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IBTEX No. 151 of 2024 September 19, 2024

Currency Watch			
USD	EUR	GBP	JPY
83.64	93.11	110.71	0.59

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INTERNATIONAL NEWS

Interpretation of USDA's Sep supply and demand report on cotton

1. USDA Sep adjustment for 2023/24 cotton supply and demand

In Sep, the USDA's global cotton supply and demand balance sheet showed minimal changes for the 2023/24 season. Specifically, the beginning stocks were revised up by 150,000 tons, imports were increased by 70,000 tons, consumption was raised by 170,000 tons, and losses were adjusted up by 90,000 tons. The ending stocks were revised down by 40,000 tons. Overall, despite a significant increase in beginning stocks compared to the previous season for U.S., the ending stocks for the 2023/24 cotton season decreased slightly, mainly due to a decline in production, making the production forecast for the 2024/25 season the most closely watched variable in the market.

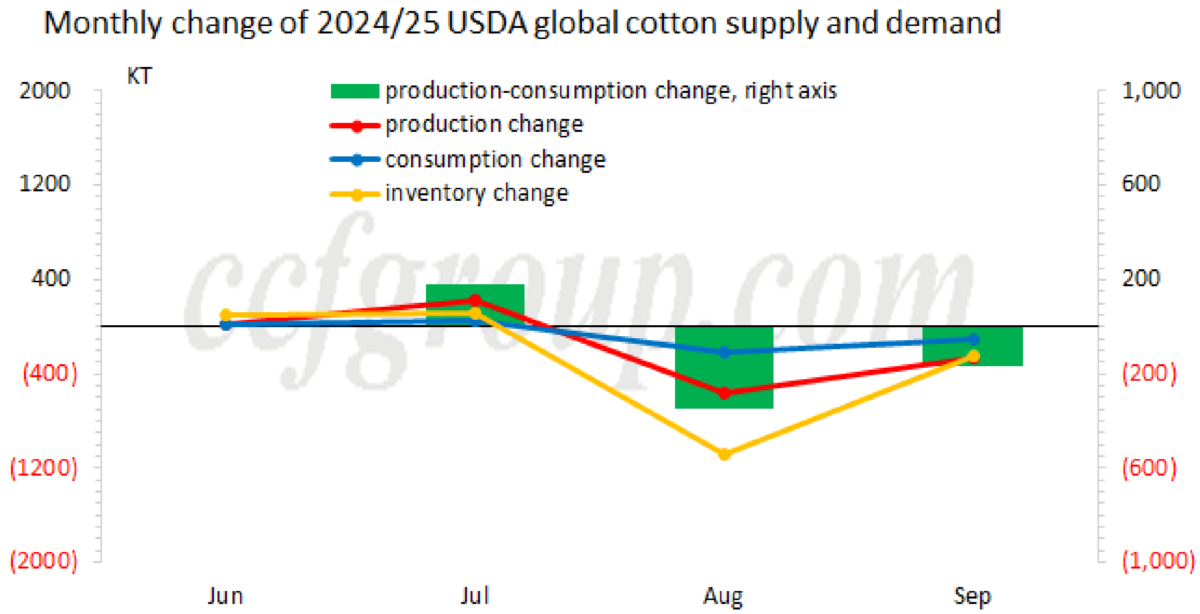
2. USDA 2024/25 balance sheet data again shows "deflation"

Compared to changes in data from the previous month, the 2024/25 balance sheet continued to focus on the downward revision of production. There were also further adjustments made to consumption, trades, and ending stocks, though the extent of the revisions was notably narrower compared to Aug's data.

Specifically, the 2024/25 balance sheet revised beginning stocks down by 40,000 tons, ending stocks down by 240,000 tons, and production down by 270,000 tons. Adjustments were also made to imports (down by 140,000 tons), consumption (down by 100,000 tons), and exports (down by 120,000 tons).

The production adjustments were mainly attributed to downward revisions for the U.S. and India. In the U.S., persistent severe drought in major producing areas has led to a downward revision of previously overly optimistic production forecasts. In India, reductions in planting area and excessive rainfall from the early monsoon have caused a downward revision in production expectations.

As of Sep 6, 2024, India's cotton planting area for 2024/25 was 11.21 million hectares, which was 1.287 million hectares lower than the same period last year, reflecting a 10.3% decrease. With the planting season nearing its end, there has been a marginal increase of about 40,000 hectares, and the planting area for the season is expected to be around 11.25 million hectares, reflecting a 9-10% decrease year-on-year.



Overall, USDA's downward revisions in global cotton production is expected. However, Brazil's rapid harvest progress and consistently optimistic production forecasts are likely to continue suppressing international cotton price rebounds. Although there has been a slight improvement in cotton demand in Southeast Asia recently, Chinese domestic demand remains sluggish, posing a key obstacle to global cotton circulation.

It is anticipated that ICE cotton will continue to experience fluctuations without a clear direction. A reversal would require a fundamental improvement in demand, but given the constraints of a weak macroeconomic environment, significant improvement seems limited. Therefore, in short run, ICE cotton may continue to fluctuate at low level, with attention to the support strength at the previous low of 66cent/lb.

Source: ccfgroup.com– Sep 18, 2024

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The shifting landscape of the US fashion, apparel & textile market

The US fashion, apparel, and textile market is undergoing a significant change, driven by evolving consumer behavior, economic fluctuations, and technological advancements. This market, valued at $368.8 billion in 2023, is projected to reach $514.9 billion by 2028, at a Compound Annual Growth Rate (CAGR) of 6.91 per cent during the forecast period.

The change drivers

Several factors are contributing to the reshaping of the US fashion market. Growing disposable income is a major one. Rising incomes is empowering consumers to spend more on discretionary items like fashion and apparel. This coupled with growing population, particularly among millennials and Gen Z, is pushing up demand for trendy and affordable clothing.

Then there is the e-commerce boom. The proliferation of online shopping platforms has revolutionized the way consumers purchase fashion, offering convenience and a wider selection. Moreover, growing awareness about environmental and social issues is prompting consumers to seek out sustainable and ethically produced fashion. And innovations like 3D printing and virtual reality are transforming the design, production, and retail experience in the fashion industry.

Meanwhile consumer behavior is evolving in response to these market drivers and certain clear trends are evolving.

- Value-consciousness: While consumers are willing to spend on fashion, they are increasingly seeking value for their money, looking for quality products at affordable prices.

- Personalization: Consumers are demanding personalized shopping experiences and products that cater to their individual styles and preferences.

- Experiential retail: The rise of online shopping has led to a decline in traditional brick-and-mortar stores. To stay relevant, retailers are focusing on creating immersive and experiential shopping environments.

• Social media influence: Social media platforms play a significant role in shaping consumer preferences and driving trends in the fashion industry.

• Sustainability focus: Consumers are increasingly conscious of the environmental and social impact of their fashion choices, seeking out sustainable and ethically produced brands.

• Rapid consumption: The fast fashion trend has led to a rise in clothing consumption, with Americans buying a new piece of clothing every five days on average. This highlights a shift towards quantity over quality, contributing to environmental concerns and the need for sustainable practices in the industry.

Click here for more details

Source: fashionatingworld.com– Sep 19, 2024

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Apparel factories in Sri Lanka to expand workforce by 10% this year

Sri Lanka's apparel industry is experiencing a rebound, with factories planning to expand their workforce by 10-15 per cent this year. The sector is also bracing for a potential surge in orders from Bangladesh, should conditions there deteriorate.

According to Yohan Lawrence, Spokesperson, Joint Apparel Association Forum (JAAF), garment exports from Sri Lanka grew by 4 per cent to $417.71 million in June 2024 compared to $401.63 million in June 2023. Garment exports in July increased by 3.29 per cent to $414.38 million from $401.18 million in the previous year. This boost in exports prompted larger factories to seek an additional 10-15 per cent workforce to manage the growing demand.

To meet this need, the industry plans to rehire and train staff who had voluntarily left, with an estimated three months required to bring them up to speed.

Hemantha Kumara, Secretary General, Sri Lanka Chamber of Garment Exporters, notes, the small and medium enterprise (SME) sector has witnessed a 120 per cent rise in orders, which is expected to last through early next year, driven by increased consumer demand in major markets like the US, UK, and Europe. This uptick is anticipated to bring a strong Christmas season for the sector. However, the SME sector faces a significant shortage of skilled and unskilled workers.

Currently, the SME sector employs around 30,000 people, though the workforce has declined by 30 per cent in recent years. Factories in this sector typically employ between 50 and 500 workers, depending on their size, and are actively recruiting to meet rising demand.

