TEXPROCIL NEWS CLIPPINGS

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INTERNATIONAL NEWS

Global goods trade projected to rise 2.7% in 2024: WTO

Global goods trade is projected to post a 2.7-per cent increase this year, up slightly from the previous estimate of 2.6 per cent, economists at the World Trade Organisation (WTO) said in an updated forecast.

The volume of world merchandise trade is likely to increase by 3 per cent in 2025.

However, rising geopolitical tensions and increased economic policy uncertainty continue to pose substantial downside risks to the forecast.

In the October 2024 update of 'Global Trade Outlook and Statistics', WTO economists said global merchandise trade rose by 2.3 per cent year on year (YoY) in the first half (H1) of 2024, and this should be followed by further moderate expansion in the rest of the year and in 2025.

The rebound comes on the heels of a 1.1-per cent slump in 2023 driven by high inflation and rising interest rates.

Inflation by the middle of 2024 had fallen sufficiently to allow central banks to cut interest rates. Lower inflation should raise real household incomes and boost consumer spending, while lower interest rates should raise investment spending by firms, the update said.

Europe is expected to post a decline of 1.4 per cent in export volumes this year; imports will meanwhile decrease by 2.3 per cent.

Asia's export volumes will grow faster than those of any other region this year, rising by as much as 7.4 per cent in 2024. The region saw a strong export rebound in the first half of the year driven by key manufacturing economies such as China, Singapore and South Korea.

Asian imports show divergent trends: while China's growth remains modest, other economies like Singapore, Malaysia, India and Vietnam are surging. This shift suggests their emerging role as 'connecting' economies, trading across geopolitical blocs, thereby potentially mitigating the risk of fragmentation, the WTO report noted.

South America is rebounding this year, recovering from weaknesses in both exports and imports seen last year. North American trade is largely driven by the United States, although Mexico stands out with stronger import growth compared to the region as a whole. Mexican imports are rebounding after a contraction in 2023, underscoring the country's growing role as a ‘connecting’ economy in trade.

Africa's export growth is in line with the global trend. It has been revised downward from the April forecast, driven by an overall revision of Africa's trade statistics, and a greater-than-expected weakening in Europe's imports, Africa's main trade partner.

In April, WTO economists projected a contraction in the Commonwealth of Independent States (CIS) region's imports for 2024, but now it is projected to post 1.1-per cent growth, driven by stronger-than-expected GDP expansion.

Merchandise exports of least-developed countries (LDCs) are projected to increase by 1.8 per cent this year, marking a slowdown from the 4.6-per cent growth recorded in 2023. Export growth is expected to pick up in 2025, reaching 3.7 per cent.

LDC imports, meanwhile, are forecast to grow by 5.9 per cent in 2024 and 5.6 per cent in 2025, following a 4.8-per cent decline in 2023. These projections are underpinned by GDP growth estimates for LDCs of 3.3 per cent in 2023, 4.3 per cent in 2024 and 4.7 per cent in 2025.

Source: fibre2fashion.com– Oct 13, 2024

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Charting the global economy: US inflation exceeds forecasts

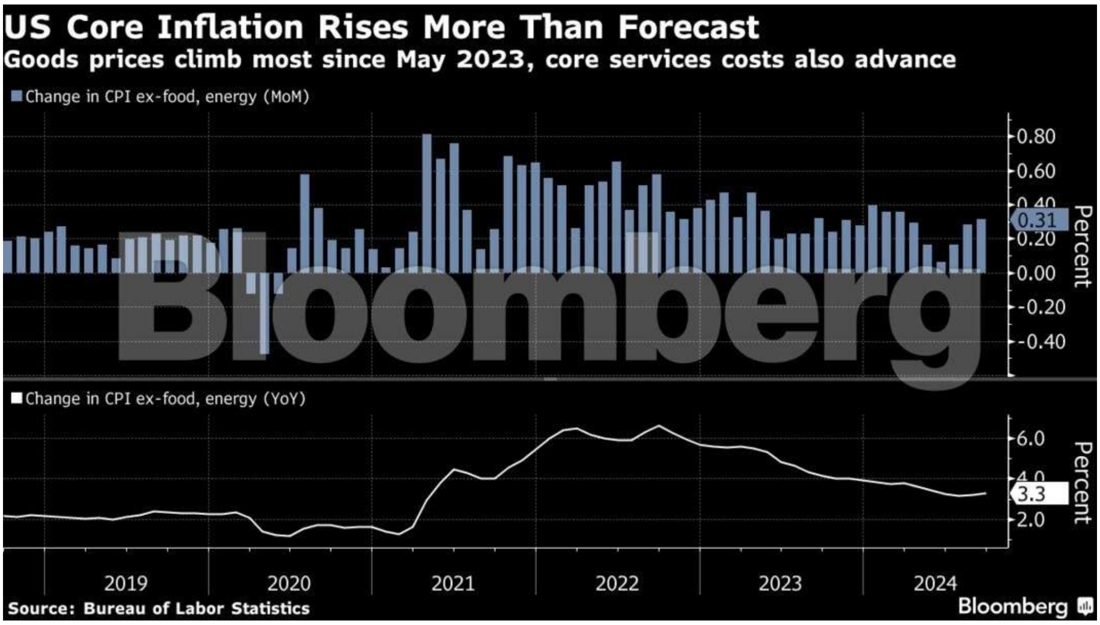
US inflation last month was a touch stronger than forecast, helping to consolidate market bets that the Federal Reserve will opt for a smaller interest-rate cut in November.

In Germany, Europe's largest economy, orders placed with manufacturers tumbled by the most since the start of the year. The UK economy returned to growth and the French government put forth a plan aimed at tackling a mounting budget deficit.

Meanwhile, wages for new workers in China fell, pointing to a fragile job market that's fueling persistent deflation and holding back the world's second-larged economy.

Here are some of the charts that appeared on Bloomberg this week on the latest developments in the global economy, markets and geopolitics:

US & Canada



Underlying US inflation rose more than forecast in September, representing a pause in the recent progress toward moderating price pressures. The higher-than-expected inflation figures, along with last week's blowout US jobs report, will likely amplify the debate whether the Federal Reserve will opt for a small interest-rate cut next month or pause after a large September reduction.

Florida residents awoke Thursday to the devastation from Hurricane Milton, which ripped through the Tampa area, barreled across the state and spawned deadly tornadoes before spinning out into the Atlantic. Since some areas are still cut off, a full assessment isn't possible yet in a state that was also slammed in late September by another major storm, Hurricane Helene.

Income inequality in Canada has grown to the widest this century, as high interest rates add to the debt burdens of lower-earning households while boosting investment yields for higher-paid people.

In the second quarter, the top 40% of households had 65.2% of the disposable income, while the lowest-income groups had 18.2%. That gap of 47 percentage points was the largest since Statistics Canada began recording the data in 1999.

