TEXPROCIL NEWS CLIPPINGS

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Currency Watch			
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NATIONAL NEWS

INTERNATIONAL NEWS

Euro area achieves $24.7 bn trade surplus in June 2024

The euro area recorded a trade surplus of €22.3 billion (approximately $24.7 billion) in June 2024, up from €18 billion in June 2023, according to the first estimates of Eurostat, the statistical office of the European Union (EU). Euro area exports of goods to the rest of the world in June 2024 amounted to €236.7 billion, marking a 6.3 per cent decrease compared to June 2023, when exports were €252.5 billion.

Imports, meanwhile, fell by 8.6 per cent to €214.3 billion, down from €234.5 billion in June 2023. This decrease in both exports and imports contributed to the widening trade surplus in the euro area.

When compared to the previous month, the euro area surplus in June 2024 increased significantly from €14 billion in May 2024, reflecting a month-on-month improvement of €8.3 billion, as per Eurostat.

For the first half (H1) of 2024 (January to June), the euro area recorded a substantial trade surplus of €107.5 billion, a sharp contrast to the €3 billion deficit recorded during the same period in 2023.

During this time, euro area exports fell slightly by 0.8 per cent to €1,430.1 billion, while imports decreased more sharply by 8.4 per cent to €1,322.6 billion. Intra-euro area trade also saw a decline, dropping by 5.9 per cent to €1,303.8 billion.

Similarly, the EU posted a trade surplus of €20.9 billion (approximately $23.15 billion) in June 2024, compared to a surplus of €18.6 billion in June 2023. Extra-EU exports of goods in June 2024 were €212.3 billion, a decrease of 6.1 per cent from the €226 billion recorded in June 2023. Imports from the rest of the world declined by 7.7 per cent to €191.4 billion, down from €207.4 billion in June 2023.

The EU also experienced an improvement in its trade balance from May to June 2024, with the surplus increasing from €10.2 billion to €20.9 billion, representing a €10.7 billion month-on-month rise.

In the first six months of 2024, extra-EU exports of goods decreased slightly by 0.5 per cent to €1,281.3 billion, while imports fell by 9.1 per cent to €1,185.4 billion. As a result, the EU recorded a trade surplus of €95.9 billion in the January-June 2024 period, a significant increase from the €17.4 billion surplus recorded in the same period of 2023. Intra-EU trade declined by 4.9 per cent to €2,040.7 billion during this period.

Source: fibre2fashion.com– Aug 21, 2024

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China's industrial sector sees 6% revenue growth in July 2024

China's industrial sector experienced steady revenue growth in July, as evidenced by an increase in VAT invoice issuance, according to the State Taxation Administration. Sales revenue for industrial companies across the country grew by 6 per cent year-on-year in July, marking an improvement of 1.7 percentage points compared to the second quarter.

The manufacturing sector contributed significantly to this growth, with sales revenue rising by 5.7 per cent, primarily driven by increased activity in raw material processing. Additionally, the electricity generation and supply sector saw a 5.6 per cent increase in sales revenue as China entered its peak season for power consumption.

From January to July, the number of new taxpaying business entities in China increased by 7.3 per cent compared to the same period last year, indicating a continued expansion of the industrial sector, according to Chinese media reports.

Source: fibre2fashion.com– Aug 20, 2024

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China: Fiber, textile and clothing industry chain export in July

According to the latest data released by customs, the overall export performance of fibers, textiles, and apparel in Chapters 50-63 was relatively good. Although there was a slight month-on-month decline, the year-on-year growth trend continued. Overall, from January to July, the cumulative export volume increased by 9% year-on-year, continuing to outperform the same period last year.

By category, finished fabric products remained the segment with the highest growth, reaching 13%. Apparel exports also performed well, with an 11% increase. However, the fiber segment still lagged behind last year's performance, with a year-on-year growth rate of 3%.

Overall, the previous conclusion still holds: this year's export growth has been significantly driven by overseas restocking, but it has been achieved through low prices rather than increased volumes. Due to factors such as pricing and exchange rates, the export value has not been very impressive. In terms of month-on-month performance, apart from the apparel segment, which saw some growth due to seasonal factors, all other categories experienced varying degrees of decline. The largest declines were observed in Chapters 54 and 55, particularly in synthetic filament yarns, staple fibers, and woven fabrics.

