building for the Textile PLI initiative. The entire budget allotted to research and capacity building went from 380.50 crore to 686 crore. However, no funding is provided for R&D for textiles in the current fiscal.

Organisation	Previous Allocation	New Allocation
National Technical Textiles Mission (NTTM)	Rs. 170 crore	Rs. 375 crore
Integrated Scheme for Skill Development	Rs. 115 crore	Rs. 166 crore
Textile Cluster Development Scheme	Rs. 70 crore	Rs. 100 crore
PM MITRA	Rs. 52.30 crore	Rs. 300 crore
Raw Material Supply Scheme	Rs. 160 crore	Rs. 172.17 crore
National Institute for Fashion Technology (NIFT)	Rs. 103.13 crore	Rs. 98.67 crore

She also suggested lowering BCD on actual down-filling material made from duck or goose in order to increase the competitiveness of exports in the leather and textile industries. She also declared that more products will be added to the list of exempt commodities for the production of footwear, other leather goods for export, and clothing made of leather and textiles.

She also suggested lowering BCD, subject to restrictions, on methylene diphenyl diisocyanate (MDI) used in the production of spandex yarn from 7.5 to 5 per cent in order to correct the duty inversion. She also suggested streamlining and rationalising the system of export taxes on unprocessed leather, hides, and skins.

The Minister, working with State Governments and industry, unveiled the fourth programme in the PM's package, a new centrally supported skill-building initiative aimed at encouraging skill development. Over the course of five years, 20 lakh adolescents will receive skills under the programme. Furthermore, 1,000 Industrial Training Institutes (ITIs) will receive upgrades in the form of outcome-oriented hub-and-spoke systems. The design and content of the courses will be in line with the industry's skill requirements, and new courses will be added to meet new demands.

A Credit Guarantee Scheme will be implemented to enable MSMEs to obtain term loans for the purchase of machinery and equipment without the need for collateral or a third-party guarantee. Each applicant will receive guarantee cover up to Rs. 100 crore from a separately established self-financing guarantee fund, while the loan amount may be greater. An annual guarantee fee on the decreasing loan balance as well as an upfront guarantee cost will be required of the borrower. Public sector banks will develop their own capacity to update the MSME credit assessment model rather than depending on outside assessment.

Additionally, she disclosed a new system that will make it easier for MSMEs to continue receiving bank loans at a difficult time. The PPP model will be used to establish E-Commerce Export Hubs so that MSMEs and traditional craftspeople can sell their goods abroad. These centres will enable trade and export-related services under one roof, all within a smooth regulatory and logistical framework.

In cooperation with the states and the business sector, the Government will make it easier to establish fully equipped "plug and play" industrial parks in or close to 100 cities by making greater use of town planning plans. The National Industrial Corridor Development Programme would also approve twelve industrial parks.

Source: apparelresources.com– July 24, 2024

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Govt proposes to reduce BCD on some items used in manufacturing apparel

In the Union Budget 2024-25, the government proposed to reduce basic custom duty on real down filling material from duck or goose and also made additions to the list of exempted goods for the manufacture of leather and textile garments, footwear, and other leather articles for export.

The government also changed the custom duty rate on spandex from 7.5 per cent to 5 per cent, wet white, crust, and finished leather for the manufacture of textile or leather garments, leather/synthetic footwear, or other leather products, for export to nil from 10 per cent, real down filling material from duck or goose for use in the manufacture of textile or leather garments for export from 10 per cent to 30 per cent, and also certain additional accessories and embellishments for the manufacture of textile or leather garments, leather/synthetic footwear will now have zero basic custom duty.

"The cost of manufacturing garments which use materials will come down by 4-5 per cent and if the exporter brings down his price, it will make him more competitive in the export market or else he will sit on a profit," said Rahul Mehta, chief mentor for the Clothing Manufacturers Association of India.

Suresh Nair, partner at EY India, said that this will make exporters more competitive. "This is a positive move for exporters and it will definitely give exporters a competitive edge in the market," Nair said.

Source: business-standard.com– July 24, 2024

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India Budget 2024-25: Mixed reactions from textile industry

The India Budget 2024-25, presented today by Finance Minister Nirmala Sitharaman, has drawn mixed reactions from the textile industry. While some measures have been welcomed for their potential to boost business and employment, concerns have been raised about the lack of comprehensive support for the sector.

Ashish Gujarati, former president of the Southern Gujarat Chamber of Commerce & Industry (SGCCI), highlighted several encouraging aspects. “The skilling incentive will help the textile industry. An incentive of ₹3,000 (~$35.84) per month per worker is welcomed. The enhanced credit guarantee scheme limit will boost investment in textiles,” he stated. Gujarati also appreciated the reduction in duty on raw spandex yarn from 7.5 per cent to 5 per cent.

