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Currency Watch			
USD	EUR	GBP	JPY
83.73	90.62	107.47	0.56

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	India Ratings ups country's FY25 GDP growth estimate to 7.5% from 7.1%
2	India, Vietnam should explore possibility of free trade pact: Vietnamese PM Chinh
3	Expanded cotton area in South may help offset decline in North
4	Industry's mixed post-Covid recovery
5	Vietnam PM sets ambitious target of $20 billion in bilateral trade with India
6	Five factors why D2C continues to buzz up India's e-commerce story

INTERNATIONAL NEWS

Americans Say US Has Lost More Than It's Gained in Pursuing Global Trade

U.S. companies have been engaged in an agenda of supply chain diversification for years.

Stemming from a desire to reduce reliance on China, "Don't put all your eggs in one basket" has been the prevailing mantra since the pandemic, when supply chain slowdowns upended go-to-market strategies and put inventory levels in a state of constant flux.

The objective has become even more pointed as the trade relationship between the two countries continues to sour. In fact, nearly 80 percent of American brands now say they'll make cuts to their China sourcing over the next two years, and the same number will broaden their sourcing portfolios during the same time frame.

But the American public may take a different view of the many baskets approach.

According to insights from the Pew Research Center, most Americans are ambivalent if not pessimistic about the prospect of increased trade with other countries.

Data from thousands of American adults gathered in April and early July showed that when weighing the costs and benefits of upping trade with other nations, 59 percent believe the U.S. "has lost more than it has gained."

The issue is skewed across party lines, with Republicans' views on global trade having become more negative over the past three years. Nearly three-quarters (73 percent) of conservatives and those who lean right said the U.S. has ceded ground to others in its pursuit of more trade relationships, up 8 percent from 2021.

Meanwhile, Democrats remain divided, with about half saying the U.S. has gained more than it has lost and 47 percent saying the opposite—a similar position to 2021.

Other factors besides party alignment that contribute to people's views on trade, including educational background, Pew found.

"Americans with at least a four-year bachelor's degree are more likely than those with less formal education to say increased trade with other countries has more benefits than costs for the U.S.," analysts wrote.

The trend holds true across both parties, with 47 percent of college graduates saying the U.S. has gained more from increased international trade than it has given up, compared to 31 percent of respondents with less education who said the same.

Race, ethnicity and income, too, influence Americans' views on trade. Among Democrats, 60 percent of Asian and 53 percent of white respondents said the U.S. has gained, rather than lost, from its trade relationships. Latino and black respondents were less bullish at 45 percent and 42 percent, respectively.

Higher-income Dems are also more positive about the impact of increased trade (62 percent), compared with middle-income (52 percent) and lower-income (42 percent) left-leaning voters.

White Republicans are "particularly critical of the growth in international trade," Pew found, with just 22 percent espousing a positive view on the matter. About one-third of Black and Latino Republicans said the same, along with 49 percent of Asian party members.

There were only marginal differences in opinion when the issue was broken down by income, with higher-income Republicans slightly more likely to view increased trade through a positive lens. And younger right-leaning respondents were more likely to say the U.S. has gained ground in its pursuit of global trade.

Despite these differences in opinion, trade is, across the board, "a low-priority issue for most Americans," despite it's being a central theme in the 2024 election.

It's simply not a pressing concern for most, according to Pew, coming in last on the list of 20 policy goals the group asked respondents to rank.

Notably, though, another recent survey by Pew found “considerable public skepticism” about the U.S. benefits of trade with China. Almost half (47 percent) said China benefits more from the relationship.

Meanwhile, while a broad swathe of the American electorate is less than gung-ho on global trade, they’re generally supportive of trade agreements.

The group’s July survey showed that 65 percent of the U.S. electorate believes that “in general,” free trade agreements (FTAs) between America and other countries are a good thing. Naturally, there are partisan differences; 79 percent of Democrats said they feel positive about FTAs, while just 53 percent of Republicans said the same.

While trade isn’t what keeps most Americans awake at night, Pew said few issues do outside of one: the economy. Almost three-quarters of Americans surveyed ranked strengthening the economy the top policy priority for 2024.

Source: sourcingjournal.com– July 31, 2024

HOME

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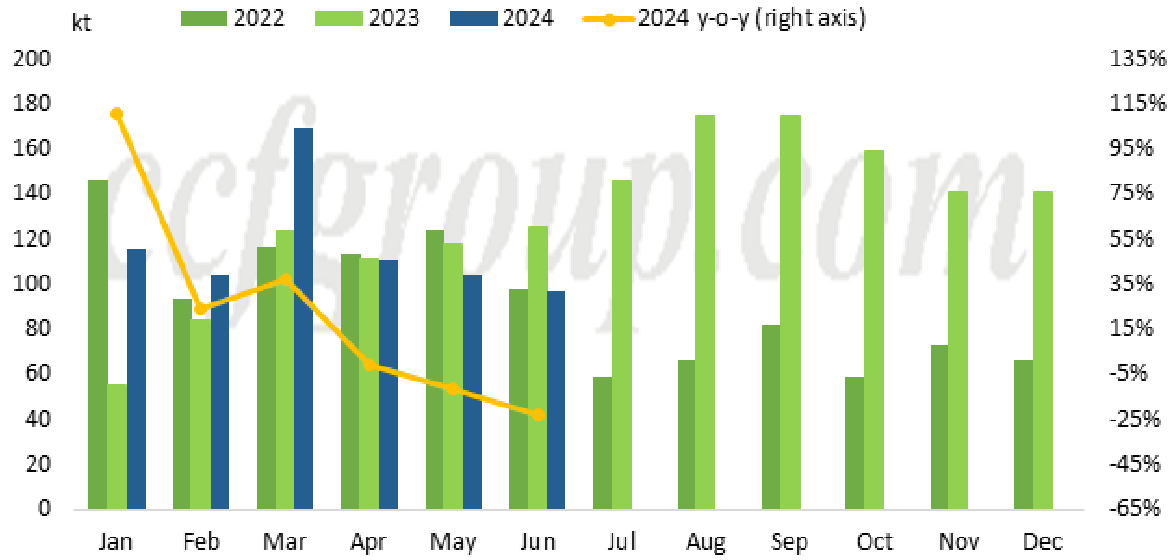
China's cotton yarn imports decline for three consecutive months in Q2

I. China's cotton yarn imports totaled 96.6kt in Jun

According to the latest customs data, China's cotton yarn imports in Jun 2024 dropped to around 96.6kt, a decrease of about 7,300 tons compared to May, and a decrease of 28.8kt compared to June of last year. Since the second quarter of this year, the import volume of cotton yarn in China has shown a trend of three consecutive decreases. From Jan-Jun 2024, China's total import of cotton yarn reached 701.4kt, still higher by 83.5kt compared to the cumulative import volume of the same period last year.