From a year-on-year perspective, most categories showed growth, but it is clear that downstream categories like apparel and knitted fabrics saw the largest increases, while the upstream fiber segment showed relatively limited growth. The cumulative year-on-year trend from January to July reflects a similar pattern. Despite monthly fluctuations, the overall export structure has remained relatively stable.

What were the main variables in terms of increases and decreases this year? Summarizing the categories with cumulative changes exceeding 10,000 tons from January to July, the following results can be observed.

Click here for more details

Source: ccfgroup.com– Aug 21, 2024

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Digital passports revolutionizing transparency in the textile industry

Imagine a world where your clothes come with a digital ID, revealing their story from fiber to fashion. This is the promise of Digital Product Passports (DPPs), a game-changer for the textile and apparel sector.

So what's DPP? These are essentially secure electronic records containing a product's entire lifecycle information. This includes details like:

• Material composition (organic cotton, recycled polyester, etc.)

• Origin of materials and manufacturing

• Environmental footprint (water usage, carbon emissions)

• Care instructions

• Recycling information

Think of it as a digital birth certificate for your clothes, accessible through a QR code or similar technology.

Textiles taking the lead

The European Union (EU) is at the forefront of this revolution. The EU's ambitious 'Strategy for Sustainable and Circular Textiles', identifies textiles as a priority sector for DPP implementation. This focus stems from the industry's significant environmental impact.

"Textiles have been earmarked as a key industry for overhaul under the EU's Circular Economy Action Plan," explains a recent article by Protokol, a business intelligence platform. "Digital Product Passports are being mandated as a core technology for the initiative."

The EU's Ecodesign for Sustainable Products Regulation (ESPR) is expected to mandate DPPs for all textiles sold within the EU by 2027-2028. While specifics are still being developed, the goal is clear: to ensure transparency and promote a more sustainable textile industry by 2030.

How it works

Trace4Value, a Swedish research project, is pioneering DPP implementation. "Our project's overarching goal is to improve transparency and sustainable production practices," explains their website. They envision a system where a QR code on the clothing label links to the product's DPP, accessible to consumers and stakeholders alike. Imagine a garment with a DPP revealing its use of recycled materials or water-saving dyeing techniques. This empowers consumers to make informed choices that align with their values.

Benefits beyond consumers

DPPs hold advantages for the entire textile value chain. Brands can showcase their commitment to sustainability, attracting eco-conscious consumers. Manufacturers can improve traceability and resource management. Regulators can ensure compliance with environmental regulations.

Standardization and data security remain crucial challenges. Collaboration across the industry is essential to ensure smooth implementation. However, the potential benefits are undeniable. As industry analyst Sandra van't Veer states in a GS1 Europe report, "The new EU sustainability textile strategy positions the Digital Product Passport as a game changer for the textile industry".

The digital age is transforming the clothing industry, and DPPs are poised to revolutionize transparency and sustainability in textiles. With the EU leading the charge, this innovation has the potential to reshape the way we produce and consume clothing on a global scale.

Source: ccfgroup.com– Aug 21, 2024

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Shein Gets Go-Ahead to Build $517M Supply Chain Headquarters in China

Shein is shelling out the big bucks to build out a supply chain headquarters in the Zengcheng district of Guangzhou, China as it reportedly prepares for an IPO.

The online fashion retailer has plans to establish a smart logistics park that will integrate various functions such as warehousing, stocking, picking, fulfillment, distribution, delivery services. The initial phase of the project will cost 3.69 billion yuan ($517 million) and will sprawl across 121 acres.

The Guangzhou City Planning and Natural Resources Bureau, which first announced the project on Aug. 13, revealed that it granted the e-commerce giant 25 construction project planning permits to begin construction. It is unclear how long the construction will take, or what the first phase of the project will focus on.

Shein's new infrastructure project looks to deepen the company's roots in Guangzhou, which hosts a vast network of 300 to 400 small suppliers in the city's Panyu district. That district is a major hub for China's garment manufacturing industry, and has helped Shein rise into a global fast-fashion titan that is reportedly valued at nearly $65 million as of June, according to Sky News.

Last year, Shein moved part of its Guangzhou operations to a new office building in Panyu, where chief rival Temu is also based.

With Panyu and Zengcheng within 30 miles of each other, a mega warehouse would better support Shein's global sales, as suppliers and manufacturers would be able to move product over to the complex in less than an hour.

