IBTEX No. 4 of 2025 January 06, 2025

Currency Watch			
USD	EUR	GBP	JPY
85.83	88.36	106.76	0.54

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INTERNATIONAL NEWS

US manufacturing PMI drops in Dec as orders reduce

The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index (PMI) posted 49.4 in December, down from 49.7 in November but up from the 'flash' reading of 48.3. After having neared stabilisation in the previous month, December saw a sharper reduction in new orders.

The rate of decline in production also quickened, while firms scaled back purchasing activity and inventory holdings. Latest data showed a sixth consecutive monthly worsening in the health of the manufacturing sector. The deterioration in December was more marked than that seen in November, but still only modest overall, S&P Global said in a press release.

Manufacturing production was down for the fifth successive month, with the rate of contraction the fastest in a year-and a-half. Lower output generally reflected a drop in new orders. After having neared stabilisation in the previous month, new business decreased at a faster pace in December. New export orders were also down, and to a greater extent than total new business.

Europe and Australia were among the export markets reported to have seen a reduction in demand. Where new orders decreased, this was often linked to a reluctance among customers to commit to new projects. In some cases, this reflected a pause ahead of the new administration taking power in January.

Business confidence declined after showing a significant boost in November. On the brighter side, employment saw a slight increase for the second consecutive month. However, manufacturers experienced a much steeper rise in input costs, leading to another round of selling price hikes.

However, survey respondents generally expressed optimism that the incoming administration would improve demand conditions in 2025. Manufacturers anticipated higher output in the new year, despite a drop in sentiment in December, which hit its lowest level since Augus, added the release.

Encouraged by positive expectations, firms modestly increased staffing for the second consecutive month, though the rate of job creation slowed, and stocks of finished goods saw their first reduction in six months.

Input cost inflation accelerated sharply in December, marking the fastest rise since August and aligning with pre-pandemic levels. Panellists attributed this to higher supplier charges and raw material costs. Consequently, firms raised output prices, with inflation reaching a three-month high. Prices have been on the rise since June 2020.

Additionally, suppliers' delivery times extended significantly, the worst delays since October 2022, driven by staff shortages and freight issues.

“US factories reported a tough end to 2024 and have scaled back their optimism for growth in the year ahead. Production was cut at an increased rate in December amid disappointing inflows of new orders. While November had seen a near-stabilisation of order books as uncertainty surrounding the election passed, reviving customer demand, this respite has proved temporary. Factories are reporting an environment of subdued sales and inquiries, notably in terms of exports,” said Chris Williamson, chief business economist at S&P Global Market Intelligence.

“Many firms are generally anticipating that business will pick up in the New Year, with respondents pinning hopes on expectations that the new administration will loosen regulations, reduce tax burdens and boost demand for US-made goods via tariffs. Confidence has consequently risen from a low-point last June, having jumped higher in November on the election result.

However, this optimism has been pared back somewhat in December, as firms are now reporting worries over higher input prices, and are concerned that inflation may pick up again, adding to speculation that interest rates will not be cut as much as previously thought likely over the coming year,” added Williamson.

Source: fibre2fashion.com– Jan 05, 2025

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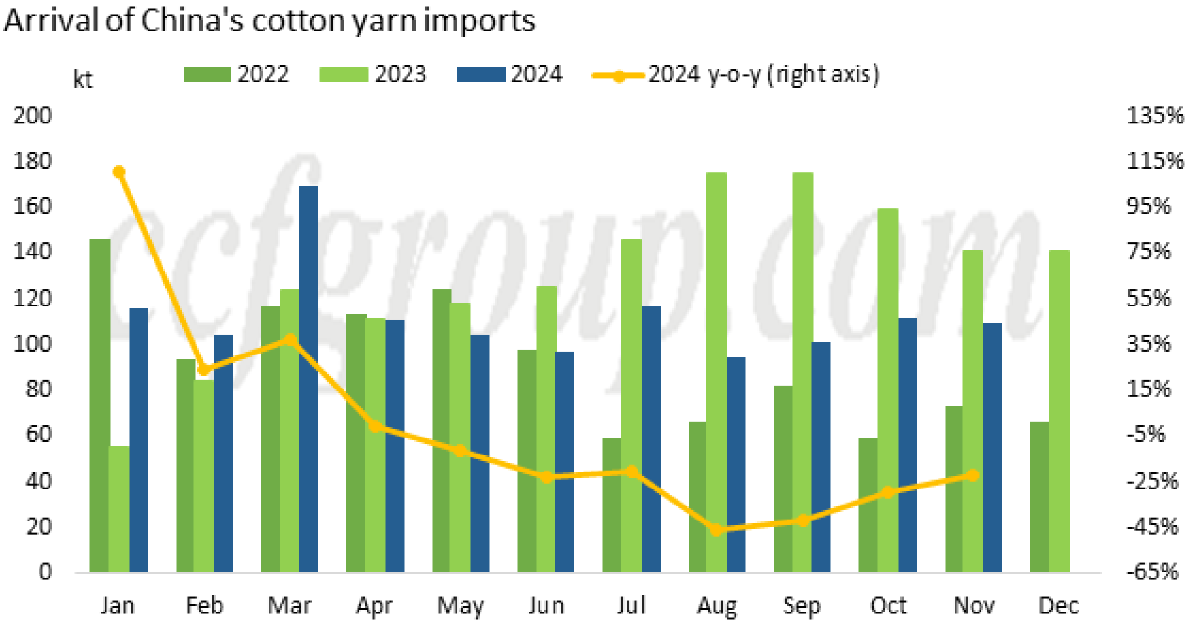
China's blended yarn imports increase in Nov

I. China's cotton yarn imports totaled 109.4kt in Nov

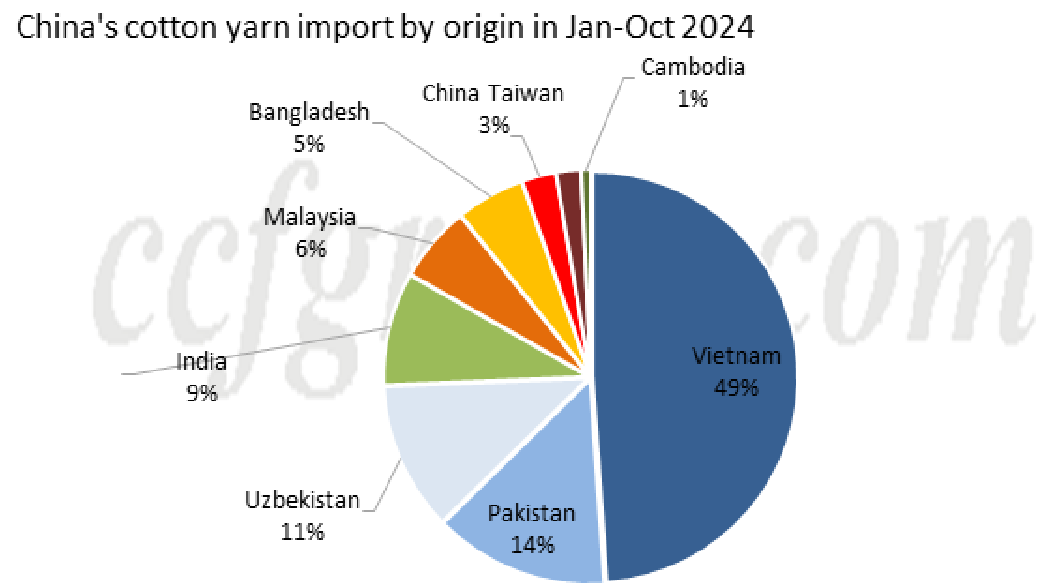
In Nov 2024, China's cotton yarn imports were around 109.4kt, a decrease of 2,600 tons compared with October, but there was a significant gap compared with that in November of last year. The import volume of cotton yarn decreased by 31.7kt year-on-year. From Jan-Nov 2024, China's total import of cotton yarn reached 1.234 million tons. Since November, the import cost of cotton yarn has been continuously pushed up by the exchange rate, and the difficulty in operation has increased sharply. It is expected that the arrival volume in December will still remain at a relatively low level.