Arrival of China's cotton yarn imports



II China's cotton yarn imports by origin in June 2024

China's cotton yarn imports are sensitive to price. In recent months, as U.S. cotton prices continue to decline, Vietnamese yarn has been steadily expanding its market share, aided by the zero tariff policy.

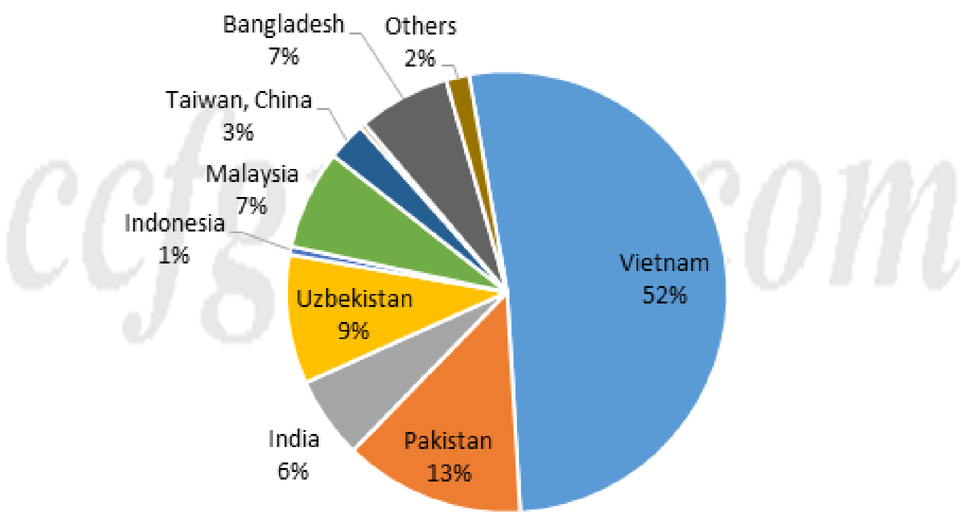
Vietnamese cotton yarn arrived in June totaled approximately 50kt, a decrease of 3.8kt from May, maintaining a market share of around 52%.

Among them, the volume back flowing to Chinese market by Chinese-funded mills accounts for a significant proportion. The import volume of Pakistani yarn rose slightly to 12.8kt in June, making up about 13% of the total.

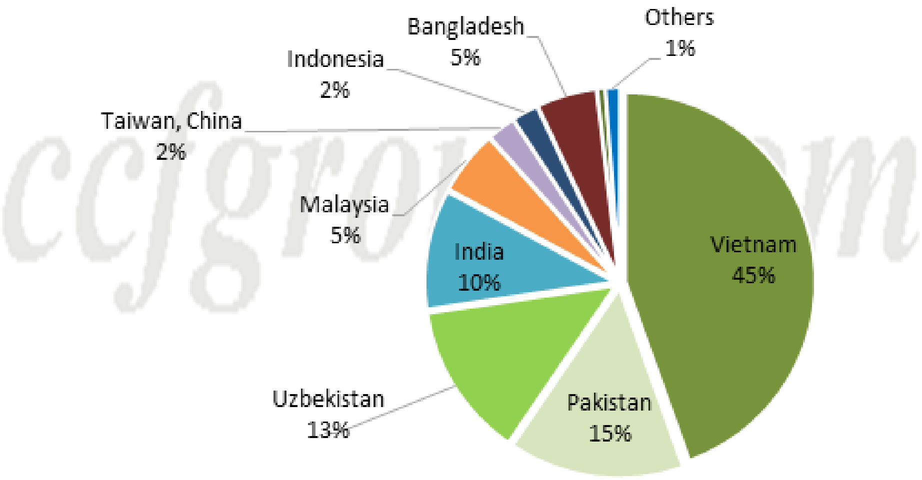
Imports of Uzbekistani cotton yarn, however, have experienced more significant fluctuations due to the shipping cycle, with China's cotton yarn imports in June falling to around 9.1kt, capturing 9% of the market and ranking third.

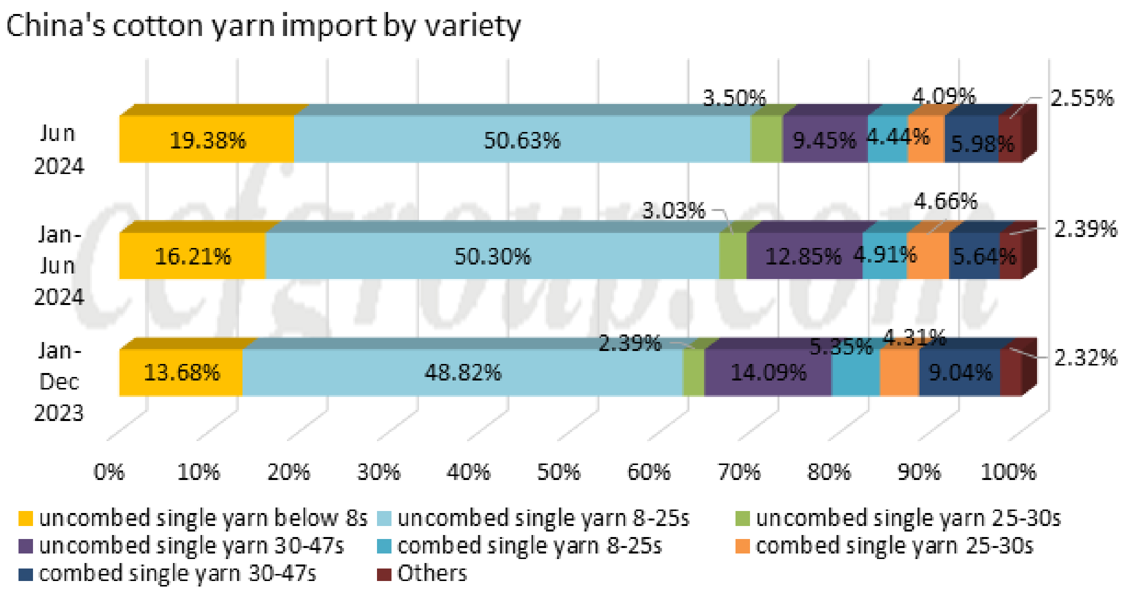
Additionally, Indian yarn has seen a relative decline in export competitiveness after the local government raised the Minimum Support Price (MSP) for cotton. In June, Indian cotton yarn arrived was only about 5.8kt

China's cotton yarn import by origin in Jun 2024



China's cotton yarn import by origin in Jan-Jun 2024





III China's cotton yarn imports by structure in Jun 2024

Since the beginning of 2024, the proportion of coarse-count yarn in China's cotton yarn imports has been steadily increasing. Due to the low-price competition from domestic cotton yarn, the import volumes of carded ring-spun cotton yarn 32s and 40s have significantly declined compared to last year.

