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Currency Watch			
USD	EUR	GBP	JPY
86.66	94.53	112.44	0.58

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NATIONAL NEWS

INTERNATIONAL NEWS

WTO goods barometer little changed, trade policy uncertainty looms

Global goods trade appeared to remain steady in the fourth quarter (Q4) of 2024 and looked set to continue growing in the first months of 2025 as the World Trade Organisation (WTO) goods trade barometer ticked up to 102.8, nearly unchanged from the previous reading of 102.7 from last December.

However, increased trade policy uncertainty and the prospect of new tariffs could weigh on trade in the medium term, WTO said in a release.

The barometer is a composite leading indicator for world trade, providing real-time information on the trajectory of merchandise trade relative to recent trends. Barometer values greater than 100 are associated with above-trend trade volumes, while barometer values less than 100 suggest that goods trade has either fallen below trend or will do so in the near future.

The latest reading of 102.8 for the barometer index is above both the quarterly trade volume index and the baseline value of 100. This would normally signify that merchandise trade was above trend, with accelerating growth.

However, rising trade policy uncertainty could have temporarily boosted trade as businesses and consumers frontload imports ahead of potential measures, possibly reducing demand later in the year. As a result, the barometer index should be interpreted with caution, WTO noted.

In Q3 2024, the volume of world merchandise trade continued to recover from the trade slump of 2023, growing by 3.3 per cent year on year (YoY).

Developments in the first three quarters last year were broadly in line with the WTO's most recent trade forecast of 10 October, which predicted trade volume growth of 2.7 per cent for the whole of 2024.

Although the global average remained steady, there were some significant regional disparities in goods trade growth. In particular, European exports and imports were much weaker than anticipated, while Asian exports and North American imports exceeded expectations.

All of the barometer's component indices are currently on or above trend. Export orders (101.0) and raw materials (101.6) are on trend, while indices for container shipping (103.7) and air freight (102.7) are above trend to varying degrees.

Export orders, which are usually the most predictive barometer component, remain close to the baseline value of 100.

Source: fibre2fashion.com– Mar 17, 2025

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Escalating Tariff Tensions Could Drag Down Global GDP and Fuel Inflation, Economists Say

Roiling trade tensions stand to raise inflation and stymie global economic growth in 2025, according to research from the Organization for Economic Cooperation and Development (OECD) released Monday.

The quarterly report, developed by international economists, paints a picture of "softening global growth prospects" amid flagging consumer sentiment, uncertain trade policies and lingering inflationary pressures being felt across the world. These adverse effects are projected to persist through 2026.

Global gross domestic product (GDP) growth could slide from 3.2 percent in 2024 to 3.1 percent in 2025 and 3 percent in 2026 if trade barriers in a number of G20 countries are indeed erected and geopolitical pressures remain at play. In the U.S., annual GDP growth is projected to lose strength, falling to 2.2 percent in 2025 and 1.6 percent in 2026.

While inflation is "still moderating" amid soft economic growth, it will remain higher than originally anticipated. "Core inflation is now projected to remain above central bank targets in many countries in 2026, including the United States," OECD analysts wrote.

The group's projections assume that President Donald Trump's 25-percent duties on goods made in Mexico and Canada will be implemented on April 2. Inflation would be lower and economic activity would be more robust if all three countries would lower duties and countermeasures—or confine the tariffs to a smaller list of products—but even if those things happened, growth would still be "weaker than previously expected."

"Significant risks remain," the economists wrote. "Further fragmentation of the global economy is a key concern."

Trump has tapped Commerce Secretary Howard Lutnick for the task of reviewing the country's global trade policies and their implications for the U.S. by early April, after which point the administration will decide whether and how to proceed with retaliatory duties against trade partners that have a trade surplus with the U.S.

"If the announced trade policy actions persist, as assumed in the projections, the new bilateral tariff rates will raise revenues for the governments imposing them but will be a drag on global activity, incomes and regular tax revenues," OECD pointed out. "They also add to trade costs, raising the price of covered imported final goods for consumers and intermediate inputs for businesses."

Manufacturers in New York and New Jersey last week told Sourcing Journal that they have already experienced price increases on inputs sourced from countries being targeted by tariffs. Buttons from China and fabrics from Italy were among the materials and components already seeing 5 percent to 15 percent price hikes—even though tariffs on European products have not yet taken effect.

"The impact of higher costs will be amplified where inputs cross borders several times and duties are incurred at each stage, as is the case in the integrated North American market," the white paper stated. For example, cotton fabrics milled in the Carolinas and shipped to Mexico to be cut and sewn could incur duties on their way out of the country—and on their way back into the U.S. as finished garments.

While tariffs currently only apply to goods not covered by the United States-Mexico-Canada Agreement (USMCA), the 25-percent duties are set to apply to all imports from both countries should they go into effect early next month. Canada has already raised duties on $60 billion in U.S.-made products, from whiskey to computers, servers and sporting equipment, and has threatened to add another $100 billion in retaliatory duties should Trump's reciprocal tariffs take effect.

Mexican President Claudia Sheinbaum has tried to play ball with Trump, and has declined to lay out the specifics of a retaliatory trade action should the American leader move forward with his plan—though she has said Mexico will protect its interests.

"Such tariffs are likely to be particularly costly for Canada and Mexico due to their greater openness to trade, and high proportion of trade with the United States," the economists said. "An agreement that would ease trade tensions, and potentially even lower existing trade barriers, would be welcome and help to improve policy certainty and growth prospects."

Moreover, international governments must find avenues to address concerns within the global trading system, in order to “avoid a significant ratcheting up of retaliatory trade barriers between countries”—a situation that “would have significant negative impacts on living standards” for citizens across the world.

“Efforts to avoid further trade fragmentation should be coupled with reforms that strengthen the resilience of supply chains, including by encouraging firms to diversify both suppliers and buyers,” the economists recommended. That diversification would be bolstered by shared regulatory standards on production inputs, for example, allowing those intermediate parts and pieces to be traded without restriction.