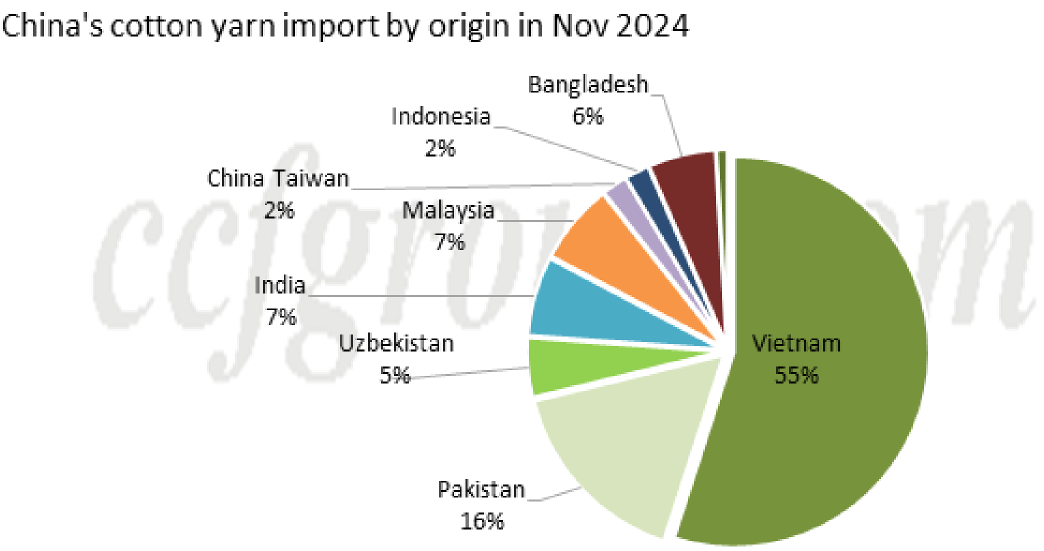


II China's cotton yarn imports by origin in Nov 2024

In November, China's imports of Vietnamese yarn were approximately 59.3kt. Its share dropped by 3 percentage points compared with that of the previous month to 55%. Secondly, Pakistani yarn imports climbed to 17.5kt in November, with an increase of 5,400 tons compared with the previous month in terms of import volume, accounting for about 16% of the share.

In November, China's total imports of Malaysian cotton yarn were 7,173 tons, and the import volume of Indian yarn was about 7,098 tons; both saw a slight increase compared with that in October. The import volume of Uzbekistani yarn did not fluctuate much, and the arrival volume in November was around 5,300 tons.



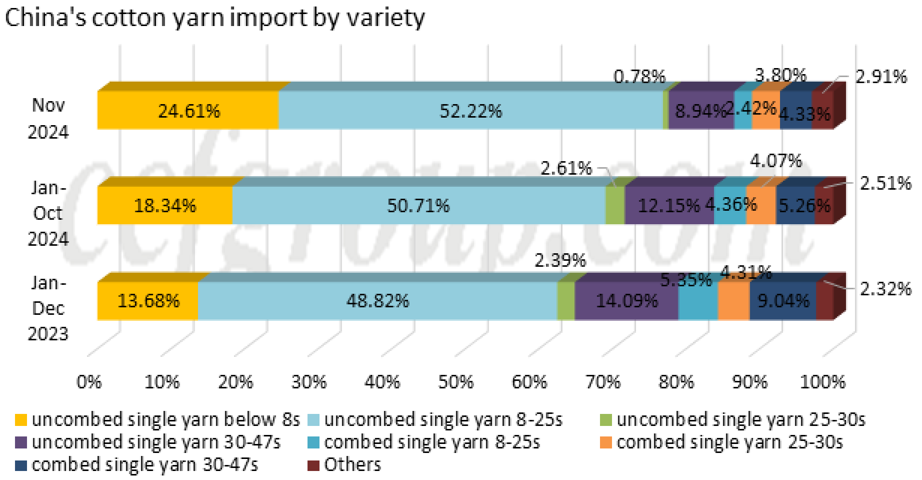


III. China's cotton yarn imports by structure in Nov 2024

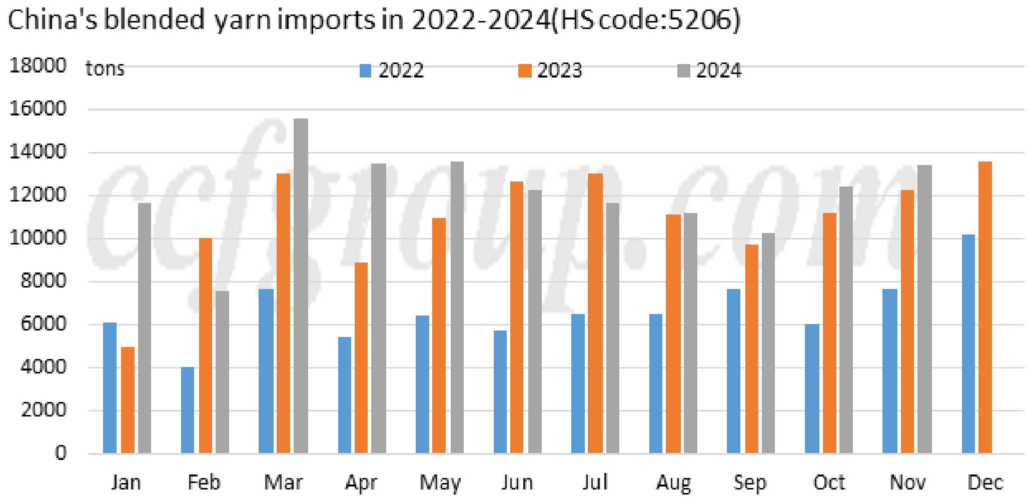
In November, the specifications of China's imported cotton yarn continued those in October. The carded single yarn below 8s accounted for 24.61%, with a total of 26.9kt. As for the carded single cotton yarn 8-25s, the total import volume in November was approximately 57.1kt, and its import share continued to decline slightly to 52.22%.

The open-end yarn within this range also became relatively popular from November to December. The total import volume of carded single yarn 30-47s was 9,778 tons, mainly coming from Vietnam, Uzbekistan, Malaysia and Indonesia. Due to the excessively high prices, the imports of Indian yarn 32s and 40s were temporarily suspended. As the price difference between overseas combed yarns and domestic combed yarns was too large on the whole, the inflow of imported combed yarns also decreased significantly.

IV. China's blended cotton yarn imports in Nov 2024



In Nov 2024, China's imports of blended cotton yarn continued to climb to around 13.4kt. From January to November 2024, the cumulative import volume of blended cotton yarn has totaled 132.8kt. Among the imported blended cotton yarn, carded yarn 8-25s represents about 42% of the total, with a total of 5,599 tons arriving. The import volume of combed single yarn 25-30s increased relatively rapidly, with a total arrival of 2,672 tons in November, and its import share rose to approximately 20%. Since December, driven by the essential demand of export orders with traceability requirement, the sales of imported blended cotton have witnessed phased improvements. The overall downgrade of overseas demand has also led to an increasing tendency in the usage of ring-spun cotton yarn.