In June, the import proportion of carded single yarn below 8s was nearly 1/5, totaling approximately 18.7kt; the import proportion for carded single yarn 8-25s was 50.63%, totaling 48.9kt; the import proportion of carded single yarn 30-47s dropped to below 10%, totaling only 9,022 tons. The import proportion of combed single cotton yarn 8-47s slightly increased to 14.51%, totaling approximately 14kt.

In June, most of the imported open-end yarn and siro-spun yarn below 8s are mainly originate from Vietnam and Pakistan, while imported carded single yarn 8-25s is mainly originate from Vietnam, Bangladesh, and Pakistan.

Among carded single yarn 30-47s, Uzbekistani yarn accounts for 56.3%, with approximately 5,133 tons arrival; while among combed yarn 30-47s, over 4,300 tons are imported from Vietnam, while only approximately 749 tons are originated from India.

Region	Amount of carded yarn below 8s (kg)	Share	Region	Amount of carded yarn 8-25s (kg)	Share
Vietnam	10405854	55.61%	Vietnam	23168095	47.39%
Pakistan	6776300	36.21%	Bangladesh	5984305	12.24%
Bangladesh	527000	2.82%	Pakistan	5837732	11.94%
Malaysia	357927	1.91%	Malaysia	4149452	8.49%
Taiwan, China	275875	1.47%	India	3654428	7.47%
India	141660	0.76%	Taiwan, China	2472085	5.06%
Cambodia	122500	0.65%	Uzbekistan	2430744	4.97%
Indonesia	93720	0.50%	Cambodia	612250	1.25%

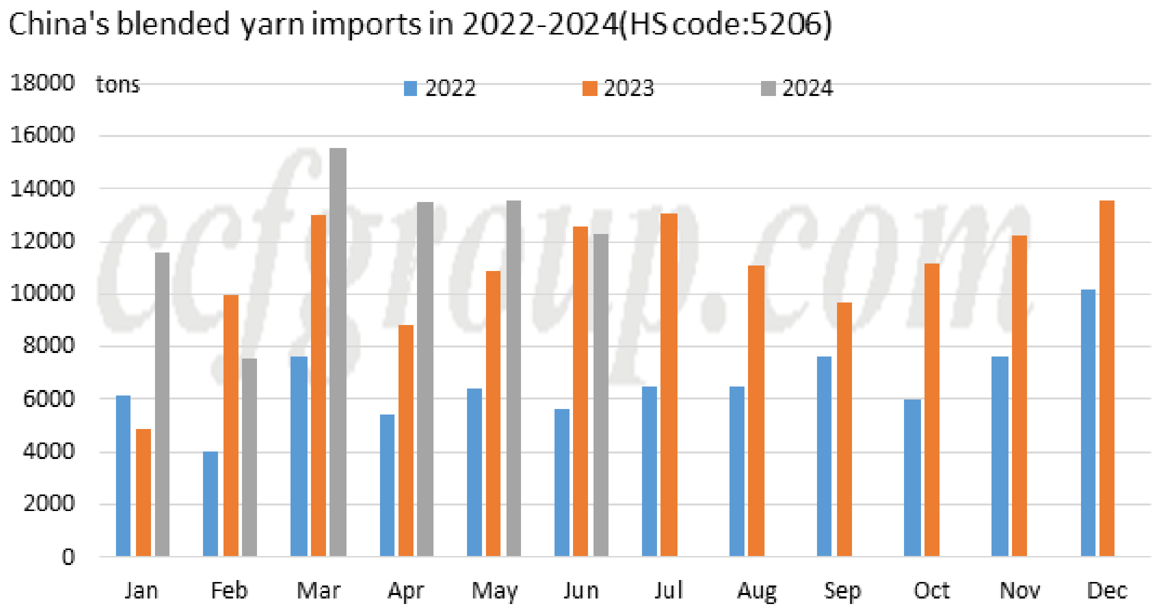
Region	Amount of carded yarn 30-47s(kg)	Share	Region	Amount of combed yarn 30-47s(kg)	Share
Uzbekistan	5132883	56.30%	Vietnam	4302151	74.54%
Vietnam	3303071	36.20%	India	748873	12.98%
Malaysia	580000	6.40%	Malaysia	404900	7.02%
India	85730	0.90%	Uzbekistan	99522	1.72%
Indonesia	20321	0.20%	Tajikistan	75060	1.30%
			Indonesia	70429	1.22%
			China	54330	0.94%

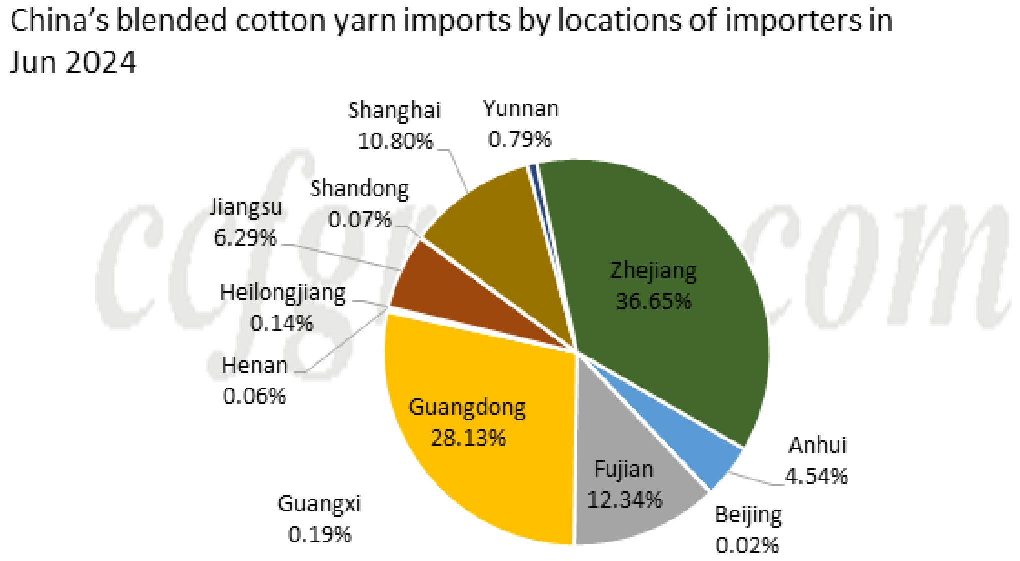
IV. China's blended cotton yarn imports in June 2024

In contrast to the ongoing decline in the import volume of cotton yarn, the import of blend cotton yarn has shown relative stability.

In June 2024, China's imports of blended cotton yarn totaled around 12.3kt, showing a slight decrease of approximately 1.3kt compared to May, the overall volume remains above the average import level of the previous year.

Imported blended yarn is primarily used for producing apparel orders with traceability requirement in China and competes in a slightly different market segment than domestic cotton yarn, particularly with a slight shortage in the supply of combed CVC yarns. However, the overall import profit levels remain thin.





The inflow of cotton blend yarn imports in June was concentrated in the Yangtze River Delta and the Pearl River Delta regions, with Zhejiang Province accounting for 36.65%, Guangdong Province for 28.13%, and Fujian Province for 12.34% of the total imports.