“Countries should also not lose sight of the opportunities for potential benefits from collectively agreeing to lower the current tariff and non-tariff barriers on goods and services,” the analysts wrote.

They proposed an illustrative scenario in which all countries lower their average effective tariff rates by 1.5 percentage points (relative to the baseline projections). If that were to take place, global output would grow by 0.3 percent by the third year, and inflation would soften by close to .25 percent points on average in the first three years, they estimated.

Should the tariffs persist, though, consumers will bear much of the burden. U.S. household real incomes are projected to decrease by 1.25 percent—about $1,600—within three years.

Source: sourcingjournal.com– Mar 17, 2025

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Global trade starts 2025 on stable ground, but new risks loom: UNCTAD

Though global trade started the year on stable ground, but challenges are mounting and new risks loom, including trade imbalances, evolving policies and geopolitical tensions, according to the latest Global Trade Update by UN Trade and Development (UNCTAD) covering data till early March.

In 2024, world trade saw record expansion to $33 trillion—up by 3.7 per cent year on year (YoY)—driven by developing economies and strong services trade.

The gap between developing and advanced economies is widening. Asia and Latin America remain key trade drivers, but growth has slowed in many advanced economies.

South-South trade is holding up, yet Africa's intra-regional trade is shrinking, reversing gains. Meanwhile, trade between Europe and Central Asia has declined, reflecting shifting demand, UNCTAD said in a release.

Nearshoring and friend-shoring trends reversed in 2024, as businesses moved beyond limiting trade to geopolitical allies or nearby regions. Instead of consolidating supply chains, firms are now diversifying trade networks across multiple regions to reduce risk, creating opportunities but adding complexity, the UNCTAD report noted.

Trade dependence is also shifting. Economies like Russia, Vietnam and India have deepened trade ties with specific partners, while others, including Australia and the European Union (EU), are reducing reliance on traditional markets. The decline in trade concentration suggests that smaller economies are playing a bigger role.

Governments are expanding tariffs, subsidies, and industrial policies, reshaping trade flows. The United States, European Union (EU) and others are increasingly tying trade measures to economic security and climate goals, while China is using stimulus policies to maintain export momentum.

This policy realignment is contributing to uncertainty. Rising protectionism, particularly in advanced economies, is triggering retaliatory measures and adding trade barriers, UNCTAD observed.

Meanwhile, industrial policies are reshaping key sectors like clean energy, technology and critical raw materials, risking competition distortion.

In 2024, global trade imbalances returned to 2022 levels. The US trade deficit grew, China's surplus expanded, while the EU shifted to surplus due to energy price changes.

The US-China deficit is widening, the EU's surplus with China is growing and India's deficit with Russia has increased amid shifting energy trade. These trends could prompt new tariffs, restrictions or investment shifts, adding to economic uncertainty, the report noted.

Trade in apparel and energy sectors slowed due to weaker demand and policy shifts.

Shipping trends indicate a slowdown, with falling freight indices signaling weaker industrial activity, particularly in supply chain-dependent sectors.

As trade uncertainty grows, global cooperation and balanced policies remain critical. While China's stimulus measures and lower inflation in some regions could support trade, protectionism and shifting policies in major economies remain key risks.

The challenge in 2025 is to prevent global fragmentation—where nations form isolated trade blocs, while managing policy shifts without undermining long-term growth, the report added.

Source: fibre2fashion.com– Mar 18, 2025

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Monthly UK production output drops estimated 0.9% in Jan 2025: ONS

Monthly UK production output was estimated to have decreased by 0.9 per cent in January this year following a 0.5-per cent rise in December last year and a 0.5-per cent fall in November, according to the Office of National Statistics (ONS).

The fall in monthly output in January resulted partly from decreases in manufacturing (down by 1.1 per cent).

Monthly production output in January was at its lowest level since May 2020.

The monthly decrease in manufacturing output in January saw drops in nine of its 13 sub-sectors.

Production output for the three months to January 2025 was estimated to have decreased by 0.9 per cent compared with the three months to October 2024. This was the ninth consecutive quarterly decline in production output.

Manufacturing (down by 0.9 per cent) was the main contributor to the quarterly fall to January 2025.

Source: fibre2fashion.com– Mar 18, 2025

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China's textile & garment exports drop 4.5% to in Jan-Feb 2025

China's cumulative exports of textiles, garments, and accessories totalled $42.883 billion in January-February 2025, reflecting a modest decrease of 4.53 per cent compared to $44.921 billion in the same period of 2024, according to data from the General Administration of Customs.

China began this year with weaker performance in the first two months. The country's textile and apparel sector underperformed in contrast to the positive growth observed in other major exporting nations. Initially, the Chinese New Year affected its global trade in textiles and apparel. Other factors, including trade tensions with the US, also contributed to slower exports.

Exports of textile products, including yarn and fabric, saw a year-on-year (YoY) decrease of 2.0 per cent, reaching $21.220 billion, down from $21.652 billion in January-February 2024.

Exports of garments and accessories amounted to $21.663 billion, marking a sharper decline of 6.9 per cent compared to $23.269 billion during the corresponding period in 2024.

The country did not release export data for January 2025, possibly due to negligible exports in the first month of the year. It also did not disclose export data for February 2025 separately.

On the import side, China experienced a 10.4 per cent decline in textile yarn and fabric imports, which fell to $1.415 billion in January-February 2025, down from $1.579 billion in the same period of 2024.

China's total textile, garment, and accessory exports for 2024 were recorded at $301.101 billion, including textile shipments worth $141.959 billion and garment exports of $159.142 billion.

The country's total exports of textiles and garments increased by 2.7 per cent compared to 2023. Meanwhile, imports of textile yarn and fabric declined by 7.8 per cent to $10.829 billion in 2024.

In 2023, China's total exports of textiles, garments, and accessories declined by 8.05 per cent to $293.641 billion, down from $319.376 billion in 2022.

Garment exports decreased by 7.8 per cent to $159.144 billion, while textile exports fell by 8.3 per cent to $134.497 billion. Imports of textile yarn and fabric products also registered a 1.2 per cent decrease, dropping from $11.881 billion in 2022 to $11.742 billion in 2023.