Source: ccfgroup.com– Jan 03, 2025

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Source: fibre2fashion.com– Jan 05, 2025

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Unravelling African Cotton: Opportunities, challenges & road ahead

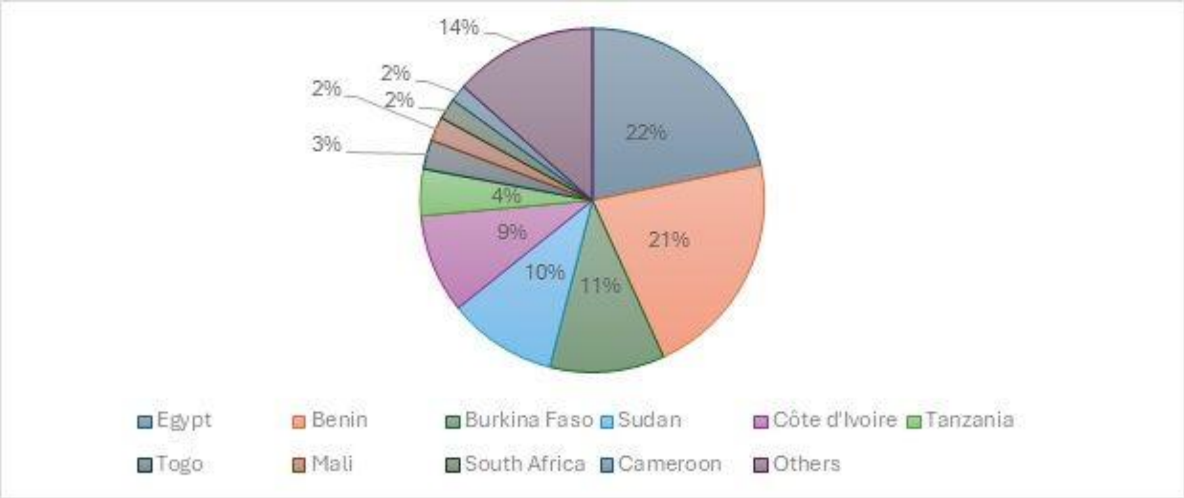
Cotton, widely regarded as the ultimate natural fibre, plays a critical role in the textile industry of several major economies, including the US, India, Turkiye, and Brazil. These countries dominate the production and export of raw cotton and its derivatives. Additionally, cotton products are exported to major global economies and countries specialising in textile manufacturing, such as Bangladesh, Vietnam, and Italy, where the raw materials are converted into finished products.

However, the cotton industry faces numerous challenges. As an agricultural product, cotton is highly dependent on favourable weather conditions, and climate change poses significant risks to crop yields. Unpredictable weather, such as droughts or excessive rainfall, can dramatically affect production and pricing, making the cotton market volatile. These challenges in traditional cotton-growing regions have spurred developing countries, particularly Least Developed Countries (LDCs), to explore and compete in the global cotton market.

With its abundant natural resources and favourable climate for cotton cultivation, Africa has become a key player in this shift. The continent's warm, humid environment is ideal for cotton growth, positioning it as a significant supplier of raw cotton. Furthermore, Africa has seen a surge in foreign direct investment (FDI), which has bolstered its cotton sector. The continent's LDC status has also provided access to various trade benefits, making it increasingly attractive for international investors and trade partners.

Many African nations, such as Benin, Burkina Faso, Sudan, and Tanzania, are already established cotton producers. In recent years, these countries have made strides in increasing raw cotton production and processing it into finished textile products. This shift toward producing finished intermediate goods, such as woven fabrics, yarn, and cotton waste, aligns with Africa's broader industrialisation goals. By moving up the value chain, African countries are poised to capture a larger share of the global textile market, benefitting from the growing demand for sustainably produced and competitively priced cotton products.

Exhibit 1: Top African economies contributing to global cotton exports (in $ Mn)



African cotton is largely grown by small landowners and is a source of income for a large population of African farmers. Currently, Benin, Burkina Faso, Tanzania, and Côte d'Ivoire lead in the production and export of cotton and cotton products.

Fibre2Fashion comprehensively analyses how African cotton exports are performing and how it will make a place for itself amidst traditional partners. Please note that Sudan has not been added to the list due to a lack of current information.

Africa's Cotton-4 countries

Africa has four countries that have majorly contributed to cotton exports, namely Benin, Burkina Faso, Chad, and Mali. Benin and Burkina Faso continue to have a stronghold in Africa with regard to cotton and cotton products exports.

The Cotton-4 (C-4) countries, which are key cotton producers in Africa, benefit from several strengths that make them major players in global cotton exports.

Their high production volumes, supported by favourable growing conditions and low production costs, allow them to supply significant amounts of raw cotton annually, maintaining a competitive edge in the international market.

Table 1: Analysis of top cotton exporting countries of Africa

Country	Insights	Main Products	Remark
Benin	- Bangladesh shows strong and consistent growth, becoming a key partner in expanding Benin's cotton export market. - China's cotton imports are volatile, with significant fluctuations in demand, requiring strategic planning. - Egypt's cotton imports have declined recently, indicating a potential decrease in demand or market challenges. - Pakistan's market is relatively small and unpredictable, with significant volatility in cotton imports from Benin.	- Woven cotton fabric (85% cotton) - Carded cotton	- Focus on expanding exports to Turkiye due to pre-COVID-19 record values. - Consider expanding export potential to Vietnam, which has shown a decline between CY 2022-2023. - Mauritius saw a sharp $7.9 million increase in cotton exports after a period of zero exports, showing growth potential.
Burkina Faso	- Côte d'Ivoire shows fluctuating demand, with a sharp increase in exports towards the end, peaking at $103.21 - Singapore remains a key market, with overall growth in exports despite a mid-period drop. - Switzerland experiences high volatility, with large fluctuations in exports, indicating market instability. - Mauritius shows gradual growth, starting from zero and increasing steadily, though it remains a smaller market. - The United States exhibits volatility, with minimal exports early on, followed by a significant increase and later decline.	- Non-carded cotton - Cotton waste	- Burkina Faso should focus on improving exports to France, where demand has decreased significantly. - Burkina Faso should focus on the UK market, where there is a recent surge in imports that could reach pre-COVID-19 levels.
Tanzania	- Pakistan remains the largest importer of Tanzanian cotton, with exports consistently between $26.7 million and $58.15 million. - Bangladesh experiences significant fluctuations, with figures ranging from $4.2 million to 18.6 million. - India has a steady demand for Tanzanian cotton, with export volumes between $8 million and $26.4 million. - China imports smaller amounts, with figures ranging from $2.4 to $13.8, indicating steady demand. - Vietnam shows moderate growth, with Tanzania exports varying between $1.9 million and $11.3 million.	-Cotton, neither carded nor combed -Cotton, carded or combed Cotton waste	- Focus on European markets like Germany and Italy for high-quality cotton for finished goods. - Expand product profile in yarn and fabrics to benefit from the US market.
Côte d'Ivoire	- Bangladesh shows strong and consistent demand, reflecting a growing textile industry. - Vietnam demonstrates fluctuating demand, with periods of higher imports indicating potential growth. - Pakistan consistently imports significant quantities, indicating stable demand. - Guinea and Niger have smaller but steady cotton import levels, presenting niche markets for Côte d'Ivoire's exports.	- Carded cotton - Cotton waste	- Consider expanding exports to Indonesia, which is trying to upscale its finished textile production. - Focus on the Turkish market, which imported significant cotton quantities pre-COVID-19 but has shown a decline in CY 2023.

Source: Fibre2Fashion

These nations have established strong export infrastructures, including robust transport systems and international trade agreements, which facilitate access to major markets such as the European Union, Asia, and North America.

The C-4 countries also have a historical role in the cotton trade, known for their high-quality cotton and reliable supply. While they face challenges from global subsidies that distort cotton prices, they remain competitive through their cost advantage. Additionally, these countries are diversifying their export markets, particularly focusing on increasing intra-African trade.

Looking ahead, the short-term outlook for cotton exports remains positive, driven by growing demand in emerging markets and efforts like the African Continental Free Trade Area (AfCFTA). In the medium term, C-4 countries are aiming to increase the value added to their cotton exports by focusing on local processing, which will create jobs and boost income for farmers.

However, the impact of climate change on cotton production is a concern, with unpredictable weather patterns affecting yields. To address these risks, the adoption of sustainable practices and climate-resilient cotton varieties will be key for the sector's future growth, supported by initiatives like the Better Cotton Initiative (BCI) and Cotton Made in Africa (CMA).

Way forward

While Africa’s cotton sector has faced numerous challenges, it holds significant untapped potential to drive economic growth and improve livelihoods across the continent. By addressing critical obstacles such as low productivity, lack of technology, and climate change impacts, African governments can increase domestic cotton production.

By fostering local processing industries and ensuring more value stays within the continent, Africa could significantly enhance its global position in the cotton value chain.

The African Continental Free Trade Area (AfCFTA) presents a unique opportunity to boost intra-regional trade and investment in cotton, positioning the continent to emerge as a key player in both raw and processed cotton markets.

African cotton can market itself differently by moving forward with their Better Cotton Initiative, which focuses on the sustainability aspect of cotton. The Better Cotton Initiative is also expected to attract investment in the region, with their current CY 2023-2024 report suggesting a 7 per cent increase in licensed African cotton farmers that are associated with the Better Cotton Initiative. The Better Cotton Initiative has existing programmes in Benin and Côte d'Ivoire and plans to expand its presence in Mali and Mozambique.