Source: fashionatingworld.com– Sep 17, 2024

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Europe needs to limit PFAS use to promote circularity in textiles: Study

In order to promote recyclability and transition towards a circular economy, the European textile industry needs to reduce its dependence on PFAS (polyfluorinated alkyl substances) in clothing and other textile products, says a study conducted by the European Environment Agency (EEA).

According to this study, textiles are a significant source of PFAS pollution in Europe as these chemicals are being widely used for waterproofing, stain resistance, and durability in various products such as clothing, carpets, and household items.

Highly persistent chemicals, PFAS accumulate in humans, animals, and the environment, leading to potential health and environmental risks. The EEA study outlines EU's efforts to limit PFAS use within the region and how such restrictions could enhance the possibility of reusing and recycling textiles.

This work is part of a broader report commissioned by the EEA and complements research by other EU bodies, such as the European Chemicals Agency (ECHA).

The study indicates,there are several sustainable alternatives to PFAS available in many textile categories.

However, categories like personal protective equipment for firefighters lack such viable alternatives or have inconclusive data regarding their technical and economic feasibility, it adds.

PFAS in textiles not only pose environmental and health challenges but also hinder efforts to prolong the lifespan, reuse, and recycling of textiles. Most textile waste in the EU is currently incinerated, but it's unclear if incineration adequately destroys PFAS.

The briefing emphasises on the need for developing new methods to identify and separate PFAS from textiles at the end of their life cycle, a practice rarely implemented today.

The capacity to eliminate PFAS at scale must be enhanced in the EU, the study emphasises. Additionally, unregulated waste management practices, such as uncontrolled landfilling and open burning, should be avoided to prevent further environmental harm.

The study concludes by saying, transitioning to sustainable alternatives and improving waste management practices will be the key to reducing PFAS pollution and advancing a circular textile economy in Europe.

Source: fashionatingworld.com– Sep 17, 2024

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Processing Lightweight Nonwovens from Raw Cotton

Sustainability and the need to find new markets for cotton are priority areas for the global cotton sector. The Nonwovens & Advanced Materials Laboratory at Texas Tech University has a dedicated laboratory focusing on developing advanced cotton products.

Very few installations in the world develop nonwoven products from raw cotton.

The FiberTect decontamination wipe was invented at the laboratory, which, being a platform technology, lends itself to using cotton layers depending on the need. Cotton nonwovens were shown to absorb toxic oil ranging between 30 g/g and 50 g/g depending on the type of oil. The laboratory pioneered the absorption of crude oil using raw cotton fibers.

Given the microplastic issue and its impact on human health, the use of raw cotton for decontaminating oil spill is gaining attention. Texas Tech's Nonwovens Laboratory pioneered the work during the Gulf of Mexico oil spill.

Developing lightweight nonwovens using raw cotton to find technical applications is an ongoing project at Texas Tech University. Lightweight nonwovens from cotton using needle punching technology is a challenge. Roger Vaillancourt, Service Manager-North America of Autefa Solutions, recently visited the laboratory to help fine tune the needle punching line to develop lightweight nonwovens from raw cotton *(click here for video of the processing from Sept. 16).*

Graduate students Mirza Khyum and Faizur Rahman received valuable technical inputs from Vaillancourt, who has 46 years of experience in nonwoven machinery operations and product development.

As industries are expected to meet the United Nations' sustainability goals and create value-added applications for natural fibers, ongoing projects at Texas Tech University's Nonwovens Laboratory could create sustainable products and find new opportunities for cotton.

Source: cottongrower.com– Sep 16, 2024

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American trade platforms demand reforms to protect labour rights

The American Apparel & Footwear Association (AAFA) and Fair Labor Association (FLA) have urged the interim government of Bangladesh to take critical and long-lasting steps towards reforms for furthering worker rights of international standards.

The AAFA is an American trade association representing apparel, footwear and other sewn products companies, and their suppliers, who together have an annual turnover of $470 billion.

The two platforms in a letter sent to Professor Muhammad Yunus, chief adviser to the interim government, on Tuesday urged for resolving three important issues relating to labour rights in Bangladesh.

The first was for the immediate release of those who remain under arrest from the Fall 2023 protests over the minimum wage and withdrawal of all criminal charges against them.

"We further urge the interim government to end the threat of arrest for thousands more workers related to the Fall 2023 minimum wage protests by immediately cancelling the 'First Information Reports' related to those workers," according to the letter.

Steve Lamar, president and chief executive officer (CEO) of AAFA, and Jeff Vockrodt, president and CEO of FLA, also called upon the government to drop and resolve criminal charges brought against labour organisers.

They include Babul Akhter, general secretary of the Bangladesh Garments and Industrial Workers Federation, and Jewel Miya, a labour organiser with Bangladesh Independent Garment Workers Union Federation, who were both arrested in 2023 for advocating for higher wages.

Secondly, they recommended that the government this year swiftly adopt a transparent and regular annual minimum wage review mechanism for the garment, footwear, and travel goods industries.

This should involve all stakeholders – employers, the government, and workers (independent unions, worker groups/representatives), they said.

In contrast to the current five-year review, this new mechanism will enable the government to better respond to current economic circumstances without imposing sudden, huge burdens on the industry or workers, they added.

Moreover, it will promote short and long-term health and stability of the Bangladeshi garment, footwear, and travel goods industry, said the duo.

"We also encourage the government to consider giving guidance to employers to pay missed wages to workers for the four days missed during the declared holiday," they said.

Thirdly, the AAFA and the FLA urged to promote harmonious industrial relations and prevent future unrest.

"We urge the interim government to quickly restart tripartite discussions on the Bangladesh labour act and bring the law into line with international labour standards," they said.

Those reforms should simplify the process for the creation and registration of independent trade unions, including a significant reduction of the registration threshold, they said.

"We also urge the government to increase penalties for unfair labour practices and extend full labour rights to workers in the export processing zones (EPZ)," they said.

"We believe improving worker rights goes hand in glove with promoting a successful Bangladesh garment, footwear, and travel goods industry now and in the years to come," the letter also said.

The trade bodies appreciated Yunus's comments both in support of the garment, footwear, and travel goods industry, and in support of the workers who are the backbone of that industry.

His comment that Bangladesh should reform local labour laws to align with the ILO standards is very welcome, they said.

They said as Yunus was shepherding Bangladesh through this transition and into a new era, they look forward to working closely with him to ensure that both the protection of workers' rights and growth of the industry are paramount.

The leaders also said they fully recognise the important place that Bangladesh holds as the third-largest supplier of garments to the US as well as a fast-growing supplier of footwear and travel goods.

The favourable trade partnerships and spirit of collaboration that underpin these markets has brought shared prosperity and economic growth, the letter also said.

Source: thedailystar.net– Sep 19, 2024

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84% of U.S. Manufacturers Anticipate a Recession in Next Two Years

American manufacturers aren't seeing the future through rose-tinted glasses.

About half (49 percent) of U.S.-based suppliers believe a recession will hit the market in 2025—and the vast majority (84 percent) think it will happen within the next two years, according to recent research from digital manufacturing solutions provider CADDi.

The group's survey of more than 330 U.S. manufacturing professionals highlighted a number of headwinds facing the sector and driving down confidence in future performance, including a talent shortage, slowing speed-to-market and limited access to historical data to track trends and predict future outcomes.

More than half (56 percent) of American supply chain professionals said their organization lacks sufficient access to skilled labor, and 50 percent said they're facing issues equipping their existing workforce with the skills to take on strategic roles. Vice president and C-Suite-level respondents cited anxieties about securing the right workforce to advance business priorities (43 percent), as well as the continual need to ensure employees are satisfied and empowered at work (30 percent).

According to the survey results, a "Great Experience Exit" is imminent, with almost three-quarters of senior executives saying they expect to retire within the next 10 years. With fewer qualified employees entering the manufacturing workforce, 68 percent of those execs said they believe at least half of their institutional knowledge will evaporate upon their departure from the industry.

"The skilled labor gap is acute. As experienced workers retire and fewer young people enter the field, manufacturers are forced to operate with significantly fewer resources," CADDi analysts wrote, pointing to reporting from Deloitte and the Manufacturing Institute that showed up to 1.9 million open manufacturing positions could go unfilled by 2033 if current trends persist.

The groups' data also revealed that the dearth of talent could become a $1-trillion problem by 2030, reducing productivity, hampering research and development and dragging down speed to market—a top priority cited by 23 percent of manufacturers for 2025. What's more, CADDi wrote that operating under a worker shortage puts pressure on current employees, impacting performance and retention. And amid these issues, manufacturing operatives said they're facing more pressure to onshore operations than ever before. "Navigating political demands to bring more production onshore" was cited by 51 percent of survey-takers as a top-three pressure point for their organization.