Source: fibre2fashion.com– Mar 17, 2025

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US apparel imports from Europe down 12%, but overall rise in 2024

US apparel imports from Europe decreased by 12.37 per cent in 2024. The imports came down to $3.031 billion in the last year in comparison to the imports of $3.459 billion in 2023. However, total apparel imports by the US increased by 2.65 per cent during the same period.

According to Fibre2Fashion's market insight tool TexPro, apparel imports by the US inched up to $83.705 billion in 2024 from $81.542 billion in year 2023. But, Europe's share declined from 4.56 per cent to 4.33 per cent in 2024.

The Asia-Pacific region, which comprises major textile and clothing exporting countries, remained largest contributor in the US imports of apparel. The region's share improved to 72.83 per cent in 2024 from 71.44 per cent in 2023. The inbound shipment from the region increased 4.65 per cent to $60.966 billion in 2024.

As per TexPro, Italy was the only European country among the top ten suppliers of apparel to the US in 2024. The country was the tenth largest supplier with a share of 2.62 per cent in US imports. But Italy too, showed a declining trend, and the US imports from Italy decreased by 3.12 per cent to $2.194 billion last year from $2.264 billion in 2023.

The 2024 trade data suggests that jerseys were the most prominent apparel in US imports. US imported jerseys of $524.022 million from European countries in 2024, which was 16.50 per cent of its total apparel imports.

Dresses imports from Europe were valued at $504.082 million, and were the second most dominant apparel with a share of 15.88 per cent in total imports. The imports of trousers & shorts from Europe were $409.801 million (12.01%), jackets & blazers $381.288 million (12.01%) and shirts $344.087 million (10.84%).

Source: fibre2fashion.com– Mar 18, 2025

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Vietnam Aims to Stave Off Duties in Meeting With US Trade Czar

Vietnam is attempting to stave off potential new duties from the Trump administration by addressing its trade surplus with the U.S., which hit a record high last year.

Officials from Hanoi met with U.S. Trade Representative Ambassador Jamieson Greer at the White House last week, and the American trade czar told Vietnam's Minister of Industry and Trade Nguyen Hong Dien that "Vietnam needs to have stronger solutions to open the market and improve the trade balance in the coming time," according to a report from the ministry. Bilateral trade between the U.S. and Vietnam reached nearly $150 billion in 2024, making the U.S. the Southeast Asian nation's second-largest export market to China. Vietnam exported $136.6 billion worth of product to the U.S. last year, while it took in just $13.1 billion from American producers. It has the third-largest trade surplus with the U.S. to China and Mexico.

Nguyen told Greer that the country aims to "build a harmonious, sustainable, stable, mutually beneficial economic and trade relationship" with the U.S., per the ministry, and added that "it has no intention of creating any obstacles that could harm workers or the economic and national security of the United States." The trade leaders discussed how to achieve "commensurate economic benefits" for the U.S., including the proactive review and removal of trade barriers that hinder American investment and business in Vietnam, while also building effective control mechanisms for trade fraud, including illegal transshipment, originating in the country.

Meanwhile, in Hanoi, Vietnamese Prime Minister Pham Minh Chinh told U.S. Ambassador to Vietnam Marc Knapper Thursday that the country's government is "addressing current concerns of the U.S. in economic-trade-investment relations," a government website said. It noted that Vietnam is taking a look at existing import tariffs on goods made in the U.S. and encouraging the importation of more American gas, technology and agricultural products. PetroVietnam Power, a state-owned liquefied natural gas purveyor, on Friday announced a number of deals brokered between Vietnamese and American corporations, which are said to be worth $4.15 billion, though no details about the individual terms were provided.

The fashion sector has been growing increasingly antsy about the prospect of tariffs on Vietnamese products, as the country's production market for footwear and apparel has become a natural alternative to China. Vietnam has ascended to become the second-largest sourcing market for apparel and footwear, and American brands are watching with bated breath to see if President Donald Trump will indeed levy reciprocal tariffs against the country.

According to data from the World Trade Organization (WTO), Vietnam's average applied Most Favored Nations tariff rate for apparel in 2023 was 19.8 percent. "The data shows that, with the exception of China, most other major apparel-exporting countries impose higher tariff rates than the U.S.," which imposed an average applied MFN duty rate of 11.7 percent in 2023, Dr. Sheng Lu, professor of fashion and apparel studies at the University of Delaware, told Sourcing Journal.

"In other words, if Trump were to strictly implement the 'reciprocal tariff,' U.S. apparel imports from most leading sourcing destinations, particularly those in Asia, would face a significant increase in tariffs." For Vietnam, the impacts would be deeply felt; footwear (8.8 percent), apparel and accessories (8.2 percent), bedding and furniture (13.2 percent) are among the country's top exports to the U.S., according to 2023 data from the U.S. Commerce Department's International Trade Administration (ITA).

Tariffs on Vietnam-made products could also impact U.S. firms doing business in the country. In February, a study by the American Chamber of Commerce in Vietnam (AmCham) revealed that the threat of reciprocal tariffs had more than half of 100 firms surveyed, including two-thirds of U.S. manufacturers in Vietnam, afraid that they'd be forced to lay off workers.

A majority (94 percent) of manufacturers said new duties would put significant strain on their businesses as they'd reduce access to the U.S. market. "If these tariffs go through, it will be a major setback for our industry. We rely heavily on exports to the U.S., and additional costs will mean reduced competitiveness," one member said.

Source: sourcingjournal.com– Mar 17, 2025

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Shein Chairman Says Company Isn't Sweating Tariffs, De Minimis Changes

Since President Donald Trump imposed 20-percent tariffs on goods inbound from China, companies have been working to compensate for the costs that could bring, both to their own businesses and to their consumers.

Shein, which ships many of its own products from China-based facilities, could be subject to tariffs if or when it imports products en masse. But in most cases, Shein ships individual orders directly to consumers because of its on-demand manufacturing model. In the U.S. market, the provision that helps make such an operation feasible hangs in limbo.