With decisive action and strategic investments, Africa has the potential to transform its cotton sector into a major export revenue source that can fuel long-term economic development and widespread prosperity.

Source: fibre2fashion.com– Jan 06, 2025

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ICE cotton slips amid weak exports, falling grains & stronger dollar

ICE cotton lost more than one per cent on Friday due to weaker export sales and a decline in the grain market. A stronger US dollar also added pressure to cotton prices amid heavy selling. The US dollar index strengthened, driven by continued US economic outperformance and high interest rates.

Yesterday, the ICE cotton March 2025 contract settled at 67.66 cents per pound (0.453 kg), down by 0.91 cents. The contract declined 1.8 per cent during the week, marking a weak start to 2025. It touched a low of 67.63 cents, the lowest level since 20 December 2024.

A total of 32,478 contracts were traded on January 3, compared to 34,310 contracts cleared on January 2.

The decline in the grain market, including sharp drops in corn, soybeans, and wheat, negatively impacted cotton. According to market analysts, cotton is facing heavy selling pressure and remains in a bearish trend due to weak investor confidence.

The USDA's export sales report for the week ending December 26 showed upland cotton export sales at 128,900 bales, down 54 per cent from the previous week and 35 per cent below the four-week average.

Export shipments totalled 115,800 bales, down 18 per cent from the previous week and 18 per cent below the four-week average. Of these shipments, only 24,900 bales were exported to mainland China, reflecting significantly lower year-on-year purchases by China. China's reduced presence as a cotton buyer continues to weigh on market sentiment.

The US dollar posted its strongest weekly performance in a month, bolstered by expectations of continued US economic outperformance and high interest rates.

A stronger dollar, supported by a solid labour market and high inflation, makes US cotton more expensive for overseas buyers holding other currencies. Rising US Treasury yields further dampened demand for US cotton and other commodities.

On Friday, ICE cotton for March 2025 settled at 67.66 cents per pound (down 0.91 cent). Cash cotton settled at 65.16 cents (down 0.91 cent), the May 2024 contract at 68.81 cents per pound (down 0.92 cent), the July 2025 contract at 69.89 cents (down 0.86 cent), the October 2025 contract at 68.48 cents (down 0.73 cent), and the December 2025 contract at 69.06 cents (down 0.68 cent).

Source: fibre2fashion.com– Jan 04, 2025

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Average prices of Sri Lankan apparel exports ease in Jan-Oct 2024

The average price of Sri Lankan apparel exports to the world decreased in January-October 2024 compared to the average price of exports in 2023. The average prices had risen in 2023 from those of 2022, when overall exports had seen impressive growth worldwide.

The average price of apparel exports from Cambodia was noted at $3.02 per unit in the first ten months of the recently concluded year. It was recorded at $3.79 per unit in 2023 and $3.61 per unit in 2022. Additionally, the price of apparel exports in terms of weight was $30.93 per kg in January-October 2024, compared to $33.49 per kg in 2023 and $29.28 per kg in 2022, according to Fibre2Fashion's market insight tool TexPro.

Sri Lanka exported 910.496 million units of apparel in the first ten months of 2024, along with 36.513 million kg of other apparels during the same period. In 2023, the country had exported 832.513 million units and 38.659 million kg of apparels. Apparel exports were recorded at 1,109.907 million units and 51.317 million kg in 2022, according to TexPro.

In terms of value, Sri Lanka exported apparel worth $3,882.178 million in January-October 2024. Earlier, the exports were valued at $4,445.927 million in 2023 and $5,512.597 million in 2022.

Sri Lanka's apparel export basket is quite diversified, as trade data suggests. The most dominant apparel was innerwear, with exports valued at $1,088.770 million in January-October 2024, which constituted 28.16 per cent of the total. Among the top five products, the exports of trousers and shorts were valued at $781.975 million (20.23 per cent), T-shirts at $394.920 million (10.21 per cent), accessories at $324.160 million (8.38 per cent), and shirts at $246.331 million (6.37 per cent) in the same period.

Source: fibre2fashion.com– Jan 05, 2025

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Cotton Continues to Battle Bearish Indicators as 2025 Begins

The New Year brings joy and hope for another successful cotton year. While the beginning of the year saw prices fall below 68 cents, the market still projects a recovery to the 72-cent level. Yet, most fundamentals point to lower prices, at least until the expiry of the March futures contract.

The May contract holds hope of a recovery to the high 60s and low 70s, but it is the July contract that holds the most hope for prices retracing to 72 cents. Until then, market prices must battle a particularly difficult and long array of bearish indicators.

The July contract pins its hope of higher prices to the possibility that on-call sales will be significantly higher than on-call purchases. Of course, this is the traditional battle of demand and supply. Supply is defeating the market's attempts to push prices above 70 cents and eventually to a challenge of 73 cents.

Traditionally, I begin the new year with a listing of Bearish and Bullish market indicators but will forgo that this year as you and I are completely worn out with the extremely Bearish news surrounding the demand side of the market.

Now there are a few Bullish signals (thankfully so!) and hopefully more than I see. World carryover is very marginal compared to world demand. Thus, any production scare would typically support a price rally. However, that ugly word in the cotton market – demand – continues to be so weak that the market will require more than the "normal" production scare to create a jump in prices.

Looking beyond world stocks, market fundamentals are a bit negative for price advancement. U.S. exports, with two-fifths of the marketing season behind us, continue to lag the level needed to reach the USDA estimate. Granted, the heavier part of the export season is in front of us, but every measure of projections suggest a lowering of U.S. export shipments by as much as 300,000 bales. With U.S. carryover currently estimated by USDA at 4.4 million bales, any further increase in carryover stocks would certainly keep a heavy lid on prices.

Asian textile mills are projecting a significant work slowdown, with as many as half of the mills expressing the idea of taking a three-to-six-week holiday. It is no surprise that they cite both a lack of new business and an increasing level of unsold inventory. This is the essence of the very bearish demand we have discussed during the past year.

Possibly, these fundamentals are already built into the current 67-68 cent market price. The market is within one-to-two cents of significant price support that, if broken, would project a price drop to 61-62 cents. With world cotton plantings not expected to decline during the 2025 production year, the only savior of pulling prices above 70 cents for any considerable time rests with a recovery in the demand for cotton. However, the downside is that cotton has lost much of its favor with the consumer, and the cotton industry does not have a program to recapture its consumer base.

The initial estimate of new crop plantings, as captured by the well-known annual Cotton Grower survey, is 11.04 million acres, down from 11.7 million actual plantings in 2024. Certainly, that level of plantings will more than satisfy the market under current conditions. However, some private estimates suggest U.S. plantings will be as high as 11.4-11.7 million given the current cotton- soybean and cotton-corn price ratios. Too, the market has expectations of improved yield prospects for 2025, particularly in the important Southwest where Texas plantings are projected to be in the 6.0-6.1-million-acre range.

The market has excellent long-term support at the 66-67 cent level. However, the prices have battered that support level so frequently of late the support may have weakened. The next objective for the bear would be as low as 61-62 cents. While I am not projecting such a drop, be aware that some are.

Source: cottongrower.com– Jan 04, 2025

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Bangladesh's RMG exports surge 13% to $19.8 bn in Jul-Dec 2024

Ready-made garment (RMG) exports (Chapters 61 and 62) from Bangladesh increased by 13.28 per cent to $19.887 billion between July 2024 and December 2024, the first six months of fiscal 2024–25 (July–June), according to provisional data from the Export Promotion Bureau (EPB). This marks an increase from $17.556 billion during the same period in fiscal 2023–24.

Woven exports marginally outpaced knitwear garment exports in growth. During the first six months of the current fiscal, exports of knitwear (Chapter 61) rose by 13.01 per cent to $10.837 billion, compared to $9.589 billion in the corresponding period of fiscal 2023-24. On the other hand, woven apparel exports (Chapter 62) increased by 13.60 per cent, totalling $9.050 billion, compared to $7.967 billion during the same period, according to EPB data.