Source: ccfgroup.com– Aug 01, 2024

HOME

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USA: Implementation of Section 301 Tariffs Gets Short Reprieve

Implementation of Section 301 China tariffs has been delayed by a few weeks, according to the Office of the U.S. Trade Representative (USTR).

USTR said on Tuesday that it has received more than 1,100 comments from the public, and is continuing its review. It also said that in consultation with the Section 301 committee, it expects a final determination will be issued August 2024.

"USTR expects that the modifications slated for 2024 will take effect approximately two weeks after it makes the final determination public," the office said in its Tuesday statement.

President Joseph Biden in May said he is maintaining tariffs imposed by his predecessor, President Donald Trump, on more than $300 billion worth of Chinese goods that include finished textiles and apparel imports.

The decision follows a statutory four-year review of the tariffs, which were put into effect in 2018 after a USTR probe found that certain China's trade practices and policies were either either discriminatory or burdened U.S. companies and workers. The tariffs were imposed on a certain Chinese imports.

At the time, trade groups such as Retail Industry Leader Association (RILA), National Retail Federation (NRF) and American Apparel & Footwear Association (AAFA) weighed in and voiced their unhappiness with the decision to maintain tariffs on consumer goods.

The gist of their frustration centered on how continuing tariffs places additional taxes on imported goods paid by U.S. importers and, ultimately, American consumers.

USTR hasn't given any idea on what some of the more than 1,100 comments stated, or if there are any general themes. And Tuesday's statement provided no indication of what sway those comments might have on the current plan that would have been implemented on Aug. 1 but for the delay.

"We are glad to see that USTR is taking the time to thoroughly review the comments before moving forward with the modifications. For retailers, the fact remains that Section 301 tariffs on consumer goods are harmful to U.S. consumers and businesses. As they continue working through the comments, we hope USTR reconsiders their approach," Blake Harden, RILA's vice president of international trade, said on Wednesday.

"Regrettably, U.S. tariff policy remains flawed. We hope that the administration uses this extra time to realize that the Section 301 tariffs have failed—have failed to rein in China's bad practices, have failed to support U.S. workers, and have failed to help American consumers, particularly during a time of elevated prices.

Doubling down on this failed policy will only increase inflation and hurt hardworking American families," Steve Lamar, AAFA's president and CEO, said. "It's time for a fresh approach that adequately and accurately supports U.S. workers and consumers, while predictability advancing U.S. trade policy objectives."

The National Electrical Manufacturers Association (NEMA) is the largest trade association of electrical equipment, and its members are leading the transition to an all-electric future via domestic manufacturing of clean energy and advanced technology goods.

NEMA in the past has urged a "balanced approach that maintains domestic supply chains and competitiveness." It said on Wednesday that it had requested in public comments for a delay on implementation of Section 301 to allow for adequate review of the statements and careful consideration on decisions over tariff policy that will impact domestic production.

Source: sourcingjournal.com– July 31, 2024

HOME

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Interview: Developing countries look to China for modernization strategies, says Polish expert

China's transformation from a poor nation to a major global economic player over the past few decades, driven by its deep and comprehensive reforms, has been "a source of inspiration" for many developing countries, a Polish expert on Chinese economic development has said in a recent interview with Xinhua.

Leszek Slazyk, 57, frequently traveled to China in the 1990s after he had joined a large Polish textile company, LPP, which was importing Chinese-made textiles at the time. Later, he shifted his focus by getting a master's degree in political science and launching his own business and website.

Speaking to Xinhua, Slazyk said that contrary to some claims that the Chinese economy is on the brink of collapse, the country's innovation-driven development model will enable it to sustain its growth momentum and overcome economic headwinds.

"From my point of view, China will be for a long time the main source of developed products, not only for consumers but also for any kind of business, especially for those industries manufacturing consumer goods. This is the future which I can already see after my visits to China," Slazyk said.

During his most recent visit to China in May, he participated in the 2024 Round Table for Journalists of China and Central and Eastern European Countries held in Ningbo, a city in east China's Zhejiang Province. He also took the opportunity to visit several Chinese enterprises and infrastructure projects such as the Ningbo Zhoushan Port --the busiest port in the world in terms of the cargo tonnage handled.

Having seen his videos about China on his YouTube channel, which has over 10,000 followers, a group of Polish businessmen proposed to go on "a study tour to China," Slazyk told Xinhua. "Now I am trying to arrange for 15-20 entrepreneurs or managers of big companies to visit large or medium-sized companies in China, and let them see automated robotized ports in China, and how infrastructure in China works, including railways, highways, and also IT infrastructure."

Slazyk believes that seeing the "real" China will inspire them to formulate a longer-term vision of what they want to achieve as businessmen in Poland in the next 10 or 20 years.

China is also a great source of inspiration for developing countries, Slazyk said.

While dismissing the narrative that China is trying to force its ideological and economic models on others, Slazyk said China's transformation from a very poor, underdeveloped country at the end of the 1970s into a major economic force in today's world, especially in the manufacturing industry, is exemplary.

"People from Africa, Central Asia, the Middle East, and South America are asking how it could happen. They are looking to learn from China and adopt some elements of the Chinese model to boost economic development and growth and to say goodbye to poverty," Slazyk said.

He mentioned the expansion of the BRICS cooperation mechanism as an example. Originally formed by Brazil, Russia, India, China and South Africa, the group welcomed Saudi Arabia, Egypt, the United Arab Emirates, Iran and Ethiopia as new BRICS members on Jan. 1, 2024.

With more countries aspiring for BRICS membership, Slazyk stipulated that one of their main motivations must be to get closer to China, because "then they will have the opportunity to learn something, to be beneficiaries of Chinese development."

"They look at China as a real, proven source of inspiration, because China has shown how to lift 800 million people out of poverty within 40 years. For those underdeveloped countries, it's a very important issue for their future."

Source: english.news.cn– Aug 01, 2024

HOME

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UKFT to participate in Intertextile Shanghai Apparel Fabrics 2024 with British textile companies

Along with a group of British textile companies, the UK Fashion and Textile Association (UKFT) will participate in the Intertextile Shanghai Apparel Fabrics exhibition from August 27-29, 2024. The event will showcase the remarkable talent, innovation, and quality that define British design and manufacturing.

Some of the noted exhibitors at the event will include premium mills, manufacturers, and merchants like Abraham Moon, Alfred Brown, Kenneth Mackenzie, Linton Tweeds, Mallalieus, OMC England, Scabal, Schofield & Smith, and the Celtic Weaver. Additionally, creative print studios and surface specialists such as Fairbairn & Wolf Studio will be present, along with the testing house Intertek Group and trend forecaster WGSN.

