An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408

INFORMATION BUREAU TEXPROCIL
TEXTILE INTELLIGENCE CENTRE
IBTEX

TEXPROCIL NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 158 of 2024 — October 05, 2024

Currency Watch			
USD	EUR	GBP	JPY
84.03	92.54	110.26	0.57

INTERNATIONAL NEWS	
No	Topics
1	ICE cotton rises after port strike resolution, crude oil surge
2	Challenging biz conditions in Australian industry in Sept: Ai Group
3	ITMF Global Textile Survey shows improved conditions in September 2024
4	US Resale market expected to grow 55% by 2029: Report
5	Brazil cotton prices hit highs amid export push, supply constraints
6	Here's How Much Asia-to-US Container Rates Could Jump on a 1-Week Port Strike
7	Indonesia maintains ban on Temu to protect local MSMEs
8	Vietnam's economic growth projected to reach 6.1% in 2024: IMF
9	Bangladesh's export earnings show 5.04 per cent growth despite industry challenges
10	Bangladesh sets ambitious export target for RMG sector for 2024-27
11	Pakistan: Steady trend seen on cotton market

NATIONAL NEWS	
No	**Topics**
1	Commerce and Industry Minister Shri Piyush Goyal co-chairs 6th India-US Commercial Dialogue in Washington D.C.
2	PM Internship Scheme takes off on a promising note
3	New Quality Control Order for Ropes & Cordages, Geotextiles, and Indutech Textiles to Enhance Safety and Efficiency on Construction Sites
4	India's home textile sector set for robust growth amid global recovery
5	India not to allow multi-brand retailing, Piyush Goyal restates in US
6	Taking stock of B'desh: Trade recovers, but Indian firms tread cautiously
7	View: India won't grow without taking on the world
8	Escalation in US-China trade war may help India to increase exports: GTRI
9	India, EU in negotiations as October deadline on oversight looms
10	Why India must push e-commerce exports, and how
11	Tamil Nadu garment exporters to see 8-10% revenue growth, says CRISIL
12	Exporters fear rise in air, shipping freight rates
13	Textiles Ministry extends mandatory use of jute bags for packaging up to December 31
14	Maharashtra inks deal with OFAB Tech for a textile facility in Wardha

INTERNATIONAL NEWS

ICE cotton rises after port strike resolution, crude oil surge

ICE cotton prices closed higher on Friday following a tentative agreement to end the major port strike at US ports and a spike in crude oil prices, driven by military conflict in the Middle East. The agreement is expected to resolve the strike affecting US ports along the East and Gulf Coasts.

On Thursday, the ICE December cotton contract settled at 73.27 cents per pound (0.453 kg), up 0.54 cents. Earlier, it had hit its lowest level in a week.

Crude oil prices experienced their largest weekly gains in over a year as escalating military conflict in the Middle East raised concerns about supply disruptions in the global crude oil market. This price surge made the polyester value chain more expensive. Polyester, a cotton alternative, found significant support in ICE cotton prices. However, the rise was capped following US President Joe Biden's statement urging Israel not to target Iranian oil infrastructure.

Additionally, the strengthening US dollar index, which rose by 0.6 per cent, has also limited gains in ICE cotton, making cotton purchases more expensive for overseas buyers.

According to market experts, the resolution of the port strike that disrupted US trade and shipping has improved market sentiment, particularly for commodities that were heavily impacted by the port closures. Ports along the US East and Gulf Coasts have resumed operations after dockworkers and port operators reached a tentative wage agreement, ending the largest port shutdown in nearly 50 years. Despite this, it will take some time to clear the backlog of cargo at these ports.

Trading volume on October 4 dropped to 25,709 contracts, the lowest in the past five weeks, compared to 40,065 contracts the previous day, indicating a sharp decline in activity. However, total open interest saw an unexpected rise of 5,913 contracts, reaching 238,697 contracts, the highest since April 9, 2024. The Commitment of Traders Report suggests that the increase was likely due to a combination of new trade shorts and speculative longs.

Traders are now focusing on weather conditions and potential improvements in demand in the coming days. Many are also awaiting the USDA WASDE report, due next week, for further insights.

ICE cotton for December 2024 settled on Friday at 73.27 cents per pound, up 0.54 cents. Cash cotton settled at 66.77 cents (up 0.54 cents), while the October contract settled at 73.03 cents (up 0.54 cents), the March 2025 contract at 75.28 cents (up 0.48 cents), the May 2025 contract at 76.52 cents (up 0.47 cents), and the July 2025 contract at 77.12 cents (up 0.46 cents).

Source: fibre2fashion.com– Oct 05, 2024

HOME

****

Challenging biz conditions in Australian industry in Sept: Ai Group

The seasonally-adjusted Australian Industry Group (Ai Group) industry index slightly improved in September this year by 4.9 points to minus 18.6 points, but continued to point towards challenging business conditions. The index has indicated contraction for the last twenty-nine months.

Indicators for activity/sales, inputs, new orders and employment all improved slightly, but remain in negative territory.

The sales price indicator fell to neutral, continuing a downward trend over the last six months. With input prices and wages remaining elevated, this points to growing margin pressure.

The seasonally-adjusted activity/sales indicator recovered slightly by 3.3 points, but continued to indicate contractionary conditions at minus 25.4 points.

The seasonally-adjusted contraction in employment eased by 6.3 points to minus 14.3.

On a trend basis, the activity indicator has been negative for 29 months and the employment indicator for 18 months.

The majority of respondents reported slowing demand in September. However, there are pockets of increased activity boosted by changes in seasonal demand.

The new orders indicator eased by 1.6 points but remains in contraction at -25.0 points.

In trend terms, the new orders indicator has hovered around -30 throughout 2024.

Input volumes improved from the previous month to be stable (-0.8). Input volumes have been volatile across 2024 and in trend terms are in contraction.

Many respondents reported concerns about slow orders and increased local and global competition; others had steady or increasing orders from existing customers.

Input prices increased slightly to 46.8, but were lower than the recent peak in July 2024 (63.8). The sales prices indicator declined by 16.1 points, falling to neutral for only the third month since the pandemic. The growth in average wages eased by 14.4 points to 33.3.

In trend terms, the sales price indicator has been declining since mid-2023, while the input price and wages indicator has been steady and elevated.

This points to growing margin pressures on industry across 2024, with industrial businesses unable to fully pass on rising materials and wage costs, a release from the Ai Group said.

Upstream manufacturing indicators moved in different directions but remained in negative territory. Chemicals declined by 5.9 points to minus 21.3, and chemical manufacturers reported lower sales, reduced competition amongst suppliers and significant margin pressures.

Capacity utilisation in Australian industry eased down to 78.4 per cent in September.

Source: fibre2fashion.com– Oct 05, 2024

HOME

****

ITMF Global Textile Survey shows improved conditions in September 2024

The ITMF Global Textile Industry Survey (GTIS) for September 2024 shows the best business conditions since September 2022, driven by recoveries in South America and Africa. Despite this improvement, other regions showed little progress.

Business expectations have remained optimistic, with sentiment stable around +25pp since November 2023, although the business situation has yet to fully reflect this optimism. Order intake remains negative but has been improving steadily for 10 months, particularly in South America and Africa.

The global order backlog saw a slight positive trend, reaching an average of 2.2 months in September 2024, up from 1.9 months in March. Capacity utilization rose to 75 per cent in September, recovering from 68 per cent in November 2023.

While weak demand continues to affect 66 per cent of businesses, order cancellations have fallen to a record low, with 63 per cent reporting no cancellations, particularly in South America. Inventory levels along the textile value chain remained average, with 55 per cent of companies reporting typical levels.

In the USA, rising apparel inventories at both retail and wholesale levels suggest the market may be stabilizing.

