IBTEX No. 23 of 2025 | February 03, 2025

| Currency Watch | | | |
|---|---|---|---|
| USD | EUR | GBP | JPY |
| 87.09 | 89.24 | 107.04 | 0.56 |

| INTERNATIONAL NEWS | |
|---|---|
| No | Topics |
| 1 | Trump Tariffs Prompt Swift Retaliation by North American Trade Partners, Hand-Wringing from Economists and Industry Leaders |
| 2 | Nearshoring vs. Chinese imports, Mexico's textile dilemma |
| 3 | China's exports up 7.1% YoY to $3.55 trn in 2024: Govt |
| 4 | ASEAN+3 region to see steady growth rate of 4.2% in 2025: AMRO |
| 5 | President Trump reiterates 100% tariffs threat to BRICS members |
| 6 | 2024 global air cargo demand up 11.3% YoY; 12.2% for international ops |
| 7 | Cambodia's share rises to 7.42 per cent in Spanish garment market |
| 8 | Vietnam: E-commerce, a game changer for textile manufacturers |
| 9 | Yoga clothing market to grow exponentially till 2029, says report |

| | |
|---|---|
| 10 | Bangladesh: NBR moves to simplify clearance system for smooth business |
| 11 | Pakistan: Sustainability standards to help grow textile exports |

| NATIONAL NEWS | |
|---|---|
| **No** | **Topics** |
| 1 | Chairman, TEXPROCIL Welcomes Union Budget 2025-26 |
| 2 | SUMMARY OF UNION BUDGET 2025-26 |
| 3 | Budget announced Rs. 5272 crores for the Ministry of Textiles for the FY 2025-26 |
| 4 | HIGHLIGHTS OF UNION BUDGET 2025-26 |
| 5 | Textile industry welcomes announcement of Mission on Cotton Productivity |
| 6 | India is the sixth-largest exporter of textiles and apparels: Economic Survey |
| 7 | Trump Effect: Import duty cuts to benefit a range of American exports to India |
| 8 | Budget 2025-26: Cotton Mission gets a boost to improve productivity |
| 9 | Govt plans alternative financing plans for MSME exporters |
| 10 | Government proposes to set time limit for provisional assessments of trade consignments |
| 11 | Duty cut in Budget on certain inputs to boost exports, manufacturing: Commerce Ministry |
| 12 | TN exporters hail budget for boosting cotton output, knitwear exports |

## INTERNATIONAL NEWS

### Trump Tariffs Prompt Swift Retaliation by North American Trade Partners, Hand-Wringing from Economists and Industry Leaders

President Donald Trump finally made good on his promise to impose steep duties on Canada and Mexico, prompting near-immediate backlash from two of the United States' most prominent trade partners.

As expected, Trump signed an executive order on Saturday levying 25-percent duties on both countries, along with a lower,10-percent duty rate for Canadian energy exports and an additional 10-percent tariff on China-made goods. The tariffs will take effect Tuesday.

Notably, the order contains language specifying that the de minimis trade exemption—which allows shipments worth less than $800 to enter the country duty-free—is now closed for products subject to the tariffs. Trump leveraged the 1977 International Emergency Economic Powers Act (IEEPA), which grants the president broad authority to regulate a multitude of economic transactions including trade with other countries following the declaration of a national emergency.

"This was done through [IEEPA] because of the major threat of illegal aliens and deadly drugs killing our Citizens, including fentanyl. We need to protect Americans, and it is my duty as President to ensure the safety of all," Trump wrote on Truth Social following the White House announcement.

Canadian Prime Minister Justin Trudeau wasted no time in introducing 25-percent retaliatory duties targeting about $155 billion in American-made products, from alcohol and produce to apparel, footwear, sporting goods, fragrances, home goods and furniture.

"I think Canadians are a little perplexed as to why our closest friends and neighbors are choosing to target us instead of so many other challenging parts of the world," he said during a somber address to Canadian press just hours after Trump's executive order.

Trudeau said blocking energy exports to certain U.S. states that rely on Canadian power is a potential course of action still under discussion. Nonetheless, he struck a conciliatory tone, seemingly seeking to reassure Canadians while keeping an olive branch extended in the direction of the White House.

"I think there are going to be people who are upset and even hurt by what's gone on here, but I have faith; I have faith in Canadians, but I also have faith in the friendship between Canada and the United States," he said. "It has gone through challenging times before, but we always make it through because we've been able to count on each other for over 150 years, and we will continue to be able to do that long into the future."

Amid the trade battle, Trudeau urged Canada's citizens to buy goods made at home. "Now is the time to choose products made right here in Canada," he said. "Check the labels. Let's do our part. Wherever we can, choose Canada."

Mexican President Claudia Sheinbaum did not equivocate in her defense of Mexico, announcing her intention to levy retaliatory duties against the U.S.

The leader said she rejects Trump's slander against the Mexican government—which he has accused of being in bed with the cartels—as well as "any intention of intervention in our territory." Last week, Trump intimated that the U.S. could send special operations forces into Mexico to combat criminal enterprises.

"Mexico does not want confrontation. We start from collaboration between neighboring countries. Mexico not only does not want fentanyl to reach the United States, but anywhere. Therefore, if the United States wants to combat criminal groups that traffic drugs and generate violence, we must work together in an integrated manner, but always under the principles of shared responsibility, mutual trust, collaboration and, above all, respect for sovereignty, which is not negotiable," she said.

"I instruct the Secretary of Economy to implement Plan B that we have been working on, which includes tariff and non-tariff measures in defense of Mexico's interests. Nothing by force; everything by reason and right," she added.

As of Sunday, Sheinbaum's government had not released a finalized plan for Mexico's retaliatory tariffs.

China, too, defended its position, saying its government "firmly deplores and opposes this move and will take necessary countermeasures to defend its legitimate rights and interests."

"China's position is firm and consistent," a China Foreign Ministry spokesperson said Sunday. "Trade and tariff wars have no winners. The U.S.' unilateral tariff hikes severely violate WTO rules. This move cannot solve the U.S.' problems at home and more importantly, does not benefit either side, still less the world."

"The U.S. needs to view and solve its own fentanyl issue in an objective and rational way instead of threatening other countries with arbitrary tariff hikes," they added. "China calls on the U.S. to correct its wrongdoings, maintain the hard-won positive dynamics in the counternarcotics cooperation, and promote the steady, sound and sustainable development of China-U.S. relationship."

Foreign officials weren't the only ones with something to say about Trump's weekend tariff offensive. U.S. trade and economic experts and business leaders bemoaned the impact the added duties could have on sourcing strategies and prices at retail.

"If these tariffs go into effect on Tuesday, it would dwarf the tariffs that President Trump put in place on China in all of the four years of his first term," explained Josh Teitelbaum, senior counsel for international trade policy at Washington, D.C. law firm Akin-Gump. "Each of the three across-the-board tariffs he announced Saturday on Canada, Mexico, and China would by themselves cover more products than the China tariffs in his first term. And, he is moving forward with all three at the same time now. The scale is massive."

U.S. Chamber of Commerce senior vice president and head of international business John Murphy also expressed consternation about the Trump's tariff agenda.

"The President is right to focus on major problems like our broken border and the scourge of fentanyl, but the imposition of tariffs under IEEPA is unprecedented, won't solve these problems, and will only raise prices for American families and upend supply chains," he said. The Chamber plans to consult with its members as well as “main street businesses” across the country that will be impacted by the duties in order to “determine next steps to prevent economic harm to Americans.”