Intertextile Shanghai Apparel Fabrics will provide a platform for international buyers to explore the UK's textile sector, celebrated for its tradition, innovation, and creative flair. Located in Hall 5.1, UKFT's stand will feature a diverse array of samples from UK firms. Visitors will have the opportunity to learn about the UK textile industry and watch a new film titled 'UK Fashion & Textiles: It's What We're Made Of.' The film will showcase the innovation, responsibility, and ethical practices at the core of British style, underpinned by tradition, quality, and craftsmanship.

The UK apparel and textile industry is renowned for its rich heritage, cutting-edge design, and commitment to sustainability and innovation. Intertextile Shanghai Apparel Fabrics will highlight the latest trends, sustainable fabrics, and revolutionary technologies in this industry, showcasing the creativity and craftsmanship of UK brands. A stunning array of fashion-forward collections blending tradition with modernity will be showcased at the event.

Paul Alger MBE, Director - International Business, UKFT, remarks, the UK textile industry stands out in the global market, particularly in China and Asia, due to its emphasis on quality, innovation, and unique British style. The competitive advantage of this industry lies in its ability to merge tradition with contemporary trends, offering products that are not only stylish but also ethically produced. This commitment to excellence and sustainability resonates well with consumers in these markets, helping the industry build strong, lasting relationships.

Source: fashionatingworld.com– July 31, 2024

HOME

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Italian textile machinery to shine at CAITME 2024 in Tashkent

From September 11 to 14, 2024, Tashkent, Uzbekistan, will host the upcoming edition of Central Asian International Textile Machinery Exhibition (CAITME), featuring 16 Italian textile machinery manufacturers. These exhibitors will showcase their innovations in a dedicated area organized by the Italian Trade Agency and ACIMIT.

Participating companies include ACIMIT members Bonino, Brazzoli, Caru, Erhardt+Leimer, Guarneri Technology, Ima, Laip, Lgl, Martex, Mei, Mesdan, Pinter Caipo Italia, Pugi Group, Sicam, Stalam, and Ugolini.

Uzbekistan, a major cotton producer and exporter, relies heavily on its textile industry for economic growth. The country's abundant raw materials and low production costs create favorable conditions for industrial development. Upgrading existing equipment is a key strategy to enhance this sector.

Italian textile technology is highly regarded by Uzbek companies. In 2023, Italy's textile machinery exports to Uzbekistan reached €21 million. Weaving machines comprised 32 per cent of these exports, followed by finishing machines at 30 per cent, spinning machines at 17 per cent, knitting machines at 14 per cent, and accessories at 7 per cent.

At CAITME 2024, Italian exhibitors will present cutting-edge textile technologies, focusing on efficiency, cost savings, and sustainability. This event underscores Italy's significant role in advancing Uzbekistan's textile industry through innovative machinery and expertise.

Source: fashionatingworld.com– July 31, 2024

HOME

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Turkiye plans green deal programme for exporters

Turkiye has designed a programme to guide exporting companies undergo green and digital transformation, according to trade minister Omer Bolat.

The programme will cover half of the consultancy service expenses of companies for five years up to TL 10 million (~$305,000), he told the first meeting of the 'Green Deal Adaptation Project', which is part of the programme.

The Green Deal Action Plan was created to advance the economic integration provided by the European Union's (EU) Customs Union and to establish a road map for adapting to the possible effects of climate change policies on international trade, he said.

"We aim to ensure their compliance with green and digital transformation at the corporate level and make the sustainability of exports possible in this context," he was quoted as saying by Turkish media reports.

The sectors determined under the EU's Carbon Border Adjustment Mechanism (CBAM) are textile & clothing, iron-steel, cement, aluminum, fertiliser, electricity and hydrogen, and these sectors are the most quickly and heavily affected by the green transformation process, he noted.

As the share of exports from these six sectors in the total exports to the EU is 49 per cent, these need to adapt quickly to the carbon border regulations, he said.

Legislative changes like the eco-design rules that will come into effect within the framework of the transition to a circular economy will directly affect exports to the EU, he noted.

The programme will have three stages. In phase 1, the company's current situation analysis will be carried out within the framework of sustainability criteria and parameters determined on a sectoral basis, Bolat said.

In the second, technical and financial feasibility consultancy for implementing the sustainability road map on a project basis will be supported. Companies can convey their financing demands for the project to be implemented through the portal to the banking sector and evaluate the credit offers coming from banks in a competitive environment through the portal.

In the final stage, the monitoring and verification consultancy of the implemented projects will be supported, and the progress of exports and exporters will be tracked, he added.

Source: fibre2fashion.com– Aug 01, 2024

HOME

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EVFTA reflects confidence of European investors in Vietnam: EuroCham

The European Union (EU)-Vietnam Free Trade Agreement (EVFTA) has made the latter more attractive for European investors and significantly boosted Vietnam's exports to Europe, a survey by the European Chamber of Commerce in Vietnam (EuroCham) revealed.

The EVFTA fourth anniversary is on August 1.

The EU has invested €28 billion (~$30.3 billion) in 2,450 projects in Vietnam, the EuroCham Business Confidence Index (BCI) survey conducted by Decision Lab found. EU investors added €800 million in foreign direct investment (FDI) between January and September last year.

The country's exports to Europe rose from €35 billion in 2019 to over €48 billion in 2023, with pronounced growth in several, including textiles and footwear, the survey said. However, the rise in EU exports to Vietnam has been far more modest—from €11 billion to only €11.4 billion over the same period, adding to a substantial trade imbalance.

Hindrances for European businesses include complex regulatory requirements and a lack of recognition for international standards by Vietnamese authorities, a Vietnamese news agency reported.

Moreover, stakeholders lack understanding of the agreement, and there are customs valuation issues, opaque clearance procedures and technical barriers, particularly in the areas of certification and product testing, the survey report said.

EuroCham Vietnam is actively championing the full ratification of the EU-Vietnam Investment Protection Agreement (EVIPA) as a critical step in unlocking the FDI potential of the EVFTA.

While EU institutions have approved the EVIPA, it requires individual ratification from all 27 member states.

Source: fibre2fashion.com– Aug 01, 2024

HOME

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Bangladesh: Govt waives seven-day demurrage for importers

The consignments, which have arrived or are scheduled to arrive at the port in between July 16 and August 5 this year, will get the extended benefit.

The shipping ministry has waived seven days of demurrage charge on storage rent for the importers, whose goods have arrived or are scheduled to arrive at Chattogram port in between July 16 and August 5 this year.

Imported goods can be kept free of charge at the port storages for four days since their arrival. From the fifth day, the port starts taking a daily demurrage charge.

The consignments will get a maximum of seven days of demurrage charge waiver after enjoying the four-day free storage facility.

However, the benefit will not be extended to the importers, who will fail to remove the goods from the port by August 14.

Deputy Shipping Secretary Nazrul Islam Azad informed the Chattogram Port Authority about the waiver through a letter on July 31.

The letter articulates that the charges will be waived in accordance with Section 23 of the Chattogram Port Authority Act, 2022, in addition to the store rent/penal charge waiver policy issued by the ministry.