The Zengcheng facility would complement Shein's primary international distribution center in Foshan, which resides roughly 60 miles west of the expected complex.

The headquarters will be built within the Guangzhou Eastern Road-Rail Intermodal Hub, a massive logistics hub that had 408 international trains as of 2023. These trains carry a combined 40,000 20-foot equivalent units (TEUs) of merchandise annually. The hub, which began construction in

2022, was designed to bolster the logistics and cargo movement capabilities of China's Guangdong-Hong Kong-Macao Greater Bay Area.

Since the logistics park would be located within the intermodal hub itself, Shein would be able to ship goods out via rail to customers in Europe and Southeast Asia.

According to a report from the South China Morning Post, a Shein representative cited in the announcement said that the fashion firm will start construction on the facility as soon as possible, with the intent to advance the development of the Zengcheng district's cross-border e-commerce economy.

Sourcing Journal reached out to Shein.

Shein has already built a fabric center in Zengcheng, which will complement the other locations in the district and Panyu by furnishing the necessary materials for new apparel designs.

While the often-controversial company was founded in China and partners with some 6,000 manufacturers in the market, the business seemingly started to distance itself from the country as it gained a larger global profile and sought to go public. In 2022, Shein relocated its headquarters out of China into Singapore and has since opened up production centers in the U.S., Brazil and Turkey.

That shift has coincided with Shein's increased scrutiny from U.S. lawmakers for a large swath of issues, such as using the de minimis customs provision to purportedly skirt taxes, potential ties to forced labor in Xinjiang and overall poor working conditions in its supplier factories.

Nevertheless, the new headquarters indicates that the Flexport partner is still committed to the market in full, from a production and distribution standpoint. Either way, the headquarters will be built as Shein sees accelerated demand, having driven $2 billion in profits in 2023, according to The Financial Times. Shipments out of China have skyrocketed to the point where air freight analysts have attributed much of the capacity crunch in that transportation mode to cargo from Shein and Temu.

The announcement of the $517 million logistics hub follows multiple recent forays for Shein in the U.K. market, including the reports that it confidentially filed for its initial public offering (IPO) on the London Stock Exchange.

In July, Shein invested $271 million into Europe and the U.K. with the creation of the Circularity Fund. As part of that investment, Shein is financing early-stage startups working on textile-to-textile recycled materials innovation and related areas.

Reports also circulated that the retail giant is scouting U.K.-based warehouse sites to build its first facility in the country, but the company denied the reports.

Source: sourcingjournal.com– Aug 20, 2024

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Results of the 27th ITMF Global Textile Industry Survey

ITMF's Global Textile Industry Survey (GTIS) in July 2024 reveals that the global textile value chain remains in a very challenging business environment. Even though on average the business situation is dire which reflects a low order intake, business expectations in six months' time stay positive. This very mixed picture shows that companies are expecting that this unprecedented long duration of a weak business cycle must come to an end eventually.

Order intake has improved slightly in July (-20pp) compared to May (-24pp) and is certainly significantly better than the -50pp in November 2023. Nevertheless, the capacity utilization rate fell slightly from 71% to 68%, the lowest level reached already at the end of 2023. The outlook for both order intake and capacity utilization rate are not indicating a strong improvement.

The major concern in the entire textile value chain was and is weak demand. 66% of participants expressed that they are seeing weak demand as a major concern.

That geopolitics is now the second major concern (40%) shows that investors' and consumers' sentiments are suffering from wars and geopolitical tensions. High costs remain a challenge too, especially higher logistical costs (24%) due the problems related with the access to both the Suez and Panama Canals but also energy costs (22%) and raw material costs (27%).

Order cancellations are not a major issue as was the case in the immediate aftermath of the Corona-pandemic. Inventory levels are also average and do not pose a major concern for companies along the textile value chain. This was different with retailers and brands that struggled since the end of 2022 with unprecedented inventory levels. In the meantime, they have fallen to a level where it can be expected that they will place more orders again in the coming months.

Source: fibre2fashion.com– Aug 19, 2024

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EU greenhouse gas emissions drop 4% in Q1 2024

The European Union (EU) achieved a significant reduction in greenhouse gas emissions, which were estimated at 894 million tonnes of CO2-equivalents (CO2-eq), marking a 4 per cent decrease in the first quarter (Q1) of 2024 compared to the same quarter in 2023, according to data published by Eurostat. This decline in emissions occurred despite the EU's gross domestic product (GDP) remaining stable, with a slight increase of 0.3 per cent during the same period.