Michael Hanson, senior executive vice president of public affairs for the Retail Industry Leaders Association (RILA), which represents more than 200 U.S. retailers, manufacturers and service suppliers, expressed hope that the world leaders can come together in support of a resolution before the tariffs take effect.

“We understand the president is working toward an agreement,” he said. “The leaders of all four nations should come together and work to reach a deal before Feb. 4 because enacting broad-based tariffs will be disruptive to the U.S. economy.”

“The American people are counting on President Trump to grow the U.S. economy and lower inflation, and broad-based tariffs will put that at risk,” Hanson added.

American Apparel and Footwear Association (AAFA) senior vice president of policy Nate Herman said Trump’s decision is a move in the opposite direction of effective trade policy.

“During this time of high inflation, this is not the time to impose new costs on U.S. supply chains. Instead, our industry needs tariff relief and commitment to smart trade policy and strong trade partnerships,” he added. “We need to renew expiring and expired trade preference programs with our allies and strengthen the competitiveness of our free trade agreement with Central America to stem the tide of migration.”

Economists largely believe new tariffs will exacerbate the effects of lingering inflation.

“Research has shown that importing businesses and their domestic consumers bear the costs of tariffs, not the exporting nation,” said New Tax Policy Center (TPC) analysis released Friday. The 25-percent duties on Mexico and Canada could cause average annual household incomes to fall by about 1 percent, or $930, in 2026. The lowest-income 20 percent of households “would be worse off by an average of $170 while the wealthiest quintile by an average of $3,280 in that year,” the group’s research said.

As America's biggest trading partner, Mexico exported $475 billion in goods to the U.S. in 2023. About $5.1 billion of that output was apparel, making America the country's biggest export partner for fashion. The same year, the U.S. imported about $419 billion in goods from its third largest trading partner, Canada, including $1.73 billion in clothing.

The administration nonetheless sought to downplay the importance of trade as a contributor to the U.S. economy, saying it only accounts for 24 percent of the country's GDP (compared to 67 percent of Canada's GDP and 73 percent of Mexico's GDP). The White House also pointed to the U.S. trade deficit, which it said was "the world's largest" at more than $1 trillion in 2023.

"THIS WILL BE THE GOLDEN AGE OF AMERICA! WILL THERE BE SOME PAIN? YES, MAYBE (AND MAYBE NOT!)," Trump wrote on Truth Social Sunday. "BUT WE WILL MAKE AMERICA GREAT AGAIN, AND IT WILL ALL BE WORTH THE PRICE THAT MUST BE PAID. WE ARE A COUNTRY THAT IS NOW BEING RUN WITH COMMON SENSE—AND THE RESULTS WILL BE SPECTACULAR!!!"

Source: sourcingjournal.com– Jan 29, 2025

HOME

*****************

# Nearshoring vs. Chinese imports, Mexico's textile dilemma

Mexico's recent policy shifts in the apparel industry are creating a complex interplay between fostering domestic production, reducing reliance on China, and acknowledging the continued importance of Chinese imports for sustaining its own exports. While incentives for nearshoring aim to attract manufacturers and boost local sourcing, rising tariffs on textiles and finished apparel products raise questions about Mexico's long-term strategy and its relationship with China in this sector.

Growing focus on 'Made in Mexico'

President Claudia Sheinbaum's 'Plan Mexico' with a focus on nearshoring and tax benefits for local and foreign companies, signals a clear intention to strengthen Mexico's domestic apparel industry. The government's push to increase Mexican-made components in various sectors further underscores this commitment. "What isn't made here can be made here," says Francisco Cervantes, President of Mexico's business coordinating council CCE, highlighting the potential for domestic production.

However, the increased tariffs on textile and apparel imports, reaching up to 35 per cent for finished goods, complicate this narrative. While aimed at protecting Mexico's domestic industry, these tariffs also impact the flow of raw materials and intermediate goods from China, which remain crucial for many Mexican manufacturers. "No one knows what to do," Ryan Martin, President of distribution and fulfillment at ITS Logistics, told FreightWaves. "Everyone is exploring options right now." This situation creates a complex landscape for the apparel industry.

Of course, nearshoring has its own incentives. Tax benefits and government support for local manufacturing could attract investment and create new jobs in Mexico's apparel sector. And by shifting production closer home, North American companies can reduce supply chain vulnerabilities and potentially shorten lead times. Also, Mexico's commitment to the USMCA trade agreement provides a framework for increased regional collaboration and potentially mitigates some of the tariff impacts.

New tariff's impact: However, the new tariffs increase the cost of importing textiles and finished apparel into Mexico, impacting both

Mexican and American businesses. The tariffs directly affect the viability of using Mexico as a conduit for importing goods from China under the Section 321 provision. And companies relying on existing supply chains through Mexico may need to re-evaluate their sourcing and fulfillment strategies.

Table: US apparel imports from Mexico, China

**Table: US apparel imports from Mexico, China**

| Year | US apparel imports from Mexico ($ bn) | US apparel imports from China ($ bn) |
|---|---|---|
| 2022 | 15.4 | 29.8 |
| 2023 | 16.2 | 27.5 |
| 2024 (estimated) | 17.1 | 25.1 |

(Source: US Census Bureau, data adjusted for estimated 2024 figures)

The table clearly demonstrate the substantial role both Mexico and China play in the US apparel market. The new tariffs and nearshoring incentives could significantly alter this dynamic in the coming years.

Mexico's China perspective

Despite the nearshoring drive and tariff increases, Mexico cannot entirely disregard its reliance on China for textile inputs. China remains a significant supplier of fibers, yarns, and fabrics, essential for Mexico's apparel exports.

Table: Mexico’s textile imports from China

| Year | Mexico's textile imports from China ($ bn) | Breakdown |
|---|---|---|
| 2022 | 4.8 | Fibers: 1.2, Yarns: 1.8, Fabrics: 1.8 |
| 2023 | 5.1 | Fibers: 1.3, Yarns: 1.9, Fabrics: 1.9 |
| 2024 (estimated) | 5.3 | Fibers: 1.4, Yarns: 2.0, Fabrics: 1.9 |

(Source: UN Comtrade Database, data adjusted for estimated 2024 figures)

Chinese textiles often offer a significant cost advantage, making them attractive to Mexican manufacturers seeking to maintain price competitiveness in the global market. Moreover, China provides a wide range of specialized fibers, yarns, and fabrics that may not be readily available or cost-effective to produce domestically in Mexico. And many Mexican manufacturers have established long-standing supply chain relationships with Chinese suppliers, making a sudden shift impractical.

Mexico now faces a delicate balancing act. It seeks to boost domestic production and reduce reliance on China, while acknowledging the continued importance of Chinese imports for its own export competitiveness. This necessitates a nuanced approach. To begin with Mexico may need to strategically source certain textile inputs from China while simultaneously investing in domestic production capacity for other materials.

Meanwhile, encouraging joint ventures and technology transfer from China could help Mexico develop its own capabilities in producing specialized textiles. The government may need to consider targeted tariff adjustments or exemptions for specific textile inputs crucial for Mexico's export-oriented industries.

Mexico's push for nearshoring and its increased tariffs on textiles create a dynamic and evolving situation for the apparel industry. While opportunities exist for companies willing to adapt and invest in local production, challenges remain in navigating the changing cost landscape and supply chain complexities. The long-term impact on the North American apparel market will depend on how effectively businesses and governments can leverage these changes to foster sustainable growth and regional collaboration.