Meanwhile, 16 percent of those surveyed said decreasing reliance on China manufacturing was among the biggest pressures facing their business, while 36 percent named intensifying competition from cheaper sourcing locales and 32 percent pointed to the need to navigate supply chain disruptions. "Manufacturers have long outsourced production to low-cost countries to capture massive labor cost advantages," analysts wrote. "But the pressure to reduce reliance on foreign manufacturing and move these jobs—which are a cornerstone of the American economy—back to the U.S. is growing, especially as we get further into an election year and a potential recession looms."

Historically, there have been significant trade-offs for companies to ponder while they weigh changing up their sourcing strategies, though—"either they keep production overseas and fail to contribute to American prosperity, or onshore production, absorb higher costs, and take a hit to the bottom line." But according to CADDi, "manufacturers no longer need to make this choice."

"Driving efficiencies in how procurement, engineering and sales teams access and leverage data directly increases labor productivity, which counters the cost of paying a higher wage for U.S. workers," analysts wrote. "Manufacturers that tackle the data challenge head on can bring production onshore without a cost disadvantage and put their team in a better position to rapidly innovate."

At the moment, though, more than one-quarter (27 percent) of American suppliers said they fear they aren't adapting quickly enough to survive, though they are working toward evolving: 45 percent of senior managers said digital transformation was a top business pressure in 2024.

"American manufacturers are feeling pressure from every angle—the economy, talent shortage, rising competition from China and Mexico, and more. Our research indicates that data and collaboration issues are exacerbating the pressure," CADDi CEO Yushiro Kato said. "Internal teams can't access the information they need to do their jobs and make smart and profitable decisions fast enough, which increases the stakes for manufacturers that don't take steps to address the inefficiencies."

Case in point: a whopping 60 percent of procurement managers said they know they've sourced a part or component for their products at a higher cost because they didn't have access to sufficient supplier data to negotiate effectively. An equal number said a lack of data surrounding historical costs precluded them from consolidating suppliers or working out a volume discount. Notably, 71 percent of sales professionals said they have quoted or sold a deal that was unprofitable for their business because they lacked the historical engineering and procurement data needed to take informed action.

"The consensus across the procurement, engineering and sales professionals we surveyed was that leveraging AI and having easy access to data from past projects would enable them to design better products faster, negotiate with suppliers to secure volume discounts, and speed up the quoting process to win new business," Kato said.

Asked about their prevailing pain points, 73 percent of executives named inadequate documentation, from missing part numbers to dimensions and material properties as the top problem for procurement. Sales leaders said they're encumbered by long quotation processes driven by a need to dig up relevant information (67 percent), while 33 percent said poor collaboration and communication between procurement and engineering leads to delays.

These hurdles can be ameliorated with the help of advanced technology, and it's becoming critically important that American manufacturers prioritize digitalization, Kato added, saying, "Companies that delay their digital transformation efforts may find themselves significantly outpaced by competitors who have already harnessed the power of automation and AI."

Source: sourcingjournal.com– Sep 17, 2024

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Fashion Moving in 'Completely Wrong Direction' With Synthetic Fibers

Major fashion brands such as Boohoo, Lululemon, Shein and Zara owner Inditex are doubling down on synthetic textiles, according to a new report by the Changing Markets Foundation, creating a form of "plastic paralysis" that the corporate watchdog says relies on both distraction and delay to perpetuate the overproduction of cheap, disposable clothing.

"Polyester, especially, has been the driving force behind fast fashion," said Ursa Trunk, campaign manager at the organization, now in its third year of assessing how the industry's so-called "addiction" to fossil fuels undermines claims of sustainability at an inflection point in the climate crisis.

The environmental problems aside, there is also a mounting health risk from the microfibers that slough off such materials, she said. It was only this week that scientists in Brazil said they've found microplastics from polypropylene, polyamide and nylon in the brain tissue of human cadavers. Microplastics have also been discovered in human blood, human breast milk and every human placenta tested.

Despite growing recognition by civil society, policymakers and even industry groups like Textile Exchange that this is a problem, brands "are not getting it," Trunk said. In fact, the level of "corporate secrecy" has more than tripled since its surveys began in 2021, which she called "highly problematic" in this day and age.

Of the 50 global apparel purveyors the Changing Markets Foundation wrote to in April requesting disclosure on subjects such as their use of and commitments to phase out synthetic fibers, more than half (54 percent) failed to respond in part or in full, compared with 44 percent in 2022 and 17 percent in 2021. But equally disappointing, Trunk said, was the fact that all but a handful of those that did reply admitted to increasing their use of synthetic materials.

Even companies that say their synthetic fiber volumes have held steady need to have their claims interrogated if their production numbers keep rising because "they're basically masking their growth of this very material," she said.

Inditex divulged the highest use of synthetics by volume at 212,886 metric tons in 2023, a nearly 20 percent uptick from the 178,030 metric tons it stated in the 2022 survey. Shein, in turn, touted the highest share of synthetic fibers within its total garment production portfolio at 82 percent, followed by Boohoo with 69 percent (compared with 64 percent in 2022) and Lululemon with 67 percent (an increase from the previous year's 62 percent).

"They're all moving in the completely wrong direction," Trunk said. While Shein did not share specific volumes, the fact that it outlapped H&M and Inditex to grab one-fifth of the global fast fashion market in 2022 means that it's also "highly likely" to be the highest user of synthetics overall, she added.

In response to the report, Shein said that it's undertaking several efforts to reduce its reliance on virgin polyester and has set a goal to transition 31 percent of all polyester used in its branded products to recycled versions by 2030. It noted that recycled polyester comprised 7.9 percent of the polyester it sourced for branded products in 2023, an increase from less than 1 percent the year before.

The Singapore-headquartered firm also said that it's beginning to focus on the use of textile-to-textile recycled polyester through a multiyear research partnership with Donghua University that began in 2023. Last year, Shein put 100,000 kilograms of textile-to-textile recycled polyester fabric into its branded garments. It's also contributing to research into fiber fragmentation as a member of The Microfibre Consortium, it added.

Inditex said that while it's committed to reducing the use of synthetics that "don't have a specific functionality," it has been challenging to phase them out without compromising fabric performance in specific garments such as jackets and other high-durability outerwear.

"To maintain performance and durability, and to not compromise the environment, Inditex is looking for innovative textile-to-textile solutions and bio-based alternatives from second- and third-generation feedstocks," a spokesperson said. This includes earmarking 70 million euros ($78 million) to secure a supply of Ambercycle's textile-to-textile-recycled polyester, Cycora. By 2030, Inditex said, roughly 25 percent of the fibers in its products will hail from next-generation sources that do not yet exist on an industrial scale but "that we are helping to develop."

Boohoo declined to offer a statement, and Lululemon did not respond to a request for comment.

In the broader scheme of things, only one brand can be categorized as "leading the shift" without caveats, the Changing Markets Foundation said. That would be Reformation, which has pledged to phase out virgin synthetics by 20230 and reduce both virgin and synthetics to less than 1 percent of total sourcing by 2025. Hugo Boss is also ahead of the pack with its plans to rid itself of polyester and polyamide by 2030, though the 143 percent increase in its use of synthetics from 2020 to 2023 puts it on shakier ground if clearer milestones and steadier progress aren't forthcoming, the report said.

Brands frequently raise the use of recycled synthetics as a pathway to reducing their reliance on fossil-fuel-derived materials, but Trunk said that the Changing Markets Foundation doesn't actively differentiate between virgin and recycled sources. The vast majority of recycled polyester—99 percent—stems from castoff plastic bottles, which she characterizes as a "false solution" that takes away feedstock from an existing and more efficient closed-loop system of recycling old bottles into new ones. Because textile-to-textile recycling of materials like polyester isn't currently available at scale, this means that such garments largely end up in the landfill or incinerator.

"It is definitely a greenwashing tactic that fashion brands are employing, and it does nothing in terms of solving the plastic pollution problem because it still sheds the very same microplastics," Trunk said.

The Changing Markets Foundation has offered a slew of recommendations, chief of which is setting measurable and time-bound targets to slash the use of synthetics: 20 percent (against a 2021 baseline) by 2025 and 50 percent by 2030. It also wants to see brands establishing clear strategies to dial back pollution from microplastic generation, investing in "true circularity" and openly supporting legislation to improve circularity and transparency in the industry.