The shipping ministry took the decision upon requests from Bangladesh Garment Manufacturers and Exporters Association, the Federation of Bangladesh Chambers of Commerce and Industry and the Chittagong Chamber of Commerce and Industry.

The leading trade bodies made the request as the importers have encountered delays in releasing the goods due to the countrywide violence, curfew and internet blackout centring the job quota reform movement.

Source: thedailystar.net– July 31, 2024

HOME

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Pakistan: 'Textile sector exports struggle amid harsh taxation, high energy costs'

Pakistan's textile and clothing exports saw a slight increase of 0.93% in FY24, reaching $16.55 billion from $16.50 billion the previous year. This modest growth highlights the sector's struggle to compete with the regional rivals due to the harsh taxation measures implemented during the fiscal year.

Talking to WealthPK, former commerce minister Gohar Ejaz said the textile and clothing exports remained static over the past two years despite the sector's $25 billion installed capacity. The government needs to provide competitive energy rates, tax drawbacks, and sales tax refunds to boost exports, he suggested.

"With the new taxation measures, including higher tax rates on the exporters' income, the sector's performance in FY24-25 is expected to face further challenges. These impacts will likely become evident in the coming months," he pointed out.

According to the Pakistan Bureau of Statistics (PBS), the textile and clothing exports saw a 3.91% year-over-year decline in June to $1.41 billion from $1.47 billion. This drop reflects the burden of the highest-ever energy costs on the industry.

Source: brecorder.com– Aug 01, 2024

HOME

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Pakistan: Cotton crop concerns

Several contributing factors have been identified as drivers of this downturn. Irregular rainfall and increased temperatures caused by climate change have adversely impacted crop yields, making it increasingly challenging to maintain healthy cotton crops. Additionally, pest infestations, particularly by the pink bollworm, have wreaked havoc on cotton fields. Limited access to effective pest management solutions has further exacerbated the situation. Economic challenges, including rising input costs and low market prices, have also played a significant role in making cotton cultivation economically unviable for many small-scale farmers.

The implications of the decline in cotton production are far-reaching, affecting not only the agricultural sector, but also the industrial sector, particularly the textile industry, a major contributor to Pakistan's GDP and export earnings. This situation could lead to increased poverty among cotton farmers, reduced income in the agricultural sector, and heightened production costs for the textile industry, ultimately jeopardising competitiveness in the global market.

The revival of cotton production is vital not only for the economy, but also for the livelihoods of millions of Pakistanis. With the right measures in place, there is potential for success in overcoming this looming crisis. Failure to address this issue, however, could lead to a continued rise in reliance on imports, harming farmers and the textile industry alike.

Source: tribune.com.pk– Aug 01, 2024

HOME

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NATIONAL NEWS

India Ratings ups country's FY25 GDP growth estimate to 7.5% from 7.1%

India Ratings and Research (Ind-Ra) recently revised up its gross domestic product (GDP) growth estimate for fiscal 2024-25 (FY25) for the country to 7.5 per cent from 7.1 per cent earlier.

This estimate is higher than the Reserve Bank of India's (RBI) forecast of 7.2 per cent.

The ongoing growth momentum led by government capital expenditure (capex), deleveraged balance sheets of corporations and banks, and incipient private corporate capex cycle has now found support from the union government budget, Ind-Ra noted in a release.

The budget promises to bolster agricultural and rural spending, improve credit delivery to micro, small and medium enterprises (MSMEs) and incentivise employment creation in the economy.

Ind-Ra believes these measures would help in broad basing the consumption demand, which if not addressed, can constrain the ongoing growth momentum.

The rating and research agency expects private final consumption expenditure (PFCE) to grow by 7.4 per cent year on year (YoY) in FY25 (it was 4 per cent in FY24)—a three-year high.

The consumption demand is highly skewed, as it is driven by the goods and services largely consumed by the households belonging to the upper income bracket.

However, an above-normal monsoon coupled with the measures announced in the union budget FY25 is expected to correct it, by boosting the demand of goods and services consumed by the rural and households belonging to the lower income bracket.

Food inflation continues to be a risk, while the expectation of retail inflation in FY25 averaging lower than in FY24 will support the real wage growth, Ind-Ra said.

Ind-Ra expects the average retail and wholesale inflation to come in at 4.5 per cent and 3.2 per cent respectively in FY25.

A revival in the private sector capex may reduce the capex spending of the union government, but that is still some distance away.

Heightened capex activity has been observed in the textile sector.

Ind-Ra expects goods and services exports to grow by 6.6 per cent YoY and imports to grow by 8.8 per cent YoY in FY25 as against 2.6 per cent YoY and 10.9 per cent YoY respectively in FY24.

Though global trade is showing signs of gathering momentum in the first quarter of FY25, increased global supply concentration, trade fragmentation and protectionism pose significant risk to India's exports, it added.

Source: fibre2fashion.com – Aug 01, 2024

HOME

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India, Vietnam should explore possibility of free trade pact: Vietnamese PM Chinh

NEW DELHI: India and Vietnam should explore the possibility of a free trade pact to further strengthen the economic cooperation, Vietnamese Prime Minister Pham Minh Chinh said on Wednesday. Chinh, who is accompanied by a high-level delegation, including several ministers, deputy ministers and business leaders, is on a three-day visit to India.

Going forward, the Vietnamese Prime Minister said that the two nations should aim to increase their bilateral trade to USD 20 billion while addressing the Vietnam-India Business Forum.

"I would like to ask that we expand our...market access to each other's products such as through a suitable FTA between Vietnam and India. Of course, we need to discuss this...We need to make sure that our benefits are shared with each other for Indian businesses. I hope that you (India) will continue to invest more in Vietnam," he said at the Business Forum organised by Ficci.

The Vietnamese Prime Minister called upon businesses from the two nations to work together, bring about better solutions to raise bilateral trade to USD 20 billion going forward, and continue to forge stronger cooperation focusing on strategic infrastructure, including transportation, energy, digital and climate infrastructure.

"I've spoken to many Indian businesses. I called on them to make investment into infrastructure, including strategic infrastructure, transportation, health, educational, cultural and all the rest of it," Chinh said. He further called upon businesses of the two countries to work together to realise their "shared aspirations" and to build the strategic, comprehensive strategic partnership between Vietnam and India.

The Vietnamese Prime Minister also participated in the launch ceremony of the new flight route between Ahmedabad (India) and Da Nang (Vietnam).Pointing out that Vietnam imports 33 per cent of its pharmaceutical products from India, Chinh said it would like to work with India to establish a proper pharmaceutical ecosystem in Vietnam.

Source: economictimes.com– July 31, 2024

HOME

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Expanded cotton area in South may help offset decline in North

The cotton acreage has expanded in the South as farmers have brought more area under the natural fibre crop in Telangana, Karnataka and Andhra Pradesh. Industry stakeholders said the increase in area in the South will help offset the decline in North India, where farmers have sharply reduced the acreages in Punjab, Haryana and Rajasthan due to increased incidence of pest attacks, especially the pink bollworm. The area under cotton in Gujarat, too, is expected to drop sharply.