Source: fashionatingworld.com– Jan 31, 2025

**HOME**

*****************

# China's exports up 7.1% YoY to $3.55 trn in 2024: Govt

China's exports grew by 7.1 per cent year on year (YoY), reaching 25.45 trillion yuan ($3.55 trillion) last year—the eighth year of growth in a row, according to data released by the General Administration of Customs (GAC).

Goods were shipped to over 160 countries and regions.

Exports to Brazil, the United Arab Emirates and Saudi Arabia increased by 23.3 per cent, 19.2 per cent and 18.2 percent YoY respectively.

Exports to members of the Association of Southeast Asian Nations (ASEAN) and nations participating in the Belt and Road Initiative grew by 13.4 per cent and 9.6 per cent respectively, a state-controlled news agency reported.

Meanwhile, exports to the European Union and the United States rose by 4.3 per cent and 6.1 per cent respectively last year.

The government feels exports are expected to be resilient and dynamic.

Source: fibre2fashion.com– Feb 02, 2025

HOME

*****************

# ASEAN+3 region to see steady growth rate of 4.2% in 2025: AMRO

The ASEAN+3 region—comprising ten member states of the Association of Southeast Asian Nations, China, Japan and South Korea—is set to remain resilient with a steady growth rate of 4.2 per cent this year, according to the January update of the regional economic outlook by the ASEAN+3 Macroeconomic Research Office (AMRO).

This expansion is driven by domestic demand as private consumption across most ASEAN+3 economies remains robust, supported by favourable employment conditions and easing inflation.

At the same time, improving external demand, particularly in the technology sector, will continue to lift growth, a release from AMRO said.

Meanwhile, inflation for the region, excluding Laos and Myanmar, is projected to remain low at 2.1 per cent this year—a slight uptick from 1.7 per cent in 2024 due to improving domestic demand and supply-side adjustments.

However, uncertainties to the outlook loom large. Slower growth in the United States, Europe or China could dampen exports, while potential spikes in global commodity prices due to extreme weather or geopolitical tensions could restoke inflation.

The most immediate concern, however, is potential policy shifts under the new US administration. As a major trade partner, the US's policy changes, including import tariffs, fiscal expansion, and immigration reforms, will affect ASEAN+3 economies, AMRO noted.

Among the potential shifts, the new administration's proposed tariffs aimed at reducing the US trade deficit and protecting domestic industries present the most prominent risk.

Higher tariffs on key US import sources, such as China, risk reigniting inflationary pressures in the United States and dampening domestic demand, which could, in turn, weaken global demand as the US is a major final consumer globally.

Retaliatory measures by affected economies would exacerbate global demand weakness. Under a scenario of 60 per cent tariff by the US on Chinese imports and 10 per cent tariff for all other economies, with in-kind retaliation from affected countries, regional growth could be lower by 1-2 percentage points over the next two years, resulting in the lowest regional growth since the Asian Financial Crisis, AMRO observed.

If US inflation resurges, monetary policy is likely to be tightened, leading to a stronger dollar and tighter global financial conditions. For ASEAN+3 economies, these dynamics could trigger capital outflows and exchange rate depreciations, and possibly higher policy rates and overall tighter financial conditions that would further weigh on growth.

Despite these challenges, the ASEAN+3 region remains resilient, underpinned by sound fundamentals and robust domestic demand, AMRO added.

Source: fibre2fashion.com– Feb 02, 2025

**HOME**

*****************

# President Trump reiterates 100% tariffs threat to BRICS members

US President Donald Trump yesterday reiterated his threat to impose cent per cent tariffs on BRICS nations if they try to introduce an alternative to the US dollar.

"The idea that the BRICS countries are trying to move away from the dollar, while we stand by and watch, is OVER," Trump said on his social media platform Truth Social.

"We are going to require a commitment from these seemingly hostile countries that they will neither create a new BRICS currency nor back any other currency to replace the mighty US dollar, or they will face 100-per cent tariffs and should expect to say goodbye to selling into the wonderful US economy," the US President wrote.

The BRICS grouping members now are Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran and the United Arab Emirates. The bloc has been mulling over alternatives to the US dollar for global trade.

"They can go find another sucker nation. There is no chance that BRICS will replace the US dollar in international trade or anywhere else, and any country that tries should say hello to tariffs and goodbye to America!" Trump said.

His warning follows similar remarks earlier last month when he cautioned BRICS against steps that could contribute to 'de-dollarisation' of the global economy. He had issued another such warning in December last year.

Indian external affairs minister S Jaishankar reacted to Trump's statements by saying that India does not support replacing the US dollar but has sought 'workarounds' to protect its trade interests. There are no proposals now for a BRICS currency, he added.

At the 15th BRICS Summit in 2023, Russian President Vladimir Putin emphasised the need for de-dollarisation, saying, "Brics countries must expand settlements in national currencies and enhance cooperation between banks."

At a meeting in Nizhny Novgorod, Russia, in June last year, BRICS foreign ministers backed “enhanced use of local currencies in bilateral and multilateral trade and financial transactions between the member countries.”

Source: fibre2fashion.com– Feb 02, 2025

HOME

*****************

# 2024 global air cargo demand up 11.3% YoY; 12.2% for international ops

Global air cargo demand for 2024, measured in cargo tonne-kilometers (CTK), increased by 11.3 per cent (12.2 per cent for international operations) compared to 2023, according to the International Air Transport Association (IATA). This figure exceeded the record volume set in 2021.

Full-year capacity in 2024, measured in available cargo tonne-kilometers (ACTK), increased by 7.4 per cent compared to 2023 (9.6 per cent for international operations).

Full-year 2024 yields averaged 1.6 per cent lower than 2023, but 39 per cent higher than the 2019 figures.

December 2024 brought the year to a close with continued strong performance. Global demand was 6.1 per cent up year on year (YoY); it was 7 per cent up YoY for international operations. Global capacity was 3.7 per cent higher YoY; it was 5.2 per cent up YoY for international operations.

Cargo yields in December last year were 6.6 per cent higher YoY; these were 53.4 per cent higher YoY than in December 2019.

IATA estimates growth to moderate to 5.8 per cent this year, aligned with historical performance.

"Economic fundamentals point to another good year for air cargo—with oil prices on a downward trajectory and trade continuing to grow. There is no doubt, however, that the air cargo industry will be challenged to adapt to unfolding geopolitical shifts. The first week of the Trump administration demonstrated its strong interest in using tariffs as a policy tool that could bring a double whammy for air cargo—boosting inflation and deflating trade," said IATA director general Willie Walsh in a release.

Asia-Pacific airlines saw a 14.5-per cent YoY demand growth for air cargo last year—the strongest among the regions. Capacity increased by 11.3 per cent YoY. December 2024 YoY demand increased by 8.4 per cent and capacity increased by 6.3 per cent YoY.

North American carriers saw a 6.6-per cent YoY demand growth for air cargo in 2024—the lowest of all regions. Capacity increased by 3.4 per cent YoY. December YoY demand increased by 5.3 per cent and capacity increased 2.1 per cent YoY.

European carriers saw a 11.2-per cent YoY demand growth for air cargo last year. Capacity increased by 7.8 per cent YoY. December YoY demand increased by 5.1 per cent and capacity increased by 3.7 per cent YoY.

Middle Eastern carriers saw a 13-per cent YoY demand growth for air cargo last year. Capacity increased by 5.5 per cent YoY. December YoY demand increased by 3.3 per cent and capacity increased by 0.2 per cent YoY.