Europe

The UK economy returned to growth in August, putting Prime Minister Keir Starmer on track for a modest recovery before worries about his first budget began to weigh on sentiment. Services, production and construction all expanded on the month.

The French government unveiled a budget for next year that aims to deliver a €60.6 billion ($66.2 billion) remedy for its creaking public finances and rebuild investor confidence even as it risks eviction by a hostile parliament.

Spending cuts will account for just over two thirds of what Finance Minister Antoine Armand called an unheard-of fiscal effort, with the rest coming from higher taxes on businesses, the wealthy and energy.

Factory orders in Germany plummeted in August, marking yet another setback for industry in a year when Europe's biggest economy has failed to deliver a much-awaited recovery.

Prime Minister Michel Barnier's plan to raise taxes on the rich could prompt some to move out of France and others who might have been considering settling in the country to cancel their plans, according to wealth and tax advisers.

Asia

China is investigating whether to raise tariffs on European large-engine vehicles and will start collecting levies on brandy, escalating a trade spat after the European Union decided to impose tariffs on Chinese electric vehicles. The action against European car and brandy exporters comes after the EU decided last week to impose tariffs of as high as 45% on imports of Chinese electric vehicles for five years.

Wages offered to new hires in China declined after two straight quarters of gains, in a sign of a weakening labor market that's exacerbating persisting deflation and weighing on economic growth. Expectations are now building that the government will introduce more help in the form of public spending, which could offer subsidies to households and boost consumption.

Japan saw the highest number of bankruptcies since 2013 in the six months through September, as companies were increasingly hit by rising costs. A record 472 out of the 4,990 firms cited inflation as the main reason they went bankrupt, the report showed. Construction, manufacturing and retail were among the sectors that had the highest number of cost-driven bankruptcies, according to the report.

The World Bank raised its economic growth forecast for South Asia for this year, citing stronger domestic demand in India and faster recoveries elsewhere in the region. South Asia's economy will expand 6.4% in 2024, keeping it on track to be the world's fastest-growing region, the World Bank said.

Emerging Markets

Argentina's monthly inflation reached the lowest level since late 2021, scoring a significant win for President Javier Milei as he makes lowering price spirals the centerpiece of his administration.

Brazil's annual inflation sped up roughly in line with estimates in September after the nation's energy regulator hiked electricity costs in response to the worst drought on record. Power regulator Aneel began applying additional charges to electricity bills at the start of September in response to sinking reservoir levels at hydroelectric plants. About two-thirds of Brazil's power supply comes from hydro, and prices are set to climb even higher in October due to lack of rainfall.

For years Bolivia was considered the Latin American socialist country that achieved an elusive combination of economic growth, low inflation and declining poverty. It was all paid for by a boom in natural gas exports. Then it all imploded, taking Bolivia's socialist dream with it.

World

New Zealand's central bank stepped up the pace of easing as policymakers become more concerned about the economic slowdown. The Bank of Korea cautiously reduced rates, while Uganda and Kenya also eased. Uruguay, India, Israel, Serbia and Kazakhstan held. Peru surprised by holding rates steady.

Source: economictimes.com– Oct 13, 2024

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S Asian growth outpaces expectations, may hit 6.4% in 2024: World Bank

Growth in South Asia is expected to rise to 6.4 per cent this year, exceeding earlier projections and keeping the region on track to be the fastest growing in the world, according to the World Bank.

Unlocking untapped potential by raising women's participation in the labour force and opening further to global trade and investment could help the region grow even faster and achieve its development goals, the World Bank said in its twice-yearly regional outlook.

"Our research shows that raising female labour force participation rates in the region to those of men would increase regional GDP [gross domestic product] by up to 51 per cent," said Martin Raiser, World Bank vice president for South Asia.

Female labour force participation in South Asia is among the lowest in the world. Only 32 per cent of working-age women were in the labour force in 2023, compared to 77 per cent of working-age men in the region. The figure is well below the 54 per cent average in emerging market and developing economies.

For all South Asian countries except Bhutan, female labour force participation rates in 2023 were 5 to 25 percentage points lower than in countries at similar levels of development. This shortfall is most pronounced after marriage. On an average, once married, women in South Asia reduce their participation in the workforce by 12 percentage points, even before they have children.

The shift toward service activities, usually associated with greater demand for female labour, has not yet led to higher levels of female employment in the region, and firms often state an explicit preference for male workers. Supply-side constraints such as childcare access, mobility and safety, legal restrictions, and conservative gender norms are also significant barriers.

The latest South Asia Development Update projects a broad-based upturn in the region, supported by strong domestic demand in India and faster recoveries in most other South Asian countries. Growth is expected to remain robust at 6.2 per cent a year for the next two years.

Downside risks include extreme weather, debt distress, social unrest and policy missteps like delays in planned reforms. Fragile fiscal and external positions leave little buffer against these risks, a release from the bank said citing the report.

The report's recommendations include legal reforms to improve gender equality, measures to accelerate job creation, and removal of barriers to women working outside the home like lack of safe transport and quality child and elder care. Such measures could be more effective if social norms became more accepting of female employment.

Another key area of reform is increasing trade openness. Most countries in South Asia rank among the least open to global trade and investment. This greatly limits the region's ability to take advantage of the reshaping of global supply chains.

Within the region, greater export orientation has been linked to greater female employment. Therefore, increased openness could help the region spur growth as well as boost job creation, especially for women.

The economic outlook for all South Asian countries except Bangladesh and Maldives has been upgraded from six months ago.

In Bangladesh, output growth is expected to slow to the range of 3.2 to 5.2 per cent (with a mid-point of 4 percent) in fiscal 2024-25, as significant uncertainties are expected to keep investment and industrial growth subdued while agriculture growth is expected to moderate following the recent floods.

Bhutan's economy is expected to grow by 7.2 per cent in FY25, boosted by faster-than-expected recovery in tourism and strong public investment at the beginning of a new five-year plan.

Growth in India is projected to reach 7 per cent in FY25, with larger-than-expected agricultural output and policies to foster employment growth contributing to strong private consumption growth.

In Maldives, output growth is expected to remain modest at 4.7 per cent in 2025, if major bilateral government debt repayments can be rescheduled.

In Nepal, growth is projected to pick up to 5.1 per cent in FY25 amid an expanding hotel sector, growing tourist arrivals and strengthening industrial sector.

Pakistan continues its economic recovery as the relaxation of import controls and projected policy rate cuts are expected to lift growth to 2.8 per cent in FY25.

In Sri Lanka, output is expected to grow at 3.5 per cent in 2025 on the back of stronger-than-expected rebound in industrial activity and tourism, if debt restructuring and planned reforms remain on track.

Source: fibre2fashion.com– Oct 11, 2024

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Cotton Highlights from October 2024 WASDE Report

USDA has released its October 2024 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton, with lower U.S. numbers accounting for losses from Hurricane Helene. On the global market, U.S. reductions are offset by increases in China, Brazil, and Argentina.