It's Trunk's hope that overproduction becomes less of a problem if fashion tamps down its use of synthetics, since doing so will rein in the quantities it can produce. Most of all, she'd like legislation to create a level playing field for brands that seek to do the right thing by shifting away from fossil fuels and those that are lagging in ambition because the status quo is more profitable. Much is still in flux: The EU's proposed Product Environmental

Footprint, which measures an apparel or footwear item's environmnetal impact, hasn't yet settled on including microfiber pollution as an indicator, which some critics say could uplift synthetics to the detriment of their natural counterparts. Any effort by the bloc's green claims directive to blackball bottle-to-textile recycled polyester as "eco-friendly," too, could face a discharge of industry blowback.

"We've been calling for a tax on virgin plastic materials because that would basically force the industry to prioritize quality over quantity," she said. "If we have weak legislation, it will just continue the cycle of fast fashion. But there is an opportunity to have strong measures."

Source: sourcingjournal.com– Sep 18, 2024

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75% of textiles end up in landfills. Can trade facilitation and the circular economy be the solution?

The apparel industry contributes 10% of global carbon emissions, exceeding those from international flights and marine shipping combined.

In 2020, the European Union (EU) consumed an average of 14.8 kilogrammes (kg) of textiles, including 6 kg of clothing, 6.1 kg of household textiles and 2.7 kg of shoes per person. Yet, only 1% of all this production is ever recycled into new textile fibres. Much of it is exported to Africa and labelled as second-hand clothing but 40% ends up as waste in landfills or the ocean, causing severe environmental impact.

Recycling methods are progressing mechanically and chemically but this industry remains commercially unviable without government support. Moreover, between 60% and 70% of clothing is made from plastic-based materials such as polyester, further linking the apparel industry to fossil fuels, making recycling more difficult and exacerbating the issue of microplastic pollution.

The fashion industry is beginning to adopt natural materials and implement recovery processes but challenges remain.

The need for harmonization and transparency

From influencing consumer behaviour to improving the use of recyclable materials at manufacture, these problems will take time to resolve. However, there are immediate steps that can be taken quickly without major investment.

One of the primary challenges is sorting secondhand clothing from textile waste. The lack of harmonization across countries in terms of data collection, classification, and reporting is extremely apparent. Countries adopt varying standards for what constitutes waste versus reusable textiles.

For example, in Italy, Austria, Germany and the Netherlands, textile collection through "bring banks" is categorized as waste collection, regardless of the textile quality or the donor’s intention. In contrast, France and Sweden classify collected textiles as used goods until they reach a waste sorting facility. In other nations, collection through "bring banks" is not deemed waste collection, as long as collectors specify the materials they accept or reject.

Furthermore, exporting used textiles from the EU lacks transparency and traceability. What happens to these textiles is often unclear once they arrive in destination countries. In 2019, approximately 46% of used textiles in the EU were exported to Africa. Used textile imports aim for local reuse, driven by the demand for affordable clothing. However, many of these items, sent in bales, are simply unsuitable for reuse and typically end up in open landfills or informal waste disposal channels.

Similarly, in Asia, textiles account for 41% of EU exports and used textiles are sent to designated economic zones for sorting and processing. These textiles are often recycled, usually downgraded into industrial rags or filling materials or re-exported, either for recycling in other Asian nations or for reuse in Africa. Textiles that cannot be recycled or re-exported will likely be managed through general waste systems, predominantly ending up in landfills.

With the requirement for all EU countries to separately collect textile waste by 2025, the volume of collected used textiles is expected to grow. As such, it is fundamental for the future of circular apparel and the circular economy to establish more effective collaboration between commercial actors and governments.

Click here for more details

Source: weforum.org– Sep 16, 2024

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Vietnam-US bilateral trade moves closer to US$90 billion mark

According to details given by the General Statistics Office, the nation fetched US$77.9 billion from exporting goods to the US market, an increase of 25.4% on- year, while the import turnover from this market hit US$9.8 billion, up 6.9% on-year.

The US was the country's largest export market with an estimated turnover of US$77.9 billion throughout the reviewed period.

According to details given by the Vietnam Trade Office in the US, there are many reasons for the continuous growth of trade between the two countries in recent times, even amid a range of global fluctuations.

First of all, the relationship between the two countries is increasingly developing. In 2013, they established a comprehensive partnership which was later upgraded to a comprehensive strategic partnership in 2023.

Furthermore, Vietnamese goods are increasingly popular in the US market due to their continuously improved quality, updated trends, and competitive prices. On the other hand, changes in the supply chain, as well as the wave of investment shifts, have contributed to enhancing the production capacity of Vietnamese enterprises.

This has simultaneously created opportunities and greater room for Vietnamese goods to increase exports to the world in general and to the US market in particular.

Topping the list of most exported items to the US market in the first seven months of the year were computers, electronic products, and components with an export turnover of US$13.19 billion, a rise of 50.82% over the same period from last year, thereby accounting for 19.87% of Vietnam's total export turnover to the US market.

Second on the list is machinery, equipment, tools, and spare parts with an export turnover of US$11.14 billion, up 19.87% compared to the previous month, making up 16.79%. In addition, the US market also prefers garments and textiles, footwear, and agricultural products from the country.

In the opposite direction, the Vietnamese side also imports a large amount of technological equipment, production materials, and agricultural products from the US market, thus helping to further accelerate the industrialization process and improving domestic production capacity.

It is forecast that moving forward, exports to the US will continue to recover and grow amid rising market demand whilst falling inventories decrease. The biggest concern when exporting to the highly lucrative market is the US' increasing application of trade defence measures against imported goods.

Exports to the US market are facing barriers from trade defence. To limit the risk of being investigated and trade remedy measures, Vietnamese enterprises need to increase their understanding of the law on trade defence regulations, create added value on exported products, and store export data to co-operate with the investigation agency when an incident occurs.

As a means of bolstering Vietnamese exports to the US, according to authorities, state management agencies and businesses need to collaborate in order to implement a series of synchronous and effective measures.

In addition, establishing and maintaining training programmes and supporting businesses in improving product quality and complying with US standards and regulations also plays an important role.

Firms need to be provided with tools and knowledge to meet the increasing demands of this market, from improving production processes to improving packaging and marketing quality.
Local businesses therefore must be active in developing effective export strategies by researching and understanding market trends and fully grasping the needs and preferences of US consumers.

Simultaneously, participating in international exhibitions and trade events is viewed as an opportunity for Vietnamese businesses to promote their brands and establish relationships with partners and distributors in the US.

Source: vietnamnet.vn– Sep 17, 2024

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Pakistan: About 1,434,028 bales of cotton reach ginneries

According to the latest cotton statistics released by the Pakistan Cotton Ginners Association (PCGA) as of September 15, 2024, total cotton arrivals have reached 1,434,028 bales.

This represents a significant decrease of 63.55% compared to the 3,933,846 bales recorded by the same date in 2023. In Punjab, cotton production has amounted to 538,686 bales this year, in contrast to 1,544,634 bales produced by this date last year, indicating a 65.13% decline in production.

Similarly, in Sindh, 895,342 bales have been produced this year, compared to 2,389,212 bales during the same period last year, reflecting a 62.5% reduction in production. In Baluchistan, the total cotton production for the year stands at 34,900 bales.

Sajid Mahmood, Head of the Transfer of Technology Department at the Central Cotton Research Institute in Multan said that the significant reduction in cotton production in Pakistan this year can be attributed to several key factors, including climate change, extreme heat and drought, flooding rains, and pest infestations.

These challenges have pushed production costs beyond the reach of many farmers, while no climate-resilient cotton variety capable of yielding optimally under such harsh conditions has been developed. We urgently requires cotton strains that can withstand temperatures exceeding 43°C while maintaining high productivity.

Furthermore, the sector faces a critical need for advanced breeding programs, particularly in biotechnology and genetic engineering, to enhance per-acre yields. However, institutions like the Pakistan Central Cotton Committee (PCCC) are facing severe financial constraints, limiting research advancements.

Ideally, cotton production requires daytime temperatures of 35-40°C and nighttime temperatures of 26-28°C, but this year’s prolonged heatwaves in Punjab and Sindh, with temperatures soaring to 48°C, severely impacted crops.

Pest infestations, particularly whiteflies and pink bollworms, have compounded the damage, with an estimated 1.5 million bales lost annually to these pests. Heavy rains have also devastated approximately 293,000 acres of cotton fields in Sindh, while lakhs of acres in Punjab have suffered similar losses.

Experts estimate that 25% of the overall cotton crop has been damaged by rains, prompting the textile industry to place import orders for 1.6 million bales to meet domestic demand, which is expected to rise further, burdening the national economy by billions of dollars.

The financial challenges faced by PCCC, exacerbated by the cessation of cotton cess payments by many textile mills under APTMA's influence, and the declining profitability of cotton farming, are also key issues. In 2024, domestic cotton production is projected to reach only 6.5-7.0 million bales, significantly below national requirements.