Earlier this year, when Trump announced he would pull back de minimis, a trade exemption that allows some parcels valued at less than $800 to enter the country duty free, all eyes turned sharply to Shein and Temu, two companies that notoriously capitalize on the de minimis provision—though legacy brands and retailers do, too.

Trump's de minimis decree was quickly reversed and put on hold until his administration can figure out a way to adequately collect the duties that would come from the millions of packages that come in via de minimis each day. In 2024, CBP saw more than 1.3 billion packages enter the U.S. under de minimis.

Shein doesn't seem to be sweating the potential for change. The AFP reported that Donald Tang, Shein's executive chairman, said the company will work to provide the best possible experience for its customers despite trade uncertainty.

"We will find a way to deliver the goods," he reportedly said, noting that Shein's "business model" has helped it successfully navigate other unexpected global trade disruptions, like the COVID-19 pandemic.

According to its 2023 impact report, Shein has diversified some of its manufacturing to Brazil and Turkey. Reports earlier this year suggested the company had asked some of its China-based suppliers to migrate to Vietnam, though tariffs may come to the fore there, too.

The company has also participated in the U.S. Customs and Border Protection (CBP)'s Section 321 Data Pilot, which uses data provided by the company to expedite clearance for de minimis shipments.

And per the AFP, Tang said the company will continue to devise strategies to meet the needs of the business.

"We're not focusing on customs policy," Tang reportedly said.

But Shein's lobbying records may sing a different tune on where the company's interests lie, at least when looking back at last year's efforts.

According to OpenSecrets, Shein spent $3.9 million on U.S. lobbying efforts last year, up from $2.1 million in 2023 and $280,000 in 2022. Data is not yet available for 2025. Those funds go through Shein's U.S. subsidiary, Shein Technology.

When companies lobby Congress or federal agencies, they have to use a lobbying issue code to categorize the topic or legislation area they are working to impact. OpenSecrets' data shows that, in 2024, Shein Technology lobbied on issues in four buckets: apparel, clothing and textiles; trade; defense and taxes.

In many of Shein Technology's filings tagged with the trade and apparel lobbying issue codes, its lobbyists indicated the initiatives were targeted at "legislative and regulatory issues impacting the fashion and apparel industry, on-demand inventory, e-retailing and overall online competition, including trade-related matters" and "general education regarding Shein's presence, operating footprint and economic impact in the United States."

But notably, OpenSecrets shows records of two near-identical filings submitted under the taxes issue code. In each of those, Melissa Laurenza, a partner at Akin Gump Strauss Hauer & Feld, allocated $120,000 toward "legislative and regulatory issues impacting the apparel industry and e-retailers."

But there's one main difference between Laurenza's two tax-tagged filings. In one of the two, Shein Technology discloses it has used those funds to lobby the Department of Homeland Security (DHS), which oversees CBP. CBP enforces the collection of duties and levies, as well as de minimis.

The filing doesn't provide granular detail into what Shein Technology lobbied DHS on.

Tang has previously made a public call for de minimis reform.

In 2023, he said de minimis "needs a complete makeover to create a level playing field for all retailers" and noted that the company would happily engage in dialogue with Congress, the industry and the then-Biden administration to "determine the specific reforms needed."

He has not, however, publicly shared the specificities of how Shein believes de minimis should be altered to achieve the goals he has in mind.

According to the AFP, Tang said Shein will place customers at the forefront of its processes and decisioning, regardless of what happens with de minimis under the Trump administration.

"We will do our best to make sure the customers' interest and customers' experience is not affected," Tang reportedly said of de minimis.

Source: sourcingjournal.com– Mar 17, 2025

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Zara owner Inditex confident in US growth despite tariff risks

Inditex remains optimistic about its US expansion despite tariff challenges, CEO Oscar Garcia Maceiras. The Zara owner, which has 97 Zara stores and one Massimo Dutti outlet in the US, sees continued growth in its second-largest market.

Inditex's Americas sales share fell to 18.6 per cent in 2024, while Europe and Spain gained ground. Garcia Maceiras emphasized the company's ability to adapt, sourcing from 50 countries to mitigate tariff risks.

While US Zara prices have risen dresses up 22 per cent to $86.44 and tops up 8 per cent to $63.60 Garcia Maceiras assured stable pricing ahead. The shifting trade landscape, with potential tariff hikes under Donald Trump, adds uncertainty.

Despite a slow start to first-quarter sales, Inditex remains committed to long-term growth, with CEO Oscar Garcia Maceiras emphasizing the company's ability to navigate market volatility through its business model and strategic approach in the US market.

Source: fashionatingworld.com– Mar 17, 2025

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Pakistan's exports rise 8.42% to $22.07bn in eight months

Pakistan's exports grew by 8.42% during the first eight months of the fiscal year 2024-25, reaching $22.074 billion compared to $20.359 billion in the same period last year, according to provisional data released by the Pakistan Bureau of Statistics (PBS).

Imports during July–February also recorded an increase of 7.6%, amounting to $37.875 billion, up from $35.199 billion in the corresponding period of the previous year.

Despite the overall growth, exports in February 2025 dropped by 15.59% month-on-month, totaling $2.491 billion compared to $2.951 billion in January. The February figures also marked a 3.56% decline from the $2.583 billion recorded in February 2024.

Meanwhile, imports in February fell by 8.52% from the previous month, reaching $4.810 billion compared to $5.258 billion in January. However, they were up 11.7% year-on-year, as imports in February 2024 stood at $4.306 billion.

The trade deficit for February 2025 was recorded at $2.319 billion, while the cumulative trade gap from July to February reached $15.801 billion.

Among the key export commodities in February, knitwear led with Rs102.09 billion, followed by readymade garments at Rs91.93 billion, bedwear at Rs69.71 billion, and rice (excluding basmati) at Rs56.03 billion. Other notable exports included cotton cloth, towels, basmati rice, made-up textile articles, vegetables, and cotton yarn.