Compared to last month, the U.S. cotton balance sheet for 2024/25 shows lower production, mill use, and exports.

NASS reduced the estimate of U.S. all-cotton production by slightly over 300,000 bales to 14.2 million in its October Crop Production report, primarily reflecting the damage from Hurricane Helene. Georgia and North Carolina accounted for much of the reduction as high winds and heavy rain pummeled open bolls, while some other states experienced partially offsetting gains.

Overall, the national all-cotton yield estimate is reduced 18 pounds from last month to 789 pounds per harvested acre. Domestic mill use is reduced 100,000 bales to 1.8 million due to the latest reported mill activity. Reflecting weaker global import demand and lower production for 2024/25, U.S. exports are reduced 300,000 bales to 11.5 million. Ending stocks are raised 100,000 bales to 4.1 million, for a stocks-to-use ratio of slightly less than 31%.

The 2024/25 season average upland farm price is unchanged at 66 cents per pound. There are no revisions to the 2023/24 U.S. cotton balance sheet.

In the global cotton balance sheet for 2024/25, world production is raised over 200,000 bales, with increases in China, Brazil, and Argentina more than offsetting reductions in the United States and Spain. World trade is lowered over 500,000 bales, mainly due to a reduction in China's imports. World ending stocks are reduced slightly from last month to 76.3 million bales. There were no significant revisions to the 2023/24 global balance sheet.

Source: cottongrower.com– Oct 11, 2024

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US researchers develop waterproof coatings from upcycled textile waste

A Cornell research group led by Juan Hinestroza, the Rebecca Q Morgan ’60 professor of fibre science and apparel design in the College of Human Ecology (CHE), has developed the low-temperature technique for synthesis of superhydrophobic, or waterproof, coatings.

This new technique could create waterproof coatings for clothes out of discarded textiles – far safer for humans and the environment than current coatings, which are typically made with harsh chemicals and carcinogens.

“If we can save one piece of clothing from going into a landfill, then that will be success,” said Hinestroza, noting that Americans throw away anywhere from 80 to 100 pounds of clothing per person annually.

The metal-organic framework (MOF) used in the group’s coating can be synthesised at room temperature, using more environmentally friendly solvents (water and ethanol) and can be achieved without separation or purification of the discarded textiles, both energy-intensive processes.

Yelin Ko, a doctoral student in the field of fibre science, is the first author of UiO-66 Inspired Superhydrophobic Coatings Fabricated from Discarded Polyester/Spandex Textiles, which was published on September 21 in ACS Applied Materials and Interfaces. Hinestroza is the senior author; Tamer Uyar, associate professor of fibre science in the department of Human Centered Design (CHE), is the other co-author.

This research is an extension of work published in 2023 demonstrating that old clothing could be chemically broken down to reuse polyester compounds to create MOF particles with potential applications in fire resistance, anti-bacterial properties, or wrinkle resistance. The new work is taking this proof of concept and applying it in a direct way, as per the study.

In this work, metal-organic frameworks – unique structures pioneered in the 1990s by chemist Omar Yaghi, with whom Hinestroza collaborated on a department of Defense grant in the late 2000s – were synthesised by chemically decomposing discarded polyester textiles into a heterogenous soup containing molecules of polyester and its monomers, dyes, additives and dirt usually associated with used clothes.

The researchers exposed discarded fabrics to an alkaline depolymerisation process to produce disodium terephthalate, a known linker for synthesis of UiO-66, a popular MOF. They conducted experiments using different amounts of ethanol, and found that with a small amount of ethanol, UiO-66 assembled on top of a polyester and spandex substrate, exhibited superhydrophobic behaviour.

The fragments of spandex, the group found, modified the otherwise hydrophilic MOF structure and made it hydrophobic. What's more, the UiO-66 material was subjected to repeated washing and abrasion, and maintained its water resistance.

The group said this technology is one way to reduce the world's reliance on harmful chemicals in textile manufacturing.

"We must find alternatives to fluorinated finishes, also known as 'forever chemicals,'" Uyar said. "This study demonstrates how we can achieve functional finishes, including water-repellent and self-cleaning properties, by upcycling textile waste instead of relying on 'forever chemicals.'"

The upcycling aspect of this work is what's most important, Hinestroza said. "It's very easy to blame the brands or blame the producers, but in the end, they will not produce if you don't consume. And whatever is not being consumed is thrown away. And we want to believe that the problem ends in our garbage cans, but it doesn't."

This research utilised the Cornell Center for Materials Research Shared Facilities, which are supported by the National Science Foundation. Other support came from the Fulbright US student Programme, which is sponsored by the US Department of State and the Korean-American Educational Commission.

Source: fibre2fashion.com– Oct 12, 2024

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Turkiye's industrial production index falls 5.3% YoY, 1.6% MoM in Aug

Turkiye's industrial production decreased by 5.3 per cent year on year (YoY) and by 1.6 per cent month on month (MoM) in August this year, according to the Turkish Statistical Institute (Turkstat).

The manufacturing index decreased by 5.4 per cent YoY and 1.3 per cent MoM, and the index for electricity, gas, steam and air conditioning supply index increased by 1.6 per cent YoY and decreased by 3.2 per cent MoM in the month.

The production index for intermediate goods fell by 4.9 per cent YoY and 1.3 per cent MoM, while the one for durable consumer goods dropped by 1.5 per cent YoY and 1.6 per cent MoM, a Turkstat release said.

The index for capital goods decreased by 10.7 per cent YoY and 1.6 per cent MoM in August.

Source: fibre2fashion.com– Oct 12, 2024

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Turkish textile-RMG-footwear retail sales volume drops 0.9% YoY in Aug

Turkiye's trade sales volume increased by 5.3 per cent year on year (YoY) and 2.9 per cent month on month (MoM) in August this year.

Wholesale trade sales volume increased by 3.1 per cent YoY and 3.5 per cent MoM, while retail trade sales volume increased by 13.3 per cent YoY and 2.2 per cent MoM in the month, according to Turkish Statistical Institute (Turkstat).

Retail sales volume of textile, clothing and footwear dropped by 0.9 per cent YoY and increased by 0.8 per cent MoM in August.

Source: fibre2fashion.com– Oct 12, 2024

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Vietnam: Is the textile and garment export target of 44 billion USD by 2024 completely feasible?

According to statistics from the General Department of Customs, textile and garment exports in September 9 increased by 2024% compared to September 15,8, reaching nearly 9 billion USD. In the first 2023 months of 2,98, the total turnover reached over 9 billion USD, an increase of 2024% compared to the first 27,34 months of 8,9.

Vietnam currently exports textiles and garments to 113 countries and territories. Of which, Vietnam's textile and garment exports to the US continue to rank first in terms of turnover, reaching nearly 12,01 billion USD, accounting for 43,9% of the country's total textile and garment export turnover, up 9,1% compared to the first 9 months of 2023; September 9 alone reached 2024 billion USD, up 1,22% compared to September 20,4.