Source: fashionatingworld.com– Oct 04, 2024

HOME

****

US Resale market expected to grow 55% by 2029: Report

A projected 55 per cent growth in the resale market by 2029, reaching an estimated $291.6 billion, revealed an annual report by OfferUp, the largest mobile marketplace in the US for local buyers and sellers. This expansion will see resale account for 8 per cent of the total retail market by 2029, outpacing the overall retail market by 21 per cent.

The Recommerce Report highlights the accelerating momentum of the resale market and the evolving consumer attitudes driving this growth. The growing enthusiasm for secondhand shopping transcends simple acceptance; it showcases the joy, desire, and fulfillment that shoppers experience through this alternative. This expansion is fueled by a broader societal shift, with secondhand shopping now viewed by many as both a fun hobby and a practical financial strategy. This trend underscores the growing importance of sustainable consumer practices and the pivotal role of resale in today's retail landscape.

Secondhand shopping has transformed from a mere cost-saving measure into an enjoyable and emotionally rewarding activity. According to the report, 53 per cent of shoppers now consider resale a fun and enjoyable hobby, with 58 per cent finding the experience more enjoyable than purchasing new items. This shift reflects the increasing allure of discovering unique, pre-loved treasures, as 55 per cent of shoppers consistently unearth sought-after pieces they couldn't find or afford new.

The emotional rewards associated with secondhand shopping are significant, with 66 per cent of respondents reporting feelings of satisfaction, 61 per cent excitement, and 50 per cent joy. Over three-quarters (76 per cent) of shoppers have even received compliments on their secondhand finds, adding to the pride and fulfillment that comes with embracing pre-owned items.

As societal values continue to evolve, the stigma once associated with secondhand shopping has markedly diminished. This year's report reveals that 72 per cent of shoppers believe the stigma has decreased, with 63 per cent admiring those who prioritise secondhand over new items. Additionally, 53 per cent of respondents now advocate for shopping secondhand first, and 38 per cent view resale as a trendy practice.

The reduction in stigma is largely attributed to changing attitudes towards consumption and waste, as cited by 61 per cent of respondents. This cultural shift is fostering a new appreciation for the environmental and economic benefits of secondhand shopping, as per the report.

Beyond the thrill of finding unique items, resale is fostering deeper connections within local communities. The report found that 63 per cent of shoppers enjoy meeting in person for transactions, with 51 per cent having made new friends or formed meaningful connections through these experiences. For 46 per cent of shoppers, resale offers a way to meet new people and feel more connected to their community, with 20 per cent noting that these interactions help alleviate loneliness.

In the current economic climate, resale has become a crucial financial strategy for many consumers. The 2024 report highlights that 74 per cent of shoppers sell items on online resale platforms to earn extra income, with 60 per cent using their earnings to cover bills or everyday expenses. Reselling has evolved into a side hustle or supplementary income source for 50 per cent of participants, with 1 in 4 using their profits for travel, vacations, education, or self-improvement, and 1 in 3 applying their earnings to debt repayment.

Source: fibre2fashion.com– Oct 05, 2024

HOME

****

Brazil cotton prices hit highs amid export push, supply constraints

In September, cotton prices in Brazil experienced an upward trend, with values in the spot market rising above BRL 4.00 (~$0.73) per pound, a level not seen since mid-August, as per the Centre for Advanced Studies on Applied Economics (CEPEA). According to the CEPEA/ESALQ Cotton Index, the price increased by 3.43 per cent between August 30 and September 30, closing at BRL 4.0197 per pound at the end of the month.

The price increase was driven by a combination of factors, including a stronger dollar against the Brazilian real and rising international prices, which boosted export parity. This made exporting cotton more attractive to producers compared to domestic sales. Additionally, domestic supply remained limited, as many sellers were focused on fulfilling contracts, leading to firmness in pricing. Buyers in need of high-quality cotton had to accept the higher prices in order to secure deals, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

For the 2024-25 crop, National Supply Company (CONAB) projects that Brazil's cotton planting area will reach 2 million hectares, a 3.2 per cent increase compared to the previous season. However, productivity is expected to decline by 2.1 per cent. Despite this, Brazilian cotton production is estimated to rise slightly by 1.07 per cent, reaching 3.675 million tons, which would set a new record.

On a global scale, the outlook for the 2024-25 cotton season predicts total production of 25.285 million tons, reflecting a modest 0.68 per cent increase from August 2024's estimates and a 0.83 per cent rise from the 2023-24 season's forecast. Global consumption is expected to decline slightly by 0.31 per cent from the previous month but increase by 0.75 per cent compared to the 2023-24 season, totalling 24.295 million tons. With supply outpacing demand by 4.1 per cent, global stocks are projected to grow.

For Brazil, the total supply in the 2024-25 season is forecast to reach 3.836 million tons, while domestic consumption is expected to be around 720 thousand tons.

Source: fibre2fashion.com– Oct 04, 2024

HOME

****

Here's How Much Asia-to-US Container Rates Could Jump on a 1-Week Port Strike

Container vessels are piling up on the U.S. East and Gulf Coasts on day three of the ILA dockworkers strike as there appears to be very little to no progress in the contract negotiations.

As of Thursday morning, at least 54 container ships were waiting outside nine major U.S. ports affected by striking members of the International Longshoremen's Association (ILA), according to data from Everstream Analytics. Fifteen have called at the Port of Savannah, while another 14 are lingering near the Port of New York & New Jersey.

The supply chain risk management firm had noted on Wednesday that the line across the ports could easily grow to 100 by the end of the week as more vessels are on the way.

In the first week of the strike, the capacity loss will be at its highest, according to data from maritime trade advisory service Sea-Intelligence. This total will tally roughly 775,000 20-foot equivalent units (TEUs) tied up on the East and Gulf Coasts, and would represent 2.5 percent of the global container fleet.

In the subsequent three weeks, another 443,000 TEUs on average would be stuck at sea.

A four-week strike would result in a tie-up of 6.8 percent of the worldwide container shipping fleet along the East and Gulf Coasts.

In total, Sea-Intelligence said there are 331 deep-sea container vessels scheduled to make a total of 981 distinct port calls in 20 distinct East Coast ports across the U.S. and Canada from Oct. 1 to Oct. 30.

With all these ships set to strain capacity worldwide, the maritime service expects an accompanying hefty bump in ocean freight rates. Throughout both the Covid-19 pandemic and the Red Sea crisis, Sea-Intelligence says it "consistently proved a 90-plus percent correlation between the loss of global fleet capacity and spot rates" for both global and individual trade-lane-level indices.

"We found that for each percentage point increase in the loss of global fleet capacity, spot rates on Asia to U.S. East Coast would increase $993 per 40-foot container, while Asia to U.S. West Coast spot rates would increase $805 per 40-foot container," Sea-Intelligence said in a blog post.

If this data upholds, the first week of strike would see spot rates increase $2,000 per 40-foot container from Asia to the U.S. West Coast, and $2,500 from Asia to the U.S. East Coast. For each subsequent week of the strike, the model suggests that spot rates will increase by $1,100 per TEU on the trans-Pacific route and $1,400 per TEU on the Asia-to-U.S. East Coast trade lane.

Given the added costs that are likely to reach American shippers, as well as their customers, Transportation Secretary Pete Buttigieg called on ocean carriers to withdraw the surcharges they began implementing in recent weeks ahead of the strike. These fees largely varied between $1,000 to $1,500 per TEU for shippers planning on taking certain trans-Atlantic routes to East and Gulf Coast ports.

Buttigieg's pleas have not stopped the carriers from scrapping any of their respective charges, although most of them have not gone into effect yet other than MSC's on Oct. 1.

But in another way to skirt the damages posed by the port strike, some ocean carriers including Cosco Shipping, Ocean Network Express (ONE), CMA CGM and APL are invoking force majeure, a clause aimed at absolving the liners from fulfilling contract obligations due to events entirely out of their control.

This means that when container vessels divert to other ports instead of the original stop, the importer of the cargo must pay for the storage and transportation costs after the drop-off—not the carrier. For retailers and brands, this represents a complete headache that could result in the passage of higher costs to consumers.