Latin American carriers saw a 12.6-per cent YoY demand growth in the year. Capacity increased by 7.9 per cent YoY. December YoY demand increased by 10.9 per cent—the highest of all regions, and capacity increased by 8.4 per cent YoY.

African airlines saw a 8.5-per cent YoY demand growth in 2024. Capacity increased by 13.6 per cent YoY. December YoY demand decreased by 0.9 per cent—the lowest of all regions, and capacity increased by 1.8 per cent YoY.

International routes witnessed exceptional traffic levels for the 17th consecutive month in December, with a 7-per cent YoY increase in December. Airlines are benefiting from rising e-commerce demand in the United States and Europe amid ongoing capacity limits in ocean shipping, IATA added.

Source: fibre2fashion.com– Feb 02, 2025

HOME

*****************

# Cambodia's share rises to 7.42 per cent in Spanish garment market

Cambodia has consolidated its position in the Spanish garment market and has become the fifth-largest supplier by gaining more market share in recent years. Cambodia's share increased to 7.42 per cent in the Spanish market as its garment imports from the country jumped 38.73 per cent to $1,298.449 million in January–October 2024.

According to Fibre2Fashion's market insight tool TexPro, Spain's apparel imports totalled $17.500 billion in the first ten months of 2024. Imports from Cambodia jumped 38.73 per cent during this period, rising from $935.981 million in January–October 2023.

In 2023, Spain imported apparel worth $1,170.677 million from Cambodia, accounting for 5.81 per cent of its total apparel imports of $20.165 billion in the same year. Cambodia remained in the fifth position among the largest apparel suppliers.

Cambodia's position in the Spanish garment market was dented during the COVID year. It was the sixth-largest supplier, with a 4.51 per cent share in 2019. Spain's imports from Cambodia were recorded at $874.142 million, out of total apparel imports of $19.400 billion in the same year. Spain's total apparel imports dipped to $16.256 billion in 2020.

Spanish garment imports from Cambodia declined to $634.629 million, accounting for 3.90 per cent of the total. Cambodia's rank also slipped to eighth among the largest suppliers. In 2021, Spanish garment imports improved to $18.125 billion, but imports from Cambodia further eased to $626.853 million. Consequently, its share shrank to 3.46 per cent, though its rank improved to seventh, as per TexPro.

The European nation's apparel imports further rose to $22.006 billion in 2022, with imports from Cambodia also increasing to $981.277 million in the same year. Its share rose to 4.46 per cent, ranking as the sixth-largest supplier. Its share further increased to 5.81 per cent in 2023 and 7.42 per cent in January–October 2024.

Source: fibre2fashion.com– Feb 02, 2025

HOME

*****************

# Vietnam: E-commerce, a game changer for textile manufacturers

E-commerce platforms have been a game changer for Vietnam's textile and garment industry, said industry insiders and experts. For the first time, manufacturers can bring their entire product lines to consumers, significantly reducing prices and expenses.

"These platforms have allowed us to overcome geographical limitations and better serve our customers in the digital age," said Than Duc Viet, General Director of May 10, one of Vietnam's largest textile groups.

May 10 Corporation has been using e-commerce platforms to diversify its sales channels and enhance customer reach. Since 2021, the company has opened online stores on major platforms such as Shopee, Sendo, Lazada and Tiki.

He said with rapid digital transformation, online sales channels are becoming an essential strategy for businesses aiming to thrive in an increasingly competitive market.

The company has employed digital tools such as 3D applications to improve the customer experience, enabling shoppers to preview styles and colours, before purchasing. May 10's digitisation efforts have driven consistent revenue growth rate of around 10% a year, according to Viet.

A representative from HCM City-based ABH Textile Company said its partnership with Shopee, the country's leading e-commerce platform, has been a big help in setting up the company's online operations.

By early 2024, the company had processed nearly half a million orders on Shopee, valued at over 13 billion VND. This was achieved by tailoring product designs to consumer preferences and collaborating with e-commerce platforms for efficient marketing and logistics. Moving forward, ABH plans to expand its presence across additional platforms.

According to a Vietnam Textile and Apparel Association (VITAS) report, the proportion of textile businesses adopting e-commerce strategies has increased from 7-8% in 2021, to over 20% by the end of last year.

Chairman of VITAS Vu Duc Giang highlighted the sector's progress, saying it has been thanks to advancements in digital management, proactive product development, and strengthened domestic supply chains.

"E-commerce has become a key sales channel in today's market, as consumers increasingly prefer online shopping over traditional methods," he said.

Social media has also been playing a greater role in shaping behaviour. Giang advised textile manufacturers to build their brands on social platforms and consider seasonal trends when designing and launching new products. For example, less size-dependent products like sportswear and free-size garments are particularly well-suited for online sales.

To further assist businesses, VITAS is collaborating with the Ministry of Industry and Trade and Amazon Global Selling Vietnam to help companies develop business plans and provide one-on-one guidance. These efforts aim to equip textile manufacturers with tools and knowledge to succeed in the digital world.

Source: en.vietnamplus.vn – Feb 02, 2025

HOME

*****************

# Yoga clothing market to grow exponentially till 2029, says report

A recent report by Technavio has revealed that the global yoga clothing market is witnessing a massive growth and it is projected to grow by US $ 21.25 billion between 2025 and 2029. This represents a robust annual growth rate of 7.7 per cent, fueled by rising demand for high-performance, technology-enhanced apparel.

Consumers are increasingly prioritizing both functionality and sustainability in their yoga wear. They seek garments with advanced moisture-wicking, compression, and odor-reducing technologies. Leading brands like lululemon, Nike, and Adidas are responding by incorporating technical fabrics designed for durability and performance.

North America currently leads the market, accounting for approximately 31 per cent of global sales, followed by strong growth in Europe and Asia-Pacific. Key markets include the US, Canada, China, Japan, and Germany, where wellness lifestyles are increasingly popular.

The highly competitive market has led to consolidation and partnerships. Alongside established players like PUMA, Under Armour, and VF Corporation, niche and direct-to-consumer brands are gaining traction by focusing on sustainability and personalized experiences. Companies like Manduka, Beyond Yoga, and La Vie Boheme Yoga have built loyal followings by prioritizing eco-conscious materials and ethical production.

Looking forward, the market's expansion will be driven by continued investment in innovation and digital engagement. Brands are increasingly utilizing e-commerce, AI-driven personalization, and fitness app integrations. The rise of subscription models and resale programs also reflects growing consumer interest in sustainability and cost-effectiveness.

Brands that successfully combine performance-driven design with sustainable and digital-first strategies will be best positioned for success in the competitive yoga apparel market.

Source: apparelresources.com– Feb 01, 2025

HOME

*****************

# Bangladesh: NBR moves to simplify clearance system for smooth business

The National Board of Revenue (NBR) is set to introduce the Authorised Economic Operator (AEO) system on February 5, aiming to streamline import and export processes by providing a seamless clearance system for businesses.

Under this system, AEO-certified businesses will be able to directly transport cargo from ports to their factories or warehouses through a green channel without undergoing physical inspections.

This will significantly reduce clearance time, lower costs, and improve overall efficiency in trade operations.

According to NBR sources, the revenue authority has been working on implementing the AEO system for a long time. Compliant taxpayers will self-declare their tax status and conduct their own assessments before applying for AEO certification.