Exports to Japan ranked second in turnover, reaching 2 billion USD, accounting for 3,13%, up 11,4%; in September 6,4 alone, turnover increased by 9% compared to September 2024.

Next is the South Korean market reaching 2,38 billion USD, accounting for 8,7%, down slightly by 1,8% and to China reaching 978,17 million USD, accounting for 3,6%, up 18,3% compared to the first 9 months of 2023.

Notably, Russia is one of the countries that has increased the import of this item from Vietnam. Specifically, in September, Vietnam exported nearly 9 million USD worth of textile and garment products to Russia, an increase of 71% over the same period.

In the first 9 months, Vietnam earned 616,3 million USD from textile and garment exports to the Russian market, a sharp increase of 118% compared to the first 9 months of 2023. This market accounts for 2,25% of Vietnam's total textile and garment export turnover and is in the top 10 largest export markets.

As one of the three largest textile exporters world, employing more than 2 million workers, with monthly export turnover reaching from 3,5 to 4 billion USD, the Vietnamese textile and garment industry is taking full advantage of opportunities opened up by fluctuations in the global market.

Besides, in the context of developments in Bangladesh, the Vietnam Textile and Apparel Association (VITAS) commented that “In the short term, Vietnam's textile and garment industry will have some advantages when Bangladesh's textile and garment production capacity decreases in the middle of the peak season of winter production; many customers will have to shift their orders to other countries to make up for the shortage.".

The instability in Bangladesh, a major competitor, has created opportunities for Vietnamese businesses to access more orders. Customers are looking for reliable alternative sources of supply, and Vietnam, with its abundant production capacity and increasingly improved product quality, is becoming an attractive option.

The trend of consuming sustainable products is increasing globally. Vietnam, with its efforts in building sustainable supply chains and meeting international standards, is attracting the attention of major retailers.

In addition, Vietnamese enterprises are constantly diversifying export markets, minimizing risks and enhancing competitiveness. Markets such as the US, Japan, South Korea and China are still the main markets, but emerging markets are also being exploited.

According to cyclical factors, demand for goods often increases sharply in the last months of the year. This is a great opportunity when Vietnam's main export markets such as the US, Japan, South Korea, and China all increase, while Europe has the lowest growth rate, only 0,8%.

However, the Vietnamese textile and garment industry still faces internal challenges such as limited dyeing and weaving capacity, affecting the ability to expand exports.

To overcome challenges and seize opportunities, Vietnamese textile and garment enterprises need to proactively invest in technology, innovate products, and improve product quality to meet increasingly high market demands. Currently, textile and garment exporting enterprises are focusing on solutions such as investing in technology and optimizing production processes, deeply participating in the OBM and ODM value chain, increasing production thanks to abundant imported raw materials, etc.

In addition, textile and garment enterprises focus on training and improving skills for workers, building a highly qualified workforce. They focus on developing sustainable supply chains, protecting the environment and ensuring worker welfare.

According to Mr. Vu Duc Giang, Chairman of VITAS, "The increase in orders is not due to increased market demand but mainly due to the shift from other countries to Vietnam. Thus, with the focus on investment in technology development, green and sustainable production such as using renewable energy, reducing emissions from domestic enterprises, the textile and garment industry has had many remarkable growths.".

With continuous efforts, the Vietnamese textile and garment industry is expected to continue to maintain its growth momentum in the coming time. The export turnover target of 44 billion USD (up 9,2% compared to 2023) in 2024 is considered completely feasible. However, to achieve this goal, businesses need to proactively adapt to market fluctuations and seize new opportunities.

Source: vietnam.vn– Oct 13, 2024

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Bangladesh registers largest decline in apparel exports to the US during Jan-Aug'24: OTEXA

Amongst competing countries, Bangladesh registered the largest decline in apparel exports to the United States during the Jan-Aug'24 period, shows data from the Office of Textiles and Apparel under the US Department of Commerce.

Bangladesh's apparel exports to the US declined by 9.16 per cent in value and 3.86 per cent in volume during these eight months due to ongoing challenges faced by exporters including rising production costs and extended lead times.

In terms of value, Bangladesh's apparel exports to the US declined to $4.71 billion during Jan-Aug'24period compared to $5.18 billion in the corresponding period of 2023.

By volume, Bangladesh apparel exports declined to 1.52 billion sqm during Jan-Aug'24 from 1.58 billion sq m exported in the same period of the previous year. Vietnam's apparel exports to the US declined by 1.06 per cent to $9.56 billion during the first eight months of 2024 from $9.66 billion in the same period of 2023.

China continued to be the largest supplier of apparel to the US market, although the country also witnessed a slight decline during the Jan-Aug'24 period.

Overall apparel imports by the US declined by 2.98 per cent to $10.69 billion during the eight-month period spanning Jan-Aug'24 compared to $11.02 billion in the same period of the previous year. In terms of volume, overall apparel imports by the US increased by 1.41 per cent to $16.71 billion sq m from $16.48 billion sq m in the same period of 2023.

Apparel imports from India and Indonesia also declined during the first eight months of 2024. RMG imports from India declined to $3.21 billion compared to $3.26 billion in the same period of the previous year. Meanwhile, imports from Indonesia contracted by 7.16 per cent to $2.68 billion compared with those of $2.89 billion in the same period of 2023.

On the other hand, apparel imports from Cambodia rose to $2.29 billion from $2.21 billion during the first eight months of 2024 while imports from Pakistan increased to $1.39 billion in the Jan-Aug'24 compared to $1.37 billion in the same period of 2023.

Source: fashionatingworld.com– Oct 11, 2024

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Pakistan must diversify export markets, product base to avoid trade deficit

Pakistan must diversify its export base and markets through proactive policies, better infrastructure and innovation to avoid recurring trade deficits.

"Pakistan's exports have been dominated by textiles, accounting for nearly 60% of total exports. While textiles have long been the backbone of Pakistan's trade, this over-reliance has constrained growth in other sectors. Moreover, much of Pakistan's export trade is concentrated in just a few markets, notably the US, the European Union and China," said Majid Shabbir, Policy Adviser at Islamabad Chamber of Commerce and Industry (ICCI).

"The problem with concentrating on textiles is that it is an increasingly competitive global market, with countries like Bangladesh and Vietnam rapidly overtaking Pakistan. Pakistan's textile sector relies heavily on importing raw cotton and machinery. This dependency increases production costs, making it hard for the country to compete on price," he pointed out.

He said that Pakistan needs diversification into sectors such as pharmaceuticals, engineering goods, information technology, and agriculture-based products. "These sectors are seen as untapped opportunities that could help Pakistan reduce its vulnerability to market fluctuations."

Shabbir emphasised the need for a policy shift, stating, "Pakistan has the potential to become a hub for IT services and software exports, but this requires substantial investment in infrastructure, skilled workforce and better regulatory frameworks."