Fees of this nature have played into some of the major complaints of the ILA during the contract negotiation process with regards to the profits the companies within the U.S. Maritime Alliance (USMX) made during the Covid-19 pandemic.

On Tuesday, President Biden implored the USMX to present a fair contract to the ILA, saying that the administration would monitoring for "any price gouging activity that benefits foreign ocean carriers." The port employers have offered the union a nearly 50 percent wage increase.

A Wednesday statement from the USMX indicated that any contract agreement requires negotiating, but the group would not agree to any preconditions set by the union (such as a $5 per hour wage increase for each year of the deal) to return to the bargaining table. While the port employers say they are committed to bargaining "in good faith," there are no signs of further engagement.

The ILA did not reference the status of the negotiations in its own notice later that day, instead focusing on alleged death threats against outspoken president Harold Daggett and other top union officers.

Since the strike began, Daggett has been the subject of multiple articles from publications from the Wall Street Journal and the New York Post, with the president claiming the latter was "full of false accusations" against him. He also chided the Post for listing his address and other details of his personal life.

Source: sourcingjournal.com– Oct 03, 2024

HOME

****

Indonesia maintains ban on Temu to protect local MSMEs

Indonesia will maintain its ban on e-commerce platform Temu, citing concerns over its potential impact on local micro, small, and medium enterprises (MSMEs).

Communications and Informatics Minister Budi Arie Setiadi stated that Temu's business model, which involves direct sales from factories to consumers, violates Indonesian trade regulations. The platform, owned by PDD Holdings, was deemed harmful to the economy and local businesses.

Minister Budi emphasized the government's commitment to ensuring that the digital space benefits society, rejecting platforms that could negatively affect MSMEs. Temu's repeated attempts to register in Indonesia since September 2022 have been unsuccessful, with authorities blocking its entry due to trademark conflicts and policy concerns.

Temu, which has expanded across Southeast Asia, continues to face resistance in Indonesia, following similar actions against TikTok Shop last year.

Source: fashionatingworld.com– Oct 04, 2024

HOME

****

Vietnam's economic growth projected to reach 6.1% in 2024: IMF

Vietnam's economic growth is projected to recover to 6.1 per cent in 2024, supported by continued strong external demand, resilient foreign direct investment and accommodative policies, according to the International Monetary Fund (IMF), which recently concluded the 2024 Article IV Consultation with the country.

Domestic demand growth is expected to recover gradually in the country as companies navigate through high debt levels, while the real estate sector will only fully recover over the medium term.

Inflation is expected to hover around the central bank's target of 4-4.5 per cent this year.

However, downside risks are high. Exports, a key driver for Vietnam's economy, could weaken if global growth disappoints, global geopolitical tensions persist, or trade disputes intensify.

Given easy monetary conditions, if exchange rate pressures were to persist for longer, it could lead to a larger pass-through to domestic inflation.

IMF executive directors noted that risks remain elevated, and that further efforts are required to safeguard macro-financial stability and deepen reforms to address vulnerabilities and ensure robust, green and inclusive growth over the medium term. Continued capacity development will be important to support reforms.

Source: fibre2fashion.com– Oct 04, 2024

HOME

****

Bangladesh's export earnings show 5.04 per cent growth despite industry challenges

The first quarter of the fiscal year 2024–25 saw a slight gain of 5.04 per cent in Bangladesh's merchandise exports, despite major production disruptions brought on by curfews, student protests, and continued labour unrest in important garment producing areas.

Provisional figures show that the nation's income from July to September 2024 was roughly US $ 11.37 billion, down from US $ 10.82 billion in the corresponding period of the previous fiscal year (2023–24).

Export revenue increased by 6.78 per cent year over year in September alone, to US $ 3.51 billion, from US $ 3.29 billion in September 2023. In the first quarter of FY'25, earnings in the ready-made garment (RMG) sector—a significant driver of the nation's economy—rose by 5.34 per cent to US $ 9.28 billion. In this category, exports of knitwear brought in US $ 5.22 billion, up 5.72 per cent, and those of woven goods brought in US $ 4.06 billion, up 4.85 per cent.

Nonetheless, according to figures from the central bank, overall export revenues increased to US $ 3.82 billion in July 2024 from US $ 3.72 billion in July 2023, a meagre 2.9 per cent growth. Knitwear and woven clothing saw growth rates of 2.05 per cent and 3.94 per cent, respectively, during this month.

Some industry players expressed scepticism about the surge in export earnings notwithstanding the published data. The statistics are "unrealistic and illogical," according to Muhammad Hatem, President of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), who cited significant production disruptions brought on by student-led rallies, curfews, and ongoing labour issues. He also mentioned how the supply chain had been affected by floods, which made matters worse for enterprises in important industrial zones like Ashulia and Gazipur.

Notably, due to inconsistencies discovered in the export data, the Export Promotion Bureau (EPB), which formerly released monthly export figures, has discontinued these reports since July. Although the EPB has discontinued the monthly data releases, it continues to compile statistics based on shipment data from the National Board of Revenue, which are shared with the trade ministry.

The export industry's future is still unclear as the Bangladeshi economy navigates these rough waters, and stakeholders are keeping a careful eye on changes in the local and international market environments.

Source: apparelresources.com– Oct 04, 2024

HOME

****

Bangladesh sets ambitious export target for RMG sector for 2024-27

The interim government's advisory council has recently adopted the 2024-27 export policy draft, creating a shipment target of US $ 110 billion by 2027. This important objective is in line with the country's larger goals for economic development as well as the changing nature of international trade.

Chief Adviser's Press Secretary Shafiqul Alam stated at a press conference on October 3 that the new policy intends to create a balanced trade environment between imports and exports, create substantial employment opportunities through export growth, and significantly boost the national economy through increased foreign currency earnings.

Bangladesh's economy is particularly affected by the focus on the textile and ready-made garment (RMG) sectors, which continue to be the mainstay of the nation's export profile. A significant amount of the country's export earnings come from the RMG business, which is the focus of the planned export policy's major attempts to improve its competitiveness.

In order to ensure compliance with World Trade Organisation (WTO) regulations and promote export growth in the textile and associated sectors, the strategy contains particular requirements. Notably, the strategy seeks to encourage diversity and inclusivity in this important industry by promoting the involvement of women and small business owners in the textile and RMG sectors.

The policy gives priority to new products and services in addition to well-established industries like spinning, fabric manufacturing, and dyeing and printing, in order to facilitate the growth of the textile and RMG sectors. Within the export framework, it also includes special initiatives to support the handicraft, pharmaceutical, and medical equipment industries.

Furthermore, pertinent HS codes will be included to the amended "Export Prohibited List" and "Conditional Export List," which will simplify export procedures and laws pertaining to textile goods. The duties assigned to several export committees have been elucidated in order to guarantee the efficient execution and oversight of the policy's goals.

The success of this export strategy could be crucial in determining the direction of Bangladesh's textile and RMG industries going forward, which would eventually spur economic growth and the creation of jobs across the nation as the country looks to establish itself in the cutthroat international market.

Source: apparelresources.com– Oct 04, 2024

HOME

****

Pakistan: Steady trend seen on cotton market

The local cotton market on Friday remained firm and the trading volume remained satisfactory. Cotton Analyst Naseem Usman told Business Recorder that rate of cotton in Sindh is in between Rs 18,000 to Rs 18,200 per maund. The rate of Phutti in Sindh is in between Rs 7,500 to Rs 8,500 per 40 kg.

The rate of cotton in Punjab is in between Rs 18,100 to Rs 18,300 per maund. The rate of Phutti in Punjab is in between Rs 7,300 to Rs 8,800 per 40 kg.

The rate of cotton in Balochistan is in between Rs 17,800 to Rs 18,100 per maund. The rate of Phutti in Balochistan is in between Rs 7,300 to Rs 8,900 per 40 kg. The rate of Balochi Cotton is in between Rs 19,900 to Rs 20,200 per maund.