On the import side, petroleum products topped the list at Rs130.37 billion, followed by petroleum crude at Rs123.82 billion and palm oil at Rs102.29 billion. Other major imports included electrical machinery, liquefied natural gas (LNG), iron and steel, plastic materials, mobile phones, raw cotton, and iron and steel scrap.

Source: pakistantoday.com.pk– Mar 18, 2025

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Bangladesh: Trade with China and India: is there any shift?

Whether the political change in Bangladesh on August 5 has made an impact on the country's bilateral trade with India is a matter of discussion for understandable reasons. The media has already shed light on the matter, linking it with the deterioration of overall bilateral relations between the two countries. In the discussion, the trend of bilateral trade with China has also emerged as an important factor. Some are eager to show that the country's bilateral trade with China is rising as it is declining with India after the ouster of the Hasina regime through a mass uprising led by students.

There is no doubt that India heavily backed the Hasina regime. Bangladesh's closest and biggest neighbour has also supported the now-ousted regime since 2009. The regime's fall is considered a setback for New Delhi, which is yet to accept the new reality in Bangladesh. India's unwillingness to accept the new reality in Bangladesh is clear. The strong allegation is also there that the BJP-led Indian government is trying to destabilise the interim government through various means. Indian media is also continuously spreading misinformation and disinformation against Bangladesh, adding fuel to anti-India sentiment.

On the other hand, Beijing signals its readiness to work with Bangladesh despite the changes, which is a promising development that is making China more popular with most Bangladeshis. There is also a move to enhance bilateral trade, which is reflected in a further increase in imports from China, marking a potential invigoration of Bangladesh economy.

Bilateral trade with India has increased significantly in the last decade with some fluctuations. Gone are the days when the trade deficit with India was a matter of disappointment. Bangladesh continues to source various raw materials and intermediate goods from the neighbouring country mainly due to geographical proximity and historical links. Bangladesh is also used to import food items and consumer goods from India. The major import items include textiles and textile articles, vegetable products, prepared foodstuffs, products of the chemical or allied industries, mineral products, machinery and mechanical appliances, electrical equipment, etc, to meet domestic demands.

Nevertheless, the size of Bangladesh's economy has been continuously growing over the decades. So, higher and diverse demand for various products and items has gradually made China the main import source. Currently, around one-fourth of the country's total imports are sourced from China, and this is not a unique feature for Bangladesh. Today, one-tenth of global imports are sourced from China. The United States of America (USA) is ahead of China, supplying around 13 per cent of global imports. Though India is the eighth top global importer, it still provides less than three per cent of global imports of goods.

The rise of China as a global export powerhouse started to become evident at the beginning of the current century. However, the background work was done more than three decades before that. During the 1970s, China started a set of reforms to transform its economy from a communist model to a market economy mixed with socialism. So, the country also started to open up to the world gradually. At that time, China's share of global trade was less than one percent.

During the first decade of the current century, two critical events pushed China to become a global manufacturing powerhouse. One is the emergence of global value chains (GVCs), a system where different stages of production are spread across different countries to take advantage of their unique strengths, and another is China's accession to the World Trade Organization (WTO). Using the leverage of intertwined events, China has become a global trade giant at a rapid pace that no country has been able to attain so far. India was far behind in this regard due to the country's slow pace of trade liberalisation coupled with inadequate reforms to transfer it into a full-fledged market economy.

Bangladesh's bilateral trade with China started to surge at the beginning of the second decade of the current century. Though China offers flexible market access, Bangladesh has yet to tap it for various reasons, so the country's exports to China have yet to reach the $1 billion level. But, imports from China continued to grow, ballooning the trade deficit with the world's second-biggest economy. In the last fiscal year (FY24), Bangladesh's trade deficit with China reached around $16 billion. In contrast, the trade deficit with India was recorded at $7.44 billion.

Undoubtedly, intensified anti-Indian sentiment in Bangladesh cast a shadow on bilateral trade to some extent. As reported in some media, the country's imports from India have declined following the call for boycotting Indian products. After the 12th national parliament election in

January last year, in which Hasina secured a fourth term while the opposition boycotted the polls, a massive 'India Out' campaign was launched as a protest against India's interference in Bangladesh politics.

The campaign forced many stores to remove Indian goods from shelves. During the July uprising, a period of significant civil unrest, anger against India intensified for its persistent backing of Hasian's oppressive move to curb the protest movement. After the fall of Hasina, anti-Indian sentiment burst across the country, which is also reflected in the reduction of imports from India, according to some media reports. These reports also linked the rise in imports from China with the decline in imports from India last year. It is, however, not easy to suddenly change the source of import on a large scale, as finding the alternative source requires some time. Statistics available from Bangladesh Bank showed that imports from India increased by 15 per cent in the last quarter of 2024 compared to the same quarter of 2023. At the same time, imports from China increased by 6.60 per cent.

Looking at the decade-long data provides more insights into the rise in imports from China than India. In FY10, imports from China accounted for around 55 per cent of combined imports from China and India. The ratio increased to 60 per cent in FY20 and further increased to 67 per cent in the first half of FY25. It means there is a linear trend, with some fluctuations in imports from China and India. Again, the ratio of imports from China was 26 per cent of the total imports in Bangladesh in FY23, which increased to 26.31 per cent in FY24 and 28.32 per cent in the first half of FY25. The ratio of imports from India was 13.90 per cent in FY23, which also increased to 14.23 per cent in FY24 but dropped slightly to 14 per cent in the first half of FY25.

Thus, the latest fluctuation in imports from India is not entirely linked to the deterioration of the bilateral relation, which is also reflected in the export trend. According to Bangladesh Bank statistics, Bangladesh exports to India increased to $502 million in the last quarter of 2024 from $391.20 million in the third quarter of the last year. At the same time, exports to China increased to $171.40 million from $155.80 million respectively. So, the buzz that the Indo-Bangla trade is shifting fast to the Sino-Bangla trade is misleading.