A senior NBR official stated that the board has already issued 14 AEO certifications, with several more applications under review. The approved companies include: Popular Pharmaceuticals, Jihan and Shoeniverse Footwear, Fair Electronics, ACI Godrej Agrovet Private, Towa Personal Protective Device Bangladesh, Cutting Edge Industries, Omera Cylinders, MBM Garments, M/S Footsteps Bangladesh, GHP Ispat and BSRM.

The NBR formulated the rules for this system in June last year and finalised the operational procedures in December. Additionally, it has upgraded its digital infrastructure to facilitate AEO operations.

During a recent event on World Customs Day, NBR Chairman M Abdur Rahman Khan stated that once the system is introduced, compliant taxpayers will no longer face interventions from Customs authorities.

“The imported goods will be directly delivered to their premises from vessels under the self-assessment system,” he said.

He also mentioned that tax payments will be made through bank-to-bank fund transfers.

The AEO system also provides international benefits if reciprocal agreements are in place with other countries, allowing certified businesses to enjoy similar privileges abroad.

Introduced by the World Customs Organization in 2007, the AEO system aims to enhance global supply chains and expedite trade. Countries such as the US, the European Union, Japan, Singapore, India, and China have already adopted the system. India, for example, has more than 5,000 AEO-certified businesses.

Bangladesh initially planned to introduce the AEO system in 2013, and its implementation became mandatory after two-thirds of World Trade Organization (WTO) members ratified the Trade Facilitation Agreement. In 2018, the NBR issued an official order, and in 2019, Square, Beximco, and Incepta Pharmaceuticals were granted AEO status.

A 2022 NBR study on port clearance processes found that 72 to 78 percent of clearance time is spent on collecting and submitting import documents, highlighting the need for automation in trade facilitation.

Currently, the NBR's Customs Valuation and Internal Audit Commissionerate is reviewing applications from nearly 60 companies seeking AEO certification.

According to the rules firms that want to be listed as AEOs must have an authorised capital of at least Tk 30 crore and paid-up capital of Tk 10 crore.

Moreover, they must have a minimum annual turnover of Tk 10 crore for three years in a row.

If the firm is not into manufacturing, their annual export or import must be of at least Tk 10 crore for three years in a row.

However, the revenue board has included some criteria enabling small and medium enterprises (SMEs) alongside logistics operators to avail the status.

One criterion for the SMEs says they must have conducted 20 annual shipments on an average over the past three years whereas another for logistics operators say they must have run operations in Bangladesh for the past four years.

According to the rules, all companies will have to ensure at least 70 percent of transactions through formal channels like banks and mobile financial services.

Interested companies must have operations of at least five years and clean records in duty, VAT and income tax payments.

The inclusion of SMEs and logistics operators in the AEO framework is expected to further facilitate trade and enhance business efficiency in Bangladesh.

Source: thefinancialexpress.com.bd– Feb 02, 2025

HOME

*****************

## Pakistan: Sustainability standards to help grow textile exports

The partnership between Pakistan Textile Council (PTC) and an international advisory body is expected to bolster Pakistan's textile exports by aligning cotton production with global sustainability benchmarks and enhancing the country's competitiveness in international markets.

It transpired at a meeting on Saturday between PTC and a delegation of the International Cotton Advisory Council (ICAC), led by Executive Director Eric Trachtenberg and Director of Textiles Kanwar Usman.

The delegation was accompanied by Dr Yusuf Zafar, Vice President of Pakistan Central Cotton Committee (PCCC), which works under the Ministry of National Food Security and Research, according to a statement.

During the meeting, PTC Chief Executive Officer Shafqaat pointed out that Pakistan was the fourth largest cotton producing country in the world just seven years ago. It produced 14.81 million cotton bales in the year 2011-12, which came down to less than 6 million bales in 2024-25.

He called the numbers alarming and highlighted the recent initiatives of the council aimed at promoting sustainable cotton production in Pakistan. He also talked about the recent memorandum of understanding signed with the Better Cotton Initiative, which aspired that all the cotton produced in Pakistan was traceable and sustainable.

ICAC's Eric Trachtenberg shared insights into the cotton advisory council's global efforts and explored avenues for collaboration between ICAC and PTC to improve cotton production practices in Pakistan.

Trachtenberg added, "ICAC is dedicated to supporting member countries in adopting sustainable cotton practices. Our collaboration with PTC aims to bring global best practices to Pakistan, enhancing both production and export potential."

PTC Chairman Fawad Anwar emphasised the critical importance of cotton for the textile value chain, stating "cotton is the most important raw material for our industry and PTC is committed to leveraging all available resources to make cotton production sustainable."

PCCC Vice President Dr Yusuf Zafar expressed optimism about the partnership, noting "the collaboration between PTC and ICAC, supported by PCCC, will play a pivotal role in advancing sustainable practices and improving the quality of cotton production in Pakistan."

Director Textiles Kanwar Usman highlighted the technical aspects of collaboration, stating "by working together, we can implement advanced agricultural techniques and improve supply chain traceability, ensuring that Pakistani cotton meets international sustainability and quality standards."

Source: tribune.com.pk– Feb 02, 2025

HOME

*****************

# NATIONAL NEWS

## Chairman, TEXPROCIL Welcomes Union Budget 2025-26

Welcoming the Union Budget 2025-26, Shri Vijay Agarwal, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL) said that the Budget is dedicated to accelerating growth and laying the foundations for a Viksit Bharat.

Shri Vijay Agarwal lauded the announcement of a 5-year Mission for Cotton productivity by encouraging the production of long staple cotton, yield per hectare, improved irrigation facilities, and measures to facilitate availability of long-term and short-term credit. These steps will also enable the development and processing of Kasturi Cotton which is a joint initiative of the Government and Trade Bodies.

Chairman, Texprocil mentioned that to boost the growth and efficiency of MSMEs, the Government will enhance the investment and turnover limits for MSMEs, increasing them by 2.5 times and 2 times respectively. This move is expected to empower MSMEs to scale up, innovate, and generate more employment opportunities for the youth. Moreover, the Government has announced enhancement of credit availability with guarantee cover to MSE, Startups and Exporter MSMEs which is a welcome step.

The Chairman lauded the Government's proposal to set up an Export Promotion Mission, with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance.

This will facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets which will provide the much needed Interministerial co-ordination, he added.

Shri Agarwal said, that the digital public infrastructure, 'BharatTradeNet' (BTN) for international trade will be established as a unified platform for trade documentation and financing solutions.

This will complement the Unified Logistics Interface Platform. The BTN will be aligned with international practices which will again ease the doing business by providing an integrated platform.

The Finance Minister has also outlined measures for labour-intensive sectors, adding that the government will undertake specific policy and facilitation measures to promote employment and entrepreneurship opportunities in labour-intensive sectors which is a step forward in strengthening India’s competitiveness in these sectors.

Overall, Shri Vijay Agarwal, Chairman, Texprocil stated that the Budget represents a significant step forward, creating promising opportunities for India to achieve its ambitious export target of $100 billion in Textiles and Clothing by 2030. On its part, the Council remains confident in attaining its goal of $25 billion in cotton textile exports by 2030, he added.

Source: Texprocil Textile Intelligence – Feb 01, 2025

HOME

*****************

# SUMMARY OF UNION BUDGET 2025-26

Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Union Budget 2025-26 in Parliament today. Here is the summary of her budget speech;

PART A

Quoting Telugu poet and playwright Shri Gurajada Appa Rao's famous saying, 'A country is not just its soil; a country is its people.' – the Finance Minister presented the Union Budget 2025-26 with the theme "Sabka Vikas" stimulating balanced growth of all regions.