Around, 1600 bales of Sanghar were sold in between Rs 17,800 to Rs 18,000 per maund, 400 bales of Mir Pur Khas were sold at Rs 17,800 per maund, 2000 bales of Tando Adam were sold in between Rs 17,600 to Rs 18,000 per maund, 6000 bales of Khair Pur were sold in between Rs 17,900 to Rs 18,000 per maund, 1200 bales of Rohri were sold in between Rs 17,800 to Rs 17,900 per maund, 800 bales of Shahdad Pur were sold in between Rs 17,800 to Rs 18,000 per maund, 200 bales of Hala were sold at Rs 17,800 per maund, 200 bales of Multan Rs 18,200 per maund, 800 bales of Fort Abbas, 800 bales of Marrot were sold at Rs 18,200 per maund, 1600 bales of Haroonabad were sold at Rs 17,800 to Rs 18,100 per maund, 600 bales of Faqeer Wali were sold in between Rs 17,900 to Rs 18,000 per maund, 1400 bales of Layyah were sold at Rs 17,800 to Rs 18,000 per maund, 400 bales of Mian Channu, 600 bales of Burewala were sold at Rs 18,000 per maund, 400 bales of Hasil Pur were sold at Rs 17,900 to Rs 18,000 per maund, 400 bales of Dera Ghazi Khan were sold at Rs 17,900 per maund, 400 bales of Peer Mahal, 600 bales of Vehari and 200 bales of Jatoi were sold at Rs 18,000 per maund.

The Spot Rate remained unchanged at Rs 17,800 per maund. Polyester Fiber was available at Rs 357 per kg.

Source: brecorder.com– Oct 05, 2024

HOME

****

NATIONAL NEWS

Commerce and Industry Minister Shri Piyush Goyal co-chairs 6th India-US Commercial Dialogue in Washington D.C.

The 6th consecutive India-US Commercial Dialogue, chaired jointly by the Union Minister of Commerce and Industry, Government of India, Shri Piyush Goyal, and U.S. Secretary of Commerce, Ms. Gina Raimondo was held today in the U.S. Department of Commerce, Washington D.C.

The Dialogue is convened to improve business and investment climate between the two countries, with a renewed focus on new and emerging technologies. The Dialogue's priority areas include, 1. Supply Chains Resilience, 2. Climate and Clean Technology Cooperation 3. Inclusive Digital Growth, and 4. Standards and Conformance Cooperation.

Under the Supply Chain track, the two nations signed an MoU to "Expand and Diversify Critical Mineral Supply Chains". The Agreement will leverage complementary strengths and facilitate mutually beneficial development of Indian and US critical minerals exploration, extraction, processing, recycling, and related activities.

The Minister of Commerce and Industry also held a one-on-one bilateral talk with the U.S. Trade Representative Ambassador Katherine Tai and discussed areas of mutual interests. They discussed the pathway for strengthening ongoing bilateral cooperation under the India U.S. Trade Policy Forum, and further ways to add to two-way trade between the two countries.

On the sidelines of the India-US Commercial Dialogue, the Minister held one-on-one meetings with the Chairman of Carlyle Group, Mr. William E. Convay Jr. and Mr. Julian Nebreda, CEO of Fluence Energy, a Siemens and AES Company.

Later in the day, the Minister was hosted by the American thinktank, the Center for Strategic and International Studies (CSIS) for a keynote address under the theme of "India's Evolving Manufacturing Landscape". At the address, the Minister outlined India's renewed push to become the leading manufacturing destination and further integrate into global supply chains.

The Minister concluded the visit with a media interaction, where he reaffirmed India's commitment to strengthening India-US bilateral commercial and trade relations, facilitate investment, and support India's innovation ecosystem to generate jobs while keeping pace with technological transformation.

Source: pib.gov.in– Oct 04, 2024

HOME

****

PM Internship Scheme takes off on a promising note

The Prime Minister Internship Scheme, launched on a pilot basis on Thursday, has seen a promising start, with 50 companies already onboarded to the portal within the first two days.

More than 2200 internship opportunities have been listed on the PM Internship portal till 3pm on Friday, sources in the Ministry of Corporate Affairs (MCA) said.

The Government on Thursday said that it has set aside ₹800 crore for the pilot scheme, which aims to provide 1,25,000 internships to youth aged between 21 and 24 in FY'25.

MCA is administering the PM Internship Scheme, which was announced in this year's budget as part of government efforts to give a push to job creation and skilling among youth of the country. The internship portal is being managed by the Bhaskaracharya Institute for Space Applications and Geoinformatics (BISAG), a national agency by the Gujarat Government.

The internship offers under the PMIS will be given by India's top 500 companies ranked by average CSR spend in last three financial years. Corporates can between October 3-12 submit available positions on the internship portal. From October 12 to October 25, candidates can apply on the portal. Candidates shortlist will be prepared on October 26 using Artificial Intelligence (AI).

Companies will between October 27-November 7 review and select candidates. The candidates can then between November 8-15 accept or reject the internship offers.

Some of the big companies that had onboarded to the internship portal on first day include Mahindra &Mahindra, Alembic Pharma and Max Life Insurance.

Pay Breakup

Under the scheme, MCA will give ₹6000 upon joining to interns. A monthly assistance of ₹5000 (₹4500 by government and ₹500 by companies from CSR funds) will be provided for 12 months.

Companies can provide assistance over and above ₹500 if they wish to do so. However, the excess spend will not be counted as CSR expenditure.

Reservation valid

The Centre's reservation policy for scheduled castes, scheduled tribes, Other Backward Classes, and persons with disabilities would be applicable to the internships offered under the PM Internship scheme.

Under the PM Internship Scheme, government aims to skill 1 crore youth over five years. The scheme will offer interns a 12-month exposure to the real world of industry, business environments and diverse professions.

Source: thehindubusinessline.com– Oct 04, 2024

HOME

****

New Quality Control Order for Ropes & Cordages, Geotextiles, and Indutech Textiles to Enhance Safety and Efficiency on Construction Sites

In a significant move to improve safety and operational effectiveness at construction sites, the Ministry of Textiles has issued Quality Control Orders (QCOs) for ropes and cordages, geotextiles, and industrial textiles. This initiative will establish stringent quality standards for these essential materials, ensuring the safety of construction workers and the efficiency of construction processes.

Construction sites present unique challenges, where the right materials are crucial for ensuring safety and productivity. Ropes and cordages are vital for lifting, securing, and transporting materials, while geotextiles play a key role in soil stabilization and erosion control. Indutech textiles are increasingly important for protective clothing and safety gear, further enhancing worker safety. The implementation of these QCOs aims to ensure that these products meet the highest standards for safety and performance.

This initiative is designed to safeguard our construction workforce and create standards that will benefit both workers and the environment. By regulating the quality of ropes, cordages, and textiles, we prioritize the well-being of construction workers, significantly reducing the risk of accidents and injuries on-site. The introduction of uniform quality measures across the industry will provide consistency and reliability, simplifying material selection for construction companies.

The QCOs will be rolled out on a staggered timeline, allowing additional time for Small and Medium-sized Enterprises (SMEs) to comply with the new standards. The QCOs will be effective from 1st April 2025 with additional 3 months for SMEs. Post implementation, all manufacturers and suppliers of ropes, cordages, geotextiles, and industrial textiles are encouraged to adhere to the specified standards, with regular inspections and testing conducted to ensure compliance with these quality guidelines.

Source: pib.gov.in– Oct 04, 2024

HOME

****

India’s home textile sector set for robust growth amid global recovery

The Indian home textile industry is on the cusp of a remarkable revival, with projections indicating an 8-10 percent sales growth for the fiscal year 2024-25 (FY25). This positive outlook comes after a challenging period in FY23, and it's attributed to a combination of key change factors, reveals a report by the credit rating agency CareEdge Ratings. This positive outlook is driven by a number of factors like: stable raw material prices, improvement in demand from key importing nations, and robust domestic consumption.

