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IBTEX No. 157 of 2024 — October 03, 2024

Currency Watch			
USD	EUR	GBP	JPY
83.93	92.56	110.70	0.57

INTERNATIONAL NEWS	
No	Topics
1	US port workers strike may cost economy $540 mn per day: Think tank
2	UK GDP growth revised down to 0.5% in Q2 2024: ONS
3	Eurozone manufacturing sector contracts further in September
4	Japan's manufacturing health worsens for 3rd month in a row in Sept
5	Typhoon hits Vietnam's manufacturing production in Sept: S&P Global
6	3,500 FDI garment-textile projects in Vietnam worth $37 bn: VITAS

NATIONAL NEWS	
No	**Topics**
1	Shri Goyal chairs CEO roundtable and holds meetings on first day of US visit
2	EU proposes deforestation law delay: $1.3 billion Indian exports get relief
3	U.S. East Coast port disruptions could dent Indian exports
4	Technology upgrade, scaling up volumes would make textile exports competitive, says former Finance Minister
5	Majority of Indian businesses view UK as key market for expansion
6	India's manufacturing growth slows in September as costs rise
7	What has 'Make in India' achieved in the last decade : Data
8	MIP extension to boost local textile industry capacity
9	India's Kasturi Cotton initiative a new era for high-quality cotton
10	Remove import duty on cotton, urges ICF during 45th AGM
11	Weaving a 'Digital Khadi' for Bharat
12	Vidarbha Cotton Assn seeks mandi cess waiver, GST on cotton cakes

INTERNATIONAL NEWS

US port workers strike may cost economy $540 mn per day: Think tank

The International Longshoremen's Association (ILA) yesterday said the United States Maritime Alliance (USMX) continues to block the path towards a settlement on a new master contract by refusing ILA's demands for a fair and decent contract and seems intent on causing a strike at all ports from Maine to Texas beginning today.

Meanwhile, an analysis by The Conference Board said a strike by East Coast and Gulf Coast port workers may cause serious economic fallout. Just a one-week strike could cost the US economy $3.78 billion, i.e., $540 million per day.

"A port strike would paralyze US trade and raise prices at a time when consumers and businesses are starting to feel relief from inflation," said Erin McLaughlin, senior economist at the US think tank. "There's no easy plan B. While shippers have already begun diverting some cargo to the West Coast, capacity for such alternative options are limited," he noted.

"The ocean carriers represented by USMX want to enjoy rich billion-dollar profits that they are making in 2024, while they offer ILA longshore workers an unacceptable wage package that we reject", ILA said in a release.

"ILA longshore workers deserve to be compensated for the important work they do keeping American commerce moving and growing. It's disgraceful that most of these foreign-owned shipping companies are engaged in a 'Make and Take' operation: They want to make their billion-dollar profits at United States ports, and off the backs of American ILA longshore workers, and take those earnings out of this country and into the pockets of foreign conglomerates," the release noted.

"In addition, the shippers are gouging their customers that result in increased costs to American consumers. They are now charging $30,000 for a full container, a whopping increase from $6,000 per container just a few weeks ago. In just a short time, they went from 6K, to 18K, then 24K and now $30,000. It's unheard of and they are doubling their $30,000 fee stuffing the same container from multiple shippers. They are killing the customers," the release added.

Even a short port strike could cause supply chain interruptions for weeks, The Conference Board noted in a release. For example, a one-week strike starting October 1 could cause slowdowns till mid-November.

East and Gulf Coast port workers are seeking protection against rising automation. ILA said terminal operators have been found using autonomous systems to process trucks without ILA labour, which violates the current contract.

Wage increases of more than 70 per cent are on the table. Under the ILA's expiring contract signed six years ago, East and Gulf Coast port workers are now earning notably less than what their West Coast counterpoints secured in renegotiations last year.

Source: fibre2fashion.com– Oct 01, 2024

HOME

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UK GDP growth revised down to 0.5% in Q2 2024: ONS

UK real gross domestic product (GDP) was estimated to have grown by 0.5 per cent quarter on quarter (QoQ) in the second quarter (Q2) this year, revised down from a first estimate increase of 0.6 per cent, according to the Office of National Statistics (ONS).

Real GDP was estimated to have increased by 0.7 per cent year on year (YoY) in Q2 2024.

The quarterly path of real GDP at an aggregate level was largely unchanged from 2023 onwards. However, there have been downward revisions of 0.1 percentage point in Q1 2023 and Q2 2024.

Following the preannounced revisions to growth in 2022, GDP for 2023 as a whole was estimated to have increased by 0.3 per cent, revised up from the first estimate increase of 0.1 per cent.

Nominal GDP was estimated to have increased by 1.1 per cent QoQ in Q2 2024 (previously estimated as a 0.9-per cent increase), mainly driven by increases in all main components, while it was estimated to have increased by 3.3 per cent YoY during the quarter, an ONS release said.

Real households' disposable income was estimated to have grown by 1.3 per cent in Q2 2024, down from 1.6 per cent in Q1.

The household saving ratio was estimated at 10 per cent in Q2 2024, up from 8.9 per cent in Q1.

Source: fibre2fashion.com– Oct 01, 2024

HOME

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Eurozone manufacturing sector contracts further in September

The eurozone's manufacturing sector experienced a deeper contraction in September, according to the latest HCOB PMI survey data, reflecting ongoing challenges in the region's goods-producing economy. Key indicators, including production, new orders, employment, and procurement activity, all showed sharper declines, signalling a weakening industrial outlook at the close of the third quarter.

The HCOB Eurozone Manufacturing PMI, compiled by S&P Global, fell to 45.0 in September, down from 45.8 in August, marking its lowest level this year and continuing the downturn that has spanned 27 months. Any figure below 50 indicates contraction, and September's drop suggests a significant and accelerated deterioration in the health of the eurozone's manufacturing sector.

The overall decline masked regional differences within the eurozone. While Spain led with the strongest performance, recording its best growth in four months, and Greece maintained its expansion—albeit at the slowest pace in a year—other major economies fared poorly. Germany, the euro area's largest manufacturing economy, recorded its sharpest downturn in 12 months, dragging down the region's overall performance, as per an S&P Global press release.

Demand for eurozone-produced goods continued to weaken, with new orders falling at the fastest rate since December 2022. Overseas demand also deteriorated, further exacerbating the sector's struggles. As a result, manufacturers responded by cutting output, reducing inventories, and scaling back procurement activity. Purchasing activity saw its steepest decline since December 2022, while both pre- and post-production inventories were rapidly depleted.

shrinkage in new orders.

Despite recent improvements in delivery times, September saw minor delays from suppliers. Input costs fell for the first time since May, and selling prices dipped slightly after a brief increase in August, signalling a more challenging pricing environment for manufacturers.