The sectors contributing the most to the reduction in greenhouse gas emissions were electricity and gas supply, which saw a substantial decrease of 12.6 per cent, and households, which recorded a 4.4 per cent reduction in emissions compared to the first quarter of 2023.

The report also highlighted that greenhouse gas emissions decreased in 20 EU member states during the first quarter of 2024, when compared to the same period in 2023. The most significant reductions were observed in Bulgaria (minus 15.2 per cent), Germany (minus 6.7 per cent), and Belgium (minus 6.0 per cent), as per Eurostat.

Among the 20 EU countries that reduced their emissions, eight also experienced a decline in GDP. These countries include Czechia, Germany, Estonia, Ireland, Luxembourg, the Netherlands, Austria, and Finland. However, 12 other EU nations managed to reduce their emissions while simultaneously growing their GDP. These countries include Belgium, Bulgaria, Denmark, Spain, France, Italy, Hungary, Poland, Portugal, Slovakia, Sweden, and Croatia.

Source: fibre2fashion.com– Aug 20, 2024

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Union Minister of Textiles Shri Giriraj Singh interacts with beneficiaries of Textiles PLI Scheme

Union Minister of Textiles Shri Giriraj Singh interacted with the beneficiaries of the Production Linked Incentive (PLI) Scheme for MMF Apparel, fabrics and technical textiles in New Delhi today. The participants showcased the ongoing commitment, successes, experiences, feedback, and challenges of the Schemes.

Shri Giriraj Singh assured that the Government is dedicated to support the growth and innovation within the textile sector. Future strategies and enhancements to further strengthen the scheme's effectiveness were also discussed.

The Minister praised the participants for their engagement and contributions. "The feedback and ideas shared during this session are invaluable, our continued success in the textile sector relies on collaborative efforts and open communication. I am encouraged by the dedication of PLI Scheme participants and their commitment to advancing our industry."

The Minister assured the participants of continued support from the Ministry. He also urged the participants to expedite grounding their investment. The beneficiary companies expressed their sincere gratitude to the Union Minister for providing an opportunity to share their views and suggestions for achieving the Vision for the Sector.

Source: pib.gov.in– Aug 20, 2024

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CBDT issues clarification in respect of Income-tax clearance certificate (ITCC)

Section 230 (1A) of the Income-tax Act, 1961(the 'Act') relates to obtaining of a tax clearance certificate, in certain circumstances,by persons domiciled in India. The said provision, as it stands, came on the statute through the Finance Act, 2003 w.e.f. 1.6.2003. The Finance (No.2) Act, 2024 has made only an amendment in Section 230(1A) of the Act, vide which, reference of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (the 'Black Money Act') has been inserted in the said Section. This insertion has been made to also cover the liabilities under the Black Money Act in the same manner as the liabilities under the Income-tax Act,1961 and other Acts dealing with direct taxes for the purpose of Section 230(1A) of the Income-tax Act,1961.

There appears to be a mis-information about the said amendment emanating from incorrect interpretation of the amendment. It is being erroneously reported that all Indian citizens must obtain income-tax clearance certificate (ITCC) before leaving the country. This position is factually incorrect.

As per section 230 of the Act, every person is not required to obtain a tax clearance certificate. Only certain persons, in respect of whom circumstances exist which make it necessary to obtain a tax clearance certificate,are required to obtain the said certificate. This position has been in the statute since 2003 and remains unchanged even with the amendments vide Finance (No. 2) Act, 2024.

In this context, the CBDT, vide its Instruction No. 1/2004, dated 05.02.2004, has specified that the tax clearance certificate under Section 230(1A) of the Act, may be required to be obtained by persons domiciled in India only in the following circumstances:

- where the person is involved in serious financial irregularities and his presence is necessary in investigation of cases under the Income-tax Act or the Wealth-tax Act and it is likely that a tax demand will be raised against him, or
- where the person has direct tax arrears exceeding Rs. 10 lakh outstanding against him which have not been stayed by any authority.

Further, a person can be asked to obtain a tax clearance certificate only after recording the reasons for the same and after taking approval from the Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax.