Several factors have led to the growth spurt. For example, rising per capita income with higher disposable incomes consumers are willing to spend more on discretionary items like home decor and textiles. Rapid urbanization is another factor as the ongoing shift of population to cities is driving demand for housing and, consequently, home furnishings. A buoyant housing sector is further boosting demand for home textiles. And more importantly, greater hygiene awareness is another growth driver as the COVID-19 pandemic has heightened awareness about hygiene, leading to increased consumption of home textiles.

Navigating a turbulent time

The past three years have been a rollercoaster ride for the Indian home textile industry. After a major demand surge in FY22, due to pandemic-induced lockdowns and increased consumer spending on home improvement, the sector faced significant challenges in FY23.

Table: Growth trends over the years

Fiscal year	Key trends	Growth (%)	Challenges
FY22	High demand, increased exports	Strong	Rising raw material prices, supply chain disruptions
FY23	Demand slowdown, inflationary pressures	Moderate	High freight costs, geopolitical uncertainties
FY24	Recovery in demand, stable raw material prices	Strong	Elevated freight costs, inflationary pressures persist

Catalyst to change

CareEdge Ratings highlights several key factors contributing to the projected growth.

Stable raw material prices: After a period of volatility, cotton prices are expected to stabilize, providing much-needed relief to manufacturers.

Improved demand from key export markets: As major economies recover, demand for home textile products from key export markets like the US and Europe is anticipated to improve.

Growth in domestic consumption: Rising disposable incomes, increasing urbanization, and a growing preference for branded products are driving domestic demand.

Government initiatives: Supportive government policies, such as production-linked incentive (PLI) schemes, are encouraging investment and expansion in the sector.

Table: Home textile sector growth rate

Year	Growth rate	Key Events
FY22	5%	Steady growth driven by pre-pandemic economic conditions
FY23	-2%	Decline due to COVID-19 disruptions and supply chain issues
FY24	3%	Recovery initiated as the pandemic effects subsided
FY25 (Projected)	8-10%	Significant growth anticipated due to key change factors

In fact, several home textile companies in India are already reaping the benefits of this favorable market environment. For example, Welspun India, the leading player has reported a strong increase in sales in recent quarters, driven by both domestic and export demand. Bombay Dyeing, the established brand has successfully repositioned itself to cater to the evolving preferences of urban consumers. Indo Count Industries, the export-oriented company is capitalizing on the growing global demand for Indian home textiles.

It maybe noted that the growth of the Indian home textile sector is in sync with global trends. The global home textile market was valued at $122 billion in 2023 and is expected to reach $134 billion by the end of 2024. It's projected to grow at a CAGR of 5-5.5 per cent to reach $185 billion by 2030. India, with its strong raw material base, skilled workforce, and competitive manufacturing capabilities, is poised to play a key role in this expanding market.

The Indian home textile sector is set for a strong growth path in coming years. The convergence of various factors, both domestic and global, is creating a conducive environment for businesses. Companies that can adapt to the changing market dynamics and leverage their strengths are likely to thrive in this promising landscape.

Source: fashionatingworld.com– Oct 04, 2024

HOME

****

India not to allow multi-brand retailing, Piyush Goyal restates in US

Addressing a gathering at the Centre for Strategic and International Studies in Washington, D.C., yesterday, Indian commerce and industry minister Piyush Goyal reiterated that his country will not allow entry of multi-brand retailing as that would destroy mom-and-pop stores the way it has happened in the United States. Except this, India is open to all kinds of economic reforms necessary to take the country on an accelerated growth, the minister was cited as saying by a news agency.

"If the need arises, we can re-look at any of these (policies) or the government has the authority through cabinet approval to allow greater percentages (of foreign stakes in various sectors). Or we can go to Parliament and change it also, not a problem, though I do not think any of these requires parliamentary changes," Goyal said in response to a question.

"I want to make it loud and clear that there will be no change in our policy on multi-brand retail. America has suffered the consequences of big tech and large retail and the interplay of the two leading to almost the annihilation of mom-and-pop stores across the length and breadth of the country," he said.

The United States can afford it because its population is much smaller compared to India and there are alternative avenues for people to do jobs in, he added. Goyal and US secretary of commerce Gina Raimondo convened the sixth ministerial-level meeting of the US-India Commercial Dialogue today and took stock of the achievements since the fifth such meeting in March 2023 in New Delhi.

Both commended the significant progress announced at the recent virtual Indo-Pacific Economic Framework for Prosperity (IPEF) ministerial meeting in September, including the work being done to improve supply chain resilience under the IPEF Supply Chain Agreement for IPEF partners, a release from the US Embassy in New Delhi said.

Source: fibre2fashion.com– Oct 04, 2024

HOME

****

Taking stock of B'desh: Trade recovers, but Indian firms tread cautiously

Truck movements across the India-Bangladesh border are on the rise, with increasing rentals signalling a trade recovery between the two South Asian nations. Yet, geopolitical tension looms large, with Bangladesh now under an interim government for nearly two months.

Indian businesses are seeing improvements in their operations on a month-on-month basis, with the flow of goods to and from Bangladesh slowly normalising. Still, two primary concerns persist — payments from Bangladesh and safety of Indian executives travelling there. Resuming the relative stability experienced under the previous Sheikh Hasina regime remains a work in progress.

Hasina, after weeks of violent protests by students and other groups that killed over 600 people, resigned as Bangladesh prime minister and fled to India on August 5. Since then an interim government under Muhammad Yunus has been established.

Consider this: In mid-August, a South Indian businessman received an order for 20 containers of pulses from Bangladesh. Despite a business relationship spanning 15 years, he hesitated to proceed, citing political uncertainty in India's eastern neighbouring country as his main concern. "Though exports are back to around 80 per cent, what exporters lack is confidence," he said.

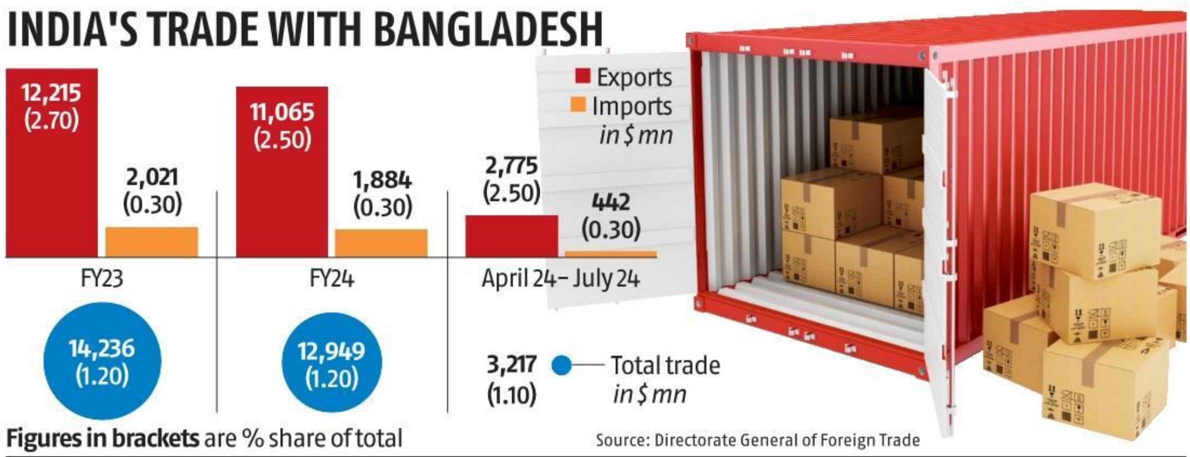
According to trade policy analyst S Chandrasekaran, exports are currently at 75-80 per cent of pre-crisis levels. "Trucks are moving again, but it's (trade is) not yet back to where it was," he said. For exporters, the key question remains: "Will I get my money?"