Looking ahead, eurozone manufacturers remain cautiously optimistic, with a slight majority still expecting growth over the next 12 months. However, confidence has fallen to a ten-month low, well below the long-term average, indicating widespread uncertainty about the future of the manufacturing sector.

The data highlights the increasing strain on eurozone manufacturing as economic headwinds, including weak demand and global uncertainties, weigh heavily on the sector's recovery prospects.

Commenting on the PMI data, Dr. Cyrus de la Rubia, chief economist at Hamburg Commercial Bank, said: "It is a real shame that Spain is only the fourth-largest economy in the eurozone. While handling the global manufacturing downturn surprisingly well, Spain just does not have enough weight to lift the rest of the eurozone with it.

The worsening industrial slump in Germany, for example, is too big for Spain's momentum in September to make much of a difference. According to our nowcast model, eurozone industrial production will likely drop by around 1 per cent in the third quarter compared to the last one. With incoming orders plummeting fast, we can expect another dip in production by year-end.

"The ECB will be pleased to see that purchase prices fell in September, especially after three months of rising prices. The drop in oil and natural gas prices helped bring down input costs, and companies passed some of that savings on to their customers.

But let's not get too comfortable – these price declines might not last. With the situation in the Middle East heating up, there's always the chance that energy prices could spike again.

"What started as a slow trickle of job cuts in the middle of last year has now turned into a pretty significant reduction in employment. This will probably show up soon in the less timely official unemployment statistics, which have been fairly stable so far.

"It is not just falling demand that is hitting companies – they are also dealing with supply-chain headaches. This combination is pretty rare, and over the last 30 years, we've only really seen it during the pandemic.

Typically, when demand drops, delivery problems tend to ease up. But this time, since June, the index tracking delivery issues has been dropping alongside new orders and for the first time since February, businesses are saying they are having to wait even longer for goods than they did in the previous month. The ongoing geopolitical tensions are obviously taking their toll here."

Source: fibre2fashion.com– Oct 02, 2024

HOME

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Japan's manufacturing health worsens for 3rd month in a row in Sept

The health of the Japanese manufacturing sector deteriorated for the third straight month during September this year, reflecting a renewed fall in production levels and a sustained drop in new orders, au Jibun Bank Japan manufacturing purchasing managers' index (PMI) data show.

Employment levels rose at the softest rate in the current sequence. On the price front, average operating expenses remained historically elevated, yet firms only partially passed these higher costs on to clients. Output charges rose at the softest rate since mid-2021.

At 49.7 in September, the headline manufacturing PMI dipped fractionally lower from 49.8 in August to indicate a slight decline in overall operating conditions, S&P Global Market Intelligence said in a release.

Output fell for the second time in three months at the end of the third quarter, with the respective seasonally-adjusted index only fractionally below the neutral 50 threshold.

Firms often indicated a lack of incoming new business as a result of economic weaknesses. However, this was partially offset by firms opting to complete outstanding orders. As a result, backlogs of work fell at moderate pace that extended the current sequence of depletion to two years.

The level of new orders placed with Japanese manufacturers also fell in September, and at a moderate pace that was little changed from that in August.

Firms attributed a stagnating economy and staff shortages to drop in sales. International demand was also subdued, as new export sales contacted at a solid rate that was the strongest since March.

Japanese manufacturers continued to raise employment levels during the latest survey period. The rate of job creation was fractional and the softest in the current seven-month sequence.

Input inventories were also raised in September, following two consecutive monthly reductions as firms held pre-production inventories in preparation for an eventual demand recovery.

Similarly, manufacturers also raised input purchases slightly. There was evidence however that vendor performance worsened in September, as indicated by a renewed lengthening in delivery times that was the most pronounced for seven months.

Inflationary pressures remained elevated across Japan's manufacturing industry. Firms mentioned higher labour, logistics and raw material prices had been key factors behind higher cost burdens.

Positively, the rate of inflation eased from August to reach the lowest for five months. Firms opted to partially pass these higher costs to clients in the form of raised output charges. The rate of output price inflation eased, however, and was the slowest seen since June 2021.

Business confidence remained positive in September, reflecting expectations that the demand and mass production of new products would be successful.

Firms were also hopeful for a wider economic recovery. The degree of confidence eased from August, however, and slipped to the lowest since December 2022.

Source: fibre2fashion.com– Oct 03, 2024

HOME

****

Typhoon hits Vietnam's manufacturing production in Sept: S&P Global

Typhoon Yagi had a major impact on the Vietnamese manufacturing sector during September this year, with heavy rain and flooding leading to temporary business closures and delays across production lines and supply chains, according to S&P Global Ratings.

As a result, output, new orders, purchasing and stocks of inputs all declined.

The disruption is set to be temporary, however, and firms remained confident in the outlook for production, raising employment accordingly.

Meanwhile, cost pressures remained relatively muted and output prices increased at only a marginal pace.

The S&P Global Vietnam manufacturing purchasing managers' index (PMI) dropped below the 50 no-change mark in September, signalling a renewed deterioration in business conditions at the end of the third quarter of the year following a spell of solid growth.

The index was down to 47.3 from 52.4 in August, and pointed to the most marked worsening in the health of the sector since November last year.

Typhoon Yagi caused a marked reduction in manufacturing production in September, ending a five-month sequence of expansion. After output had increased sharply in August, the renewed decline in the latest survey period was the most pronounced since January 2023, S&P Global Ratings said in a release.

A similarly-sized drop in new orders was also recorded, again linked to the impact of the storm. New export orders dipped, but the rate of contraction was only marginal and much weaker than that seen for total new business as international demand held up relatively well.

With output and new orders down, firms scaled back their purchasing activity for the first time in six months. Those manufacturers that did make purchases during the month were faced with a marked lengthening of suppliers' delivery times as flooding disrupted transportation.

As a result, stocks of purchases decreased rapidly. Furthermore, the reduction was the second-steepest in the series history, only just behind the pandemic-affected month of April 2020. Stocks of finished goods were also down in September.

Disruption to production lines and company closures due to the storm meant that backlogs of work continued to accumulate, with the latest rise in outstanding business the sharpest in two-and-a-half years.

Positive expectations and marked rises in new orders in previous months led manufacturers to expand their staffing levels slightly in September, following a fall in the previous month. Employment has increased in three of the past four months.

Although input costs increased amid higher raw material prices and rising transportation costs, the rate of inflation ticked lower and was relatively modest

A similar picture was seen with regards to selling prices. Some firms increased charges in response to higher input costs, but others took advantage of muted cost inflation to offer discounts to their customers.

Source: fibre2fashion.com– Oct 02, 2024

HOME

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3,500 FDI garment-textile projects in Vietnam worth $37 bn: VITAS

Vietnam has attracted 3,500 foreign direct investment (FDI) garment-textile projects till now with a combined value of $37 billion, according to the Vietnam Textile and Apparel Association (VITAS).

FDI accounts for 65 per cent of the garment-textile industry's export turnover.