In view thereof, it is reiterated that the ITCC under Section 230(1A) of the Act, is needed by residents domiciled in India, only in rare cases, such as (a) where a person is involved in serious financial irregularities or (b) where a tax demand of more than Rs. 10 lakh is pending which is not stayed by any authority.

Source: pib.gov.in– Aug 20, 2024

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Why India needs to zero-rate its exports

The department of commerce has reportedly asked for an extension of the RoDTEP scheme for exporters, beyond September 2024. Ajay Sahai explains the contours of the scheme meant to neutralise the tax content in export products, and why it isn't yet an open-ended one.

l What is the RoDTEP scheme for exporters?

IT IS ONE of the basic tenets of global trade that countries can opt for "zero-rating" their exports. RoDTEP (Remission of Duties and Taxes on Export Products) aims at zero-rating of exports to relieve any incidence of duties in exports. The basic customs duty, on inputs used in exports, is refunded through Duty Drawback/ Advance Authorisation /DFIA or through EOU/ SEZ schemes. GST is refunded via the IGST/ ITC refund mechanism. Any other tax not refunded through these is remitted through the RoDTEP scheme.

The primary objective of the scheme is to (a) offset the hidden taxes and duties borne by exporters which are not refundable through other mechanisms; (b) make Indian exports more competitive in the global market; (c) comply with WTO norms by replacing the Merchandise Exports from India Scheme (MEIS), which was facing challenges in terms of WTO compliance. Essentially, RoDTEP aims to create a level playing field for Indian exporters by reducing their cost of production and thereby enhancing their competitiveness in the international market.

l Taxes to be compensated under this

THE SCHEME AIMS to compensate the taxes at the central, state and local levels on the exported product, including prior stage cumulative indirect taxes on goods and services used in the production and distribution of the exported product. These includes (i) VAT and excise duty on the fuel used in self-incurred transportation costs; (ii) VAT and excise duty on the fuel used in generation of electricity via power plants or DG sets; (iii) VAT and excise duty on the fuel used in running of machineries/plant; (iv) electricity duty on purchase of electricity; (v) mandi tax/ municipal taxes/ property taxes; (vi) stamp duty on export documents; (vii) embedded GST on inputs with end product exempted from GST.

l Current validity

THE SCHEME WAS introduced on January 1, 2021 and has been extended from time to time with current validity up to September 30, 2024. The government is looking into extending the scheme to continue to provide competitiveness to exports, more so at a time when India is witnessing huge headwinds in global trade which are impacting its exports adversely.

l RoDTEP vs MEIS

MEIS WAS A promotional scheme to encourage exports of certain thrust sectors whereas RoDTEP is a duty remission scheme, compliant with the norms of WTO. The objective of the MEIS was to incentivise the export of the goods whereas the objective of RoDTEP is neutralise the taxes and duties suffered on exported goods which are otherwise not remitted in any manner.

l Why it needs a budget allocation

WHILE RoDTEP IS designed to be a zero-rating scheme, it is still subject to budget allocation as our resources are limited. The budget allocation for 2024-25 is about Rs 16,500 crore. Being a refund scheme, sufficient funds should be allocated to cover all sectors of exports at a rate which justifies the incidence of unrebated taxes.

l Applicability of the scheme

THE RoDTEP SCHEME is applicable on exports to all countries and currently, it covers 10,342 HS items. However, there are some sectors such as iron and steel, glass and glass products, apparel and madeups (covered by Rebate of State and Central Taxes and Levies), etc., which have not been given benefit under this scheme.

l Ports where it can be availed

THE RoDTEP IS designed on the backbone of the electronic interface and thus it only covers exports from electronic data interchange (EDI) ports. Exports from non-EDI ports are under the ineligible categories, thus impacting small exporters and small value shipments who generally use non EDI ports. If goods are sold online and physical export of the goods happens from an EDI port, RoDTEP can be availed by e-commerce exporters also.

The Indian Customs EDI System (ICES) is designed to exchange/transact customs clearance related information electronically using EDI, and is operational at 252 major customs locations handling nearly 98% of India's international trade.

Source: financialexpress.com– Aug 20, 2024

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Ministry of Textiles implementing National Handloom Development Programme and Raw Material Supply Scheme

The Government has undertaken various measures for promoting the handloom sector in the country. To provide end to end support for promotion of handloom sector and welfare of handloom workers, Ministry of Textiles is implementing the National Handloom Development Programme and Raw Material Supply Schemeacross the country.