Home textile exports (Chapter 63, excluding 630510) experienced growth, increasing by 7.85 per cent to $410.81 million, compared to $380.90 million during the same period in the last fiscal. Collectively, exports of woven and knitted apparel, clothing accessories, and home textiles constituted 83.52 per cent of Bangladesh's total exports, amounting to $24.533 billion for the period.

Exports of cotton and cotton products, including yarn, waste, and fabrics (Chapter 52), rose by 16.32 per cent to $319.06 million during the period under review, compared to $274.29 million in the same period of the last fiscal.

During December 2024, ready-made garment exports reached $3.770 billion, a 17.45 per cent rise from $3.210 billion in the same month of the previous year. Knitwear garment exports rose by 16.84 per cent to $1.891 billion, and woven garments increased by 18.06 per cent to $1.878 billion in the same month.

The outbound shipment of home textiles (Chapter 63, excluding 630510) jumped by 20.47 per cent to $83.98 million in December 2024. The exports of cotton and cotton products rose by 12.02 per cent to $53.51 million from $47.77 million.

The new regime in Bangladesh had earlier revised export data downwards, according to which, RMG exports from the country decreased by 5.22 per cent to $36.151 billion in fiscal 2023–24 (July 2023 to June 2024).

According to the EPB, RMG exports in fiscal 2022-23 amounted to $38.142 billion, compared to the previously reported figure of $46.991 billion. RMG exports were recorded at $42.613 billion in fiscal 2021-22 and $31.456 billion in fiscal 2020-21.

Source: fibre2fashion.com– Jan 06, 2025

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NBR partially launches Bangladesh Single Window system for businesses

The National Board of Revenue (NBR) recently partially launched the Bangladesh Single Window (BSW), an electronic system that allows traders to submit import, export and transit information to multiple government agencies through a single gateway, bringing seven customs agencies under a single system.

Aimed at easing the import and export processes for businesses, the project, which began in 2017, will streamline trade operations by ultimately combining the activities of 19 agencies related to customs under one system, according to an NBR statement.

The seven agencies brought under the single window at present are the department of environment, the Directorate General of Drug Administration, the Export Promotion Bureau, the department of explosives, the Bangladesh National Authority for Chemical Weapons Convention, the Bangladesh Economic Zone Authority and the Bangladesh Export Processing Zone Authority.

The rest 12 agencies will be integrated into the window on February 28, marking the full launch.

Importers and exporters can obtain all certificates, licences and permits and submit the necessary information on a single online platform for clearance of goods. The consignment can be redeemed at the earliest through the certificate issued on the basis of the submitted data.
Representatives from businesses will no longer be required to visit government offices in person to receive the necessary documents, domestic media outlets reported.

The government agencies have started implementing go-live or automation processes.

Project director Jewel Ahmed said 119 types of certificates are required from the 19 authorities for businesses. Among these, 46 are available online now, while the rest are in the process of being digitised.

The World Bank has financed the project.

The 12 other agencies to be included in the system are chief controller of imports and exports, the Bangladesh Knitwear Manufacturers and Exporters Association, the Bangladesh Garments Manufacturers and Exporters Association, the department of fisheries, Bangladesh Standards and Testing Institution, plant quarantine wing of the department of agriculture, department of livestock, the Bangladesh Atomic Energy Commission, the Bangladesh Investment Development Authority, the Bangladesh Telecommunication Regulatory Commission, the Bangladesh Atomic Energy Regulatory Authority and Civil Aviation Authority of Bangladesh.

Source: fibre2fashion.com– Jan 05, 2025

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Bangladesh: Home textile exports bounce back

The export of home textiles is on the path to recovery after nearly one year because of the devaluation of the local currency, increased production capacity and improvement in gas supplies to some extent.

Home textile exports grew by 7.85 percent year-on-year in the July-December period of the current fiscal year to $410.81 million while it was in the negative even two to three months ago.

Apart from garment items, home textile is one of the three new sectors whose exports crossed $1 billion recently. The two other sectors are jute and jute goods and leather and leather goods.

Home textile exports showcased strong growth of 20.47 percent year-on-year in December to reach $83.98 million, according to data from state-run Export Promotion Bureau (EPB).

Home textile mainly refers to carpets, rugs, floor coverings, curtains, cushion covers, napkins, towels, bedspreads, furnishing fabric, table linen, bed linen, sheets and pillowcases, blankets, shower curtains, aprons, and wallpapers.

Its export fell sharply almost year-round in 2023 and 2024 as the local exporters did not book new work orders for an abnormal price hike of gas.

The Bangladesh government suddenly hiked gas prices by 150.41 percent in February 2023, from Tk 11.98 per unit to Tk 30 per unit, and a good volume of work orders shifted to Pakistan.

Work orders for home textile are booked for one or two seasons in bulk quantities.

With the abnormal gas price increase, exporters could not manage the cost of production, and they did not run their units at full capacity and refused some work orders, which went to Pakistan.

However, the devaluation of the local currency against the US dollar, increased spinning capacity and improvement in gas supplies to some extent helped pull back the business confidence of local exporters.

The shipment of home textile is also returning to its previous volumes gradually.

Also, the fall of inflation in Europe and the US has also been helping to recover home textile exports, said Md Shahidullah Chowdhury, executive director of Noman Group, which accounts for more than 70 percent of Bangladesh's home textile exports.

"We also increased our capacity to an extent with the improvement of gas supply, and exports from the company are growing now," Chowdhury said.

Last month, total home textile exports from his group reached nearly $27 million while it was worth $22 million in the previous month.

He also said the gradual restoration of normalcy in Bangladesh and political unrest in Pakistan also played a role in the restoration of home textile exports.

The country's home textile exports had crossed $1 billion in FY21, registering a whopping 49.17 percent year-on-year growth.

That momentum continued the following year, with exports rising by another 40-odd percent to $1.62 billion.

However, the gas crisis upended that trend the following year, with home textiles fetching $1.09 billion, down by almost a third.

Bangladesh was struggling to recover lost work orders in the home textile segment, a significant volume of which was shifted to Pakistan nearly two years ago.

This shift occurred mainly due to the sudden doubling of gas prices in Bangladesh and significant devaluation of the Pakistani rupee against the US dollar.

More recently, labour unrest in industrial belts and months of political unrest in Bangladesh have contributed to lower receipts.

Moreover, Pakistan possesses some inherent advantages, such as being the world's seventh-largest producer of cotton, according to Statista.

Pakistan also enjoys benefits under the EU's Generalised Scheme of Preferences Plus (GSP+) while Bangladesh only enjoys standard GSP facilities.

The number of home textile mills has also increased, especially smaller units, said Monsoor Ahmed, former chief executive officer of the Bangladesh Textile Mills Association (BTMA).

For instance, previously six to seven major textile mills used to export home textile, but the number of home textile exporters is more than 25 now, including the small units, he added.

Khorshed Alam, chairman of Little Group, a textile miller, said the production of home textile increased and exports also grew.

At the same time, a few mills stopped production as they were losing work orders during the shifting of work orders to Pakistan.

BTMA President Showkat Aziz Russell said the devaluation of the Taka against the US dollar was the main factor for the improvement in the home textile sector, which helped the exporters to be more competitive.

Moreover, more than 9 million new spindles have been installed over the last few years, which boosted the production in the textile sector.

The target is to install 15 million spindles, and it is expected that the installation of more than six million more spindles can be completed by the end of this year, which will also boost the production of primary textile, including home textile, he added.

"The gas supply improved to a bit, but it is not consistent yet," Russell said, adding that if the gas supply was restored at an adequate pressure, the primary textile sector's investment and production would also grow.

Source: thedailystar.net– Jan 06, 2025

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Pakistan: Trading activity improves slightly on cotton market

The local market on Saturday remained tight and the trading volume remained a little bit low.

Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is in between Rs 16,800 to Rs 18,200 per maund. The rate of Phutti in Sindh is in between Rs 7,400 to Rs 8,500 per 40 kg.

The rate of cotton in Punjab is in between Rs 17,000 to Rs 18,200 per maund. The rate of Phutti in Punjab is in between Rs 7,500 to Rs 9,300 per 40 kg.