VITAS said many large corporations from China, Japan, India, South Korea and Taiwan are investing in building modern factories in the country.

Singapore's Sanbang Co Ltd began construction of a plant for towels, fabrics, DTY yarn at Rang Dong Textile Industry Park in the northern province of Nam Dinh in late September with a total investment of 673.5 billion VND ($30 million). The plant is expected to become operational in the fourth quarter next year.

Many other major projects are under way. These include a $203-million textile dyeing factory by Top Textiles Co Ltd of Japan's Toray Group at the park, a domestic media outlet reported.

An investment license was granted in February this year to Hong Kong's Crystal International Limited Group to modernise the Yi Da Denim Mill Co Ltd with a total investment of nearly 1.47 trillion VND ($60 million).

SAB Industrial (Vietnam) Company Limited of the Weixing Group inaugurated a $6-million plant producing clothing accessories in the Bim Son Industry Park in the northern central province of Thanh Hoa in March.

Source: fibre2fashion.com– Oct 02, 2024

HOME

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NATIONAL NEWS

Shri Goyal chairs CEO roundtable and holds meetings on first day of US visit

The Union Minister of Commerce and Industry, Shri Piyush Goyal, commenced his four-day visit to the United States on September 30, 2024. Minister Goyal began the tour with discussions with existing and potential US investors highlighting to them the avenues for cooperation in various sectors.

On Day-1, Minister Goyal chaired a roundtable discussion with young CEOs and entrepreneurs of Indian origin in New York organized by the Consulate General of India. The interaction session allowed the young entrepreneurs to articulate their views on the business landscape of India and provide suggestions for reforms. In his remarks, Minister Goyal emphasized on the transformative reforms undertaken under the leadership of Prime Minister Shri. Narendra Modi, which has propelled India's remarkable growth over the past decade. He invited American companies to leverage India's unmatched scale and take advantage of the "Make in India" initiative, particularly in high-tech manufacturing and quality production.

During the course of the day, Minister Goyal also held one-on-one meetings with several CEOs discussing new areas of collaboration, particularly in advanced manufacturing, pharmaceuticals, robotics, artificial intelligence, and sustainable technologies.

Minister Goyal met with Mr. Chintu Patel, Co-CEO, and Mr. Chirag Patel, President & Co-CEO of Amneal Pharmaceuticals. They explored ways to enhance India's pharmaceutical ecosystem for high-end R&D, including biologics, and improved manufacturing capabilities to establish a robust global supply chain.

A productive meeting was held with Mr. Henry R. Kravis, Co-Founder & Co-Executive Chairman of Kohlberg Kravis Roberts & Co. (KKR). Minister Goyal highlighted potential investment opportunities in India's electronics manufacturing, data infrastructure, and logistics sectors. He underscored the consistent economic growth in India over the past decade and the vast consumer market, which present numerous opportunities for strategic investments.

In his meeting with Mr Stephen Schwarzman, CEO, Blackstone, Minister Goyal took note of the fact that the company has already invested about USD 50 billion in India and is one of the largest commercial and real estate investors in India. Minister Goyal highlighted the potential for infrastructure development in India, wherein the emphasis of the Government is to develop quality infrastructure in the country for improving living standards, making it easier to do business and reducing logistics costs.

The president of Warburg Pincus, Mr Timothy F. Geithner also called on the Minister for a one-on-one discussion that covered various areas where there is scope for further improving the ease of doing business.

The day ended with a freewheeling discussion with CNBC global market reporter, Ms Seema Mody on the emerging opportunities in India and the strong economic ties between India and the United States.

Minister Goyal's visit underscores the strong ties between India and the United States, fostering collaboration and investment for mutual growth. He will continue with his meetings with the business community in New York on day-2 of his visit, before he proceeds for the bilateral meetings in Washington DC.

Source: pib.gov.in– Oct 01, 2024

HOME

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EU proposes deforestation law delay: $1.3 billion Indian exports get relief

In a relief to around $1.3 billion worth of Indian exports such as leather, coffee and wooden furniture to the EU, the bloc on Wednesday proposed extending the implementation of its Deforestation Regulation by one year to December 2025. The EU Deforestation Regulation (EUDR) requires firms to ensure that products exported to the EU have been grown on land which has not been deforested after December 31, 2020.

The regulation has implications for India's coffee, cocoa, soya, wood products, rubber and its products and leather goods exports. It prescribes fines up to 4% of a firm's annual turnover in the EU and confiscation of products and revenues gained from a transaction for non-compliance.

The large companies are now required to comply by December 30, 2025, and small and micro-enterprises by June 30, 2026. "Bowing to rejection by China and pushback by the US, Brazil, India, the EU today, has proposed extending the implementation of the EUDR by one year...The EUDR's stringent regulations are designed to raise the cost of imports, thereby protecting EU producers," said Ajay Srivastava, founder, Global Trade Research Initiative (GTRI).

This decision, pending approval from the European Parliament and the Council, is aimed at giving global suppliers more time to adjust to the complex compliance requirements of the regulation. For India, the EUDR's complex compliance requirements pose a serious challenge. Indian exports to the EU, valued at approximately $1.3 billion, are at risk of being adversely affected. The covered products include coffee, leather, oil cake, wood furniture, paper, and paperboard, with plans to expand the product list further.

India's total exports to the EU were $75.9 billion in FY24.

Products such as coffee ($435.4 million), leather hides and skins ($83.5 million), oil cake ($174.5 million), paper and paperboard ($250.2 million), and wood furniture ($334.6 million) are directly impacted by the regulation.

Source: economictimes.com– Oct 03, 2024

HOME

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U.S. East Coast port disruptions could dent Indian exports

The strike by workers across 36 ports along the U.S. East Coast and the Gulf of Mexico could have a deleterious effect on trade flows from Asian countries, and India is one of four nations that have a high reliance on the ports that have come to a standstill, Moody's Analytics said on Wednesday.

The ports affected by the strike called by the International Longshoremen's Association, handle almost 55% of the container traffic moving in and out of the U.S. and include the largest 14 ports. While the disruptive effects of the strike will depend on how long it persists, Asian producers will be in the firing line if shipments from them to the U.S. are affected, the firm said in a report.

More than 20% of total Asian seaborne exports to the U.S. pass through the 14 largest affected ports, accounting for almost half of total inbound trade, the report noted, adding that countries with a high concentration of exports to the U.S., coupled with high reliance on the disrupted ports, will face the biggest headaches.

While Cambodia is expected to be the hardest hit, Moody's Analytics' report said that India, Indonesia and South Korea also have an "outsize reliance on the striking ports".

The three countries, it said, had a "reasonable export concentration to the U.S." and high reliance on the disrupted ports. This is the first strike in America's East Coast ports since 1977, when a similar union action lasted 44 days.