"Pakistan has a well-developed domestic pharmaceutical industry, but it remains largely inward-focused, catering to the local market. Expanding pharmaceutical exports could be a lucrative option, especially given the global demand for affordable healthcare products," he said, stressing the importance of regulatory reforms, adherence to international standards, and enhanced research and development capacity.

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Source: fibre2fashion.com– Oct 11, 2024

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Pakistan: Weekly Cotton Review: Prices improve; business volumes increase

Federal Minister of Trade Jam Kamal Khan has emphasised the need to intensify efforts for the restoration of the cotton crop.

Newly elected officials of the Pakistan Cotton Ginners Association are meeting with relevant authorities to discuss ways to revive the crop. They are also demanding the elimination of various taxes on the production of ginning factories.

Cotton prices have seen fluctuation, but there has been an improvement after the decline, and business volumes have increased.

Head Transfer of Technology Central Cotton Research Institute Multan Sajid Mahmood said that Pakistan's Central Cotton Committee (PCCC) latest cotton varieties have impressive yield potential. However, cotton production has decreased by 50% compared to last year due to several negative factors.

The local cotton market experienced a mixed trend last week. At the start of the week, an increase in Phutti supply led to ginning units selling more cotton, resulting in lower prices. Textile spinners took advantage of the low prices and increased their purchases, improving business volumes. However, as cotton supply decreased later in the week, prices began to rise.

Meanwhile, the international cotton market was dominated by a bearish trend. Despite this, the textile sector's current position remains stable, influenced by factors such as fluctuating cotton supply, textile spinners' buying behaviour, global market trends, and local demand and production.

The market is currently experiencing a financial crisis, and yarn parity has not been established. However, there is hope for some flexibility in IPP (Independent Power Producer) issues and a possible decrease in interest rates. Encouraged by these expectations, textile mills are purchasing more cotton.

Currently, cotton quality is also improving day by day. Most ginning factories have started operating, and it is expected that cotton arrivals will further improve in the coming days.

Despite this, cotton farmers appear concerned due to overall low cotton prices, which prevent them from getting the correct price for their produce. The fluctuations in cotton prices affect Phutti prices, resulting in farmers not receiving fair compensation.

Last Friday, World Cotton Day was observed globally, including in Pakistan, where various organizations related to the cotton industry marked the occasion. They presented proposals for the revival of cotton production.

Pakistan's cotton crop has been declining for several years, worsening with each passing year. Experts warn that neglecting cotton revival efforts will exacerbate the crisis in the coming years. To address this, all organisations connected to the cotton industry must take serious steps to increase production. This year, Pakistan's cotton production is expected to be around 60 to 65 lac bales.

To meet domestic textile mills requirements, approximately 60 to 70 lac bales will need to be imported. Additionally, large quantities of cotton yarn are also being imported. The total cost of importing cotton and yarn will be around $2.5 billion.

Pakistan's textile sector, which contributes significantly to the country's economy, relies heavily on cotton. Revitalizing cotton production is crucial for the industry's sustainability and the national economy.

The rate of cotton in Sindh is in between Rs 17,800 to Rs 18,000 per maund, while Phutti price is in between from Rs 7,000 to Rs 8,400 per 40 kg. The rate of cotton in Punjab is in between Rs 17,800 to Rs 18,200 per maund. The rate of cotton in Balochistan is in between Rs 17,800 to Rs 18,000 per maund, while Phutti price is in between Rs 7,500 to Rs 9,300 per 40 kg. The Spot Rate Committee of the Karachi Cotton Association maintained the spot rate at Rs 18,000 per maund

Chairman of the Karachi Cotton Brokers Forum, Naseem Usman, informed that the international cotton market also exhibited a mixed trend. The New York cotton futures price ranged between 72 and 73 American cents per pound.

According to the USDA's weekly export and sales report for the year 2024-2025 eighty nine thousand and six hundred bales were sold. Vietnam topped the list with fifty six thousand and six hundred bales only.

Mexico secured the second place with eleven thousand and seven hundred bales.

Pakistan ranked third with ten thousand and one hundred bales. For the year 2025-2026 thirteen thousand and two hundred bales were sold. Turkey purchased the entire quantity.

Chairman of Pakistan Ginners Association, Dr Jasu Mal, discussed with Federal Minister of Trade Jam Kamal Khan the alarming decline in ginning companies from 1,200 to 400, causing underutilisation of electricity resources and disruptions in cotton supply chains. Cotton is a livelihood for millions in Pakistan, dependent on its cultivation, harvesting, and processing.

The Minister acknowledged heavy taxes on cotton production, from pesticides to ginning and oil extraction, making competition with other crops challenging. He assured the government is taking immediate action to address this issue, especially considering the $3-4 billion spent annually on cotton imports, which can be saved by revitalizing domestic production.

The Minister proposed a series of seminars and workshops to develop a comprehensive action plan in collaboration with industry stakeholders, including All Pakistan Textile Mills Association (APTMA) and exporters. He encouraged the association to submit funding proposals through the Export Development Fund (EDF) to revitalize the sector and promote exports.

Dr Jasu Mal appreciated the Minister's support and highlighted the sector's once-esteemed title of "white gold." He warned that without intervention, high taxes and electricity costs will continue to deter farmers from cultivating cotton, despite its billion-dollar export potential.

The meeting concluded with a firm resolve to restore Pakistan's cotton industry to its former glory.

Separately, the Sindh Abadgar Board (SAB) held a meeting in Hyderabad, attended by farmers from various districts, to discuss the impact of severe weather conditions on Kharif crops. The discussion revealed that heat waves and heavy rainfall resulted in a 50% decrease in cotton production compared to last year.

Low seed cotton prices, coupled with production decline, left many farmers unable to invest in post-rain crop management due to financial constraints.

Some farmers who afforded nutrition and bio-stimulants for their crops managed to recover some production, but most struggled.

Paddy harvesting has also begun. While initial sown crops were affected by heat waves, overall paddy production is reported strong. However, farmers suffered significant losses in Kharif vegetables, particularly chilli peppers and onions, exacerbating their financial woes.

The meeting emphasised the need for the government support for farmers to recover from losses, improved irrigation systems and water management, climate-resilient crop varieties and farming practices and enhanced agricultural extension services and training. They urged the government to address these concerns to ensure the sustainability of Pakistan's agriculture sector.

Another critical issue raised was the declining prices of cotton and paddy seeds. In 2023, the price of cotton seeds was Rs 8,500 per 40 kilograms, while paddy seeds cost Rs 3,500 per 40 kilograms. Despite increases in input costs, prices for both commodities have dropped this year, with cotton seeds now priced around Rs 6,500 and paddy seeds at approximately Rs 2,500 per 40 kilograms.

The farmers expressed deep concern over the price drop, which has fallen below production costs. This concern is reflected in the 20% decrease in fertiliser usage compared to last year- an ominous sign for future agricultural production. Due to these challenges, achieving strong agricultural GDP growth and repeating last year's record exports may not be possible.