Till July 22, cotton was planted on 102.05 lakh hectares (lh) across the country over 105.66 lh in the same period a year ago. The normal area under cotton is 129 lh. The acreage is trailing on account of lower plantings in Gujarat, Rajasthan, Haryana and Punjab.

In the largest producing State of Gujarat, cotton acreage is lower at 20.98 lh against 25.39 lh in the same period a year ago. In Rajasthan, the acreage is down to 4.94 lh from 7.73 lh last year, while in Punjab farmers, who suffered heavy pest attacks last year have reduced the area by more than half to 1 lh from 2.14 lh. In Haryana, the acreage is down to 4.76 lh from 6.65 lh.

Timely monsoon

In the South, Karnataka has seen area increase to 6.09 lh as of July 22 this year, over 2.44 lh in the same period a year ago. The timely and widespread arrival of monsoon this year has helped farmers plant more area under cotton in Karnataka, which experienced drought across major growing regions last year. Similarly in Telangana, the acreage has increased to 15.22 lh over 14.13 lh a year ago. In Andhra Pradesh, the area has gone up to 1.60 lh from last year's 1.32 lh.

Maharashtra, which has the largest area under cotton, has seen the acreages rise this year to 39.69 lh over 38.33 lh a year ago.

"The decline in North Indian cotton area is seen being made up in the South" said Ashish Dobhal, CEO, UPL Sustainable Agri Solutions Ltd. UPL, for which North India was a major market for the spraying services, is seen re-orienting its strategies to address the Southern market in the wake of decline in acreages in Punjab and Haryana.

“The sowing has been good with an increase in area in the South and the crop prospects look good in Karnataka, Telangana and in Maharashtra. Good rains over the past two months will enhance the yields this year,” said Ramanuj Das Boob, a sourcing agent for multinationals and domestic companies in Raichur. “The rain is supporting the crop, but not the markets,” Das Boob said as the prices have been on a bearish trend tracking the global trend amidst a muted offtake.

Wake up call

“The significant decline in area under cotton in North zone is a wake up call for the textiles industry, clustered around Ludhiana in Punjab and Bhilwara in Rajasthan,” said Bhagirath Chowdhary, Founder Director of the Jodhpur-based South Asia Biotechnology Centre, which has been running programmes across the key cotton growing regions to tackle the pink bollworm attack in the recent years.

“Except Vidarbha, Telangana and Karnataka, cotton crop across other cotton-growing regions of Andhra Pradesh, Marathawada and Gujarat is under severe moisture stress, stunted and susceptible to pest and diseases. Overall. the cotton production next season is expected to be on the lower side which will further widen the demand-supply gap, badly affecting the textiles industry and the raw cotton exports,” Chowdhary said.

Source: thehindubusinessline.com– July 31, 2024

HOME

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Industry's mixed post-Covid recovery

Launched in 2014, the 'Make in India' initiative envisaged fostering innovation to boost manufacturing sector growth and increase its contribution to the economy. The idea was not just to become self-reliant but also position India as the global manufacturing hub. Consequently, a series of policy initiatives like production-linked incentives, National Infrastructure Pipeline, India Industrial Land Bank, ease of doing business and One District One Product (ODOP), among others, were launched. Also, specific targets, such as enhancing manufacturing sector's share in the economy from 15-16 percent to 25 per cent by 2025 and creating 100 million additional jobs by 2022, were fixed.

Unfortunately, globally economies suffered various shocks like Covid and the continuing Russia-Ukraine and Israel-Hamas conflicts, which have affected the domestic manufacturing sector, too. Employment generation in the country has also become a major concern.

Therefore, it may be worthwhile examining the growth in employment in the manufacturing sector based on the data now available in the Annual Survey of Industries (ASI), that is, till 2021-22, and from Annual Survey of Unincorporated Sector Enterprises (ASUSE) for 2021-22 and 2022-23.

Corporate manufacturing

Corporate manufacturing units consist of units registered under sections 2(m)(i) and 2(m)(ii) of the Factories Act, 1948 having 10 or more workers with power or 20 or more workers without power, and all units employing more than 100 workers registered in other Acts. The number of factories in the corporate manufacturing sector has significantly increased between 2015-16 and 2020-21 from 2.33 lakh to 2.50 lakh, around 7.24 per cent increase over six years. Employment in these factories have also increased from 1.43 crore to 1.72 crore, a growth of 20.39 per cent.

A comparison between six years preceding and succeeding 2015-16 for corporate manufacturing brings out a mixed picture. The CAGR of number of factories from six years preceding 2015-16 (i.e., from 2009-10) was 6.60 per cent, which has come down to 1.17 per cent in the six years after 2015-16. However, the CAGR of number of employees has seen a minor decline from 3.27 per cent to 3.14 per cent. This shows quick recovery of the sector after the Covid shock but it may take a little more time to fully recover.

Employment growth in certain sectors has accelerated in the latter six years compared to the previous period. For instance, jobs in the ‘food products’ sector grew 18.92 per cent between 2015-16 and 2021-22, higher than the 8.54 per cent between 2009-10 and 2015-16. Similarly, employment in ‘chemical and chemical products’ saw a rise of 38.06 per cent compared to 26.29 per cent in the six years preceding 2015-16. Sectors like ‘rubber and plastic products’ and ‘basic metals’ also experienced significantly higher increases in employment.

Unincorporated units suffer

Unincorporated manufacturing comprises mostly smaller units belonging to the MSME sector. There has been significant decline in the number of factories in the unincorporated sector over the last six years — declining from 1.96 crore to 1.72 crore, a fall of 12.27 per cent. Employment in this sector has also declined from 3.60 crore to 2.79 crore in these six years, a fall of 22.52 per cent. The recovery in this sector has been slow, and a full recovery may take a longer time and will hinge on a conducive and supportive industrial environment.

The number of own-account enterprises (OAEs) in the unincorporated manufacturing has increased. The proportion of OAEs amongst all the unincorporated enterprises has risen from about 85 per cent to 89 per cent, with a corresponding rise in their share of employment from about 62 per cent to 68 per cent in over the six-year period, implying a reduction in hired-worker establishments and encouraging job seekers to undertake some form of self-employment or shifting to the services sector.

More than 90 per cent of the manufacturing sector enterprises were engaged in just nine types of activities, indicating concentration of unincorporated enterprises in a few activities. The five top activities having 80 per cent of all units were in manufacture of wearing apparels, textiles, tobacco products, food products, and wood products excluding furniture. These provided employment to about 71 per cent of the workers.