"If the parties can come to an agreement to restart operations within a week or two, the macro impacts will be minimal. If things drag on longer, that pain will spread further, with backlogs leading to shortages and rising price pressures," the report flagged as possible adverse effects. For Asia, these shortages would be centred on commodities, including crude and refined petroleum as well as electronics imported from the U.S.

Source: thehindu.com– Oct 02, 2024

HOME

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Technology upgrade, scaling up volumes would make textile exports competitive, says former Finance Minister

Technology upgrade and scaling up of capacity will have to be the way forward for addressing India's stagnancy in exports of textiles and apparel, former Finance Minister P. Chidambaram said in Coimbatore on Wednesday.

When India could demonstrate its technological progress in space and nuclear technologies, there was no reason why the country should not invest in developing the labour-intensive garments industry which was next only to agriculture in employment generation, the former Finance Minister said, taking part in a discussion hosted by All India Professionals' Congress.

As the second largest cotton growing country in the world, and with the largest population, India should technically have the largest labour force and high labour participation. India's economic future depends on employing labour force, Mr. Chidambaram said, while highlighting his concern over 26 percent of the young people in the country possessing neither the education nor training for employment.

From being the leader of garments and apparel exports, India has fallen behind Bangladesh, a smaller country, and Vietnam, an even smaller country. If the two smaller countries have benefitted more from China's decline in the textiles sector (due to its focus on production of higher value products), it was because of India's prioritisation of electronics and other capital-intensive industries at the cost of neglect of labour-intensive industries, the former Finance Minister said, adding that the 13 % rise in tariff has only added to the disadvantage. Also, the average size of textile mills was much smaller when compared to Bangladesh and Vietnam.

While there was a 15 % decline in apparel exports, under the Modi regime, from 2016 to 2023, Bangladesh registered 65% rise. Citing the data of Apparel Export Promotion Council, Mr. Chidambaram said India had, in 2022-23, exported 16.2 billion US dollars worth of garments. It declined to 14.5 billion dollars in 2023-24, and for the current year, some growth is expected, but below the level of 2022-23. The onus was on the Centre to find the solution, Mr. Chidambaram said.

Rathin Roy, Director at National Institute of Public Finance and Policy and former member of the Prime Minister's Economic Advisory Council, observed that competitiveness can be possible when an industry grows organically, citing the example of pharmacy sector. The textile sector, he opined, has to produce enough for its own people at competitive rates, in order to be strong in exports. The internal demand was humongous, he said.

Chairman of All India Professionals' Congress and Political Economist Praveen Chakravarthy exuded hope that the Centre will listen to the voice of the opposition for betterment of textile sector, citing the points ideated in the manifesto of Congress party getting incorporated in the Budget by the Finance Ministry.

Textile exporters and other stakeholders urged Mr. Chidambaram to voice their demand for Free Trade Agreement with Europe in order to be on an even keel with Bangladesh in textile exports.

They called for addressing the infrastructure and technology shortcomings, and the setback caused due to escalation in power tariff. The policy must be tweaked to enable small and medium-level manufacturers leverage the utility of Technology Upgradation Fund, and Performance Linked Incentive, the participants emphasised.

Source: thehindu.com– Oct 02, 2024

HOME

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Majority of Indian businesses view UK as key market for expansion

The UK is seen as a preferred international destination for expansion by a majority of Indian businesses, according to a new analysis by business and financial adviser Grant Thornton UK released here on Wednesday.

Grant Thornton's International Business Report (IBR), which surveys the expectations of around 3,500 senior executives in 31 economies every quarter, found that 89 per cent of mid-market Indian businesses referred to the UK in their growth preferences and 61 per cent of UK businesses had a similar view of India as a market for expansion.

A proposed India-UK free trade agreement (FTA), currently in the fourteenth round of negotiations, is seen as holding out great potential to further boost this two-way business attraction.

Businesses in both India and UK markets are setting their sights on the other as a key destination for global expansion, drawn by the two markets' strategic advantages and strong cultural connections, said Anuj Chande, Head of South Asia Business Group at Grant Thornton UK.

The free trade agreement between India and the UK offers an opportunity to amplify the possibilities recognised by businesses on both sides of the UK-India corridor, positively impacting economic collaboration between the two countries. For example, greater market access and easing of visa restrictions would pave the way for further growth in trade and investment in both countries, he said.

On the FTA, almost all (92 per cent) of the Indian businesses surveyed said an FTA with the UK would encourage them to explore opportunities in this market, with 72 per cent of UK businesses saying the same.

The majority (90 per cent) of the Indian businesses surveyed also have a good understanding of the potential provisions and implications for business from an FTA, compared to 72 per cent of UK businesses.

Strong infrastructure, innovation ecosystem and digital competitiveness were among the factors highlighted as positives of the UK market among the Indian businesses surveyed.

While the research generally expressed optimism around the two-way flows, it also threw up some of the challenges in the path to this growth scenario. Both sets of respondents highlighted barriers to doing business in the other country focusing on ease of doing business, regulatory compliance, and high costs. Chande pointed to some significant recent investments, such as Bharti Global's acquisition of a stake in the BT Group, as demonstrating the continued interest from Indian investors in UK assets.

But the high cost of doing business here, due to high property rents and operational overheads, plus the costs that come from the reporting and compliance requirements of the UK's regulatory system, including high legal fees and audit expenses, can be a significant challenge for any international company to address, he noted.

Combined with the complexity of the UK's immigration and visa policies, which require detailed business documentation and proof of economic contribution, it's evident that there are challenges for any business looking to invest here. Streamlining regulatory processes and simplifying compliance, could help to alleviate operational burdens for Indian businesses looking to the UK. This would help facilitate their entry into the UK market and promote a more conducive environment for business growth, he said.

Of the 301 UK businesses surveyed, around three quarters (71 per cent) do not currently have a presence established in India but, of these, 42 per cent have plans to establish a presence in the next two years. Of those who already have a presence (29 per cent), almost all (95 per cent) plan to expand this further. The biggest barriers for UK businesses looking to India were flagged as the ease of doing business, regulation and foreign exchange control and the country's infrastructure.

While our research has also identified the biggest challenges many UK businesses face when setting up in India, there is support available. The Department for Business and Trade (DBT) provides support to those seeking to trade or invest in India and the UK, while firms, such as ours, can also provide tailored support for businesses exploring new markets, added Chande.

Source: business-standard.com– Oct 02, 2024

HOME

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India's manufacturing growth slows in September as costs rise

India's manufacturing sector experienced a mild slowdown in September, with key indicators signalling a retreat in growth momentum. The latest data from the HSBC India Manufacturing Purchasing Managers' Index (PMI) revealed a decline from 57.5 in August to 56.5 in September.

Although still indicating robust sector health, this marked the weakest expansion since January, with overall manufacturing growth across the second fiscal quarter at its lowest point since late 2023.