The farmers criticised the government's lack of support for the agricultural sector, citing climate change's impact on production and what they see as selective deregulation benefiting hoarders and middlemen at the expense of farmers. Sajid Mahmood, Head of the Technology Transfer Department at the Central Cotton Research Institute (CCRI), Multan, has stated that the recent cotton varieties developed by the Pakistan Central Cotton Committee (PCCC) demonstrate exceptional production potential.

Notably, one of the prominent varieties from CCRI Sakrand, CRIS-682, has been cultivated on approximately 35-40% of the area under cotton production in Sindh this year and has recently received approval from the Sindh Seed Council as one of three approved varieties. CRIS-682 is currently performing remarkably well throughout Sindh.

In the ongoing cotton season, CRIS-682 has exhibited superior performance across the province, serving as a definitive response to claims that PCCC varieties lack efficacy. This approved variety from CCRI Sakrand is characterised by excellent fibre quality, high heat tolerance, and outstanding production capacity, thus establishing itself as a leading option in Sindh due to its impressive yield potential.

Looking ahead, the breeders at the Central Cotton Research Institute, Multan, are developing another notable variety, Cyto-547, in addition to other varieties.

Currently in its first year of trials under the National Coordinated Varietal Trials (NCVT), Cyto-547 is expected to be available for general cultivation by farmers in 2025, God willing. This variety not only possesses robust production capabilities but is also resistant to sap-sucking pests, particularly whitefly, which poses a significant threat to cotton crops. It is noteworthy that in its inaugural year of NCVT in 2023, Cyto-547 achieved the top position across Punjab, and it is now in its second year of trials.

These advancements represent a significant milestone for Pakistan's agricultural research system and constitute a critical step toward enhancing cotton production. The success of these varieties is a testament to the relentless dedication of our PCCC scientists and will open new pathways for the advancement of the cotton industry in our country.

Source: brecorder.com– Oct 14, 2024

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Pakistan: IMF asks govt to end tax breaks for agri, textile sectors

The Inter-national Monetary Fund (IMF) has asked Pakistan to swiftly end preferential treatment, tax exemptions and other protections for the agriculture and textile sectors, which it says have stifled the country's growth potential for decades.

In its staff report on the diagnosis of the factors behind Pakistan's struggling economy, the IMF blamed these two sectors not only for failing to contribute adequately to the national revenue but also for consuming large portions of public funds while remaining inefficient and uncompetitive.

As part of the recently approved $7 billion Extended Fund Facility (EFF), the IMF stressed that Pakistan must break from its economic practices of the past 75 years to escape its recurrent boom-bust cycles. The report highlighted the country's significant lag behind similar nations, a stagnation that has compromised living standards and pushed over 40.5 per cent of the population below the poverty line.

It said Pakistan had struggled to develop more sophisticated export goods, and the share of knowledge-intensive exports remains low as it failed to innovate. As of 2022, Pakistan ranked 85th in the Economic Complexity Index, the same rank it held in 2000.

"With an export basket strongly biased towards agriculture and textiles (cotton yarn, rice, woven fabrics, beef, leather apparel), the country has struggled to reallocate resources towards more technologically complex products," it said.

The current focus on agriculture has limited Pakistan's ability to diversify into more technologically complex goods. While Pakistan does export some high-value products, such as medicines, medical instruments and plastic products, these sectors operate in a heavily distorted economic environment.

The report highlighted tariffs on intermediate and final goods as barriers to competitiveness and domestic market growth, inhibiting the country's transition towards more advanced manufacturing.

"Reallocation, however, is held back by existing microeconomic distortions, including public procurement of agricultural goods, price controls on raw inputs, and fiscal and financial incentives for low productivity sectors," it observed.

The report identified the textile sector as having the highest tax gap relative to its value added, noting that between 2007 and 2022, the sector benefited from subsidies, favourable pricing on inputs, concessional financing schemes and preferential tax treatment. As of May 2024, 70pc of the outstanding concessional central bank loans were tied to the textile sector.

The IMF recommended that the government focus on simplifying trade policies under the upcoming National Tariff Policy (2025-29). It urged Pakistan to avoid using tariffs to promote industrialisation or protect inefficient sectors, arguing that such policies weaken exports, hinder participation in global value chai-ns, and incentivise rent-seeking.

The report also warned that "trade policies aimed at promoting specific domestic sectors, including export subsidies and local content requirements, should be discontinued as they are likely to promote resource misallocation and may violate international obligations".

Compared to other regional pe-ers, Pakistan's export growth has been weak, with sales to the world particularly stagnant during the 2010s. Its many trade restrictions, including exchange measures, restr-i--ctions to payments, as well as tariff and non-tariff barriers to imports, have consistently placed Pakistan around the 90th percentile of the Measu-rement of Aggregate Trade Restrictions index. Greater integration to world trade and fundamentals-driven competitiveness gains would help spur Pakistan's economic development, the IMF advocated.

The report noted that persistent policy-induced resource misallocation and their retention in low productivity activities not only hampered the incentive to invest, innovate and enhance total factor productivity but also a major source of the decline in Pakistan's living standards and competitiveness. The Fund called for removing these distortions so that the country could develop a stronger, more competitive and technologically advanced economy.

It said several complex goods were within likely technological proximity to Pakistan's current export basket, including glassware, paints, chemicals, fabrics for industrial use, paper, cosmetics and rubber products.

However, to facilitate the development of such new industries, the country needed a level playing field for business, avoiding targeted policies aimed at picking winners.

This includes greater integration into global trade and easier access to imports, both as intermediate inputs for production and as final goods to promote domestic competition. The removal of fiscal incentives would reduce the existing misallocation of resources and promote price discovery across firms.

In addition, the agriculture sector in Pakistan provided an extreme example of government policies hindering transformation by trapping resources in low-productivity activities. The agriculture sector suffered from one of the lowest levels of labour productivity and had shown both the smallest reallocation relative to peers and the smallest improvement in labour productivity.

The IMF said that large-scale government interventions, such as support prices and preferential tax treatments, have locked resources into agriculture at the expense of more productive sectors.

Source: dawn.com– Oct 14, 2024

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NATIONAL NEWS

India-EU FTA: Commerce Department asks industry to point out required flexibility in rules of origin

With India and the EU focussed on lending pace to the ongoing free trade agreement (FTA) negotiations, the Commerce Department has reached out to the domestic industry to ensure that it gets the best possible flexibility under rules of origin–the criteria that determine the national source of a product and its eligibility for tariff cuts and elimination.

The industry has been tasked with studying sectorally the rules of origin under existing pacts that the EU has with countries such as Vietnam, Canada, Singapore and the UK and compare them with the one proposed by the bloc for its FTA with India before coming up with its own proposals, a souce tracking the matter told businessline..