Under the National Handloom Development Programme, financial assistance is provided to eligible handloom organisations/workers for upgraded looms & accessories, solar lighting units, construction of workshed, product & design development, technical and common infrastructure, marketing of handloom products in domestic/overseas markets, etc.

Under Weavers' MUDRA Loan/Concessional Credit Scheme, margin money assistance for individual weaver and Handloom Organizations; interest subvention and credit guarantee fees on loans for a period of three years are provided.

Provision has been made for welfare of handloom workers through life & accidental insurance cover, scholarships for higher education to their wards etc. The guidelines also provide for financial support for Awardee weavers above 60 years of age in indigent circumstances.

Under the Raw Material Supply Scheme, the Ministry provides transport subsidy, for transportation of yarn to the doorstep of the beneficiary, and 15% Price Subsidy on Cotton Hank Yarn, Domestic Silk, Woollen and Linen yarn and blended yarn of natural fibres.

For export promotion of handloom products, Handloom Export Promotion Council has been participating/organizing international marketing fairs/events for providing prominence to Indian handloom products globally.

During the celebration of 7th August 2015 as National Handloom Day, 'India Handloom' Brand was launched for branding of high-quality handloom products to promote production of niche handloom products with high quality with zero defect and zero effect on environment. Since the launch of "India Handloom" Brand, 1,998 registrations have been issued under 184 product categories.

To address the issues faced by handloom workers during Covid-19 pandemic, the Government took the following steps across the country.

The Government of India announced a special economic package viz. Aatma Nirbhar Bharat Abhiyaan for boosting economy of the country and making India self-reliant. Relief and credit support measures were announced for various sectors to revive their businesses and were available to eligible weavers and Handloom Organizations also.

States and UTs were requested to direct their State Handloom Corporations/Co-operatives/Agencies to purchase the finished inventory available with the handloom weavers.

To enhance productivity, marketing capabilities and facilitate better incomes, 151 Handloom Producer companies (PCs) have been formed in the country.

Handloom weavers were onboarded on Government e-Market place to enable them to sell their products directly to various Government Departments and organizations. An amendment was introduced in rule 153 of General Financial Rule (GFR) 2017, according to which "Of all items of textiles required by Central Government Departments, it shall be mandatory to make procurement of at least 20% from amongst items of handloom origin, from KVIC and/or Handloom Clusters such as Co-operative Societies, Self Help Group (SHG) Federations, Joint Liability Group (JLG), Producer Companies (PC), Corporations, etc. including Weavers having Pehchan Cards".

Handloom Producers were facilitated by organizing virtual fairs for showcasing Handloom products for B2B buyers/exports for Handloom Workers. 10 virtual fairs were organised in the year 2020-21 and 10 virtual fairs in 2021-22. Besides, 211 domestic marketing events were also organized in 2021-22 in different parts of the country for the weavers to market and sell their products.

Source: pib.gov.in– Aug 20, 2024

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Global trade needs a China alternative; India needs better ports

The Rishiri Galaxy, a Panamian-flagged tanker 1 1/2 times the length of a football field, sat tethered to the dock on a muggy day at the Jawaharlal Nehru Port on the west coast of India. Freshly arrived from the Persian Gulf, it bore industrial chemicals -- raw materials for Indian factories that make pharmaceuticals, auto parts, cosmetics, construction materials and scores of other modern concoctions.

At a second terminal nearby, overhead cranes plucked shipping containers off another vessel operated by Maersk, the Danish shipping conglomerate, setting them onto the beds of trucks. The trucks would haul this cargo -- electronics from South Korea, palm oil from Indonesia, machinery from Europe -- to warehouses throughout the world's most populous country.

Roughly 1 of every 4 shipping containers passing through India is loaded or unloaded here, on the docks jutting into the Arabian Sea just south of Mumbai. The flow of containers has roughly tripled over the past two decades, reaching the equivalent of 6.4 million 20-foot boxes last year. Yet by the standards of the world's largest ports -- many of them in China -- it remains a small operation.

India is now pursuing an aggressive campaign to catch up, readying plans for new ports while expanding existing docks. Whether those designs come to fruition and how quickly could shape the results of one of India's grandest aspirations: swelling into a full-fledged manufacturing and export colossus.