However, the budget has faced criticism for not addressing some critical needs of the textile sector. R K Vij, emeritus president of the Textile Association of India (TAI) and secretary general of the Polyester Textile and Apparel Industry Association (PTAIA), expressed his disappointment, saying, “There’s nothing in textile. Only spandex custom duty reduced from 7.5 per cent to 5.0 per cent.”

Gujarati echoed this sentiment, adding, “The whole of the textile industry is going through a distress phase. Textile generates the second-highest employment after agriculture. In this budget, the agriculture sector has been given support, which is welcomed, but the textile industry is ignored, which is a matter of disappointment. Moreoever, no incentive scheme for textile micro, small and medium enterprises (MSMEs) has been declared, which is disappointing.”

Jaikrishna Pathak, President of the Bombay Yarn Merchants Association, viewed the reduction in basic customs duty (BCD) subject to conditions on methylene diphenyl diisocyanate (MDI) for manufacturing of spandex yarn positively. "It is positive for yarn stocks,” he said.

Sanjay K Jain, ICC National Committee chairman and MD of TT Limited, pointed out the benefits for the garment sector. "The budget provisions for giving PF relief to employers and employees and the focus on skilling will definitely help the textile and garment industry, more specifically the garment industry, as it is a labour-intensive industry," Jain said.

The Tiruppur Exporters' Association (TEA) president, K M Subramaniam, praised the budget for its favourable measures, saying "The change in the personal tax structure under the new regime is a good thing for Tiruppur. They have taken the top 500 companies and are providing subsidies for fresh employees. These two things are very attractive for businesses."

KV Srinivasan, executive director and CEO, Profectus Capital Pvt Ltd, said "This budget is a bonanza for MSMEs. Measures like vastly enhanced Credit Guarantees up to ₹100 crore (~$11.95 million) and an increase in MUDRA limits should facilitate capital expenditure for the expansion and modernisation of MSMEs in the manufacturing sector. Wider coverage of TReDS and credit for MSMEs in the early stage of stress should help them manage working capital and cut cash flow cycles.

Abolishing Angel tax is another welcome measure that would help bring more foreign direct investment (FDI) into the start-up sector. The availability of well-trained manpower and providing formal employment to them has been a serious challenge faced by MSMEs. EPF subsidy and measures for skill enhancement should make this task easier. All in all, it is a very MSME-friendly budget."

Source: fibre2fashion.com– July 23, 2024

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Budget proposals for MSMEs to benefit textile and apparel industry

The textile and apparel industry, which is largely in the MSME sector, has said the thrust planned for this sector will benefit the textile and apparel units.

The Southern India Mills' Association chairman S.K. Sundararaman said in a press release that employment, skilling and MSMEs being the major themes of the Union Budget, the various announcements relating to these areas will benefit the labour-intensive textile industry.

Sunil Patwari, chairman of the Cotton Textiles Export Promotion Council, said the development of investment-ready "plug and play" industrial parks with complete infrastructure, in partnership with the States and private sector will encourage investments.

Chairman of the Manmade and Technical Textiles Export Promotion Council Bhadresh Dodhia said the outlay for RoDTEP and RoSCTL Schemes has been increased. The government should increase the rates under these schemes for textiles and clothing sector. It should also rectify the inverted duty structure in GST in the case of manmade fibre textiles.

According to A. Sakthivel, in-charge of AEPC Southern Region, the budget announcements signify a strong commitment of the government to youth and women and envisages sustained efforts to boost key areas.

The Tiruppur Exporters Association president K.M. Subramanian said the budget announcements will have a positive impact on the garment industry of Tirupppur. "The Union Textile Minister has assured all support to double garment exports from Tiruppur," he told The Hindu. The Association said it is looking forward for a scheme that will be an alternative to the Technology Upgradation Fund scheme and promote investments.

"The budget holds great promise in terms of addressing the labour and skill shortage, which is the need of the hour for labour intensive sector like textiles. The plans to set up hostels for women and establishing crèche facilities are key to encourage unskilled and semi-skilled women to remain in the workforce," said N. Chandran, chairman of Eastman Exports.

The Indian Texpreneurs Federation convenor Prabhu Dhamodharan said the budget is sending a strong signal towards the importance of job creation. Increasing women participation in the workforce will help not only the industry but also the economy.

The South India Hosiery Manufacturers Association president AC Eswaran said the proposals related to collateral free loans for MSMEs, Mudra loans and hostels for working women were all welcome measures.

G. Arulmozhi, president of the Open End Spinning Mills Association, said plans for MSMEs, especially those related to credit facilities, will largely benefit the open end spinning mills too.

Chairman of the Recycling Textile Federation M. Jayabal said the budget is silent on the demand for removal of restrictions on import of raw materials such as cotton and polyester. At present, raw material prices are higher than the international prices and the domestic industry is unable to tap opportunities.