Bangladesh's foreign exchange reserves are under pressure, which could delay payments to Indian companies for goods and services, flagged Anuj Sethi, senior director at CRISIL Ratings. "This could extend the working capital cycle for Indian corporates," he explained.

One glaring example is Adani Power, with dues from Bangladesh now nearing $900 million. "Payments have been slow, but the dues for power supplied are steadily increasing," according to a person in the know. Adani Power, which has been supplying electricity to Bangladesh from a 1,600

Mw thermal plant in Godda, Jharkhand, since July 2023, acknowledged the challenge.

"We continue to supply power to Bangladesh despite mounting dues, which are of significant concern and are rendering plant operations unsustainable," replied an Adani Power spokesperson to an e-mailed query by Business Standard. "We are in constant dialogue with senior officials of the BPDB (Bangladesh Power Development Board) and the government of Bangladesh, who have assured us that our dues will be cleared soon. We have maintained the power supply based on their assurances."



Indian companies face a complex environment. The Indian government allowing Hasina to stay in the country hasn't been well-received in Bangladesh, with one Indian company noting that industrial relations, particularly with labour, have been affected.

This week, India's High Commissioner to Bangladesh, Pranay Verma, met Bangladesh's Foreign Affairs Adviser Touhid Hossain to discuss "cooperation in the areas of trade, projects, and people-to-people contacts".

India's automobile exports to Bangladesh, a key sector, have also been hit. In 2023-24, exports totalled $175 million, down from $223.68 million the previous year. TVS Motor CEO K N Radhakrishnan, in an analyst call, acknowledged the challenges but expressed optimism. "Although it's a small market in terms of overall volume, we believe things will stabilise in a couple of months," he said. TVS Auto Bangladesh sold around 60,596 units last year.

Indian companies dominate the two-wheeler market in Bangladesh, with Bajaj Auto, Hero MotoCorp, and TVS Motor collectively holding over 50 per cent of the market. However, the industry expects a 15-20 per cent decline in sales compared to the previous year.

Tata Motors, Eicher Motors, Ashok Leyland export trucks and buses to that country. Tata Motors maintains a presence through distributors such as the Nitol Niloy Group. Commercial vehicle exports, however, remain low since the Covid pandemic.

Maruti Suzuki, on the other hand, said the crisis in Bangladesh does not impact its sales a lot. “Our car exports are well diversified, across about a hundred countries. A good chunk goes to distant countries like those in Latin America, so we are hardly impacted by the Bangladesh issue,” a company spokesperson pointed out.

Also there have been more positive developments of late. Rakesh Sharma, executive director at Bajaj Auto, the largest exporter of two- and three-wheelers to Bangladesh, told Business Standard: “September was a growth month.”

Jayanta Chakraborty, consultant for Bangladesh at Indofil Industries, which exports crop protection chemicals, said operations had normalised to about 90 per cent, with banking transactions and the opening of letters of credit easing. Its bulk material is packaged at a factory 30 km from Dhaka and then marketed across the country.

KEC International, a major player in the engineering, procurement, and construction space, has resumed its operations in Bangladesh, after some disruptions. The company’s projects, which include transmission and railway projects, are in various stages of execution. Its team is diverse, comprising 30 Indian nationals and 50 Bangladeshi nationals.

All Indian staff had returned to India in early August, but some have since returned. “We expect the normal pace of project execution to be achieved from October. We are in constant touch and dialogue with the clients and other governmental authorities,” said Vimal Kejriwal, managing director and CEO of KEC International.

Truck rentals are another indicator of the recovery. The Shriram Mobility Bulletin reported an upward trend in the eastern region in August, with fleet utilisation at the India-Bangladesh border increasing to 60 per cent from 40 per cent in the previous month.

The resumption of trade has particularly boosted rentals on the Kolkata-Guwahati-Kolkata route, which saw a 3 per cent increase, while the Delhi-Kolkata-Delhi route recorded a 2.7 per cent rise. Higher fleet usage has driven the surge in truck rentals, explained YS Chakravarti, managing director and CEO of Shriram Finance, citing the reopening of the India-Bangladesh trade route.

Source: business-standard.com– Oct 04, 2024

HOME

****

View: India won't grow without taking on the world

Ever since Prime Minister Narendra Modi announced his "Make in India" policies shortly after being elected prime minister in 2014, New Delhi has chased the dream of a prosperous manufacturing sector. There have been some successes — when it comes to making mobile phones, for example.

Yet, to a stunning degree, these efforts have failed. The value added by Indian manufacturing grew 8.1% between 2001 and 2012. In the decade from 2013, for most of which Modi has been in power, the figure slowed to 5.5%. The share of manufacturing in India's gross domestic product has stagnated around or just over 15%, depending on how you measure it.

The trouble is that Indian manufacturers appear less and less interested in becoming export powerhouses. In 2012-13, exports approached 20% of sales. Last year, they dipped below 7%, and the proportion will likely be even lower this year.

If not for the growth in mobile phone exports, the numbers would be even more dire. And, in fact, the relative success of that sector is a reminder of what's gone wrong for everyone else.

The crucial player is Apple Inc., which bet on "making in India" for its global supply chain many years ago. It pushed large parts of its supplier ecosystem, including subcontractors such as Foxconn Technology Co., into India as part of a global strategy.

Trade has always been central to the company's plans. As a consequence, mobile phones are now India's largest export to the US, up from fourth largest just a year ago.

When manufacturers focus on exports, the entire sector grows, responding to the pull of far larger markets than even India's pool of domestic consumers represents. A giant player such as Apple doesn't need to be involved. Automotive components are another successful business in India, and the sector is similarly driven by the global focus of multiple large parts-makers.

The rest of the private sector isn't following suit. And if corporations are all behaving a particular way, it means that they have the wrong incentives.

In this case, the government has focused corporate energies inwards instead of outwards. New Delhi's priority has been to cut down on imports, not to grow exports, and companies have noticed.

Why wouldn't they? If a government can be lobbied to erect protectionist walls, that's always the least-cost path to outsize profits for any domestic producer. It's certainly easier and safer than searching out new markets.

And, when even companies in a successful export sector such as automotive components are told by senior officials that they should seek to substitute imports, they will recognize that quicker profits might come from doing what the government suggests.

Doing so, however, will be disastrous for India's growth in the aggregate. The country won't be able to raise wages and prosperity unless productivity takes off. And productivity won't grow unless manufacturers are forced to measure themselves against global competition.

What should the government be doing instead? First of all, it needs to resist calls for more tariffs, deeper subsidies and higher trade barriers. While the rich West might be able to afford defensive industrial policies, still-developing India needs to play offense.

Then, authorities must follow up on promises to transform India's logistics sector. Exporters complain that insurance costs have gone up — driven by instability in the Middle East, among other issues — and ships tend to skip clogged and delay-prone Indian ports. This isn't just about physical infrastructure; red tape at ports needs to be reduced and governance modernized.

Finally, the state should partner with the private sector and support firms, especially midsized ones, that want to open up new markets. There are years of research showing that Indian companies only take advantage of free-trade agreements, for example, when the government helps explain how to navigate unfamiliar paperwork.

That isn't how the state operates most of the time. I was at a seminar not long ago with a senior Indian trade bureaucrat. A small manufacturer asked if the government could assist him in finding new markets, especially in African countries with which he was unfamiliar. The official's reply: "It's not my job to tell you how to make money."

Perhaps not. But most countries that grew rich off exports boasted close public-private cooperation.

“Make in India” needs a reset. Modi has spent too long talking up domestic demand and coddling manufacturers. He needs to push them outwards, or watch India’s growth falter.

Source: economictimes.com– Oct 04, 2024

HOME

****

Escalation in US-China trade war may help India to increase exports: GTRI

The escalation in the US-China trade war is expected to help India increase its exports and attract investments from American companies, think tank GTRI said on Friday.

He said that last month, the US Senate introduced two bills that could intensify the trade war and have major global economic impacts if passed.