Enterprises producing apparel and textile goods, including accessories like hats, gloves, jerseys, and cardigans, accounted for 28 per cent of all unincorporated sector enterprises in 2015-16, and this position was maintained through 2021-22. This sector has been the primary source of employment, accounting for nearly 22 per cent of all workers in unincorporated manufacturing. Over the six years, its share of enterprises has grown to 37 per cent, with a corresponding increase to 29 per cent in terms of employment contribution. Two other activities that have shown a substantial increase both in number of units and employment are: food products, processing and preservation, and manufacturing activities related toiron, steel, zinc copper, aluminium, etc. In sectors like glass works, there has been a contraction in both number of units and employment due to consolidation and adoption of improved technology.

While the corporate manufacturing sector is witnessing strong recovery after Covid, the unincorporated manufacturing sector is yet to recover from the sharp fall. There are indications of increasing corporatisation in the manufacturing sector after the launch of 'Make in India' initiative, resulting in qualitative improvement in employment. The unincorporated sector, especially MSMEs in manufacturing, needs special attention for its importance in job creation and supply of inputs to large manufacturers.

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HOME

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Vietnam PM sets ambitious target of $20 billion in bilateral trade with India

Vietnamese Prime Minister Pham Minh Chinh has called for stronger economic cooperation between Vietnam and India, setting an ambitious target of $20 billion in bilateral trade.

Speaking at the Vietnam-India Business Forum, organised by FICCI in New Delhi on Wednesday, Prime Minister Chinh outlined Vietnam's economic achievements and invited Indian businesses to invest in strategic sectors such as infrastructure, digital technology, and pharmaceuticals.

Chinh emphasised the longstanding friendship between Vietnam and India, dating back 2,000 years. He highlighted upgrading bilateral relations to a comprehensive strategic partnership, which he said has "opened up a new space for cooperation across the board."

The Prime Minister emphasised Vietnam's foreign policy of independence, self-reliance, and multilateralism, stating that the country aims to be "a good friend and reliable partner of all countries around the world, and a responsible member of the international community."

Chinh invited Indian businesses to invest more in Vietnam, particularly in semiconductors, science and technology, innovation, digital transformation, green hydrogen, pharmaceuticals, renewables, and biotechnology sectors. He noted that Vietnam currently sources 33% of its pharmaceuticals from India and expressed interest in establishing "a proper pharmaceutical ecosystem in Vietnam to help protect the health and life of our people."

The Prime Minister also called for Indian businesses to facilitate Vietnamese companies' integration into their supply chains and urged Indian businesses to consider Vietnam to be a strategic destination.

Chinh revealed that he had met with several Indian companies that have pledged to invest in Vietnam. He welcomed these commitments and expressed hope for continued investment and cooperation.

Speaking on this occasion, Jitin Prasada, Minister of State for Commerce & Industry; Electronics and Information Technology, called for stronger economic cooperation between India and Vietnam, emphasising the complementary nature of their growth strategies and the potential for mutual benefit.

Prasada highlighted the economic synergies between India and Vietnam, noting that both countries are growing at nearly double the average global economic growth rate. "Both our countries are focused on improving our manufacturing prowess and playing a greater role in the global value chains and world economy," he said.

The minister called for increased attention to opportunities in each other's markets, pointing out that while larger global markets are important, the potential for bilateral trade should not be overlooked. He mentioned India's recent participation as the guest of honour at the 33rd Vietnam International Trade Fair in Hanoi, indicating growing economic ties between the two nations.

Source: economictimes.com– Aug 01, 2024

HOME

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Five factors why D2C continues to buzz up India's e-commerce story

Brands ranging from new-age startups to legacy companies are going all in on direct-to-consumer. Here's why.

India's e-commerce story – a major part of which has been written by marketplaces such as Amazon and Flipkart – is now seeing thousands of brands set up their own online shop. Brands ranging from new-age startups to legacy companies are going all in on direct-to-consumer.

ET reported on July 30 that the share of consumer brands selling directly through their own websites, apps and social networking platforms has increased to 10-15% of the USD70-75 billion online retail pie. This number was just 2-3% around five years ago.

So, what has led to this boom in the direct-to-consumer segment of e-commerce. We spoke to multiple founders, industry executives and analysts to understand the top five reasons:

Deleveraging from marketplaces

Over the last five to seven years, as brands across categories such as consumer electronics, beauty and personal care, and fashion became mature, they looked at de-risking their business from depending on marketplaces. Even though marketplaces bring a huge customer base to the table, the high commissions – in the range of 20-30% – started pinching these brands.

"About 5-6 years ago, marketplaces were in heavy burn mode and were actually subsidising a lot of costs, but now everyone has come to their senses.

At that time, because of them subsidising the costs, there was a differential (in operating on marketplaces vs D2C) but now brands are realising that this model (D2C) is actually more efficient," Varun Alagh, cofounder and CEO of Mamaearth's parent company Honasa Consumer told ET.

Rising investments

Risk capital investors, who have traditionally backed companies in the technology space, are increasingly turning to safer bets in the consumer segment. Between 2020 and 2023, D2C brands have attracted more than USD4 billion in funding, per a report by market intelligence firm 1Lattice and Sorin Investments. As of FY23, the report pegged the value of the overall D2C market in India to be around USD17 billion.

Changing marketing strategies

Beyond the traditional tools of marketing, brands have found social media and going D2C to be generating results. “By helping reach a vast audience and using social media as a means of advertising, even the smaller D2C brands are now competing with large brands making up an important part of the value chain,” said Kapil Makhija, CEO of SoftBank-backed Unicommerce, which provides technology products to manage the online operations of retailers.

Mamaearth’s Alagh said that there is a realisation that brands are able to own their customers only on their platforms. “That is where you get the data…using which you are able to do better customer relationship management, which you are not able to do with marketplaces. D2C is the only place where you get a clear understanding of whether your marketing is working or not, which helps you optimise marketing.”

Evolving consumer cohort

Over the years, with a growing GenZ population, consumption behaviours have also changed. We have captured some of these trends in previous stories. These include brands looking to challenge incumbents to address the GenZ cohort; and increasing demand among this set of consumers for buying locally made products and brands that are environmentally friendly.

Brands, on the back of these themes, are finding their niches to service a certain unaddressed demand. “From “selling everything” to “specialising”, D2C brands have come up with a targeted approach. Building specialised products not only help in focusing on a niche audience and building category-specific expertise, but the rising demand for such products is also being driven by consumers cherishing the exclusivity offered by these brands,” Unicommerce’s Makhija said.

Proliferation of new tools

Over the years, marketplaces such as Amazon and Flipkart have invested heavily in building the infrastructure for online shopping. However, several companies such as Shiprocket, Unicommerce, Delhivery, Xpressbees and others have emerged as third-party players helping brands set up and access the existing infrastructure without going through marketplaces. In addition, the rise of multiple payment gateway companies and unified payments interface (UPI) has helped augment this trend.

As per the 1Lattice and Sorin Investments report, in 2023, over 60% of the D2C brands used third-party logistics, and companies have witnessed a 20% reduction in shipment costs over the previous years.

Source: economictimes.com– July 31, 2024

HOME

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