Source: thefinancialexpress.com.bd– Mar 15, 2025

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Bangladesh unlikely to benefit from Trump's tariffs on China: CPD

President Donald Trump's tariffs on China are unlikely to create new export opportunities for Bangladesh, according to Centre for Policy Dialogue (CPD) distinguished fellow Mustafizur Rahman, who recently cautioned his country's export prospects may be 'constrained' and turn 'stagnant'.

"After the US imposed a 25-per cent tariff on China in 2016, our exports to the US initially declined, despite a rebound this year. So, I don't believe there is a direct benefit for us," he told a press briefing in Dhaka while discussing budget recommendations for the upcoming fiscal.

A key reason is China's readymade garment (RMG) exports to the United States largely consist of man-made fibre garments, whereas Bangladesh mainly exports cotton-based products, he was cited as saying by domestic media outlets.

"In the segment where China faces tariffs, Bangladesh does not directly compete with them. It is crucial to recognise the diversity within the RMG sector when analysing these trends," he added.

Source: fibre2fashion.com– Mar 18, 2025

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NATIONAL NEWS

India's exports shrink 10.9% in February, the worst show in 20 months

India's merchandise trade deficit plummeted to a three-and-a-half-year low of $14.05 billion in February, as exports and imports saw a sharp contraction due to softening global petroleum prices and rising economic uncertainty amid restrictive trade practices by the United States.

The trade deficit — the gap between imports and exports — stood at $19.52 billion in February 2024.

Data released by the Commerce Department on Monday showed outbound shipments from India contracted at the sharpest pace in 20 months, falling 10.9 per cent year-on-year to $36.91 billion in February. However, officials said the decline in exports could also be attributed to a high base of $41.4 billion in the same period a year ago.

Imports fell 16.3 per cent to $50.96 billion — the most significant decline in 20 months and the first drop in 11 months — driven largely by a 29.6 per cent fall in oil imports to $11.9 billion. Gold imports also tumbled 62 per cent to $2.3 billion.

The outlook for India's merchandise exports remains uncertain due to the looming threat of reciprocal tariffs the US plans to impose on trading partners starting April 2. The US has already levied a 25 per cent duty on steel and aluminium imports. Exporters also report a troubling trend of American importers holding back orders in anticipation of further tariffs.

India's export contraction stood out among other emerging market economies.

China, the world's largest trading nation, saw exports rise 7.1 per cent in January-February 2025, while Vietnam's outbound shipments climbed 8.4 per cent over the same period.

On a cumulative basis, India's merchandise exports were flat at $395 billion in the first 11 months of the current financial year.

Commerce Secretary Sunil Barthwal said that despite challenges in FY25, the country is on track to reach $800 billion in combined exports of goods and services. In the previous financial year, India exported and imported goods and services worth $778 billion.

Non-petroleum and non-gems-and-jewellery exports — often viewed as a clearer gauge of export health — fell nearly 5 per cent to $28.57 billion in February. Key sectors that saw declines included gems and jewellery (-20.7 per cent), drugs and pharmaceuticals (-1.5 per cent), organic and inorganic chemicals (-24.5 per cent), petroleum products (-29.2 per cent), and engineering goods (-8.6 per cent). However, exports of rice (13.2 per cent), electronic goods (26 per cent), and readymade garments (4 per cent) posted gains.

Aditi Nayar, chief economist at ICRA, said the decline in India's trade deficit to a 42-month low explained from a sharp contraction in crude oil, gold, and silver imports. "A portion of the year-on-year decline in merchandise exports can be attributed to the base-year effect related to the leap month. The trade deficit was also significantly lower than the average of over $23 billion during the first 10 months of FY25. Given this print, we now expect the current account to post a surplus of about $5 billion in Q4FY25, equivalent to roughly 0.5 per cent of GDP," she said.

Federation of Indian Export Organisations (FIEO) President Ashwani Kumar said that while exports have faced challenges, particularly from the global tariff war, the sharp drop in imports signals weaker demand for foreign goods, which could create opportunities for domestic industries.

"A concerted effort is needed to revitalise export growth, particularly through targeted initiatives that enhance India's global competitiveness," Kumar said, adding that a focused approach is required to diversify exports, explore new markets and products, and maintain trade facilitation measures. Services exports rose 23.6 per cent to $35.03 billion in February, while services imports climbed 8.6 per cent to $16.55 billion, resulting in a surplus of $18.5 billion. However, the February services trade data is an "estimate" and will be revised following the Reserve Bank of India's subsequent release.

Source: business-standard.com– Mar 17, 2025

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India-New Zealand FTA will increase potential for bilateral trade, investments: Modi

The proposed India-New Zealand free trade agreement will increase the potential for bilateral trade and investment and mutual cooperation shall be encouraged in sectors such as dairy, food processing and pharmaceuticals, Prime Minister Narendra Modi has said.

“We have decided to begin discussions for a mutually beneficial FTA between the two countries. This shall increase the potential for bilateral trade and investment,” Modi said in his media statement following his bilateral meeting with New Zealand Prime Minister Christopher Luxon on Monday.

The two leaders agreed, within the context of the trade agreement negotiations, to also launch negotiations on an arrangement facilitating the mobility of professionals and skilled workers between the two countries, while also addressing the issue of irregular migration, according to a joint statement.

Defence tie-up

Both leaders also welcomed the signing of the India-New Zealand memorandum of understanding for defence cooperation. “This will further strengthen bilateral defence cooperation and establish regular bilateral defence engagement,” the statement noted.

The leaders agreed to discussions for early implementation of cooperation in the digital payments sector, it added.

Apart from dairy, food processing, and pharmaceuticals, that the PM mentioned as key areas for mutual cooperation, the two sides will also give priority to renewable energy, critical minerals, forestry and horticulture.

Both Prime Ministers agreed that there exists great potential to further strengthen the growing education and community links between India and New Zealand. “They encouraged academic institutions of both countries to build future-oriented partnerships focused on areas of mutual interest including in areas of science, innovation, new and emerging technologies,” the statement noted.