Factory output and sales growth continued to soften for the third consecutive month, recording their weakest performance since the start of the year. Despite this, they remained above their long-term averages. International orders saw a notable decline, with the rate of expansion hitting its slowest pace in a year and a half, S&P Global said in a press release.

However, the sector continued to show resilience in some areas. Net employment increased, alongside a rise in purchasing quantities, reflecting sustained confidence in future business activity. Business optimism remained steady, aligning closely with its long-term average, even as it fell to its lowest level since April 2023.

Inflationary pressures persisted, with input costs for chemicals, packaging, plastics, and metals rising, although inflation remained moderate by historical standards. Manufacturers passed some of these costs on to customers, leading to a moderate rise in selling prices. Despite this, price inflation softened to a five-month low, mirroring the slower increase in input costs.

The overall rate of growth was curbed by a mix of fierce competition and softer increases in new export orders. Factories, while maintaining a robust production pace, experienced their weakest output growth in eight months, with both the consumer and capital goods segments slowing, and intermediate goods holding steady.

Despite rising purchasing costs and reduced hiring, companies were able to manage workloads effectively, with no change in outstanding business volumes. Inventory trends presented a mixed picture: stocks of finished goods continued to fall, a trend persisting for over seven years, while raw material holdings saw another sharp increase, supported by improved lead times.

Looking ahead, only 23 per cent of manufacturers anticipate output growth in the next year, while the rest expect stability. This tempered outlook contributed to a dip in overall business confidence, reaching its lowest level in nearly 18 months.

Pranjul Bhandari, chief India economist at HSBC, said: “Momentum in India’s manufacturing sector softened in September from the very strong growth in the summer months. Output and new orders grew at a slower pace, and the deceleration in export demand growth was especially evident as the new export orders PMI was the lowest since March 2023. Input prices rose at a faster rate in September while factory gate price inflation eased, intensifying the compression on manufacturers’ margin. Weaker profit growth might have an impact on companies’ hiring demand, as the pace of employment growth slowed for a third month.”

Source: fibre2fashion.com – Oct 01, 2024

HOME

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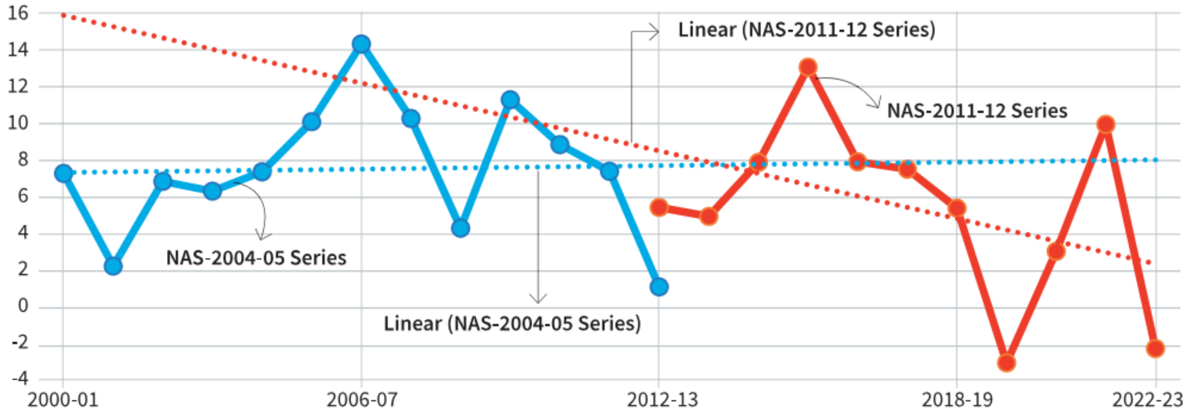
What has 'Make in India' achieved in the last decade : Data

On September 25, 2014, the newly elected Union government initiated the Make in India (MI) policy with two objectives: (i) to raise the manufacturing sector's share in GDP to 25% (from 14%-15%), and (ii) to create 100 million additional industrial jobs (from about 60 million) by 2025.

The policy was similar to the New Manufacturing Policy 2012, formulated but not implemented. The policy context: though India's annual real (net of inflation) GDP growth rate had accelerated to 7%-8% during the previous decade with rising export share, especially during 2003-08, manufacturing sector performance was modest, with increasing net imports and modest employment expansion.

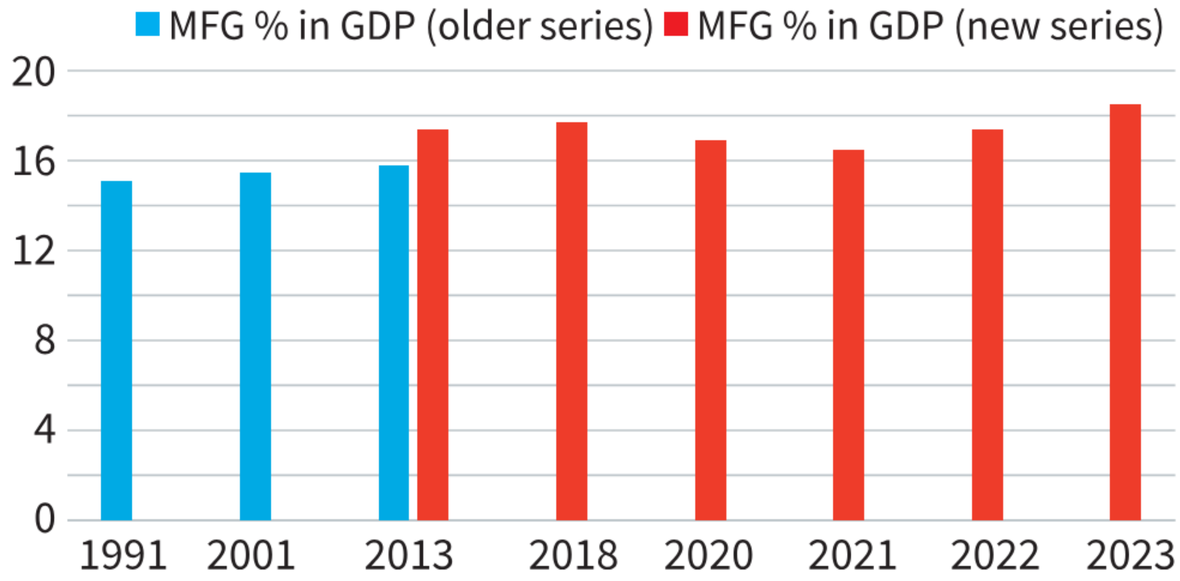
Ten years on, what are the policy outcomes? According to the National Accounts Statistics (NAS), the manufacturing real gross value added (GVA) growth rate has slowed down from 8.1 during 2001-12 to 5.5% during 2012-23 (Chart 1).

Chart 1 | Manufacturing sector GVA growth rate at constant prices



The sector's GDP share has stagnated at 15%-17% over the last three decades, though it is slightly higher in the latest GDP series due to methodological changes (Chart 2).