That prospect is increasingly imaginable as multinational retailers that have long leaned heavily on factories in China to make their goods seek alternative venues, spooked by trade hostilities between U.S. and China and the supply chain disruptions of the pandemic. That effort is intensifying as businesses absorb the expectation that trade relations between the world's two largest economies will remain unsettled regardless who wins the U.S. presidential election in November. Many major brands are exploring factories in India.

"The world doesn't want total dependence on China," said Unmesh Sharad Wagh, chair of the Jawaharlal Nehru Port Authority. "Definitely, the best alternative is India. Now, people are shifting their base to India."

Major retailers like Walmart are expanding their sites to India. But whether this trend endures, producing a sustained increase in additional factory orders along with critically needed manufacturing jobs, may hinge on whether India's ports are able to do their part.

At the Jawaharlal Nehru Port, in Navi Mumbai, construction crews are doubling the size of one of the five terminals, adding two berths.

The major action is aimed at Vadhvan, an industrial area 100 miles up the coast. There, the port authority is proceeding with plans to construct an enormous facility that will have capacity to move 20 million 20-foot containers per year, roughly triple the size of the existing Navi Mumbai port.

The project, estimated to cost more than $9 billion, is to be built in two phases, with completion in 2035. It recently gained the approval of India's Cabinet.

The key to the new port is its deep water, which can accommodate the world's largest container ships, those large enough to hold as many as 24,000 boxes. The rest of India's ports can handle ships carrying up to 18,000 containers.

That limitation constrains the flow of trade. Roughly 25% of the container cargo between India and Europe or East Asia is routed through ports in Singapore, Dubai, United Arab Emirates, or Colombo, Sri Lanka, where their shipments are transferred to and from smaller vessels that are able to dock in India -- the equivalent of having to change planes in Chicago or Atlanta, rather than catching a nonstop flight.

As a result, Indian shippers are spending roughly $200 extra per 20-foot container, and the journeys are taking an additional three days, Wagh said. A three-day gap in delivery time undermines India's competitiveness as a place to make goods.

The Vadhvan port is aimed at reducing such costs and speeding delivery time, Wagh said. "We should not be depending on the smaller vessels," he said. "Our port should be ready for our future growth."

Another port in the southern Indian state of Kerala is being engineered to accommodate the largest container vessels, relying heavily on automation. It recently received its first container ship to test its operations and is expected to open late this year. That facility -- delayed for years by the opposition of local communities -- is a project of the Adani Group, a central element of the commercial empire amassed by billionaire magnate Gautam Adani.

Adani has long enjoyed close ties with Prime Minister Narendra Modi, who in June began his third term. Modi is a weakened figure following national polls that forced his Hindu nationalist party to forge a governing coalition to maintain power, but is expected to continue his drive to spend aggressively on infrastructure.

Some argue that the expansions underway are already keeping pace with India's growing exports.

"Port capacity is going up everywhere," said Shashi Kiran Shetty, founder and chair of Allcargo Group, one of India's largest logistics companies. "We probably can handle another 25 or 30% increase in demand."

He noted the expansion of capacity in recent years at a major container port in Mundra.

Recent months have seen chaos at some ports on India's west coast, with outbound cargo piling up, as ocean carriers bypass some destinations to focus their vessels on major routes linking East Asia to Europe and North America.

Much of the disruption is the result of ships avoiding the Suez Canal to evade attacks by Houthi rebels in Yemen. Ships are instead traveling the long way around Africa. Given the extra distance, shipping companies need extra vessels to maintain weekly schedules. They have diverted some ships that would normally call at Indian ports.

Another source of concern is the possibility of dockworker strikes at India's 12 largest ports amid an impasse in contract negotiations.

In the longer term, those dependent on trade in India call for more aggressive action to deepen the channels at existing ports -- a costly and complicated process.

"Dredging has to be done at Indian ports," said Dushyant Mulani, chair of the Federation of Freight Forwarders' Associations in India, which represents trucking firms, customs brokers and other companies. "China definitely has an edge over India."

Like port overseers on every shore, Wagh, who runs the port authority in Navi Mumbai, is frustrated by the parts of his business that he does not control: congested and bumpy highways that slow the movement of cargo, for instance, and a train system that has traditionally prioritized the moving of passengers.