The rate of cotton in Balochistan is in between Rs 17,200 to Rs 18,500 per maund. The rate of Phutti in Balochistan is in between Rs 7,500 to Rs 9,300 per 40 kg. The rate of Balochi Cotton is in between Rs 18,500 to Rs 18,800 per maund. The rate of Primark cotton is Rs 18,800 to Rs 18,900 per maund. 200 bales of Mir Pur Mathelo were sold at Rs 19,000 per maund, 200 bales of Mian Wali were sold at Rs 18,600 pet maund, 200 bales of Layyah and 200 bales of Vehari were sold at Rs 18,500 per maund.

The Spot Rate remained unchanged at Rs 18,000 per maund. Polyester Fiber was available at Rs 357 per kg.

Source: brecorder.com– Jan 05, 2024

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NATIONAL NEWS

Textile Ministry aims for $300 billion market and 6 crore jobs by 2030: Textile Minister

Union Minister of Textiles Giriraj Singh stated that the textile ministry is committed to helping the industry to reach the market size of $300 billion in year 2030 and provide employment to 6 crore persons in textile value chain, the Ministry stated in a release on Sunday.

Textiles Minister Singh inaugurated the new permanent campus of the Indian Institute of Handloom Technology at Fulia, Nadia, West Bengal.

The new campus of the institute has been constructed using state-of-the-art technology in a sprawling campus of 5.38 acres of land with the expenditure of ₹75.95 crore.

The building is having modern infrastructure consisting smart classes, digital library, and modern and well equipped testing laboratories.

The new campus will be a model learning place and will serve as Center of excellence in the field of handloom and textile technology and cater to the educational needs of the students from West Bengal, Bihar, Jharkhand and Sikkim.

Talking to ANI on December 7, Singh stated, "The Textile Department has decided that India's textile market will grow to $300 billion from the current $176 billion. Last October, exports of textiles rose by 11 per cent and that of garments by 35 per cent. I hope under the leadership of PM Modi we will touch new heights."

Meanwhile, Textiles exports from India during October were about 11.56 per cent higher at $1,833.95 million, compared to the same month last year.

At the same time, apparel exports registered a significant growth of 35.06 per cent during the same period October at $1,227.44 million, the Confederation of Indian Textile Industry said in a report, citing government data.

Cumulative exports of textiles and apparel in October 2024 increased by 19.93 per cent compared to October 2023.During April-October, Indian textiles exports registered a growth of 4.01 per cent over the previous year while apparel exports registered a growth of 11.60 per cent during the same time, data showed.

India's textile industry is on the brink of expansion, with total textile exports projected to reach $65 billion by FY26, according to Invest India, which is the central government's investment promotion and facilitation agency.

According to Invest India, the domestic textile market, valued at around $165 billion in 2022, includes $125 billion from domestic sales and $40 billion from exports. Projections indicate that the market will grow at a compound annual growth rate (CAGR) of 10 per cent to reach $350 billion by 2030.

Source: thehindubusinessline.com– Jan 05, 2025

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Commerce Min, Indian mission officials to hold talks to boost exports

Senior officials from the commerce ministry, and commercial wings of Indian Missions of 20 countries will hold a three-day meet, beginning here on Monday, to discuss ways to promote exports of goods and services, an official said.

Commerce and Industry Minister Piyush Goyal will also interact with these commercial representatives on January 6.

The issues, which would come up during the three-day celebration included opportunities and challenges and the way ahead in six focus sectors (of goods and services each) in 20 countries of significance; non-tariff barriers; logistics; WTO (World Trade Organisation) matters; and role and importance of MAI (market access initiative), the official said.

The commerce ministry is in the process of formulating a strategy to push exports of six key product categories, including engineering goods and electronics, to 20 focus countries, including the US, Australia, France, China, Russia, the UK, Japan, South Korea, Singapore, and Indonesia.

These countries, including the US and the European Union nations, account for a major chunk of India's total exports.

Besides Commerce Secretary Sunil Barthwal, Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Amardeep Singh Bhatia would also address the officials.

After recording double-digit growth in October 2024, India's exports in November contracted 4.85 per cent year-on-year to USD 32.11 billion, while the trade deficit widened to an all-time high of USD 37.84 billion due to record surge in gold imports.

According to the commerce ministry data, imports rose 27 per cent year-on-year to a record USD 69.95 billion in November due to high inbound shipments of vegetable oil, fertiliser, and silver.

Cumulatively, during April-November this fiscal year, exports increased 2.17 per cent to USD 284.31 billion and imports by 8.35 per cent to USD 486.73 billion.

Trade deficit, the difference between imports and exports, during April-November widened to USD 202.42 billion from USD 170.98 billion during April-November 2023.

Barthwal said last month that the ministry is focusing on 20 countries and six services and manufacturing sectors including IT/ITeS to further boost the shipments.

Services exports reached an all-time high of USD 34.31 billion in October, registering an increase of 22.3 per cent year-on-year.

Source: business-standard.com– Jan 05, 2025

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Commerce ministry, Indian mission officials of 20 nations to discuss ways to boost exports in Jan 6-8 meet

New Delhi: Senior officials from the commerce ministry, and commercial wings of Indian Missions of 20 countries will hold a three-day meet, beginning here on Monday, to discuss ways to promote exports of goods and services, an official said. Commerce and Industry Minister Piyush Goyal will also interact with these commercial representatives on January 6.

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Source: economictimes.com– Jan 05, 2025

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National trade meet to discuss key issues impacting business

Trade leaders from across the country will discuss issues affecting Indian traders, including the "disruptive" rise of quick commerce and e-commerce, the threat of cyber fraud, and empowering businesses through social commerce and digital platforms.

"This landmark event will bring together trade leaders from across the country to deliberate on crucial issues affecting Indian trade and devise strategic roadmaps for the growth and protection of the trader community," said the Confederation of All India Traders in a statement. The organisation is hosting the 'CAIT National Trade Leaders Meet: Shaping the Future of Indian Trade and Commerce' on January 6-7.

The key issues to be discussed during the meet include the growing challenge of cyber fraud in India and its effect on the trading community, the need for simplified indirect taxation to support traders and boost trade growth, empowering businesses through social commerce and digital platforms, and addressing the disruptive rise of quick commerce and e-commerce, which adversely impact traditional domestic trade.

The statement added that discussions will also cover the economic empowerment of women entrepreneurs and ways to encourage the younger generation to pursue innovation, start-ups, and skill development.

Source: thehindubusinessline.com– Jan 06, 2025

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Budget 2025: Plan to multiply value-added exports soon

NEW DELHI: The upcoming budget is likely to give a boost to exports of value-added products, especially those that are not labour intensive, by offering them rupee export credit at competitive rates. Currently, only micro, small and medium enterprises (MSMEs) benefit from incentives under the Interest Equalisation Scheme. However, these benefits are capped at Rs 50 lakh against Rs 10 crore earlier. Most of the goods they make are labour intensive.

Otherwise, the benefits for 410 products, called tariff lines in trade parlance, ended on December 31. “The number of products which get the interest equalisation benefits may be reduced overall and a greater emphasis could be given to value-added products,” said an official.

The budgetary allocation for the scheme was Rs 3,488 crore in FY22, Rs 3,118 crore in FY23 and Rs 2,932 crore in FY24. Finance minister Nirmala Sitharaman will announce her budget at the start of February.

Move to Also Create Jobs

She will unveil the Narendra Modi government’s economic agenda that aims to bolster growth in order to achieve the developed country goals of Viksit Bharat 2047. India is looking at sunrise sectors for exports and products such as cotton yarn and rice may be dropped from the list of those eligible for benefits to pave the way for the inclusion of value-added items, according to the official. “If the scheme is extended to the value-added segment, it will help establish the country as a brand besides leading to job creation and export promotion,” said Ajay Sahai, director general, Federation of Indian Export Organisations (FIEO).

Exporters have sought an extension of the scheme as goods exports contracted 4.85% in November. The scheme helps exporters from identified sectors and all MSME manufacturer-exporters to avail of rupee export credit at competitive rates at a time when the global economy is facing headwinds. The scheme is crucial as the credit cost in India is generally 5-6% more than that of other countries. FIEO has proposed that for MSMEs, the subvention applied should be 5%, against 3% now.