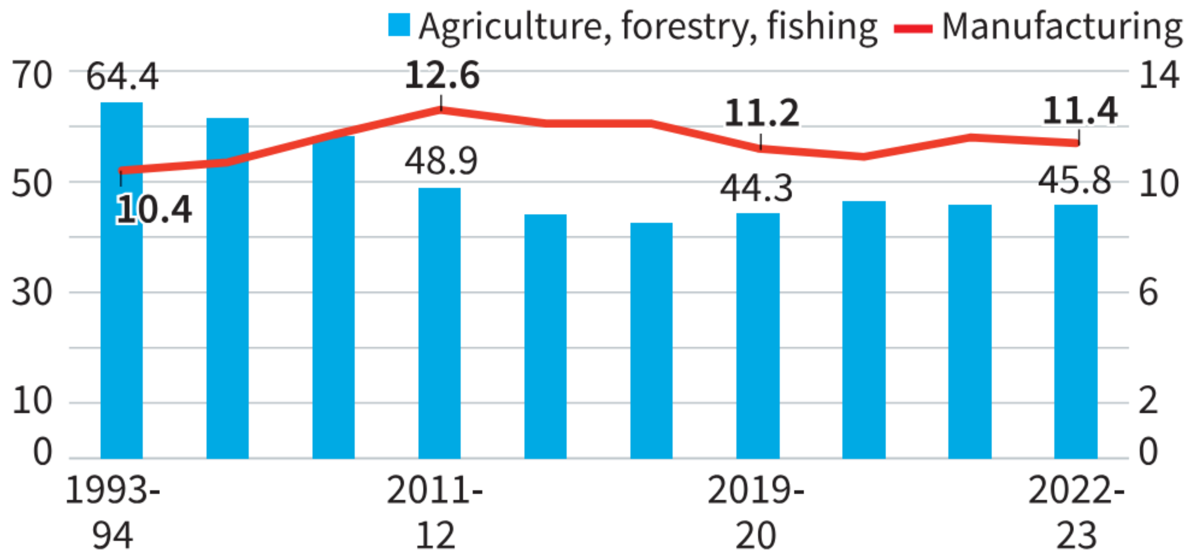
Chart 2 | The chart shows the manufacturing (MFG) sector's share in GDP at constant prices (1991-2023)



As per the NSSO sample surveys, manufacturing employment has declined from 12.6% in 2011-12 to 11.4% in 2022-23.

Unorganised or informal sector manufacturing accounts for most employment, declining by 8.2 million, from 38.8 million in 2015-16 to 30.6 million by 2022-23, as per surveys of unincorporated sector enterprises. Agriculture's share in the workforce increased from 42.5% in 2018-19 to 45.8% in 2022-23 (Chart 3).

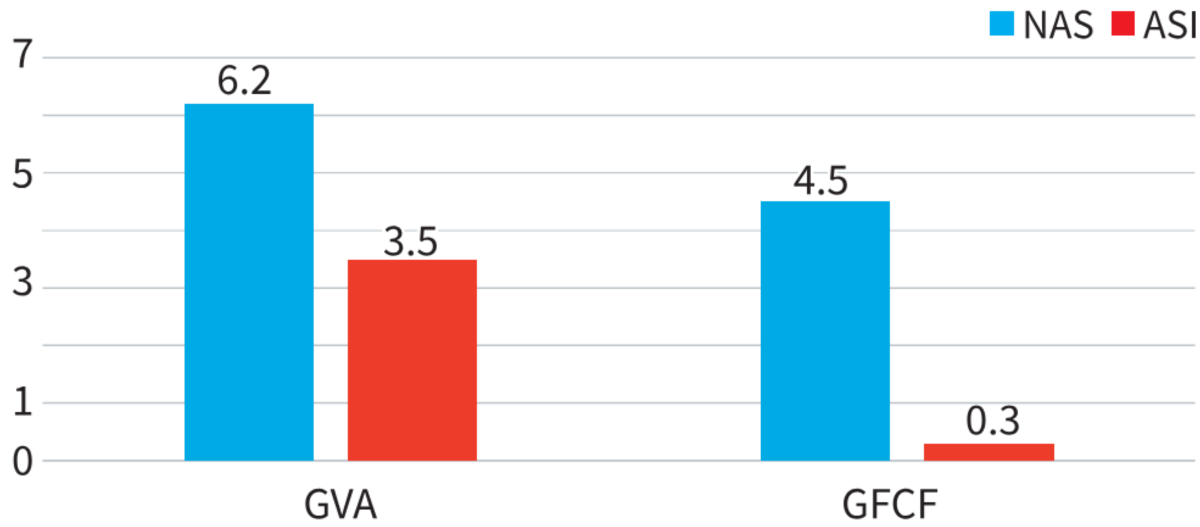
Chart 3 | The chart shows the shares of agriculture and manufacturing in total employment (1994-2023)



The preceding reversal of structural transformation from a higher to a lower productivity sector is unprecedented in post-independent India. It is the clearest sign yet of premature de-industrialisation, that is, before attaining industrial maturity as in the advanced countries.

Why is India deindustrialising? Why did industrial production growth plummet despite the official real GDP growth rate of 6%-7% annually? Fixed investment growth practically collapsed. Chart 4 shows the annual growth rate in GVA and gross fixed capital formation (GFCF) from 2012-13 to 2019-20 as per National Accounts Statistics (NAS) and Annual Survey of Industries (ASI).

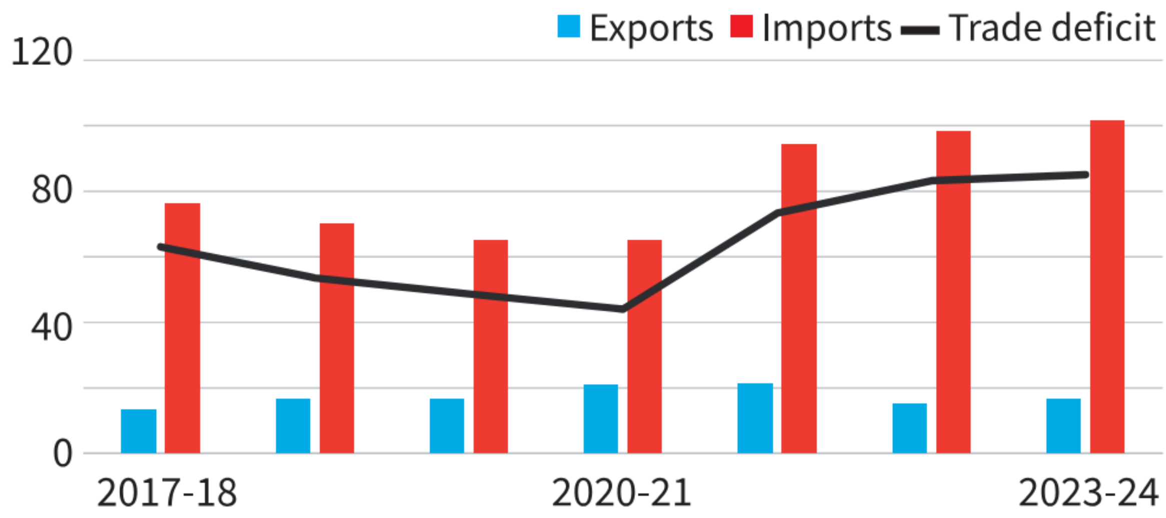
Chart 4 | The chart shows average growth rates of GVA and GFCF (2012-13 to 2019-20)



We focus on time-tested ASI figures as the NAS figures are overestimated due to methodological problems. The industrial output growth rate is much lower than the official NAS-based estimates.