In line with this theme, the Finance Minister outlined the broad Principles of Viksit Bharat to encompass the following:

a) Zero-poverty;

b) Hundred per cent good quality school education;

c) Access to high-quality, affordable, and comprehensive healthcare;

d) Hundred per cent skilled labour with meaningful employment;

e) Seventy per cent women in economic activities; and

f) Farmers making our country the 'food basket of the world'.

The Union Budget 2025-2026 promises to continue Government's efforts to accelerate growth, secure inclusive development, invigorate private sector investments, uplift household sentiments, and enhance spending power of India's rising middle class. The Budget proposes development measures focusing on poor (Garib), Youth, farmer (Annadata) and women (Nari).

The Budget aims to initiate transformative reforms in Taxation, Power Sector, Urban Development, Mining, Financial Sector, and Regulatory Reforms to augment India's growth potential and global competitiveness.

Union Budget highlights that Agriculture, MSME, Investment, and Exports are engines in the journey to Viksit Bharat using reforms as fuel, guided by the spirit of inclusivity.

Click here for more details

Source: pib.gov.in– Feb 01, 2025

HOME

*****************

# Budget announced Rs. 5272 crores for the Ministry of Textiles for the FY 2025-26

The Union Budget 2025-26 was presented by the Union Finance Minister on February 1, 2025. The Budget announced an outlay of Rs. 5272 crores (Budget Estimates) for the Ministry of Textiles for 2025-26. This is an increase of 19 percent over budget estimates of 2024-25 (Rs. 4417.03 crore).

To address the challenges of stagnant cotton productivity, Union Budget 2025-26 has announced a five year Cotton Mission to increase cotton productivity especially extra long staple varieties. Science & Technology support will be provided to farmers under this Mission.

The Mission is in keeping with the 5 F principle and will increase income of the farmers and augment a steady supply of quality cotton. By boosting domestic productivity, this initiative will stabilise raw material availability, reduce import dependence and enhance the global competitiveness of India's textile sector, where 80% of capacity is driven by MSMEs.

To promote domestic production of technical textile products such as agro-textiles, medical textiles and geo textiles at competitive prices, two more types of shuttle-less looms added to the list of fully exempted textile machinery.

Duty on Shuttle less loom Rapier Looms (below 650 meters per minute) and Shuttle less loom Air jet Looms (below 1000 meters per minute) for use in textile industry has been made nil from the existing 7.5%.

This provision will reduce the cost of high-quality imported looms thus facilitating modernisation and capacity enhancement initiatives in the weaving sector. This will also will boost Make in India in technical textile sector viz. agro textiles, medical textiles, and geo-textiles.

Basic Custom Duty rate on knitted fabrics covered by nine tariff lines reduced from "10% or 20%" to "20% or Rs.115 per kg, whichever is higher" This will improve competitiveness of Indian knitted fabric manufacturers and curb cheap imports.

To facilitate exports of handicrafts, time period for export extended from six months to one year, further extendable by another three months, if required Handicraft exports will benefit from this provision extending the list of items and the time period for conversion of duty free raw material imports meant for export production. Nine items including wool polish materials, Sea shell, Mother of Pearl (MOP), Cattle horn etc. added to the list of duty-free inputs.

80% of India's textile sector is in MSME. Budget thrust on export, enhanced credit and coverage will uplift textile MSMEs. Other announcements like creation of National Manufacturing Mission, Export Promotion Mission, creating the Bharat Trade Net, Fund of Funds, Measures for Labour-Intensive Sectors to promote employment and entrepreneurship opportunities, revision in classification criteria for MSMEs and others will create conducive environment for the textile sector.

Source: pib.gov.in– Feb 01, 2025

HOME

*****************

# HIGHLIGHTS OF UNION BUDGET 2025-26

The Hon'ble Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman has announced the Union Budget for 2025-26 on 1st February, 2025.

You may view the following details by clicking the link: https://www.indiabudget.gov.in

**1) Budget Speech**

**2) Key features of Union Budget 2025-26**

**The relevant extract of the Highlights of Union Budget 2025-26 is enclosed.**

**Please make a note of the Relevant Customs Notifications –**

-- Notification 4/2025-Customs dated 01.02.2025 (**enclosed**) – CBIC exempts the import duty on goods which are being rationalized in the tariff.

-- Notification 5/2024-Customs dated 01.02.2025 (**enclosed**) – CBIC further amends notification No. 50/2017-Customs dated the 30th June, 2017 so as to notify BCD related changes.

Source: Texprocil Textile Intelligence– Feb 01, 2025

HOME

*****************

## Textile industry welcomes announcement of Mission on Cotton Productivity

The textile and apparel sector has welcomed the announcements in the Union Budget, especially the announcement of Mission on Cotton Productivity.

Vijay Agarwal, chairman of The Cotton Textiles Export Promotion Council, said the proposal to set up an Export Promotion Mission, with sectoral and ministerial targets, will provide the much needed inter-ministerial co-ordination.

The Council remains confident in achieving the goal of $25 billion in cotton textile exports by 2030, he added.

According to Sudhir Sekhri, chairman AEPC, the budget seeks to create a foundation for robust export growth encouraging innovation and competitiveness, particularly for the MSME sector. The measures announced will help the apparel sector compete globally by promoting Five F vision and “Make in India, Make for the World” initiative.

A. Sakthivel, chairman of the Apparel, Made Ups, and Home Textiles Sector Skill Council, said the budget will be impactful and will bring growth.

Chairman of the Manmade and Technical Textiles Export Promotion Council Bhadresh Dodhia said the increased fund allocation for key government schemes such as RoDTEP (Remission of Duties and Taxes on Exported Goods), RoSCTL (Rebate on State and Central Taxes and Levies), and Production-Linked Incentive scheme for textiles will boost the export potential of manmade fibre textiles and technical textiles.

The Confederation of Indian Textile Industry chairman Rakesh Mehra said the introduction of the new Income Tax regime will increase disposable income with people and enhance domestic consumption of textiles and clothing.

S.K. Sundararaman, chairman of the Southern India Mills’ Association, said the cotton is the growth engine and strength of Indian textile industry accounting for almost 80% of the textile exports.

The industry has been demanding for a Cotton Technology Mission supporting high yielding seed technology, adoption of global best agronomy practices, producing clean cotton and branding Indian cotton to benefit the farmers and the industry. The announcement of ₹600 crore to improve productivity and sustainability of cotton, promote ELS cotton and best of science and technology to cotton farmer on a mission mode approach will give a thrust to the cotton sector.

According to K.M. Subramanian, president of the Tiruppur Exporters' Association, higher import duty on knitted fabrics will curb the influx of undervalued fabrics and benefit the local manmade fibre-based industry. The South India Hosiery Manufacturers Association president A.C. Eswaran said the Mission on Cotton will benefit the cottonbased textile sector in the long run.

Positive

Sanjay K. Jain, chairman of the ICC National Textiles Committee, said the overall impact of the budget on the textile sector will be positive and textiles is predominantly in the MSME segment with many women entrepreneurs. Hence, all schemes announced for the MSMEs will benefit the sector.

Manish Daga of CottonGuru

said promotion of extra long staple cotton through the Mission will increase the global competitiveness of the cotton sector and increase in kisan credit card limit will give farmers better access to funds. Convenor of the Indian Texpreneurs Federation Prabhu Dhamodharan said the Mission on Cotton is a vital initiative for the textile sector as it will increase cotton productivity and boost farmers' income.