FTA talks

India and New Zealand are resuming FTA talks after almost a decade of the previous negotiations getting suspended due to disagreement over keeping dairy out of the pact, something New Delhi insisted upon.

The re-launch of FTA negotiations during Luxon's five-day visit to India is significant also because it comes at a time when the world is trying to brace against US President Donald Trump's tariff tirade.

New Zealand was India's 87th largest trading partner in FY 24 with exports to the country at $538 million and imports at $335 million. While India's exports mostly comprise pharmaceutical products, mineral fuels, textiles articles and machinery, its imports include mineral fuels, wood, iron and steel and kiwi fruit.

Source: thehindubusinessline.com– Mar 17, 2025

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India proactively engaged with the US to draw contours of India-US trade pact

India is proactively engaged with the US to draw the contours of the India-US bilateral trade agreement (BTA) that the two sides are set to negotiate and is holding virtual meetings for the same, Commerce Secretary Sunil Barthwal has said.

The Commerce & Industry Ministry is also holding consultations with domestic stakeholders to identify opportunities as well as challenges that emerge from the threat of reciprocal tariffs to be imposed by the US.

"The government is weighing both opportunities and issues emerging from US tariffs. We are doing stakeholders consultation on these issues and will be resolving those issues on a bilateral basis," Barthwal said in an interaction with reporters on Monday.

Trump tariff

US President Donald Trump has threatened countries, including India, that have high import tariffs on US goods, with reciprocal tariffs that are scheduled to be announced on April 2.

Trump and Prime Minister Narendra Modi agreed to establish "new, fair-trade terms" to work out an India-US BTA that could more than double bilateral trade to $500 billion. The first tranche is set to be finalised by fall this year.

"We are negotiating this bilateral trade agreement, which is... multi-sectoral, and it will be addressing all issues between us mutually. So, all those things which are of importance to both countries will be part of the negotiations. And we are very proactively engaged with the US on this issue," Barthwal said.

Goyal was recently in Washington DC to talk with his US counterparts on how to proceed with the BTA. Since then, Trump and US Commerce Secretary Howard Lutnick have given statements putting pressure on India to commit to stiff tariff cuts across the board. "They have agreed, by the way; they want to cut their tariffs way down now because somebody is finally exposing them for what they have done...," Trump said at a briefing.

India’s tariffs on US goods are at a much higher 15.30 per cent (2022) than US tariffs on Indian products at around 3.83 per cent.

Lutnick also insisted, in an interview with Indian media, that agriculture must also be on the table and India should be ready for a mega deal.

The US Trade Representative’s office recently posted about Goyal’s meeting in the US. “Ambassador Jamieson Greer had a productive meeting with the Indian Minister of Commerce and Industry Piyush Goyal during his recent trip to the United States.They have since continued to have engaging conversations on reciprocal trade, expanding market access, and President Trump’s America First Trade Policy,” the USTR office posted on social media platform `X’.

The US was India’s largest trading partner in FY24 with exports worth $77.51 billion and imports worth $42.19 billion.

Source: thehindubusinessline.com– Mar 17, 2025

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'Merchanting trade' includes supply of goods within same foreign country

We have obtained an authorisation under the EPCG scheme for our new manufacturing project. Before importing the capital goods, we have to furnish to the Customs a bond backed by bank guarantee, in accordance with CBEC Circular 58/2004-Cus dated 21st October 2004 (as amended). This circular says that we can furnish a corporate guarantee. Can you please give us the details on who can furnish a corporate guarantee on our behalf and what document we should submit to the Customs?

The CBEC Circular no.38/97-Customs dated 19th September 1997 says that any group company having status recognition as 'export house' under the FTP can give the corporate guarantee.

It clarifies that both the companies must have the same person as managing director or manager; a majority of the directors of one company also must form, at any time in the preceding the six months, the majority in the other; not less than one-third of the voting power on any matter in the two companies must be controlled by the same individual or body corporate; one or more directors of one company with or without their relatives must hold the majority of the shares in both the companies; and the company must maintain a register as required under the Company Law which indicates the names of both.

The company executing the corporate guarantee must give to the Customs a certified copy of the said register signed by an authorised company secretary or a chartered accountant and that the company in whose favour the corporate guarantee is given is a group company. The certificate should also indicate the relevant criterion by which they come under the same management/group.

A copy of the resolution of the Board authorizing execution of the guarantee and 'no objection certificate' from their term lending financial institution or their bankers for giving the corporate guarantee must be furnished to the Customs.

Para 2.39 of the FTP deals with merchanting trade involving shipment of goods from one foreign country to another foreign country. We have a business opportunity where the buyer and

seller are both located within the United States. How can we take up this opportunity?

Para 2.39 of the FTP was amended through notification no.62/2023 dated 29th February 2024 covering ‘shipment of goods within one specific foreign country’ also within the ambit of merchanting trade. Para 14(1)(i) of the RBI Master Direction no.17/2016-17 dated 1st January 2016 (as amended) says that for a trade to be classified as merchanting trade, goods acquired shall not enter the domestic tariff area. So, you can very well grab the opportunity that has come your way.

Can the Customs reject our claim of drawback through special brand rate if we have availed of the All Industry Rate of drawback?

Yes. Rule 7(1) of the Customs and Central Excise Duties Drawback Rules, 2017 clearly says that drawback can be claimed under that Rule, ‘except where a claim for drawback under rule 3 or rule 4 has been made’.

Source: business-standard.com– Mar 18, 2025

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As Trump's tariff threats loom large, exporters take wind out of shippers' sails

Chennai| New Delhi: A number of exporters in sectors such as electronics, gems and jewellery, apparel and footwear are airlifting consignments to the US to deliver products ahead of April 2, when reciprocal tariffs are due to come into force, industry officials said.

"Exporters are doubling down on sending consignments by air," Ajay Sahai, director general of the Federation of Indian Export Organisations told ET. "But this is only possible for limited varieties of products like smartphones and electronics, gems and jewellery, some footwear like sports shoes and some apparel." Typically, companies looking to ship a hundred containers would split it in half over two months. But now, they are now taking it slow as buyers are asking them to "send 25 containers in the first month and 25 containers each over subsequent three months," he added.