Cotton Analyst Naseem Usman while commenting on the report said that

Pakistan's cotton production has plummeted by 63% compared to last year's figures. This significant decline has raised concerns about the country's ability to meet its cotton demands.

Usman emphasized the need for the government to take immediate steps to boost cotton production. He pointed out that Pakistan will have to import 60 to 65 lakh bales of cotton from countries like Brazil, America, Australia, and Argentina to meet its requirements. Additionally, 8 to 10 lakh bales are expected to be imported from Afghanistan.

The analyst highlighted the importance of implementing the Trace system to curb unregistered trade, which has increased due to the imposition of General Sales Tax. This system would help regulate the cotton trade and prevent unauthorized transactions.

Agricultural expert Munawar Ali from Sindh noted that reduced cotton arrivals in the region compared to last year are primarily due to frequent rains in recent weeks, labor shortages, and delayed harvesting by farmers discouraged by low prices. However, with the end of the monsoon season and improving weather conditions, cotton fruiting appears promising, with prices currently ranging between 8,000 and 9,500 rupees per maund. Cotton arrivals are expected to increase in the coming weeks.

Meanwhile, progressive farmer Muhammad Bilal Israiel from Punjab reported that the recent rains impacted cotton production in the province's cotton belt, but the current crop condition remains favourable, with ample fruit on the plants. He advises farmers to apply NPK foliar and fungicide sprays post-rain, and to use urea if there are no signs of leaf reddening.

Source: brecorder.com– Sep 19, 2024

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NATIONAL NEWS

India's exports shrink 9.3% in August, trade deficit at 10-month high

India's trade deficit widened to a 10-month high of $29.7 billion in August as imports hit a record high of $64.4 billion on doubling of gold inflows, and exports contracted for the second month in a row to $34.7 billion due to softening of oil prices and muted global demand.

Merchandise exports contracted 9.3 per cent to $34.7 billion in August. Other factors that affected merchandise exports included a huge slowdown in China, falling petroleum prices, recession in advanced economies and transportation- and logistics-related challenges.

"In the current global situation, exports have been a huge challenge... there is a slowdown in China, and recession is persisting in Europe and the US. Transportation cost because of trade routes getting diverted from Suez Canal to Cape of Good Hope is an issue, which is persisting," Commerce Secretary Sunil Barthwal told reporters on Tuesday.

While imports grew 3 per cent on-year, gold imports touched $10 billion in August due to factors such as stocking ahead of the festive season, falling global prices, as well as due to the yellow metal's import duty cut from 15 per cent to 6 per cent in July.

Petroleum products, which have more than 17 per cent share in total exports, contracted 37.5 per cent in August at $5.95 billion. Apart from petroleum, gems and jewellery saw massive contraction of 23 per cent at 1.9 billion in August.

"With the unexpectedly sharp widening in the merchandise trade deficit in August, we are apprehensive that the current account deficit will rise to 1.5-2 per cent of GDP in this quarter (Q2FY25)," Aditi Nayar, chief economist at Icra, said.

Non-petroleum and non-gems and jewellery exports, an indication of a clearer parameter of exports' health, grew 2.4 per cent at $26.76 billion. Sectors that saw growth were engineering goods (4.36 per cent), electronic goods (7.85 per cent), drugs and pharmaceuticals (4.67 per cent), and textiles (11.88 per cent).

Apart from gold, other items that saw high imports include coal (8.88 per cent), electronic goods (12.78 per cent), and non-ferrous metals (22 per cent). On the other hand, imports of petroleum and crude products contracted by nearly a third to $11 billion during the same month, data released by the commerce department showed.

According to Barthwal, widening of the trade deficit was not a matter of concern in the case of emerging economies like India.

Federation of Indian Export Organisations (FIEO) President Ashwani Kumar said that ongoing international trade disruptions along with drop in crude and metal prices have also played a key role in bringing down the value of exports.

“Some of the exporters have diverted to the domestic market as profitability in exports has taken a hit with a sharp rise in international freight (both ship and air). Had it not been for these trade disruptions led by logistical challenges such as lack of shipping space, irregular shipping schedule, ships skipping Indian ports and declining commodity prices, merchandise exports would have recorded growth,” he said.

Services exports saw 6.9 per cent growth at $30.69 billion in August, while services imports witnessed 4 per cent rise to $15.7 billion, resulting in a surplus of $14.9 billion. Services trade data for August, however, is an “estimate”, which will be revised based on the Reserve Bank of India (RBI)’s subsequent release.

Source: business-standard.com– Sep 17, 2024

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Finance Ministry kicks off Budget exercise for FY 2025-26

The Finance Ministry issued a budget circular to kick off the budget exercise for fiscal year 2025-26. The budget is likely to be presented on February 1 next year.

This will be Finance Minister Nirmala Sitharaman's eighth successive budget, and she has already surpassed Former Prime Minister Morarji Desai's record of presenting six successive budgets. Overall, Desai presented 10 budgets, and Sitharaman is expected to surpass that record, too, during the third term of the Modi Government.

FY 26 budget will be the third budget in the span of 12 months as the full budget for the fiscal year 2024-25 in July because of the election. "Pre-budget meetings chaired by Secretary (Expenditure) shall commence in the second week of October," the circular issued by the Economic Affairs Department said. These meetings will continue till around mid-November 2024. "The Budget Estimates for 2025-26 will be provisionally finalised after completion of pre-Budget meetings," it said.

These meetings are scheduled to discuss four key issues - requirement of funds for all categories of expenditures along with receipts of Ministries/ Departments, receipts of Departmentally-run commercial undertakings, which are netted against the gross expenditure, non-tax revenues, including arrears of Non-tax revenue and expenditure estimates on net basis.

Apart from Budget Estimates (BE) for next fiscal, these meetings are also likely to finalise Revised Estimates (RE) for current fiscal i.e., Fiscal Year 2024-25. Normally, RE for the current fiscal year is worked out based on trends of receipts and expenditure during the first six months (April-September) and BE for the next fiscal year based on the first nine months (April- December) of the ongoing fiscal year. Based on provisional figures discussed in initial meetings are given final shape in January once most data are available.

Once the meetings with the central government and Ministries are over, the finance minister is expected to meet various stakeholders, such as representatives of industry groups, economists, and trade unionists. These meetings are likely to be scheduled during the last week of December or early January. The finance minister will also convene meetings of States to seek their views on the Union Budget.

The forthcoming budget is important in many ways as it will show whether the target of reducing the fiscal deficit to 4.5 per cent of GDP has been achieved or not. Also, this could be the last budget in which the deficit is presented as a specific number, as there is an expectation that from FY 2026-27, the focus will be lowering the debt-to-GDP ratio, and the fiscal deficit could be given in the range.

It may be noted that Finance Minister Sitharaman in her budget speech on July 1, 2024 had said: "The fiscal consolidation path announced by me in 2021 has served our economy very well. From 2026-27 onwards, our endeavour will be to keep the fiscal deficit each year such that the central government debt will be on a declining path as a percentage of GDP." With this kind of strategy, the government's effort would be to bring down the ratio to below 50 per cent from the current estimated level of 56.8 per cent.

Source: thehindubusinessline.com– Sep 18, 2024

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Exports may cross $825 billion this fiscal, says Commerce Minister Piyush Goyal

Commerce and industry minister Piyush Goyal Wednesday said that India's exports of goods and services are likely to cross $825 billion despite global challenges and that his ministry is meeting shipping industry on Thursday to discuss container shortages, skyrocketing freight rates and ways to reduce the impact of the Red Sea crisis.

At an event organised by the Public Affair Foundation of India, he also said that that there are plans to open offices in different countries including Singapore, Dubai, Saudi Arabia, possibly one in New York, Silicon Valley, and one in Zurich as part of the Indian government's outreach programme to handhold foreign investors.

"As a next step, we are going to send out teams to man offices of Invest India, NICDC (National Industrial Corridor Development Corporation) and possibly ECGC (export credit guarantee corporation), so that I can also start offering services for exporters importers in foreign countries," he said, adding that this would make it easy to invest and do business in India.

The plan is that through these offices, a person sitting anywhere in the world can buy land in India, can see that piece of land, take all approvals through a single window platform and resolve issues, if any, through video conference, he said.

"Trade, technology, investment and tourism, this would be our outreach," Goyal said. India's goods exports declined the steepest in over a year at 9.3% in August and the trade deficit soared to a 10-month high of $29.65 billion. Last year, the goods and services exports were $778 billion.

Russian oil

The minister added that countries are recognising India's move to buy oil from Russia due to sanctions on countries like Iran, and Venezuela, and it is helping stabilise the world market.