Source: economictimes.com– Jan 06, 2025

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Not a great start for India's importers and exporters in the New Year

The importers ended the last year with apprehensions about more non-tariff barriers and the exporters began the new year with worries about a more difficult global trading environment and withdrawal of some government support.

Last week, the government imposed minimum import prices for soda ash and brought low ash metallurgical coke under import licensing.

The Director General of Trade Remedies (DGTR) issued various notifications relating to imports of polyvinyl chloride resin, rubber vulcanisation chemical sulfenamide accelerators, untreated fused silica, halo-butyl rubber, soft ferrite cores, and toluene di-isocyanate. Earlier in the year, the government had brought more items under import licensing (for example, parts of pocket lighters), under import monitoring systems (e.g. melon seeds, electronic chips), under minimum import price requirement (e.g. threaded articles i.e. screws of iron and steel, synthetic knitted fabrics) and under quality control orders (e.g. bolts, nuts and fasteners, plain paper copier, caustic soda, flat transparent glass, safety glass).

All these non-tariff barriers were in addition to many items already placed under similar restrictions or requirements in recent years. The government seems intent on protecting domestic producers by making it difficult to import.

Donald Trump, who will take over as President of the United States, has threatened to hike import tariffs across the board, and impose high tariffs on imports from China, Canada, Mexico and India. He may also target other countries with specific intent to protect the domestic producers. His actions may provoke retaliation from other countries. Already, the global trade is somewhat fragmented with the US and its allies stopping all trade with Russia.

Another development is the economic slowdown in China forcing many of its companies to sell their products at very low prices in the international markets. Such competition at low prices is already making it difficult for our exporters to retain their customers.

The government had made available the Remission of Duties and Taxes on Export Products (RoDTEP) scheme to exports in discharge of obligation against advance authorisations and exports by export-oriented units and special economic zone units till the end of last year.

The exporters were expecting extension of the scheme but no notification for extension has come through till now. Meanwhile, the Jawaharlal Nehru Customs House at Nhava Sheva issued a trade notice effectively asking such exporters not to opt for the RoDTEP scheme in the shipping bill but later withdrew the instructions.

Apparently, the scheme is not continued for such exporters for want of allocation of funds by the finance ministry. Exporters find this justification difficult to accept because the scheme only seeks to give back to exporters the taxes that they have already paid to the government.

The government had made available the interest equalisation scheme for a select category of exporters. The scheme enabled the exporters to get export credit at a lower rate of interest enabling them to compete better in the global markets. The government had made the scheme available till the end of last year. The exporters were expecting an extension of the scheme but no communication to that effect has come in till now.

Thus, it is not a great start for the exporters and importers in the New Year. Hopefully, the global trading environment will not deteriorate too much and the government will also reconsider its stand on RoDTEP benefits and interest equalisation scheme for exporters.

Source: business-standard.com– Jan 06, 2025

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India Budget 2025: CITI calls for DBT scheme in cotton procurement

The Cotton Corporation of India (CCI) is expected to acquire approximately 25–35 per cent of the cotton produced this season, as it purchases between 50–70 per cent of the daily cotton arrivals. This surge in procurement is attributed to open market prices falling below the minimum support price (MSP).

The Confederation of Indian Textile Industry (CITI), the country's leading industry body, has urged the government to replace the current procurement system with a Direct Benefit Transfer (DBT) scheme. This demand features prominently in CITI's recommendations for the Union Budget for the 2025–26 fiscal. Union Finance Minister Nirmala Sitharaman will present the budget on February 1, 2025.

CITI noted that the government annually announces an MSP for cotton. When market prices drop below the MSP, the CCI intervenes to purchase cotton directly from farmers at the MSP rate. After procurement, CCI stores the cotton in warehouses and sells it in the open market or through auctions.

However, CITI has proposed a DBT scheme where farmers can sell their cotton at prevailing market prices. If the selling price falls below the MSP, the difference would be directly transferred to the farmer's bank account.

This scheme would provide more liquidity to cotton farmers, enabling them to sell their produce without waiting for government procurement. Additionally, it would reduce the financial burden and storage costs for CCI, benefitting all stakeholders.

CCI has already purchased around 55 lakh bales of cotton this season, with total procurement expected to reach 100 lakh bales. This would account for over 35 per cent of the estimated output of 302 lakh bales (170 kg each).

Mills are facing challenges in sourcing cotton from the open market due to CCI's aggressive buying and may encounter greater difficulties as arrivals decline, leaving CCI as the largest stockholder.

CITI also requested that the government, through CCI, ensure sufficient availability of cotton at globally competitive prices. Currently, domestic cotton prices are higher than international prices. If CCI incurs losses, the government should compensate it through subsidies, similar to those provided for other commodities.

CITI has also called for support through a Price Stabilisation Fund Scheme to ensure the industry has access to raw materials at reasonable prices. Currently, textile mills can secure working capital from banks for only three months. Consequently, mills typically procure three months' worth of cotton stock at the start of the season when prices are generally lower. For the remaining months, mills rely on traders and CCI, whose prices fluctuate based on market conditions. This uncertainty makes it challenging for mills to plan their production schedules effectively.

To address the issue of price volatility, the government could consider implementing a Cotton Price Stabilisation Fund Scheme. Under this scheme, mills should receive a 5 per cent interest subvention or loans at NABARD rates, recognising cotton as an agricultural commodity. Additionally, banks should extend the credit limit period for cotton procurement from three months to eight months, with a reduced margin money requirement from 25 per cent to 10 per cent.

This scheme would enable the industry to procure raw materials at competitive market rates at the beginning of the season and shield mills from price fluctuations during the off-season, facilitating better production planning and stability.

Source: fibre2fashion.com– Jan 04, 2025

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Textile clusters receiving higher enquiries amid Bangladesh crisis; order conversion by early 2025: AEPC

Amid the ongoing economic and political tensions in Bangladesh, Indian exporting firms, particularly in the Tirupur clusters, are receiving higher enquiries from several global apparel brands, including Primark, Tesco, Decathlon, Duns, JCPenney, GAP, Next, and Walmart, with order conversion expected for shipment by early 2025, Mithileshwar Thakur, Secretary General of the Apparel Export Promotion Council (AEPC) said.

Due to a record surge in the US dollar's value, Bangladesh has faced a sharp depletion in its foreign exchange reserves, which fell below $40 billion for the first time in two years in July last year. With foreign exchange reserves sufficient to cover only four to five months of imports, Bangladesh has faced challenges in importing cotton and fabric, which it traditionally sources from India. This comes amid tightening economic conditions in the neighbouring country.

"This crisis also presents an opportunity for additional employment generation. Capturing just 10 per cent of Bangladesh's global apparel exports could directly create 5,00,000 jobs and indirectly generate an additional 1 million jobs in the Indian apparel sector. To seize the opportunity presented by this development, India needs to urgently address issues related to capacity augmentation and skill development," Thakur said.

Most European brands sourcing from Bangladesh, particularly in the cost-sensitive segment, are facing challenges in immediately shifting orders to alternative destinations, due to the distinct cost advantages offered by the country, such as low wage rates, duty-free access, and its Least Developed Country (LDC) status. However, several prominent brands have decided not to further increase their exposure to Bangladesh for sourcing, Thakur added. Notably, Bangladesh enjoys a 10-15 per cent cost advantage over India, as its apparel products benefit from duty-free access in the European Union, the UK, and Canada due to its LDC status.

India can only bridge the duty disadvantage after it signs a free trade agreement with the EU and the UK. Currently, several Indian manufacturers have set up factories in Bangladesh due to India's labour laws, concerns about unions, and the cost disadvantage.

On Vietnam, Cambodia vying for investment:

Thakur further said that global investments are driven by the political stability index, and the continued instability in Bangladesh presents a significant opportunity for India to attract investments that might otherwise flow to neighbouring competing countries such as Vietnam, Cambodia, and Indonesia.

“However, with a strong focus on improving and upgrading infrastructure, capacity expansion, technology infusion, and compliance, India is well-positioned to capitalise on these redirected investments. We are also in talks with agencies and consulting firms to engage them in improving productivity and efficiency in the operations of garment manufacturing companies, which can unlock the underutilised production capacity in the apparel sector,” Thakur said.