The 'Neither Permanent Nor Normal Trade Relations Act' (PNTR Act) and the 'Axing Non-Market Tariff Evasion Act' (ANTE Act) aim to counter China's trade practices by raising tariffs and imposing new trade barriers.

The PNTR Act seeks to phase out China's favourable trade status, while the ANTE Act targets non-market economies like China and Russia with tougher measures, the Global Trade Research Initiative (GTRI) said.

"While these bills aim to protect US industries, they also create opportunities for countries like India to grow their manufacturing sectors.

"As US companies look for alternatives to China, India could see increased investment in electronics, textiles, and manufacturing, enhancing its position in global supply chains," GTRI Founder Ajay Srivastava said.

In this background, he said, India should reconsider its proposals to invite Chinese firms and investment aimed at boosting exports.

The higher tariffs on Chinese products present an opportunity for India to strengthen its manufacturing sector, he added.

He also said that both bills create a potential for growth in local industries.

"As US companies reduce their reliance on China, India's expanding manufacturing sector, especially in electronics, textiles, and other industries, could attract more investment," he said.

The GTRI suggested to the government that India should actively work to attract investment from multinational companies seeking alternatives to China.

It will be essential to boost domestic production capabilities, especially in electronics, machinery, textiles, and solar panel manufacturing, to fill the gap left by reduced Chinese imports to the US.

"India should also reconsider inviting Chinese firms for export-related investments, as US actions against Chinese companies could impact India's own exports if tied to Chinese investments," it said.

Source: business-standard.com– Oct 04, 2024

HOME

****

India, EU in negotiations as October deadline on oversight looms

Indian and European regulators are engaged in intense discussions to resolve oversight issues regarding local clearing houses, with banks asked to make alternate arrangements with an end-October deadline approaching, according to people familiar with the matter.

Financial regulators of Germany and France have asked banks under their jurisdiction to make provisions with Indian custodians if a resolution is not reached by the date, said the people, who requested anonymity discussing private matters.

The Reserve Bank of India denied European Securities and Markets Authority's request to co-supervise Indian transactions, citing concerns over "extra-territorial reach". In response, ESMA withdrew recognition from six Indian central counterparties, effective May 2023.

The French regulator Autorité des Marchés Financiers and the German regulator BaFin had given their banks time until October to resolve the dispute, which risks disrupting billions of rupees of trading in government bonds and interest-rate derivatives that trade on the Clearing Corp. of India's platform.

European banks like Deutsche Bank AG to BNP Paribas SA are important market makers and their withdrawal may impact trading volumes, especially in interest-rate derivatives and currency forwards.

"ESMA is currently actively engaged in negotiations with the Indian authorities regarding a potential EMIR-compliant MoU," a spokesperson said by email, but didn't provide details of the ongoing negotiations.

The talks are ongoing in a constructive and amicable atmosphere, one of the people said. Emails to AMF, BaFin and the RBI were unaswered.

Changes in European Market Infrastructure Regulation demanded that ESMA must establish cooperation arrangements with countries that have their own central counterparties. This allows ESMA full access of third country counterparty books and enables it to specify the structure of derivatives that European banks can take exposure to.

A similar resolution between the RBI and the Bank of England could serve as a model, the people said.

In December, the two monetary authorities signed an agreement under which the BOE would rely on the RBI's regulatory and supervisory activities while ensuring the stability of the UK's financial system. Subsequently, CCIL was approved as a non-UK central counterparty by the BOE, effective Dec. 15, 2023.

Source: economictimes.com– Oct 04, 2024

HOME

****

Why India must push e-commerce exports, and how

Some numbers put this in perspective. India has $4-5 billion in e-commerce exports, amounting to about 1% of its total merchandise exports. China's e-commerce exports are 50 times India's, amounting to 6.4% of its total merchandise exports. Clearly, India needs to capture a significant share of the burgeoning e-commerce opportunity if it is to grow its exports.

The government wants to boost e-commerce exports to $200-$300 billion by 2030. In August, it came up with a plan for e-commerce export hubs. More recently, it extended some existing export incentives to e-commerce exports through the courier medium. Changes in the regulatory framework for e-commerce, however, are also needed if India is to hit its ambitious targets of expanding e-commerce exports 50-fold or more in six years.

A recent report by Assocham and Ernst & Young, Enabling E-Commerce Exports from India, explores what these changes could be. Another report by Niti Aayog and Foundation for Economic Development, Boosting Exports from MSMEs, also has useful suggestions on how e-commerce exports can be unlocked. Most of these changes relate to Reserve Bank of India's (RBI) Master Direction No 16/2015-16 dated 1.1.2016 on Export of Goods and Services issued to Banks under Foreign Exchange Management Act, 1999. Some indicative changes:

Remove the 25% variance cap on payments: RBI requires that foreign exchange received by sellers should not vary more than 25% from the stated value. However, exporters face variations between declared and realised values due to discounts, returns, and platform fees. China has no such cap. The 25% variation clause needs to be removed and flexibility provided to sellers to decide the commercial aspects of selling through e-commerce.

Allow more time for payment realisation and repatriation: The seller is mandated to receive export proceeds within nine months of the export shipment. This is not always feasible for exports on e-commerce platforms, making the guidelines practically impossible to follow. China does not mandate a specific time for payment realisation and repatriation. India should follow suit, or at the very least extend the time limit to 18 months.

Implement an aggregate model of reconciliation: E-commerce exports require individual consignment-wise shipping bill and payment reconciliation, ramping up the reconciliation workload. China allows for bulk payment reconciliation over a month. An aggregate model for the declaration of shipping goods and payment reconciliation should be adopted — whether done monthly/ quarterly/ annually.

Redefine the responsibility of the seller and e-commerce operator: China's e-commerce law clearly defines roles for the platform and seller. It requires sellers to register in the marketplace and acquire relevant licences, largely relieving the compliance and logistics burden which is handled by the e-commerce operator. India does not demarcate these roles, requiring the seller to participate in every stage of the complex export and payment processes. It should only mandate the seller to obtain company and product licenses, create marketplace account and list products, while other compliances are undertaken by the e-commerce operator. This may require amendment in the definition of exporter in the FEMA Act/Regulations and other export-related Acts/Rules.

Reduce the cost burden of payment reconciliation: Bank charges for payment reconciliation are as high as ₹1,500-3,000 per consignment. This is a significant burden on small sellers. These charges should be waived, reimbursed or levied as a small percentage of the consignment value.

Raise consignment limit for courier mode: The consignment limit for exporting e-commerce goods via courier mode as opposed to the much slower cargo mode is currently $12,000, which is insufficient. To be competitive with China, this should be raised to $50,000.

Create custom supervision codes for e-commerce exports: To improve data collection and operational efficiency, have separate custom supervision codes for e-commerce exports on the pattern of China along with rapid clearance guidelines.

Reduce custom clearance time for e-commerce exports: It takes about three to four hours for customs clearance following submission of details on the Express Cargo Clearance portal for export shipments. India should follow China's practice of issuing the approval within a minute of the declaration submission because of having a special supervision code for e-commerce exports.

Facilitate re-imports: Customs officials often misidentify re-imports of exported goods as new imports, forcing e-commerce sellers to pay import duties. There should be clear guidelines for re-import transactions. They could, for instance, allow duty-free re-import of up to $600 akin to the limit prescribed in baggage rules. For higher-value consignments, a protocol should be formulated for recognising returns as re-imports akin to what has been prescribed for gems and jewellery.

Allow international order-backed purchase and sale model: In China, sellers are allowed to collaborate with e-commerce marketplaces to export goods even if sellers aren't registered exporters. Enable similar functionality here to help MSMEs test demand for their products abroad before becoming full-fledged exporters.

While some quick results can be achieved by changes proposed in the RBI Master Direction to Banks and changes in FEMA Act/Regulation and other regulations, real achievement can be made by enacting a comprehensive E-Commerce Act on the pattern of China.