"Otherwise the kind of actions that OPEC is taking, if we were out there in the market with our full demand of 5.4 billion barrels a day, oil would have been at $300 or 400 dollars a barrel by now and would not have come to

$72 which we see today. It has been a cooling impact that India’s decision has had,” Goyal said.

Goyal said he is meeting countries like Japan, Singapore and Switzerland to set up units in Indian industrial townships post the recent cabinet nod to 12 such townships.

Source: economictimes.com– Sep 18, 2024

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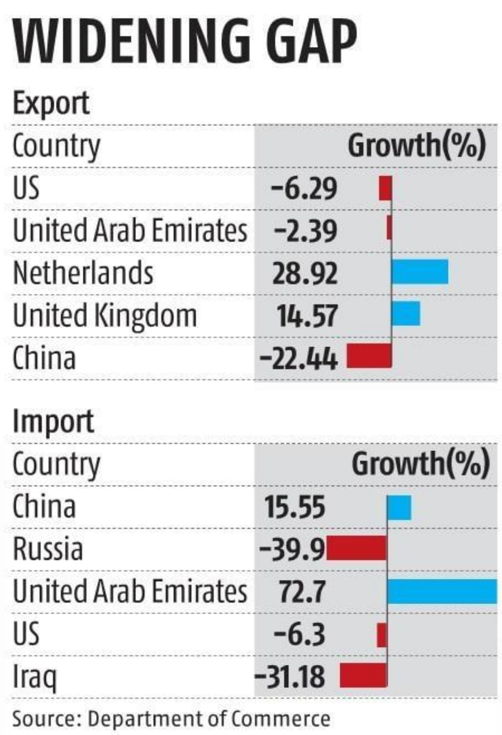
India's exports to China fall at faster clip than to other partners

Amid a massive slowdown in China, India's exports to the neighbouring country contracted at a faster pace in comparison to the exports to the rest of the world.

India's exports to China witnessed 22.44 per cent contraction to $1 billion, while overall exports declined 9 per cent at $34.7 billion in August, commerce department data showed. China is India's fifth-largest export market.



WIDENING GAP

Export

Country	Growth(%)
US	-6.29
United Arab Emirates	-2.39
Netherlands	28.92
United Kingdom	14.57
China	-22.44

Import

Country	Growth(%)
China	15.55
Russia	-39.9
United Arab Emirates	72.7
US	-6.3
Iraq	-31.18

Source: Department of Commerce

On the other hand, import dependency on China continued, with the country being India's largest import partner. According to the data, inbound shipments from China stood at $10.8 billion, up 15.5 per cent year-on-year (Y-o-Y).

While the disaggregated data for the month of August wasn't immediately available, trends over the last few months showed that exports to China were dominated by items such as iron ore, marine products, copper, and food items, among others.

On Tuesday, Commerce Secretary Sunil Barthwal had said that other than muted demand, geopolitical and logistics-related challenges, another key factor that is impacting merchandise exports is a huge slowdown in China that has also led to a decline in petroleum prices.

As far as imports are concerned, top inbound shipments from China include electronic components, industrial machinery, IT hardware, and organic chemicals, among others.

Top 10 export-import destinations

During August, exports to six out of India's top 10 markets witnessed contraction — the US (6.29 per cent), the UAE (2.39 per cent), China (22.44 per cent), Singapore (-39.25 per cent), Bangladesh (27.85 per cent), and Australia (-24.05 per cent).

The top 10 countries comprised 68 per cent of India's total value of goods exported during August. The US continued to remain India's largest export market, followed by the UAE, the Netherlands and the UK. Barring Russia, the US, Iraq, Saudi Arabia, Singapore, and Indonesia, inbound shipments from the rest of the top 10 import partners witnessed growth during August, the data showed. To be sure, India relies on crude oil imports from most of these countries and a contraction in imports is mainly due to falling petroleum prices.

India's overall imports grew 3 per cent Y-o-Y to $64.3 billion in August. The record high imports was mainly due to doubling of gold imports during the month. As a result, imports from Switzerland, which is mainly driven by gold imports, witnessed 80 per cent growth to $3.9 billion.

Source: business-standard.com– Sep 19, 2024

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Domestic demand and exports fuel India's textile sector growth in Q1 FY25: Wazir Advisors

The Indian textile and apparel sector has shown robust recovery in the first quarter of the fiscal year 2025 (Q1 FY25), driven by strong domestic demand and increased exports. The latest Wazir Textile Index (WTI) and Wazir Apparel Index (WAI) have both highlighted significant growth, indicating a positive outlook for the industry.
Key highlights

WTI performance: The WTI sales index recorded a 12 per cent increase in Q1 FY25 compared to the previous year. This growth was underpinned by a 29 per cent rise in the WTI EBITDA index, suggesting improved profits for textile companies. The consolidated sales of selected top textile companies also mirrored this trend, rising by 12 per cent during the same period. Moreover, the consolidated EBITDA margin for these companies saw a healthy increase of 2 percentage points.

WAI performance: The WAI sales index indicated a more pronounced growth, increasing by 19 per cent in Q1 FY25. The EBITDA index also grew by 13 per cent, indicating a positive financial performance for apparel companies. Consistent with the WTI, the consolidated sales of selected top apparel companies rose by 19 per cent, while the consolidated EBITDA margin remained unchanged. The apparel companies under review, included: PDS, Pearl Global Industries, Gokaldas Exports, SP Apparels and Kitex Garments. Among them Kitex Garments recorded highest sales growth in Q1 at 31 per cent at the same time SP Apparels was in the red with -2 per cent sales growth. In EBITDA too Kitex Garments led growth.

Overall sector performance: Looking at the performance of a few listed textile and apparel companies under study, consolidated sales increased 6 per cent in Q1 FY25. The consolidated EBITDA for these companies rose by 1 percentage point, indicating a modest improvement in profitability. The companies under study were: Vardhman, Welspun Living, Arvind, Trident, Filatex India, RSWM KPR Mill, Indorama Synthetic, Indo Count and Nahar Spinning. Among these RSWM and Indo Count clocked in maximum growth at 34 per cent and Welspun Living followed closely at 27 per cent. However, Arvind recorded negative growth at -0.1 per cent and Filatex at -1 per cent. However, EBITDA for these two companies were in black.

Ovearall the consolidated sales index increased 6 per cent in Q1 compared to Q1 FY24. Consolidated EBITDA too has gone up by 1 percentage point compared to Q1 FY24.

India's textile exports and Imports

India's overall T&A exports have gone up by 5 per cent in Q1 FY25 compared to Q1 FY24. The export of fiber has significantly increased by 17 per cent in Q1 FY25 compared to Q1 FY24. At the same time yarn and fabric exports growth were low at 2 per cent and 0.3 per cent.

India's T&A imports have reduced by -7 per cent in Q1 FY25 compared to Q1 FY24. Import of home textile has significantly increased by 29 per cent while import of filament has significantly decreased by -32 per cent in Q1 FY25 compared to Q1 FY24.

Factors driving growth

There are several catalysts for the strong performance of textile and apparel sector. Increased domestic demand: Rising disposable incomes and a growing middle class have led to a boost in domestic demand for textile and apparel products, driving sales growth.

Policy initiatives: Government policies and initiatives, such as the National Textile Policy and the Atmanirbhar Bharat campaign, have provided a favorable environment for the sector's growth.

Export growth: Rising exports to key markets have also contributed to the sector's positive performance.

Technological advancements: The adoption of advanced technologies has improved efficiency and reduced costs for textile and apparel manufacturers.

Future outlook

The positive trends observed in Q1 FY25 suggest optimism for India's textile and apparel sector. Continued growth is expected with factors such as rising domestic consumption, expanding export markets, and technological advancements. However, challenges such as rising costs of raw material, global economic uncertainties, and competition from other countries could impact the sector's future performance.

However, the bottomline is India' textile and apparel sector has shown strong recovery in Q1 FY25, with higher sales and profits.

The positive trends suggest a promising outlook for the sector, but it is essential to closely monitor evolving market dynamics and address potential challenges to sustain this growth trajectory.

Source: fashionatingworld.com– Sep 19, 2024

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Kudos to CBIC for dropping difficult CGST Rules, reducing compliance burden

In a welcome move, the Goods and Services Tax (GST) Council has decided to omit Rule 96(10), Rule 89(4A) and Rule 89(4B) from the Central GST (CGST) Rules, 2017, with prospective effect. It is a remarkable step that will enable the exporters to liquidate their accumulated input tax credit (ITC) over a period of time and also make it much easier to get refunds of unutilised ITC on account of exports without payment of Integrated GST (IGST).