The GFCF growth rate during the period is practically zero. Unsurprisingly, booming imports, mainly from China, have met the demand (Chart 5).

Chart 5 | The chart shows India's trade imbalance with China



Why did not domestic investments grow under MI, despite India's rank in the World Bank's Ease of Doing Business (EDB) index, improving from 142 in 2014-15 to 63 in 2019-20? Because EDB is a bogus, politically motivated index with little analytical or empirical foundations. With hindsight, the government squandered away six precious years chasing a dubious index.

The key to reversing de-industrialisation is re-imagining industrial policy to align trade and industrial policies to promote domestic value addition and learning. Protection policies must promote securing a dynamic comparative advantage, not offer cash subsidies to gain a static comparative advantage.

India must aim at investment-led growth and technological catching up. They must be supported by domestic R&D to promote adaptive research and the indigenisation of imported technology. Publicly funded development finance institutions or "policy banks" are needed to provide affordable long-term credit for socialising the risks of learning and catching up with the technological frontier.

Source: thehindu.com– Oct 02, 2024

HOME

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MIP extension to boost local textile industry capacity

With 13 categories of knitted fabrics brought under Minimum Import Price (MIP) till December 31, the textile sector is hopeful of the domestic industry improving its capacity utilisation.

Prabhu Dhamodharan, convenor of the Indian Texpreneurs Federation (ITF), said China is facing a downturn in domestic demand for the last two years and hence there is a surge in dumping of Chinese goods in the international markets. By bringing majority of knitted fabric categories under MIP, cheap imports from China is expected to reduce.

According to a notification issued on Tuesday (October 1, 2024), synthetic, manmade fibre, and cotton knitted fabrics under 13 HS codes are now in the prohibited list of imports. “The imports will, however, be free if the value of the fabric is $3.5 per kg or more,” it said.

Industry sources said the Government introduced MIP on five categories of knitted fabrics earlier this year. It is extended till December 31 for these categories and eight more categories are added based on representations from trade and industry. This will bring down cheap import of fabrics, especially from China, they said.

The textile and garment industry bodies such as the Tiruppur Exporters’ Association have welcomed the move. The ITF said imposition of MIP during the end of FY 2024 on certain HS codes reduced imports in the knitted fabrics sector from almost $ 30 million in February this year to $ 17 million in July.

However, the imports in some other HS codes jumped from $30 million to $57 million. Extension of the MIP to totally 13 categories of knitted fabrics will benefit stakeholders across the value chain and improve domestic capacity utilisation as there is a level-playing field now, it said.

Source: thehindu.com– Oct 02, 2024

HOME

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India's Kasturi Cotton initiative a new era for high-quality cotton

The Kasturi Cotton brand and initiative was launched in India with the ambitious goal of revolutionizing the country's cotton industry and reestablishing it as a premier source of high-quality cotton in the global market.

The initiative is anchored in the recognition that despite being one of the world's largest cotton producers, India's cotton exports have often been hampered by concerns about quality consistency and traceability.

Decades of unsustainable farming practices, coupled with the proliferation of genetically modified (GM) cotton varieties, have led to a drop in staple length, contamination issues, and inconsistency in quality. Kasturi Cotton aims to address these challenges head-on by promoting the cultivation and processing of premium, long-staple cotton varieties with robust traceability mechanisms.

Focus on staple Length and traceability

Kasturi Cotton emphasizes the production of Extra-Long Staple (ELS) cotton with a staple length of 35.2 mm and above, far exceeding the current average staple length of Indian cotton which hovers around 27-29 mm. This longer staple length translates to superior yarn quality, enabling the production of finer and more durable textiles.

A key differentiator of Kasturi Cotton is its comprehensive traceability system, which allows buyers to track the cotton's journey from the farm to the finished product.

This transparency instills confidence in the authenticity and quality of the cotton, assuring buyers of its premium nature and ethical sourcing. Contamination-free, high uniformity, and excellent spinning performance are its unique selling points. It also promotes eco-friendly farming practices.

Export ambitions

Kasturi Cotton aims to capture a significant share of India's cotton export basket, with a target of reaching 10 per cent of the total exports within the next five years. The focus on premium quality and traceability is expected to drive demand in discerning international markets. Meanwhile, by promoting Kasturi Cotton, India seeks to reclaim its position as a leading supplier of high-quality cotton.

The initiative's emphasis on quality, consistency, and traceability is expected to enhance India's reputation in the global market, leading to increased export volumes and improved price realization.

In fact, to boost exports, Kasturi Cotton has been actively showcased at various international trade fairs, generating considerable interest among global buyers. The initiative has received positive feedback for its focus on quality, traceability, and sustainability. Buyers have expressed their eagerness to procure Kasturi Cotton, recognizing its potential to enhance the quality and reputation of their textile products.

Kasturi Cotton, as an initiative, aims to boost India's cotton sector by focusing on premium quality, traceability, and sustainability. Kasturi Cotton has the potential to redefine global standards and re-establish India as a preferred source of high-value cotton. The initiative's success will not only benefit Indian farmers and exporters but also contribute to the growth and development of the global textile industry.

Source: fashionatingworld.com– Oct 02, 2024

HOME

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Remove import duty on cotton, urges ICF during 45th AGM

At its 45th Annual General Meeting (AGM) held on Sep 29, 2024 at the GKS Cotton Chambers, the Indian Cotton Federation (ICF), formerly known as the South India Cotton Association, urged the Union Government to remove the import duty on cotton. ICF opined, this move will help ensure the growth and competitiveness of the Indian textile industry on the global stage.

During the AGM, J. Thulasidharan, who was re-elected as the President for the 2024-25 term, addressed the challenges faced by the cotton and textile industry. He noted, the past financial year was particularly difficult for the industry due to a significant decline in textile demand. However, cotton yield for 2024-25 is likely to surpass the last season’s output to around 330 lakh bales, he predicted.

Thulasidharan attributed this optimistic forecast to government initiatives, including subsidies and an increased Minimum Support Price (MSP), which have encouraged farmers to focus on improving yield quality and reducing contamination.