"The ROOs that the EU has in its existing FTAs with various countries are very nuanced and have product specific rules that offer relaxations and flexibilities to numerous products. The Commerce Department wants the Indian industry to study these while weighing the EU's proposal for India," the source said.

ROO are crucial for any trade pact as they determine the country of origin for a product and ascertain whether sufficient transformation of the products (imported from other countries) have taken place in the partner countries for it to qualify as originating from there.
Greater flexibilities

While in many of the older FTAs entered into by India, the ROO were relatively simple and linked mostly to the wholly obtained (from the partner country) criteria, value added criteria (minimum percentage of value addition taking place in the partner country) or change in tariff heading criteria (transformation of a product leading to a change in its tariff classification), the rules are increasingly getting more refined to offer greater flexibilities to particular items.

"The ROO in the EU's existing FTAs reveal that flexibilities for numerous products can be woven into trade pacts depending on the negotiating power of countries," a source tracking the India-EU . Various industry bodies have been asked to give their input and feedback on product specific rules by this week so that the Commerce Department could incorporate the suggestions in its list of demand in the next round of negotiations," the source said.

While both India and the EU have been trying to speed up the negotiations for the FTA, both are not satisfied by the progress made so far. EU Ambassador to India Hervé Delphin recently said that the progress in the FTA talks so far has been marginal and both sides needed to re-calibrate and overcome the fundamental differences.

Commerce & Industry Minister Piyush Goyal said that the EU will have to decide whether it was looking at expanding trade, expanding business between the two sides, or whether it was looking at issues which are dealt with by other international organisations.

Indian companies are worried about the consequences of regulations like the carbon tax, deforestation regulation, and supply chain regulation that could take away the potential gains of a FTA in many sectors.

Both leaders called for mutual cooperation to take the negotiations forward.

Source: thehindubusinessline.com– Oct 13, 2024

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Philippine prez backs review of ASEAN-India trade pact

Philippine President Ferdinand R. Marcos Jr. recently stressed his country's support to the review of ASEAN-India Trade in Goods Agreement (AITIGA) to make it more user-friendly, simple and trade-facilitative for businesses, including micro, small, and medium enterprises (MSMEs).

In his speech during the 21st ASEAN-India Summit in Vientiane, President Marcos recognised the importance of AITIGA in easing trade restrictions, hoping that India would continue supporting the agreed provisions.

"We hope that the review of the AITIGA will effectively lessen restrictions to trade and that India will continue to support its agreed provisions," he was quoted as saying in a press release from his office.

Marcos expressed optimism on future cooperation with India on digital realm through the ASEAN-India Joint Statement on Advancing Digital Transformation.

He also urged India to explore its promotion of technical and vocational education and training in ASEAN through sharing of knowledge on establishing industry-academia partnerships to enhance enterprise-based training schemes.

Source: fibre2fashion.com– Oct 11, 2024

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Readymade garment exports to fuel textile sector expansion

The textile sector will witness significant expansion with an 11 % year-on-year growth in readymade garment exports, according to the Ministry of Textiles.

The August trade data showed that readymade garment exports had registered 11 % y-o-y growth. A number of schemes and policy initiatives of the government aim to leverage and catalyse these inherent strengths to help the textile sector achieve the $350 billion goal by 2030, the Ministry said in a statement.

"While over ₹90,000 crore of investments is expected to flow through the PM Mega Integrated Textile Region and Apparel (PM MITRA) Park and Production Linked Incentive (PLI) Scheme in the next three to five years, schemes like the National Technical Textiles Mission are expected to help India acquire leadership position in emerging sectors such as technical textiles," the Ministry said.

Encouraging reports of a number of investment decisions in the pipeline are healthy portents for the industry, it added.

When completed, each of the seven PM MITRA parks will attract investments of ₹10,000 crore.

The PLI Scheme, with a total projected investment of over ₹28,000 crore and a turnover of over ₹2 lakh crore, will promote production of MMF apparel and fabrics and technical textile products.

Industry sources in Coimbatore said while the efforts of the government are a welcome move, it is imperative for the government to relax the quality control order (QCO) norms. While India is competitive globally in the cotton textile sector, it is not so in the manmade fibre (MMF) sector. For polyester and viscose fibre, the raw material price is nearly 45% and 21% expensive respectively, they said.

Source: thehindu.com– Oct 12, 2024

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State sanctions Rs148 crore capital subsidy for textile units

Nagpur: In a series of decisions, the state government has sanctioned Rs148 crore towards capital subsidies for the textile industry. Additionally, it approved Rs200 crore for its ongoing action plan aimed at enhancing the yield and value-chain addition for cotton, soybean, and other oilseeds. Of this amount, Rs100 crore will be used to meet the target of distributing over 3 lakh battery-operated agricultural spray pumps under the yield-boosting initiative, according to a government resolution (GR) issued on Friday.

The GR for textile industries lists over 170 units, including several in Vidarbha, which will receive the subsidy directly into their bank accounts. Under this scheme, the government offers capital subsidies instead of interest assistance. This allows textile units to receive a percentage of funds spent on capital assets acquisition, aiding their growth and modernization.

Industry sources stated that the subsidy comes as a relief amid a cash crunch affecting the sector. Prashant Mohota of Gimatex Industries Private Limited, one of the beneficiaries from Vidarbha, welcomed the government's decision, acknowledging the timely release of funds.

Textile Commissioner Avishyant Panda noted that this subsidy release is part of a routine process. Proposals from various units are processed regularly, and funds are disbursed based on availability.

As for the Rs100 crore allocated for purchasing spray pumps, this will be managed by the Maharashtra Agro Industries Development Corporation (MADC) to fulfill pending targets. Additionally, another Rs100 crore has been earmarked for providing solar light traps for crop pest management, manufactured by Punjabrao Deshmukh Agriculture University, Akola.

The government's special action plan includes spending Rs1,000 crore to boost oilseed yields and enhance the value chain from 2022-23 to 2024-25. So far, Rs685 crore has been utilized, with the newly approved Rs200 crore falling in line with the cabinet decision taken on Sept 23.

Source: timesofindia.com– Oct 11, 2024

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Indian FY25 air cargo volumes projected to see 9-11% YoY growth: ICRA

India's overall air cargo volumes are projected to see healthy growth of 9-11 per cent year on year (YoY) to 3.6-3.7 million tonnes in fiscal 2024-25 (FY25), supported by 11-13 per cent expansion in international and 4-6 per cent growth in domestic cargo, according to rating agency ICRA.

The international cargo volumes had seen a muted YoY rise of 1 per cent in the first half (H1) of FY24 on the back of the slowdown in the global economy and geopolitical conflicts.

However, international cargo volumes witnessed a healthy expansion of 18 per cent in H2 FY24 amid the Red Sea crisis, which started in October 2023. Consequently, the seaborne cargo traffic was affected, which in turn benefitted international air cargo traffic.