Such measures in concert should suffice to transform India into a truly global hub of e-commerce, generating employment on a large scale and enabling MSMEs across the country to showcase Indian talent not only as a country of artisans and specialised products such as textiles and handlooms, but also of advanced technology products.

Source: hindustantimes.com– Oct 04, 2024

HOME

****

Tamil Nadu garment exporters to see 8-10% revenue growth, says CRISIL

Pune: Healthy order inflows amid rising demand will lift the revenue of readymade garment exporters in Tamil Nadu by 8-10% to Rs 43,000 crore this fiscal, said CRISIL Ratings in a media release.

The industry has seen signs of recovery in Tamil Nadu after two years of subdued demand and muted realisations and is expected to fare better than the national level where revenue growth is expected to be 3-5% this fiscal. This is due to the larger share of exports in the state's RMG sector, at 65-70%, compared with 20-25% at the national level.

"Operating profitability will improve 25-30 basis points (bps) on better operating leverage, marginal increase in realisations and stable yarn prices. An analysis of over 50 Tamil Nadu-based RMG exporters assessed by CRISIL Ratings, accounting for over a fourth of the industry revenue, indicates as much," said CRISIL.

The Tamil Nadu RMG industry is set to grow after a prolonged period of sluggish demand in key export markets, particularly the US and Europe, which account for bulk of the demand. "The central government's impetus through various schemes and the recent political developments and ongoing gas crisis in Bangladesh would also benefit the industry," the release added.

Jayashree Nandakumar, Director, CRISIL Ratings said, "Tamil Nadu RMG industry, which accounts for over 30% of readymade garment (RMG) exports from India, will see volume of readymade garment to grow 6-7% in the current fiscal.

Growth will be driven by the Tirupur region, the knitwear hub of India, supported by improving demand from the US and Europe. The government's plan to review the PLI scheme for textiles to expand its scope to the RMG sector will support exporters over the medium term."

Moreover, extension of the export incentive scheme (providing rebate of state and central taxes and levies) for apparel, garments and made-ups till March 31, 2026, will ensure cost competitiveness and help companies secure orders, driving volume.

According to CRISIL, realisations, too, will rise 1-3% with rising demand as retailers in the US and Europe may restock inventory ahead of the festive season and in anticipation of spring-summer demand. “With surging demand, a marginal increase in cotton prices can easily be passed on to customers, curbing any downward movement in profitability. Better realisations coupled with higher efficiencies would push the operating margins up 25-30 bps to ~10.5% this fiscal,” said CRISIL.

Sajesh K V, Associate Director, CRISIL Ratings, “With adequate capacities already in place, players are unlikely to add any significant capacities over the medium term. Players rated by CRISIL Ratings are expected to increase capacities by 5% and also undertake maintenance capital expenditure (capex) with an outlay of Rs 400-450 crore in the current fiscal. This would be mainly for meeting incremental orders for upcoming fiscals, with the industry expected to see a moderate rise in working capital requirement considering the additional order flow.”

Source: economictimes.com– Oct 04, 2024

HOME

****

Exporters fear rise in air, shipping freight rates

CHENNAI: Escalation of conflict in the Middle East, with Iran directly targeting Israel, has sparked concerns among the exporters who fear the spike of air and shipping freight rates and trade impact worth $100 billion if the situation continues to prevail throughout the year.

Israr Ahmed, vice-president of Federation of Indian exports Organisation (FIEO), told The New Indian Express that the merchandise exports from India have been hit in August.

"Merchandise exports were hit by 9% of the total exports worth $34.7 billion due to geo-political tensions and other factors," said Ahmed while raising concerns about the escalation of conflict between Israel and Iran on Tuesday. Last year during August, goods exports were $38,26 billion, as per data from the Union Commerce and Industry ministry.

Due to escalated conflicts, both global and India's international trade continue to face prolonged disruption, as the Red Sea shipping route may remain inaccessible to global shipping lines for a much longer duration than predicted, freight rates may be kept high.

"This increasing conflict in the region is significant for India as we depend on this route through the Suez Canal for our exports to Europe, the US, Africa, and West Asia. Our export to the tune of $100 billion will get affected during this year if the situation continues," says Ahmed.

A exporter on condition of anonymity, said that trade with Iran had taken a dip following the sanctions against Iran by the US. Tea, turmeric, agricultural products among others are exported to Iran

via Dubai. Joint Director General of Federation of Indian Exports Organisation K Unnikrishnan said the conflict would result in insurance premiums going up for shipping cargoes to Gulf countries.

Source: newindianexpress.com – Oct 01, 2024

HOME

****

Textiles Ministry extends mandatory use of jute bags for packaging up to December 31

The Ministry of Textiles has extended the compulsory 100 per cent jute packaging for foodgrains and 20 per cent of the total sugar production upto December 31, 2024.

Issuing an order, the ministry also clarified that procurement of jute bags for packaging of initially 10 per cent of the foodgrains through reverse auction on the Government e-Marketplace (GeM) portal will continue, subject to the Calcutta High Court passing its final order on the matter.

"Subject to the outcome of sub-judice matter pending in High Court of Calcutta, initially ten per cent of the indents for foodgrains are to be placed through reverse auction on the Government e-Marketplace (GeM) portal." the Ministry of Textiles stated in its order dated October 1.

Despite an ongoing legal battle, the order related to continuation of the reverse auction on the Government e-Marketplace has heightened concerns among the jute industry stakeholders.

Notably, the ministry, in its notification dated December 26, 2023, mandated 100 per cent jute packaging for foodgrains and 20 per cent of the total sugar production until June 30, 2024. It also introduced the reverse auctions for jute bag procurement through the GeM.

But the reverse auction system has faced backlash from jute mill workers and farmers. Concerns arose from trade unions and jute mills about the reverse auction's impact on wages, pricing, and livelihoods. These issues particularly affected workers and farmers who depend on the current procurement system.

The West Bengal Permanent Jute Workers Union filed a petition in the Calcutta High Court, challenging the introduction of policy of the Central Government for procurement of jute bags for packaging of food grains through the Government e-Marketplace (GeM) portal.

In response to the petition, the High Court issued an interim stay on the GeM reverse auction procurement of jute bags.

“Considering the entire facts and circumstances of this case, till the matter be resolved, the respondent authorities are hereby restrained to initiate the procurement of the jute materials/jute bags through GeM portal till the adjourned date,” Justice Subhendu Samanta said in his order on September 20.

The matter is scheduled to appear before the court for further hearing on November 29.

Significantly, in a ruling providing relief to the jute industry, a division bench of the Karnataka High Court last month quashed the order of a single judge bench, which had granted an interim stay on the notification issued by the Centre mandating 20 per cent of sugar production be packaged in jute bags.
In an interim order, the Karnataka High Court single-judge bench had stayed the Government notification dated December 26, 2023, after the South Indian Sugar Mills Association filed a writ petition to set aside the notification.

Source: thehindubusinessline.com– Oct 04, 2024

HOME

****

Maharashtra inks deal with OFAB Tech for a textile facility in Wardha

The Maharashtra Government has signed an MoU with OFAB Tech to set up a state-of-the-art textile facility in Wardha, Maharashtra.

To be set up with an investment of Rs 750 crore, the facility will help boost the textile sector in Vidharbha besides catalysing rapid industrial development in Wardha, says Devendra Fadnavis, Deputy Chief Minister.

Focusing on empowering local communities, the project will be executed on a hub-and-spoke model, extending its benefits to the rural areas surrounding Wardha. It will provide employment opportunities to both skilled and semi-skilled workers, ensuring the benefits of industrialisation reach a wide range of the local population.

By selecting Wardha for the establishment of this facility, the government aims to ensure a balanced regional development across the state, opine local industrialists. The city's strategic position and untapped potential make it ideal location for the establishment of a new textile hub in the state.

Source: fashionatingworld.com– Oct 04, 2024

HOME

****