However, despite the positive forecast, Thulasidharan raised concerns about the high price of raw cotton in India, which exceeds global prices due to the import duty on cotton.

He urged the government to find a solution that would benefit both the industry and farmers, emphasising that securing raw materials at competitive prices and access to affordable financing are essential for the industry's growth.

Thulasidharan also referenced a July meeting of the Textile Advisory Group (TAG), attended by Nishanth Asher, Honorary Secretary, ICF, during which Union Textile Minister Giriraj Singh promised to address key industry concerns.

The minister pledged to introduce a new strain of BT cotton to boost yield and work toward achieving price parity with global cotton markets.

Echoing the importance of addressing the challenges facing the industry, Asher emphasised on the need for policy reforms, particularly the removal of the cotton import duty, which has made Indian cotton more expensive than its international counterparts. He explained, eliminating the import duty would level the playing field for India's textile and spinning sectors, enabling them to compete more effectively on the global stage.

Asher also highlighted the growing importance of sustainability in the cotton industry by reiterating ICF's commitment to continue engaging with policymakers to resolve issues such as price volatility, supply chain disruptions, and trade barriers.

Asher also reaffirmed ICF's commitment to advocate for policies that support both the industry and farmers. The Federation would also help the Indian textile industry increase its exports, with the aim of reaching $100 billion by 2030, he added.

Source: fashionatingworld.com– Oct 02, 2024

HOME

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Weaving a 'Digital Khadi' for Bharat

Mahatma Gandhi's vision for ideal Indian villages emphasised active participation in community governance and development. He viewed 'Khadi' as a symbol of unity, economic freedom, and equality, advocating for decentralised production and distribution of essential goods.

Today, as we approach a technological revolution, it is essential to reflect on the relevance of these ideas. In our technology-driven era, millions of digital villages exist as information networks governed by opensource digital public infrastructure. Can these digital communities become as recognisable, simple, and unifying as Khadi? As these digital (tech) communities create digital products today, their efforts rest on three key pillars: Standards, Discovery, and Governance.

The spirit of Khadi is embodied in the Khadi mark as a standard. Similarly, open standards in technology — publicly available technical specifications, protocols or formats — serve a vital role. A key example of standards in action is the digital vaccine certificate system.

This success stems from DIVOC (Digital Infrastructure for Verifiable Open Credentialing), which is an open source Digital Public Good, built on open-source standards and aligned with Digital Public Good Alliance specifications, guided by the UNSG Roadmap for Digital Cooperation.

This is a collaborative effort among various Indian organizations and international bodies like the WHO; consider these as digital villages coming together for the global good. The same spirit of collaborative creation and adoption of standards by various digital villages is what powers Universal Payment Interface (UPI) for payments.

In healthcare, the Ayushman Bharat Digital Health Mission (ABDM) uses the Unified Health Interface (UHI) standard for seamless information exchange between health providers. In education, the National Digital Education Architecture (NDEAR) provides a blueprint for implementing technology in education.

Discovery: So how do members and organisations in these digital villages come together to build Digital Public Goods and Infrastructure?

As in a village republic, every member of the community contributes unique skills to enrich the community; digital (tech) communities comprise diverse talents like product managers, developers, and UX researchers. Identifying and sourcing these skills from the right spaces is essential for curating a community that serves the greater good.

A key challenge is enabling the discovery of the right contributors with the right skills and relevant problem statements (or in tech parlance, issues) when weaving digital Khadi.

Digital villages like the Code for GovTech Community get created to solve for this. The community identifies 'good first issues' from thousands of GitHub repositories of Digital Public Good builders such as MeitY, National Health Authority, EkStep, eGov and SamagraX among others. This focus on 'good first issues' helps new contributors easily start their 'digital charkha.' Discovery across assets is facilitated by standard protocols like Beckn.

For instance, ONEST (Open Network for Education and Skilling Transformations) uses Beckn to help users find educational content, teachers, financial support, and job opportunities. ONDC (Open Network for Digital Commerce) enables product discovery among various sellers through Beckn.

Governance: Today's tech requires governance mechanisms — decision-making frameworks, transparent processes and codes of conduct that promote community goals.

The Foundation for Interoperability in the Digital Economy (FIDE) governs the Beckn protocol, fostering innovation and co-creation among ecosystem participants by building interoperable open protocol specifications for various applications. Each digital village, like FIDE, develops its own charter, contributor base, and funding sources to sustain its operations.

Constructs such as Digital Cooperatives and Data Fiduciaries are yet to evolve in the digital fabric of Bharat, which will also feed into the weaving of the digital Khadi. It's remarkable to see digital villages form organically, connect through protocols, build on standards, and collaborate via governance principles and common charters.

Preserving the autonomy of these communities while enhancing interoperability and discoverability is crucial. As we embark on this journey, let's honour the spirit of Khadi harmony- in our digital revolution.

Source: thehindubusinessline.com– Oct 01, 2024

HOME

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Vidarbha Cotton Assn seeks mandi cess waiver, GST on cotton cakes

Nagpur: The Vidarbha Cotton Association (VCA), consisting of farmers and ginners from the region, has raised crucial issues that significantly impact the cotton industry and the farmers involved. The association handed over a charter of demands to Union textile minister Giriraj Singh, during his visit to Nagpur recently. The association has requested the waiver of mandi cess on cotton, particularly on cotton that is directly transported to factories without entering the mandi premises.

The association argued that farmers do not receive substantial benefits from the mandi in this process, as all necessary services related to the sale of cotton are provided directly at the factory. The unnecessary burden of mandi tax ultimately falls on the farmers, resulting in lower prices for their cotton. "If the mandi tax is waived on cotton sales, farmers could be offered better prices, thereby increasing their income. Moreover, the varying rates of mandi tax across different mandis create confusion and inconvenience for both factory owners and farmers," the letter stated.

The association also demanded imposition of a 4% GST on cotton seed cake to simplify the tax process and enhance the transparency and efficiency of the tax system. Cotton seed cake plays a vital role in agriculture and animal husbandry, but currently, it is not subject to any GST. This leads to complexities in tax procedures and hindrances for businesses. By imposing a 4% GST on cotton seed cake, the tax process will be streamlined, aligning with the broader goal of promoting a uniform and integrated tax structure. This decision will benefit various industries and farmers, making the entire tax system clearer and easier to follow, the VCA said.

The tax-free status of cotton seed cake necessitates the imposition of reverse charge mechanism (RCM) on cotton, creating cash flow management challenges for traders and ginners as their working capital is reduced after paying GST under RCM. If a 4% GST is imposed on cotton seed cake, the need for RCM on cotton will be eliminated, simplifying the operations for cotton traders and ginners and relieving them of the working capital challenges.

Source: timesofindia.com– Oct 03, 2024

HOME

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