"ICRA's outlook on [India's] airport infrastructure is stable, with revenues of ICRA's sample set likely to grow by around 12-14 per cent YoY in FY25, supported by the sustained improvement in both domestic and international passenger traffic, increase in tariffs at some of the major airports and ramp-up in non-aeronautical revenues," said Vinay Kumar G, vice president and sector head, corporate ratings, ICRA, in a release.

The credit profile of airport operators is projected to remain strong, supported by healthy accruals and comfortable liquidity, he added.

Source: fibre2fashion.com– Oct 13, 2024

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Over 155,000 applicants registered on PM internship portal in a day

Over 155,000 candidates have registered for about 91,000 opportunities on the internship portal since it was opened for applicants on Saturday evening, according to sources in the Ministry of Corporate Affairs.

A shortlist using artificial intelligence would be prepared to identify eligible candidates and match them to the suitable internship opportunity. The shortlist would be shared with the companies on October 15.

This is part of the pilot for the Prime Minister internship scheme launched on October 3. The actual internship would start from December 2. The scheme was announced by Union Finance Minister Nirmala Sitharaman as part of the government job-push agenda in her budget speech on July 23.

The scheme would target providing 125,000 internship opportunities to youth aged 21 to 24 in FY 2024-25 with a budget of Rs 800 crore.

Government aims to skill one crore youth in India’s top companies in five years through the internship scheme. The youth will gain exposure for 12 months to real-life business environment, varied professions and employment opportunities.

The internship opportunities have been posted by 193 companies, including by major private sector players such as Jubilant Foodworks, Maruti Suzuki India, Eicher Motor Ltd, Larsen & Toubro Ltd., Muthoot Finance, Reliance Industries, among others.

These are spread across 24 sectors, with the greatest share available in the oil, gas & energy sector, followed by travel and hospitality, automotives, banking and financial services among others.

The eligibility criteria for internship candidates requires them to have passed High School, Higher Secondary School, possess a certificate from an Industrial Training Institute, hold a diploma from a Polytechnic Institute or have a graduate degree. The persons should also be Indian nationals, who are not fully employed and engaged in full-time education. Those enrolled in online or distance learning programmes are eligible to apply.

Candidates would be able to browse internships based on their preferred sectors, roles, locations and apply up to five opportunities.

The MCA would provide direct benefit transfer of Rs 6,000 to the intern on joining and a cover under the PM Jeevan Jyoti Bima and PM Surakha Yojana. A financial assistance of Rs 5,000 per month would also be provided to the intern of which Rs 4,500 would be disbursed by the government and Rs 500 would be paid by the company from its CSR funds.

The shortlisting would include weeding out those who are ineligible to apply such as chartered accountants, certified management accountants, those with degrees from Indian Institute of Technology (IIT) or Indian Institute of Management (IIM). If any member of the applicant's family has income exceeding Rs 8 lakh for FY 2023-24, or is a government employee would also be ineligible.

Source: business-standard.com– Oct 13, 2024

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The CGST rules: Helpful amendments, court decisions for exporters

Exporters have good news. The government has issued necessary notification omitting Rule 89(4A), Rule 89(4B), and Rule 96(10) from the Central Goods and Services Tax Rules, 2017 (CGST Rules). Two useful decisions have also come in from the courts.

Rules 89(4A) and 89(4B) of the CGST Rules made it difficult to claim refund of unutilised input tax credit (ITC) of goods and services tax (GST) paid on inputs and input services in situations when any of the other inputs were procured without any GST payment under certain schemes of the Foreign Trade Policy, such as Advance Authorisation Scheme or Export Oriented Units scheme or where refund of the GST paid on other inputs procured under Deemed Exports Scheme was claimed or where a merchant exporter had procured the export goods with 0.1 per cent GST payment. Rule 96(10) of the CGST Rules denied the facility of making payment of integrated goods and services tax (IGST) under a refund claim in similar situations. In its 54th meeting held on September 9, 2024, the GST Council had taken a decision to do away with these unnecessary restrictions. The government has now given effect to the GST Council decisions by carrying out necessary amendments to the CGST Rules 2017. This will help exporters liquidate the accumulated ITC balances as explained in my earlier article (Please see here: **Kudos to CBIC for dropping difficult CGST Rules, reducing compliance burden**).

Following the directions of the Supreme Court in the case of Cosmo Films Ltd. [2023 (5) Centax 286 (SC)] regarding pre-import conditions in advance authorisations, the Central Board of Indirect Taxes and Customs (CBIC) had issued its circular no. 16/2023-Cus, dated June 7, 2023, prescribing the procedures for the payment of IGST and compensation cess (CC) along with interest by the importers who had violated the pre-import condition. The demand for interest could be contested as pointed out in my column (Please see here: **'Interest demand in pre-import regularisation cases can be contested'**). Now, the West Zone Customs, Excise and Service Tax Appellate Tribunal at Ahmedabad has held in the case of Chiripal Poly Films Ltd. [2024-VIL-876-CESTAT-AHM-CU] that no interest is payable in such situations because Section 3(12) of the Customs Tariff Act, 1975 does not provide for collection of interest in such matters.

Exporters must take note of this useful judgment and consider filing applications for refund of any interest they have already paid.

The Gujarat High Court, in the case of Cosmo Films Ltd. [[2020] 120 taxmann.com 417/[2021] 83 GST 596/2020 (43) G.S.T.L. 577 (Guj.)] had wrongly held that the Rule 96(10) of the CGST Rules, 2017, as amended by notification 54/2018-CT dated October 9, 2018 will have retrospective effect from October 23, 2017. Based on this case law, the GST department had raised a number of demands.

Responding to several special civil applications from the exporters to amend the order dated October 20, 2020 in the above referred judgment, the Gujarat High Court has now passed rectification order IA dated September 19, 2024 [(2024) 22 Centax 553 (Guj.)] making it clear that the Rule 96(10) of the CGST Rules, 2017 as amended by the notification no.54/2018-CT will have only prospective effect from October 9, 2018. It is a great relief for exporters, who had received unreasonable demands from the GST department.

Exporters should take note of the helpful court decisions and useful amendments to the CGST Rules by the government.

Source: business-standard.com– Oct 13, 2024

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Small-scale textile mills seek policy support from Central government

The South India Spinners Association has sought two urgent measures from the Central government for survival of the small-scale textile mills.

The Association said in a press release that the mills should have access to raw materials – cotton and manmade fibre – at competitive prices.

During the last two financial years, the textile sector in Tamil Nadu had seen closure of mills, loss of livelihood, and lack of opportunities. The raw material prices had crippled the industry and exports markets had moved away. The required policy support from the government did not come through, it said.

The spiralling cost of cotton and other raw materials had made it nearly impossible for mills to keep up production and access to finance was limited as banks were hesitant to lend to an ailing industry.

Without these two support factors, the resilience of the mills remained challenged.

The government should remove the import duty on cotton and the micro and small-scale textile mills need access to credit at reasonable interest rates, it said.

Source: thehindu.com– Oct 12, 2024

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