Rule 96(10) of the CGST Rules, 2017, says that in case an exporter had imported his inputs without IGST payment or taken refund of the GST paid on his inputs procured from domestic sources under deemed exports or procured his export goods on payment of 0.1 per cent GST, then he should not export his goods on payment of IGST under refund claim. Broadly, the concept is ‘no or nominal GST on inward supplies, then no GST on outward supplies’.

The idea behind the restriction is to prevent an exporter from utilising his accumulated ITC for payment of IGST that could be claimed as refund, in situations where he procured his inputs or export goods without full GST payment. It is this restriction that the GST Council has decided to do away with but this removal of restriction will operate with prospective effect because actions against many exporters have already been taken for violation of these restrictions and there is no point in reopening such cases through a retrospective amendment.

Anyway, going forward, it is a great relief for exporters who can now get their inward supplies without full GST payment and utilise their accumulated ITC to pay full IGST on the export goods and claim a refund of the same. The exporters can thus convert their idle ITC balances into cash, vastly improving their cash flows. In cases where violation has already taken place, the exporters need not pay IGST on the export goods as demanded by some field formations but may regularise by making payment of IGST on the imported inputs along with interest, as recommended by the GST Council and clarified through the Central Board of Indirect Taxes and Customs (CBIC) Circular no.233/27/2024-GST dated September 10, 2024.

When goods are exported without IGST payment under bond or letter of undertaking, the ITC of GST paid on related inputs and input services remains unutilised. Rule 89(4) allows refund of such unutilised ITC through a prescribed formula. Rules 89(4A) and 89(4B) were introduced, quite unnecessarily, allowing refund of unutilised ITC of GST paid on inputs and input services in situations when any of the other inputs or export goods were procured without or 0.1 per cent GST payment. It created its own problems as detailed in my article titled 'CGST Rule 89(4) or 89(4B)? Refund issue can snowball into major problem' in this newspaper dated July 16, 2023' (https://www.business-standard.com/opinion/columns/cgst-rule-89-4-or-89-4b-refund-issue-can-snowball-into-major-problem-123071600648_1.html). The GST Council has now decided to get rid of these rules, with prospective effect. The exporters can henceforth claim refund of such unutilised ITC as per the formula prescribed in Rule 89(4) of the CGST Rules, 2017. It is a huge relief for the exporters. However, pending litigation will go on.

The CBIC has shown rare generosity and therefore, deserves generous praise for the above-mentioned amendments to the CGST Rules, 2017.

Source: business-standard.com– Sep 16, 2024

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How will Bangladesh situation impact trade in India? Crisil says no big deal

Even as the recent developments in Bangladesh have had no significant impact on India's trade, CRISIL Ratings said that a prolonged disruption can affect the revenue profiles and working capital cycles of some export-oriented industries for which Bangladesh is either a demand centre or a production hub. In a report, CRISIL Ratings said, "We do not foresee any near-term impact on the credit quality of India Inc either," while maintaining that the effect will vary on industry/sector-specific nuances and exposure.

In terms of sectors, CRISIL stated, cotton yarn, power, footwear, soft luggage, fast moving consumer goods (FMCG) may see a small but manageable negative impact, while ship breaking, jute, readymade garments (RMG) should benefit. For most others, it added, the impact will remain insignificant.

India's trade with Bangladesh accounted for 2.5 per cent of its total exports and 0.3 per cent of total imports last fiscal. Merchandise exports mainly comprise cotton and cotton yarn, petroleum products, electric energy, etc., while imports largely consist of vegetable fat oils, marine products and apparel.
India's vision for industrial growth: Cabinet approves 12 smart cities with Rs 28,602 crore investment

Bangladesh accounts for 8-10 per cent of sales for cotton yarn players, which could affect the revenue profile of major exporters and their ability to compensate sales in other geographies will be an important monitorable, per CRISIL. However, their operating profit margins may not be significantly impacted because cotton-yarn spreads are already modest at present.

Companies in sectors like footwear, FMCG and soft luggage could also see some impact because of manufacturing facilities located in Bangladesh. While these facilities faced operational challenges during the initial phase of the crisis, most have since commenced operations, though a full ramp-up and the ability to maintain their supply chain will be critical.

Further, engineering, procurement and construction companies engaged in power and other projects in Bangladesh could see execution delays this fiscal as a sizeable portion of their workforce has been recalled to India for almost a month now. A gradual ramp-up in workforce is expected, which would keep the revenue booking this fiscal lower than earlier expectations. Besides, companies supplying electricity could see delayed payment of dues.

On the back of these factors, CRISIL said, “Debtor risk for most sectors may increase with major transactions being carried out through letters of credit (LCs), which could be invoked in the event of non-payment, leading to dependence on Bangladesh banks for settlement. Besides, forex issues are also rising due to the depreciation of taka versus the rupee and other currencies.”

On the other hand, companies in the ship breaking, jute and RMG sectors are seeing an increase in sales inquiries from key export destinations such as the US and Europe.

Source: financialexpress.com– Sep 17, 2024

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India's exports to Bangladesh slip 28% in Aug; Crisil flags risk to export-oriented units

India's exports to Bangladesh declined by 28%, from $943 million in August last year to $681 million last month, says The Indian Express.

India's exports to Bangladesh declined by 28%, from $943 million in August last year to $681 million last month, says The Indian Express.

Meanwhile, rating agency Crisil said that the recent developments in Bangladesh haven't had a significant impact on India's trade but going forward a prolonged disruption can affect the revenue profiles and working capital cycles of some export-oriented units for which Bangladesh is either a demand centre or a production hub.

Trade data showed that cotton exports, which is India's primary export commodity to Bangladesh, slipped nearly 10% to 1 billion in August this year compared to 1.11 billion August 2023.

This comes amid slowing export textile and apparel orders coming to Bangladesh following the protests.

The decline in orders from Bangladesh has had a spillover effect on the Indian textile industry, which supplies raw materials and other input items to Bangladesh. While fresh inquiries for garments are coming to India, Indian cotton exports to Bangladesh have begun to decline.

The effect will vary based on industry or sector-specific nuances and exposure, it said. "We do not foresee any near-term impact on the credit quality of India Inc either," the Crisil study said. That, and the movement in the Bangladeshi currency taka, will bear watching, it said.

Sectors such as cotton yarn, power, footwear, soft luggage, fast moving consumer goods (FMCG) may see a small but manageable negative impact, while ship breaking, jute, readymade garments (RMG) should benefit, Crisil said.

For most others, the impact will be insignificant. India's trade with Bangladesh is relatively low, accounting for 2.5% of its total exports and 0.3% of total imports last fiscal, the rating firm said. Merchandise exports mainly comprise cotton and cotton yarn, petroleum products, electric energy, etc., while imports largely consist of vegetable fat oils, marine products and apparel, the study said. For cotton yarn players, Bangladesh accounts for 8-10% of sales, so the revenue profile of major exporters could be affected. "Their ability to compensate for sales in other geographies will be an important monitorable," it said.

Their operating profit margins, however, may not be significantly impacted because cotton-yarn spreads are already modest at present, it said. Companies into footwear, FMCG and soft luggage could also see some impact because of manufacturing facilities located in Bangladesh. "These facilities faced operational challenges during the initial phase of the crisis," the study said.

However most have since commenced operations, though a full ramp-up and the ability to maintain their supply chain will be critical, it said. Engineering, procurement and construction companies engaged in power and other projects in Bangladesh could see execution delays this fiscal as a sizable portion of their workforce has been recalled to India for almost a month now, the study said.

With only a gradual ramp-up in workforce expected, revenue booking could be lower this fiscal compared with earlier expectations, Crisil said. Besides, companies supplying electricity could see delayed payment of dues. Pertinently, debtor risk for most sectors may increase with major transactions being carried out through letters of credit (LCs), which could be invoked in the event of non-payment, leading to dependence on Bangladesh banks for settlement, it said.

Besides, forex issues are also rising due to the depreciation of taka versus the rupee and other currencies, the study said. On the other hand, companies in the ship breaking, jute and RMG sectors are seeing an increase in sales inquiries from key export destinations such as the US and Europe.

Source: tbsnews.net– Sep 18, 2024

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SIMA appeals to government to give thrust for strengthening cotton textile value chain

The predominantly cotton based Indian textiles and clothing industry that provides employment to around 110 million people accounts for 12% industrial production, 8 % of exports and around Rs. 40,000 crores GST revenue. The industry has been growing with CAGR of around 6%, despite numerous challenges, due to the advantage of home-grown cotton and timely policy interventions by the Government.