Source: thehindu.com– July 23, 2024

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Textile sector's need for cost competitiveness unaddressed: CITI

Congratulating the Minister of Finance, Nirmala Sitharaman, on presenting her seventh Budget, Rakesh Mehra, chairman of the Confederation of Indian Textile Industry (CITI), praised the budget as forward-thinking and addressing several key issues for the overall growth of the Indian economy. However, he noted that the stagnation in the textile and apparel industry required bold measures for capacity building, modernisation, and cost competitiveness.

“MSME accounts for about 80 per cent of the Indian textile industry. The credit assurance schemes will provide the much-needed impetus to the growth of large number of textile and garment MSMEs and enable them to expand their operations and innovate,” said Mehra.

He appreciated the recognition of e-commerce as an engine for growth of trade and applauded the announcement of e-commerce hubs. The ‘plug and play’ industrial parks, support towards setting up of working women hostel, etc will also pave the way for a more robust and sustainable industrial ecosystem, CITI said in a press release.

The increased focus of the government towards skilling and the announcement of the Employment Linked Incentive scheme coupled with the decision of easing the foreign direct investment (FDI) norms will facilitate new investments in the textile industry. Moreover, the financial support for clean energy transition, energy initiatives, and energy audits underscores the government's commitment to sustainable development.

“We believe that these initiatives will pave the way for a more robust and sustainable industrial ecosystem,” he said. The various benefits provided through income tax relaxation will also increase purchasing power of the consumers which may translate to improved domestic demand for the textile industry.

Mehra said that though the minister has addressed the need for boosting competitiveness of domestic manufacturing in her speech, however, the downstream textile industry is suffering from non-availability of raw material, both cotton and man-made fibres at international competitive prices. This has resulted in Indian textile industry not being able to leverage its unique strength of presence across the value chain and resulted in increased imports of value-added products over the years.

Moreover, after the expiry of the Technology Upgradation Fund Scheme (TUFS) in March 2022, the industry has no investment incentivisation scheme for expansion or modernisation. Scaling up will be critical for the survival of the industry, which has been fast losing out to our competitors largely due to lack of scales.

“With the exception of enhanced PLI scheme allocation to ₹45 crore (~$5.376 million) from earlier ₹5 crore (~$0.597 million), there is no major announcement to address the industry’s loosing competitiveness,” Mehra observed. The PLI scheme has not been able to address the investment needs of the large majority. Revival of capital subsidy schemes will be needed to ensure large-scale investments.

'Viksit Bharat’ would need some more bold steps for the revival of this employment generating sector. “We look forward to measures to address these issues,” he said.

Source: fibre2fashion.com– July 24, 2024

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UK Foreign Secretary visits India to discuss FTA, climate, global security

UK Foreign Secretary David Lammy is in New Delhi to meet government representatives, business leaders and climate experts to "unlock the full potential" of the UK-India partnership and reinforce the country's commitment to securing a Free Trade Agreement (FTA) with India, according to the British government.

"I am traveling to India in my first month as Foreign Secretary because resetting our relationship with the Global South is a key part of how this government will reconnect Britain for our security and prosperity at home," Lammy stated in a release issued by the British High Commission on Wednesday.

Talks on strengthening trade and economic ties will also be high on the Foreign Secretary's agenda. "Our Free Trade Agreement negotiations is the floor not the ceiling of our ambitions to unlock our shared potential and deliver growth, from Bengaluru to Birmingham. We have shared interests on the green transition, new technologies, economic security and global security," Lammy said.

Britain's Labour Party, led by Prime Minister Keir Starmer, swept to power in the July 4 elections after being in the opposition for over a decade.

Lammy is set to meet External Affairs Minister S Jaishankar on Thursday evening, according to the Ministry of External Affairs. He will depart on Friday morning.

"David Lammy will highlight the importance of the new partnership with India that focuses on economic, domestic and global security. He will hold high-level meetings with the Indian Government, as well as climate and business leaders," the British High Commission statement noted.

Lammy will also meet business leaders to highlight how the UK and India are working together on shared ambitions such as cutting-edge science to encourage innovation, boost trade, and improve the livelihoods of working people in both countries.

The India-UK FTA talks were started under the Conservative government in January 2022, but they have bipartisan support. Starmer pledged support to the negotiations earlier this month, and said that the countries would work on a pact that suited both sides.

Source: thehindubusinessline.com– July 24, 2024

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Budget 2024 decoded: Imports under FTAs made easy with self-certification

New Delhi: In a move to make imports easier under free trade agreements (FTA), the government has proposed to accept self-certification to prove the origin of such goods. At present, a certificate of origin is issued for meeting the source criteria of imports which is crucial for customs clearance and determine the duties that have to be paid.