On PLI 2.0:

To capture market share and seize the opportunities arising from the reorientation of supply chains due to Bangladesh’s crisis and the China+1 factor, India must act swiftly to enhance its production capacity, shorten production cycle times, and improve speed to market, in addition to focusing on workforce skilling and developing a robust compliance architecture, Thakur said.

“Accordingly, the PLI 2.0 scheme for all types of garments, irrespective of fibre, with a reduced investment threshold, should be introduced on an urgent basis. This scheme would foster investment and scale up production capacity exponentially. For micro-industries, the Amended Technology Upgradation Funds Scheme (ATUFS) should be revived for technology upgradation, as PLI 2.0 will not cover micro-industries within its scope,” he said.

On challenges in input material imports:

Thakur stated that due to the unavailability of quality Man-Made Fibre (MMF) fabric from indigenous sources, garment exporters are often dependent on fabric nominated by foreign buyers. He added that the “existing scheme of special advance authorisation” for fabric import is “not suitable for garment exporters” due to ever-changing market dynamics, designs, patterns, shapes, sizes, geography-specific consumption norms, and fast-changing fashion.

"India's garment export sector relies heavily on imported textile machinery to maintain quality and global competitiveness, as domestic machinery production is insufficient to meet demand. High import duties on machinery increase production costs, particularly following the withdrawal of most end-use duty exemptions, making Indian garment exports less competitive compared to countries like Bangladesh and Vietnam," he said.

AEPC has therefore requested the Finance Ministry to reduce the current customs duties on textile machinery to zero, in addition to continuing the existing exemptions, to enhance the sector's efficiency.

With the growing emphasis on ESG (Environmental, Social, and Governance) compliance in key overseas markets, particularly in the EU and the US, it is crucial for India to prioritise the upgradation of sustainability-compliance related infrastructure.

On Bharat Tex & expansion of exports:

Bharat Tex 2024 has emerged as a pivotal event for India's textile industry, as this four-day event attracted 3,000 buyers from 111 countries, including renowned global brands such as Tommy Hilfiger, Calvin Klein, Vero Moda, Jack & Jones, H&M, Target, and IKEA, Thakur said.

"The presence of these global giants underscored their growing confidence in India's textile sector. Deeper engagement of foreign buyers with the Indian textile industry during the event has contributed to the apparel sector's recent double-digit growth during this fiscal year, despite adverse global market conditions and geopolitical challenges," he added.

Source: indianexpress.com– Jan 06, 2025

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India extends 'Minimum Import Price' on synthetic knitted fabrics to stabilize domestic market

The Indian government has extended the Minimum Import Price (MIP) on specific categories of synthetic knitted fabrics. This measure, effective from 15th September 2024 to 31st December 2024, aims to regulate the influx of imported fabrics and maintain stability in the domestic textile industry.

Background:

Rising imports: India has witnessed a surge in imports of synthetic knitted fabrics, particularly from China, in recent years. This has put pressure on domestic manufacturers, who struggle to compete with the low prices of imported goods.

Impact on domestic industry: The influx of cheap imports has led to job losses and factory closures in the Indian textile industry.

Government intervention: In response to concerns raised by the domestic industry, the government imposed an MIP on certain synthetic knitted fabrics in March 2024. This initial measure was set to expire in September 2024.

Current Measures:

Extension of existing MIP: The government has extended the MIP on five specific ITC (HS) codes, encompassing various types of synthetic knitted fabrics.

New MIP: In addition to the extension, the government has also introduced a new MIP of US Dollar 3.50 per kilogram on the CIF value of eight additional ITC (HS) codes.

Objective: The move is anticipated to curb the inflow of low-priced synthetic knitted fabrics, ensuring a level playing field for domestic producers. By stabilizing the market and promoting self-reliance, the government aims to foster the growth and competitiveness of the Indian textile sector.

Data:

Year	Import Volume (Tons)	Average Import Price (USD/kg)	Domestic Production (Tons)
2022	100,000	2.5	500,000
2023	150,000	2	450,000
2024 (Jan-Jun)	100,000	1.5	200,000

The extension of the MIP on synthetic knitted fabrics is a significant step taken by the Indian government to protect the domestic textile industry. The move is expected to stabilize the market and provide a level playing field for domestic producers. However, the long-term success of this measure will depend on the government's ability to enforce it effectively and address other challenges faced by the industry, such as high input costs and outdated technology.

Source: fashionatingworld.com– Jan 05, 2025

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Apparel exporters seek tax incentives in Budget to boost shipments

Apparel exporters body AEPC on Saturday urged the government to announce tax incentives, including removal of a provision requiring payments to MSMEs within 45 days to claim deductions and customs duty exemption on garment machinery imports. The Apparel Export Promotion Council (AEPC) has also requested that an interest equalization rate of 5 per cent be announced in the Budget, scheduled to be unveiled on February 1 by Finance Minister Nirmala Sitharaman.

Other demands include extension of concessional tax rate for new manufacturing units to encourage setting up of new garment units; simplification in the procedure of imports of trims and embellishments under IGCR (Import of Goods at Concessional Rate); and liberalizing e-commerce export procedures.

"Ready Made Garments (RMG) industry has also demanded removal of Sec43B (H) of IT Act in the ensuing Budget which pertains to payment to any MSME companies within a maximum 45 days' time to claim any deduction in tax. This has increased tax liabilities and has disrupted the cash flow of exporters," it said in a statement.

It added that the cap per consignment of export value under e-commerce should be increased to minimum Rs 25 lakh and export realization period should be extended to 12 months.

India's garment export sector relies heavily on imported machinery to maintain quality and global competitiveness, as domestic production is insufficient to meet demand.

"High import duties make Indian garments exports less competitive vis-a-vis countries like Bangladesh and Vietnam. AEPC recommends not only continuing existing exemptions but also reducing the customs duty to zero on remaining garmenting machinery to enhance the sector's efficiency," it said.

AEPC Chairman Sudhir Sekhri said, "The Union Budget is a great opportunity where our demands for long-term policy support can be considered."

AEPC Secretary General Mithileshwar Thakur said there is an urgent need to quickly adopt right strategies to take advantage of evolving supply chain reorientation.

"The Indian apparel sector is on a high growth trajectory and has the potential to outpace global competitors with upscaling of production capacity, channelizing investments into the sector, upskilling of workforce and labour reforms," Thakur said.

Source: economictimes.com– Jan 04, 2025

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Andhra Pradesh to strengthen textile value chain with Rs 10,000 crore investment

The state prioritizes textile industry growth with an investment of Rs 10,000 crore, boosting value chain, employment, and sustainable manufacturing.

To boost its economy and attract investments worth Rs 10,000 crore, the Andhra Pradesh government is prioritizing the development of textile and garment industries in the state. Leveraging abundant raw materials, the initiative aims to strengthen the textile value chain and create employment opportunities.

Unlike the previous YSRCP government, which introduced a five-year textile policy but failed to implement operational guidelines, the N Chandrababu Naidu-led NDA government has crafted a new textile policy with actionable guidelines to ensure smooth execution and sectoral growth.

Andhra Pradesh is India's sixth-largest cotton-producing state, yielding 15.41 lakh bales in 2022-23. This presents vast opportunities for value addition within the state, says S Savita, Textiles sand Handlooms Minister.

The state is equipped with 106 spinning mills, approximately 3 lakh spindles, and 12,635 power loom units, which helps attr investment to generate employment."

Emphasizing on the the state's skilled workforce, supported by educational institutions offering textile technology courses, Savitha says, the government plans to establish skilling centers in Vizag and Rayadurg to meet industry needs.

She highlights, untapped opportunities in value-added activities such as weaving, knitting, processing, and technical textiles can drive large-scale employment while minimizing environmental impact. The ministry aims to convert the entire yarn produced in Andhra Pradesh into fabric, preventing value migration, she adds.

The new policy promotes key components of the textile value chain, integrated units, and technical textiles. Andhra Pradesh already hosts seven dedicated textile parks and five private parks, with Brandix India

Apparel City standing out as a leading example of success in integrated textile operations.

The government is now focused on enhancing Venkatagiri Textile Park and Chirala Handloom and Textile Park while supporting emerging private industrial parks. This strategic approach aims to transform Andhra Pradesh into a hub for sustainable and value-driven textile manufacturing.

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