In order to achieve 350 billion USD textile business size, from the current level of 162 billion USD by 2030, the country would need around 20 billion kgs of raw materials as against the existing production of around 5.5 billion kgs of cotton fibres and around 4 billion kgs of MMF fibres and filament yarns.

The NDA Government led by the Hon'ble Prime Minister having realized the urgent need for addressing the raw material structural issues to achieve the global competitiveness and double-digit growth rate in the textile industry, has been taking numerous path breaking policy initiatives since the last decade.

In a Press Release issued here today, the re-elected Chairman of SIMA and newly elected Chairman of SIMA CD & RA, Dr.S.K.Sundararaman, has appealed to the Hon'ble Prime Minister to announce Technology Mission on Cotton, address the MMF and textile processing job work inverted duty structure and also issues relating to MMF Quality Control Orders on MMF value chain. He appreciated the NDA Government for always giving topmost priority for the textile industry by announcing numerous policies including:

- Exemption of 11% import duty on ELS cotton
- FTAs with UAE, Mauritius and Australia, permitting duty free import of 3 lakh bales of ELS cotton
- Allocation of Rs.17,822 crores for TUF Scheme
- Launching of National Skill Development Corporation and implementation of PMKVY under skill development schemes
- SAMARTH skill development scheme exclusively for textile industry
- Rs.6,006 crores special package for the garment industry
- Refund or embedded taxes and levies through a unique RoTDEP Scheme

- Bringing entire cotton textile value chain under the uniform 5% GST (including handlooms, powerlooms), thus curbing evasion, enabling enhanced collection of GST revenue from Rs.3600 crores to around Rs.35000 crores and consequently reducing the clothing cost of the common man
- 85% of the textile manufacturers and traders covered under MSME sector, due to new eligibility criteria effective from 1st July 2020, by increasing asset value upto Rs.100 crores and also covering trade upto Rs.250 crores under MSME categories.
- MSME classification enabled the mills to avail the COVID package extended to tide over the financial crisis, which included ECLGS, thereby preventing the units being declared as NPAs and stabilizing the operations of the units which otherwise would have been closed.
- PM MITRA Park, a mega industrial park scheme for textile industry with plug and play facilities. Seven such parks are already under progress.
- PLI Scheme to encourage scale of operation giving thrust for MMF and technical textiles.
- NTTM Scheme for technical textiles with an outlay of Rs.1480 crores
- Removal of anti-dumping duty on PTA, MEG and all other manmade fibres and filaments.

Source: indiantextilemagazine.in– Sep 18, 2024

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Telangana launches MSME Policy 2024 to help small firms grow

In a bid to bail out the ailing MSME (micro, small, and medium enterprises) sector in the State, the Telangana Government has announced a six-pronged strategy to put them on the path to growth. The MSME Policy 2024 says the government will focus on the development of infrastructure, access to finance and human resources, availability of raw materials; promotion of technology adoption; and enhancing access to markets.

A high-level steering committee will supervise the policy's execution, monitor progress, and set the strategic direction. The government will spend ₹600 crore over the next five years to support these initiatives.

Addressing a gathering of MSME representatives, Telangana Industries Secretary Jayesh Ranjan announced that an exclusive wing will be established in the Industries Department to oversee the implementation of the policy. "We have outlined 40 parameters to ensure the policy's success. The new wing will take the responsibility of implementing the policy," he said.

New Industrial Parks

The policy envisions the creation of an Industrial Park in each of the 33 districts in the State, with each park setting aside 20 per cent of the space for MSMEs. "We are going to set up 10 Industrial parks in the area between the Outer Ring Road and the upcoming Regional Ring Road. Of these, five will be dedicated exclusively for MSMEs, including one each for women and start-ups," D Sridhar Babu, Minister for IT and Industries, said.

Realising the fact that most of the MSMEs are using outdated technologies, the policy introduced a ₹100-crore fund to help MSMEs modernise their technologies and help them to graduate to the Industry 4.0 era.

Recognising the unique needs of women entrepreneurs, the government will also establish flatted factories equipped with essential facilities in all 119 constituencies, further promoting women's participation in the MSME sector.

Challenges

Although the average investment into MSMEs rose to ₹2.15 crore in 2022 from ₹1 crore in 2018, the sector encountered several challenges in advancing to a higher level. Over 65 per cent of MSMEs failed to get formalised owing to the high costs involved.

Another challenge that the sector faces is the persistently low number of 'medium-sized' enterprises. "Between 2016 and 2023, medium-sized enterprises account for only 2.9 per cent of all manufacturing MSMEs and 3.5 per cent of all service MSMEs," the policy noted.

"The MSMEs in the State also struggle to grow in size. They need adequate resources and remunerative avenues to grow in size," it said.

Incentives

Under the T-IDEA scheme, the government will provide a subsidy of 25 per cent (up to a limit of ₹30 lakh) to MSMEs. For women, who currently receive an additional subsidy of 10 per cent, the subsidy will increase by 10 percentage points more (with a limit of ₹20 lakh).

For MSMEs owned by SC and ST entrepreneurs, the government will offer a subsidy of 50 per cent (with a limit of ₹1 crore) under the T-PRIDE scheme.

Pilot programme

The State Government will launch a pilot programme offering revenue-based financing to MSMEs. "Under the pilot, they will be able to secure credit based on future sales, making finance more accessible. The pilot will evaluate the need for such financing instruments in the State," the policy said.

"The government will work on blended financing in collaboration with lending institutions to expand credit options to MSMEs," it said.

To help the MSMEs in formalising their enterprises, the government will also develop training material in Telugu on maintaining books.

The Government also proposes to reimburse the duty incurred on the import of raw material at the time of import itself.

Currently, the reimbursement occurs only after the final product is exported. The new proposal would help MSMEs reduce working capital requirements.

Source: thehindubusinessline.com– Sep 18, 2024

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Amazon India boosts delivery with 3 new fulfillment centers

In preparation for the upcoming festive season, Amazon India announced the launch of three new fulfillment centers in Delhi NCR, Guwahati and Patna. These new fulfilment centers, along with the expansion of Amazon's existing fulfillment network, will significantly boost delivery speeds for customers in North and East India. The investment will help sellers across these states better serve their customers by placing selection closer to customers, and create thousands of new job opportunities providing an economic impetus to the region. These jobs entail a variety of roles in Amazon’s operations network, including full time and part time opportunities. All these buildings are ready and operational ahead of the upcoming festive season and will collectively support more than 2.5 lakh sellers across Delhi NCR, Bihar and Assam.

Most buildings in Amazon’s operations network are designed with state-of-the art technology, efficient building systems to minimize energy usage. They are designed to be net water zero with initiatives such as rainwater collection tanks, recharge wells to replenish water into aquifers, sewage treatment plants etc. As an inclusive place to work, Amazon FCs are designed to make them accessible to people with disabilities.

Sharing his thoughts on this announcement, Dr. Himanta Biswa Sarma, Hon’ble Chief Minister of Assam said, “I understand that Amazon India is expanding its capacity in Assam by enhancing storage and processing capabilities, scaling infrastructure and boosting employment. I hope that with this capacity building, Amazon will now be better equipped to benefit millions of local retailers, which in tum will contribute to the Indian economy.”

Abhinav Singh, VP Operations, Amazon India said, “We are committed to serve our customers across every pin-code in India and bring them their favourite products fast and reliably, especially during the festive season. As part of this, we have added three new fulfilment centers to our existing pan-India operations network that consists of over 43M cu feet of storage space, sort centers in 19 states, about 2000 delivery stations, Amazon Air, our partnerships with Indian Railways, India Post and much more. These new fulfillment centers will enable sellers in the region to better cater to customer needs while generating thousands of job opportunities, fostering economic growth in the local communities.”

Preparing for the upcoming festive season

Recently, Amazon announced that it has created more than 110,000 seasonal job opportunities across its operations network to meet the heightened customer demand during the upcoming festive season. These opportunities include direct and indirect jobs across India in cities such as Mumbai, Delhi, Pune, Bangalore, Hyderabad, Kolkata, Lucknow, and Chennai, among others.

The company also recently signed an MoU with the Indian Railways to scale up use of railway network for faster movement of customer packages across the country. Amazon's association with the Indian Railways aligns with the government's vision to leverage and modernize this pillar of nation's infrastructure and economy for achieving the vision of Viksit Bharat and Viksit Rail.

Since 2019, this collaboration has been one of the key enablers for Amazon India to offer 1-day and 2-day deliveries on crores of products to customers across India and will continue to help delight customers this festive season. Over the last 5 years, since Amazon started working with the Indian Railways, there has been a 15X increase in movement of Amazon India's parcels in railway lanes.

Source: fibre2fashion.com– Sep 18, 2024

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