G. Arulmozhi, president of the Openend Spinning Mills Association, said the removal of Customs Duty on two types of shuttleless looms is a welcome move for the technical textiles sector. M.P. Muthurathinam, president, Tirupur Exporters and Manufacturers Association, expressed his disappointment over the lack of measures to control the imports from Bangladesh.

Source: thehindu.com– Feb 01, 2025

HOME

*****************

# India is the sixth-largest exporter of textiles and apparels: Economic Survey

In its assessment of the textile sector, the Economic Survey highlights that India is the sixth largest exporter of textiles and apparel globally, contributing significantly to the Gross Domestic Product of the country, industrial production and exports.

The sector is also one of the largest employment generators, with over 45 million people employed directly, including many women and the rural population. As further evidence of the inclusive nature of this sector, nearly 80 % of its capacity is spread across Micro, Small and Medium Enterprises (MSME) clusters in the country.

The Survey stated that India exported textile items worth USD 34 billion in 2023, with apparel constituting 42% of the export basket, followed by raw materials/semi-finished materials at 34% and finished non apparel goods at 30%. Europe and the US consumed nearly 66% of India's apparel exports, 58% of finished non-apparel goods and 12% of raw materials/semi-finished materials. Other prominent destinations include the UK (8%) and the UAE (7%). The Survey points out that textile exports remained resilient throughout the COVID-19 period (2020 to 2022).

The Survey concludes that Government programs like PM MITRA through creating textile parks with world-class plug-and-play infrastructure would support integrated supply chains, and also attract foreign direct investments into the textile sector. It adds that as MMF products require heavy research and development suited to different use cases, the National Technical Textiles Mission (NTTM) has been approved with an outlay of ₹1,480 crore with research as a key component.

During 2024, 168 research projects have been approved under the NTTM mission. It adds that Scheme for Rebate of State and Central Taxes and Levies has also been extended up to 31 March 2026 to encourage exports. The Economic Survey concludes that India's textile sector has several tailwinds working in its favour that augur well for the sector.

Source: pib.gov.in– Feb 01, 2025

HOME

*****************

# Trump Effect: Import duty cuts to benefit a range of American exports to India

Ahead of Prime Minister Narendra Modi's visit to the US, the government has slashed customs duties on not just America's iconic Harley Davidson motorbikes but also several other items of interest to American exporters, ranging from fish feed inputs and waste scrap to satellite ground installations.

The unilateral lowering of tariffs may help set a positive tone for Modi's meeting with US President Donald Trump, who has been a constant critic of India's "high tariffs", a source tracking the matter said. The meeting may happen later this month but a formal date is yet to be decided.

India's plans to amend its nuclear liability law and set up a nuclear energy mission, announced in the Union Budget, is also likely to please the US as it would boost private and foreign investments and encourage India-US collaboration in the civil-nuclear field, sources said.

"While Trump has often criticised India's tariff policies, these latest reductions signal a policy shift that could enhance US exports across various sectors. With key tariff cuts on technology, automobiles, industrial inputs, and waste imports, India appears to be taking steps toward facilitating trade even as the global trade environment remains tense," said Ajay Srivastava from Delhi-based research body GTRI.

The government is of the view that the customs duty rejig will benefit industry and businesses at large. "We have always been responsive to industry's requests on reduction of tariffs and duties. This is a continuation of that effort and will send a positive message to the business and industry. It will help manufacturing grow because raw materials and intermediate products will make our products more competitive in the international market," Commerce & Industry Minister Piyush Goyal told businessline when asked if the duty cuts were to satisfy Trump.

Fair bilateral trading relationship

In his phone call with Modi on January 28, Trump said that India needs to move towards a fair bilateral trading relationship with the US and buy more American-made security equipment. The two leaders also discussed plans for the Indian PM to visit the White House. Trump had earlier threatened India with `reciprocal tariffs' if it did not reduce its tariffs.

In the Union Budget announced on Saturday, key tariff reductions favouring the US include lowering of import duty on fish hydrolysate (used in aquatic feed) to 5 per cent from 15 per cent. US exporters, who shipped the item valued at $35 million to India in FY24, directly stand to gain, a GTRI report noted.

The halving of import duties, from 20 per cent to 10 per cent, on ethernet switches in the `others' category, will also benefit American companies which exported items worth $653.4 million to India in FY24.

Similarly, lowering import duties on synthetic flavoring essences to 20 per cent from 100 per cent and eliminating duties on ground installation for satellites are also set to benefit American companies.

The budget brought down tariffs on motorcycles most significantly for the above 1,600cc category, to 30 per cent from 50 per cent, a move which is likely to benefit Harley Davidson which has most of its product lineup in this category. For motorbikes below 1,600 cc import tariffs have been reduced to 40 per cent from 50 per cent.

"US motorcycle exports to India stood at $3 million in FY24, and this tariff cut could help expand market access for American manufacturers," the GTRI analysis said.

India also eliminated tariffs on specific waste and scrap items, reducing duties from 5 per cent to zero. The US exported a total of $2.5 billion worth of waste and scrap of all types to India in FY24.

The US is India's top export destination with exports to the country valued at $77.5 billion in FY24 leading to a trade surplus of about $35 billion.

Source: thehindubusinessline.com– Feb 02, 2025

HOME

*****************

# Budget 2025-26: Cotton Mission gets a boost to improve productivity

Finance Minister Nirmala Sitharaman has announced an ambitious Rs 500 crore five-year plan to boost cotton production and promote extra-long staple cotton varieties, at a time when India has no surplus in cotton and its yield at 450-kilogram per hectare is one of the lowest, against a global average of 800- kilogram plus.

Named 'Cotton Mission', the scheme aims to rejuvenate India's traditional textile sector, the minister said.

The budget allocation for the textile sector saw a steep increase from the financial year 2025 (FY25) revised figure of Rs 3,342 crore to Rs 5,252 crore, mainly for the Amended Technology Upgradation Fund Scheme and Production Linked Incentives (PLI), ensuring faster disbursement of incentive funds to the industry

"The budget also announced a flat 20 per cent or Rs 115 per kilogram import duty, whichever is higher, imposed on all knitted fabric HS codes. This means no scope for leakages, and any fabric below Rs 575 per kg would attract an import duty of Rs 115 per kg, which will stop undervalued fabrics from entering the country," said Sanjay Kumar Jain, Managing Director of textile producer TT Ltd. The Finance Minister also added shuttleless looms to the import duty exemption list of technical textiles machinery.

The industry believes that this is a consumption-driven budget, with higher money in the hands of the middle class meaning more buying of apparel and home textiles. In addition to this, textiles being predominantly in the MSME segment with many women entrepreneurs, all schemes for their benefit would directly impact textile manufacturing.

"The Cotton Productivity Mission is a vital initiative to improve cotton yield in India from the current 450-500 kg per hectare to 1,000 kg per hectare. This five-year, time-bound mission, driven by advanced technology and scientific support, aims to boost farmer income and ensure raw material security for the Indian textile and apparel sector.

Revisions in income tax slabs and exemptions are a positive step to boost consumption and economic growth. These measures, along with potential RBI rate cuts, will strengthen spending power and drive demand further," said Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation (ITF).

Source: business-standard.com– Feb 01, 2025

**HOME**

*****************

# Govt plans alternative financing plans for MSME exporters

New Delhi: The government plans to provide alternative financing models including export factoring services under the budget's proposed Export Promotion Mission as it seeks to ensure collateral-free, pre-shipment loans to micro, small, and medium enterprise (MSME) exporters.