Rail authorities are nearing completion of a dedicated rail corridor to move freight between Mumbai and New Delhi. That will allow the double-stacking of containers, while permitting trains to double their speed, effectively quadrupling the system's capacity.

The national government is also overseeing the construction of highways.

The question is how long those efforts will take to finish, and whether they can keep pace with growing volumes of cargo. The demands will be even greater if India emerges as a viable alternative to industry in China.

"Rail and road both have to move faster," Wagh said.

Source: economictimes.com– Aug 20, 2024

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After brief halt, textile, chemical exports to Bangladesh resume

Ahmedabad: With improvement in the political situation in Bangladesh, exports of textiles and chemicals from Gujarat have started to normalize, according to industry experts. Traders have started getting fresh orders for cotton yarns and dye chemicals from the neighbouring country, which is one of the biggest export markets for Gujarat's textiles and chemicals industries.

Sources in the industry further said that while the payments have improved over the past week, the exporters were still cautious with their business transactions.

For the spinning sector, Bangladesh is the biggest export market, with India exporting 428 million kg of cotton yarn, which was 35% of India's total yarn exports in 2023-24.

In the case of reactive dyes, Gujarat exports more than 3,500 tonne of dyes every month to Bangladesh. Textiles, especially garment manufacturing, is the biggest contributor to Bangladesh's economy, and it cannot afford to lose this business.

Bharat Chhajer, former chairman of the Powerloom Development and Export Promotion Council (PDEXCIL), said, "The textile industry in Bangladesh has resumed operations and the situation there is becoming normal. Exports to Bangladesh had stopped in the wake of the violence there and cotton yarn containers were held up at various ports in India."

Exporters are cautiously watching the situation unfolding in Bangladesh and taking measures for safe business, he added.

Jayesh Patel, senior vice-president of the Spinners' Association Gujarat (SAG), said, "Exports to Bangladesh have resumed and enquiries have also started, but overall costing does not match the manufacturing cost."

The textile and chemical industry in Gujarat faced a tough time after the Covid-19 pandemic. Both sectors have witnessed a revival in the current financial year. However, the political disturbance in Bangladesh had the industries worried.

Manish Kiri, managing director of a chemical company, said, “Gujarat’s dyestuff manufacturers supply 3,500 to 4,000 tonne of dyes, mainly reactive dyes, to Bangladesh every month. This accounts for nearly 15% of the state’s dye exports.”

Reactive dyes are a major export from Ahmedabad to Bangladesh for about 150 businesses.

“We have seen that the situation is becoming normal for businesses sooner than expected. The payment situation has improved and new enquiries and orders have also started flowing in,” explained Kiri.

Source: timesofindia.com– Aug 21, 2024

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Garment makers eye 20% jump in biz this season

Indore: Garment manufacturers in Indore, a leading market in central India for ready-mades, is eyeing a jump of over 20 per cent in business this festive season amid a rise in orders from new buyers post the Bangladesh crisis.

The political turmoil in Bangladesh following the fall of Prime Minister Sheikh Hasina's govt has diverted fresh demand from the garment industry to domestic manufacturers. Indore is home to more than 1,200 manufacturers, and the estimated market size of the cloth and readymade garment market in Indore is pegged at over Rs 1,000 crore, according to the Readymade Textile Dealers Association.

"This season looks very good because we are getting demand from many new buyers. Looking at the quantum of the orders, we are hoping for at least a 20 per cent spike in business this festive season. The political crises have dented the confidence of buyers purchasing goods from Bangladesh, and this has favoured us in getting new buyers," said Ashish Nigam, president of the Readymade Textile Dealers Association.

Garment factories and logistic movement have commenced in Bangladesh, though the turmoil has distanced buyers fearing uncertainty, said garment manufacturers of Indore. Another garment manufacturer, Ramesh Agrawal from Indore, said, "This season is the best in the last many years because demand from wholesalers and retailers is high. Our order books are full, and we are anticipating more orders in the coming weeks due to festivals."

Manufacturers have started getting bulk clients and sending samples to retailers in the outstation markets. Tamil Nadu, Andhra Pradesh, Haryana, Rajasthan, Uttar Pradesh, Maharashtra, and Gujarat are the major markets for Indore's readymade garments, with close to 50 per cent of supplies going to southern India, said manufacturers.

Source: timesofindia.com– Aug 21, 2024

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