An amendment in the Customs Act in Budget FY25 aims to replace the word "certificate" with "proof". The proof of origin means a certificate or declaration issued in accordance with a trade agreement certifying or declaring, as the case may be, that the goods fulfil the country of origin criteria and other requirements specified in the said agreement, according to the Budget documents.

"The idea is basically to align this with FTAs as we now also accept self-certification. It is basically to enable self-certification," revenue secretary Sanjay Malhotra told ET, explaining the rationale behind the move.

Amendment in section 28DA of the Customs Act will enable the acceptance of different types of proof of origin provided in trade agreements to align the provision with new trade agreements which provide for self-certification.

"After our issues with China, the certificates of origin were under tight scrutiny. Now, that has been changed to proof which will promote ease of doing business," said a person aware of the change.

The simplification in the norms comes after industry, especially the electronics sector, sought an easier declaration process and fears that Chinese imports were making their way into the country through other countries, especially the ones India has FTAs with.

"Allowing the acceptance of self declaration and other forms of proof of origin will help quicker clearance of cargo leading to ease of doing business," said Bipin Sapra, partner, EY India.

As per the amendment, the Issuing Authority means an authority or person designated for the purposes of issuing proof of origin under a trade agreement.

India's overall goods imports in FY24 were $675.4 billion as against $437.11 billion in FY23.

Source: economictimes.com– July 25, 2024

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First sign of normalcy: Exports resume in Petrapole land port, goods-laden trucks start to roll out from India to Bangladesh

Trucks move into Bangladesh via Petrapole.

After four days of impasse due to unrest in Bangladesh, trucks have once again resumed exports on Wednesday, in South Asia's biggest land port Petrapole, located along the international border between India and Bangladesh.

On July 20, the exports stopped at the land port. The trucks could not move to Bangladesh from India as the port uses an online system, and the Bangladesh government had suspended internet services and declared curfew.

"The stalemate caused by unrest in Bangladesh has ended and our exports have started but they are slow," Secretary of Petrapole Clearing Agents Staff Welfare Association Kartik Chakraborty said. The Bangladesh administration has assured security to Indian vehicles and the government is also prioritising import export, he said.

"Our trucks are crossing the border as Benapole (Bangladesh's land port) has resumed online services, but it will take five to six days for normalcy as the internet is not fully operational in various parts of the country," Chakraborty added.

Officials said 812 goods-laden trucks have been stranded on the India side, but are now slowly moving to Bangladesh.

On a daily basis, 450 to 500 trucks from India to Bangladesh through this land port. About 150 to 200 trucks come to India from Bangladesh on an average every day, the officials said.

Through the port, India exports cotton fabrics, motor vehicle chassis, non-alloy steel, yarn, iron and steel products, synthetic fibres, two wheelers, jute seeds, machinery parts, books and papers, cereals, and other food products to Bangladesh. India imports jute, readymade garments, betel nut, rice bran among other products from Bangladesh.

Petrapole is located at a distance of about 80 km from Kolkata in Bongaon, West Bengal. Nearly 30% of land-based trade between India and Bangladesh takes place through Petrapole. Since its operationalization in February 2016, the port has witnessed an increase in passenger movement, with an average of 22 lakh people crossing the post on either side, each year.

In 2022-2023, the port saw a total trade of Rs 30,378.47 crore with 1,42,721 cargo trucks and 19,37,141 passenger movements. In 2023-2024, the total trade measured Rs 30,420.92 crore with 1,45,280 cargo trucks and 23,48,707 passengers.

Source: indianexpress.com– July 24, 2024

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Tiruppur exporters express disappointment over budget, await future announcements

TIRUPPUR/ERODE: The Tiruppur Exporters Association (TEA) expressed disappointment that some of its expectations were not addressed by Finance Minister Nirmala Sitharaman, but hoped they would materialise it in the coming days.

K M Subramanian, president, Tiruppur Exporters Association, said, “We look forward to announcements on import of garments and textiles from Bangladesh, an alternative scheme for TUF, interest subsidy on packing credit loan to exporters and extension of ECLGS.”

A Sakthivel, in-charge of Apparel Export Promotion Council (Southern Regional), said “The budget will ensure future growth and create a strong India.” M P Muthurathnam, president of Tiruppur Exporters and Manufacturers Association, said, “ We expected a notification to ban textile imports from Bangladesh but it was not made.”

P Ravichandran, secretary, Federation of All Trade and Industry Association of Erode District, said, “We don’t know whether this budget is for the nation or for Bihar and Andhra Pradesh. More funds have been allotted to those in the alliance. This is a budget that does not meet people’s expectations.”

Subi Thalapathi, president, Thadapalli Arakkankottai Bhavani River Irrigation Farmers Association, said, “We welcome announcements including crop cultivation calculation in digital mode and earmarking of Rs 1.50 lakh crore for agriculture sector.”

Source: newindianexpress.com– July 24, 2024

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