"We will unveil further measures, including trade credit insurance and promotion of the Account Aggregator framework to support credit access," said an official.

Easier flow of credit is crucial for reviving India's goods exports which fell for the second straight month in December, declining nearly 1% from a year earlier.

A second official said various models of export factoring services are being examined, including reverse factoring. "We will hold discussions with other stakeholders, including the Factoring Association of India, to come up with different mechanisms to address any issues," he added.

Under existing mechanisms, a bank or specialised financial firm buys an exporter's short-term foreign accounts receivable for cash at a discount from the face value and assumes the risk on the pay ability of the foreign buyer, improving the seller's liquidity position.

Working Capital Needs

As per the latest credit guarantee scheme, loans up to ₹20 crore per borrower will be guaranteed for export-oriented units (EOUs) of MSMEs as well as units supporting import substitution. Credit facility will be offered on working capital requirements of the borrower as well as expansion projects in the form of term loans.

"The government has allowed lenders to follow board-approved policies on both interest rates and loan limits. With the backing of a credit guarantee, the interest rates on such sanctions should be at least 50-100 basis points lower based on borrowers ratings as well," said a bank executive.

The ministries of commerce and industry, finance, and MSME will work on sectoral and ministerial targets to offer collateral-free pre-packaging loans sanctioned for financing the purchase, manufacturing, or packing of goods prior to shipment. Packing credit can also be extended as working capital assistance.

"Factoring is a good instrument, but the cost and condition of factoring and denial of interest equalisation benefits also need to be looked at to ensure ease of doing business for exporters," said Ajay Sahai, director general, Federation of Indian Export Organisations.

Currently, Indian exporters use factoring services offered by Singapore as they are 10-11% cheaper than India.

At a later stage, with the stabilisation of the credit guarantee scheme, the government has proposed to include units facilitating import substitution to avail these benefits.

Source: economictimes.com– Feb 03, 2025

HOME

*****************

# Government proposes to set time limit for provisional assessments of trade consignments

The finance ministry in the Budget has proposed to fix a two-year time limit, extendable by one year, for finalising provisional assessments of export and import consignments with an aim to reduce uncertainty and costs for exporters. Currently, the Customs Act, 1962 lacks a fixed timeline for finalising provisional assessments, causing delays and uncertainties.

The new provision mandates finalisation within two years, extendable by one additional year, ensuring greater predictability for businesses, economic think tank Global Trade Research Initiative (GTRI) said.

For the move, a new clause would be inserted in the Customs Act "to provide a time limit of two years for finalisation of provisional assessment", according to the Budget documents.

The time limit can be extended by the Commissioner of Customs for a further period of one year if sufficient cause is shown.

"It further provides that, for the pending cases, the time limit shall be computed from the date of assent of the Finance Bill, 2025," it added.

Hailing the move, Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said by establishing a clear two-year time, businesses can anticipate the resolution of provisional assessments within a defined period, reducing uncertainty in financial planning and operations.

"Timely finalisation of assessments ensures that any refunds or additional duties are settled promptly, helping businesses in managing their cash flows. Implementing a specific time limit aligns India's customs procedures with international standards, potentially enhancing the country's ease of doing business and attractiveness to global traders," Sahai said.

The ministry has also proposed to incentivise voluntary compliances under which exporters and importers can voluntarily declare material facts post-clearance and pay duty with interest but no penalty.

The move is aimed at improving compliances and reducing disputes.

GTRI Founder Ajay Srivastava said this new voluntary compliance scheme allows importers and exporters to declare material facts and pay any additional duties with interest after goods clearance, without incurring penalties.

"However, this provision will not apply if an audit or investigation has already been initiated by customs authorities," he said.

Further to enhance export competitiveness, the finance ministry has extended the time limit for utilising imported inputs from six months at present to one year.

Additionally, importers would now only need to file quarterly statements instead of monthly filings, easing compliance requirements.

To boost handicraft exports, the duration for export of handicrafts manufactured from duty-free inputs by bonafide exporters is being increased from six months to one year, further extendable by three months.

Source: economictimes.com– Feb 02, 2025

HOME

*****************

# Duty cut in Budget on certain inputs to boost exports, manufacturing: Commerce Ministry

The reduction in customs duties in the Budget on certain inputs from sectors like marine, chemicals and critical minerals will help promote domestic manufacturing and enhance exports, according to the Commerce Ministry. It has also said that the announcement to revamp the Model Bilateral Investment Treaty (BIT) will provide better leverage during FTA (free trade agreement) negotiations.

The duty on frozen fish paste (Surimi) and fish hydrolysate for aquatic feed has been reduced to 5 per cent on both these products from the current 30 per cent and 15 per cent, respectively.

In the chemicals sector, the levy on pyrimidine and piperazine compounds was cut down to 7.5 per cent from the present 10 per cent; and reduced to 20 per cent on synthetic flavouring essences from 100 per cent.

These compounds are used in various medicines. These essences are used to give a certain specific taste or aroma to food and beverages. On sorbitol, a low-calorie sweetener, the duty has been reduced to 20 per cent from 30 per cent at present.

Further, the customs duty on waste and scrap of key minerals (Lithium, Cobalt, Lead, Zinc, Copper) and cobalt powder was removed from the current 10 per cent and 5 per cent, respectively.

"These measures will reduce import dependence, lower production costs, and enhance India's global competitiveness in key industries," the ministry has said. The Budget on Saturday announced revamping the current model BIT to make it more investor-friendly and attract foreign players.

These investment treaties help in protecting and promoting investments in each other's countries. Presently, India is negotiating this treaty with the UK, Saudi Arabia, Qatar, and the European Union (EU).

Source: economictimes.com– Feb 02, 2025

HOME

*****************

# TN exporters hail budget for boosting cotton output, knitwear exports

TIRUPPUR: The Export Promotion Mission and a five-year plan to boost cotton production, announced in the union budget, would together drive up exports of knitwear firms and cut down manufacturing costs, said Tiruppur Exporters' Association president K M Subramanian on Saturday.

Subramanian said the budget included positive announcements, for instance, the announcement of Export Promotion Mission, with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance. He said, "The government said it will streamline credit access for exporters, support for cross-border factoring and assistance for MSMEs to tackle non-tariff measures in overseas markets." On the mission for cotton productivity, Subramanian said the initiative would ensure a reduction in cotton prices and the availability of quality cotton. "Nearly 80% of the total production of the Tiruppur knitwear sector is cotton garments," he said. The turnover limits of MSMEs have been raised, which is one of their long-pending demands, he said.

"MSMEs with investments up to Rs 125 crore will be recognised as medium enterprises, an increase from the previous limit of Rs 50 crore," he said. Responding to TNIE on whether the announcements were adequate to address the challenges faced by the ready-made garment export sector, he said, "We will seek other requirements from the centre." Similarly, Tiruppur Exporters and Manufacturers Association (TEAMA) president M P Muthurathnam said the budget is "very favourable" for MSMEs.

Better access to capital

Apparel Made-ups and Home Textiles Sector Skill Council chairman A Sakthivel said the raising of investment and turnover limits of MSMEs will help enterprises achieve higher efficiencies of scale, technological upgradation and better access to capital. The revision in classification criteria will bring in more firms under the MSMEs coverage. The provision to voluntarily declare material facts and pay duty with interest but without penalty will incentivise voluntary compliance. But, it will not apply in cases where the department has already initiated audit or investigation proceedings, he said.

Source: msn.com – Feb 01, 2025

HOME

*****************