Limited products

But now, they are now taking it slow as buyers are asking them to “send 25 containers in the first month and 25 containers each over the subsequent three months,” Ajay Sahai, director general of the Federation of Indian Export Organisations (FIEO), told ET.

Generally, air freight is seven to eight times higher than sea freight.

However, spooked by the US tariff uncertainty, some companies are braving a slew of logistical challenges to hasten delivery by air, instead of the traditional mode of shipping.

“Exporters are doubling down on sending their consignments by air,” said Sahai. "But this is only possible for limited varieties of products like smartphones and electronics, gems and jewellery, some footwear like sports shoes and some apparel."

"The uncertainty around tariffs has concerned exporters and is causing pressure," he said, pointing out that while “the orderbook is very strong, we are seeing that despatches (by shipping) are low.”

India’s goods exports shrank for the third straight month in January, declining 2.38% on-year to $36.43 billion. The merchandise trade deficit widened to a two-month high of $22.99 billion, from $16.56 billion a year ago and $21.94 billion in December 2024.

India aims to clock $800 billion in goods and services exports this fiscal year.

ET reported on March 11 that India is considering incentives for exporters to arrest the decline in outbound shipments and mitigate potential impact of reciprocal tariff plans by the Donald Trump administration.

These incentives could be part of the Export Promotion Mission announced in the budget and are likely to be notified in a month. Though the government is yet to firm up the structure, the Rs 2,250-crore mission has room for flexibility in giving more incentives as the schemes are yet to be notified, an official had said earlier.

Temporary move

FIEO's Ajay Sahai termed the rush to airlift consignments an “aberration” induced by the uncertainty of tariffs, more so, as only a fraction of the consignment can be transported by air

“We have limited flights, limited belly capacity and even limited freighters," he explained. "And many bookings are generally done in advance, so it leaves very limited space for additional capacity. It is possible for smaller consignments and for certain high-value shipments like electronics and gems and jewellery, but even for those scurrying to make the April 2 deadline, it may not be adequate owing to these logistical challenges.”

However, container shipping associations pointed to exporters dragging their feet in signing annual contracts.

"While the hesitancy on the part of some of the exporters on signing of their new annual contracts with the lines, which normally happen around this time of the year, is understandable, it would be in their (exporters’) own interest to sign up to secure rates and space for themselves, as spot rates are generally higher, with no guarantees on space," said Sunil Vaswani, executive director at Container Shipping Lines Association (India).

He added that with shipping services having moved over to the Cape of Good Hope, instead of the Suez Canal/Red Sea, space, cost and timely deliveries have become only more critical, underscoring the increased importance of service contracts.

Exporters optimistic

Several exporters, however, remain optimistic about a resolution to the tariff impasse, especially via the India-US Bilateral Trade Agreement (BTA).

“Our customers are not panicking. India and the US are negotiating a BTA, and efforts are ongoing to balance the trade. There are no concerns on sending the goods via sea," said Rafeeque Ahmed, chairman of the Farida Group, one of India’s largest shoe manufacturers and exporters.

Source: economictimes.com– Mar 17, 2025

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Banking system in India remains strong despite market concerns

Recent speculation regarding IndusInd Bank has led to some unwarranted speculations among depositors about the health of the above bank. However, a closer look at the fundamentals of the above bank and Indian banking system makes it clear that there is no reason for any alarm.

India's financial institutions remain resilient, well-capitalised, and robust under strict regulatory oversight of the RBI, ensuring the stability of the system.

The Indian banking sector is governed by the Reserve Bank of India (RBI), which is renowned worldwide and has implemented stringent regulations to ensure financial stability. The Central Bank maintains robust oversight, requiring banks to adhere to stringent capital adequacy norms, maintain liquidity buffers, and uphold prudent lending practices. This regulatory vigilance has ensured that even in times of economic uncertainty, Indian banks remain secure.

The RBI's periodic stress tests further reinforce the strength of the sector, ensuring that banks can withstand economic shocks effectively.

The recent IndusInd Bank incident

To capitulate, one of India's largest private sector banks, IndusInd Bank, recently said it had found certain discrepancies in its derivatives portfolio. As per reports, the management said it was a one-time event. It expects to fully absorb the financial impact of this discrepancy in the fourth quarter and will remain profitable for the quarter and the financial year. The bank also
emphasised that it is adequately capitalized and growth oriented.

If one carefully looks at the data, IndusInd Bank continues to exhibit strong fundamentals. The bank has consistently maintained healthy capital reserves, diversified loan books, and a stable asset quality. While any financial institution may face cyclical challenges, IndusInd Bank's solid risk management practices and steady deposit growth indicate its ability to navigate such periods effectively.

Looking at the event, it is clear that the issue primarily concerns a part of the bank's business - which it is already addressing - and does not indicate a broader problem in the banking system.

For investors and depositors, it is important to focus on the fundamentals rather than reacting to short-term market speculation. To its credit, the RBI has sprung into action and has sought compliance reports on 12 th March. The RBI has just issued a statement stressing that the above bank's financial health remains stable and is being monitored closely by Reserve Bank, and as such, there is no need for depositors to react to the speculative reports at this juncture.

RBI has also clarified that for the quarter ended December 31, 2024, the bank has maintained a comfortable Capital Adequacy Ratio of 16.46 per cent and Provision Coverage Ratio of 70.20 per cent. The Liquidity Coverage Ratio (LCR) of the bank was at 113 per cent as on March 9, 2025, as against regulatory requirement of 100 per cent.

RBI has directed the Board and the management to have the remedial action completed fully during the current quarter viz., Q4FY25, after making required disclosures to all stakeholders.

The RBI and Indian Banking Sector's stability

Over the last two decades, RBI has consistently maintained a conservative stand, requiring banks to maintain robust capital buffers and adhere to strict prudential norms. As of March 31, 2024, the capital adequacy ratio of scheduled commercial banks as per a BS report was a healthy 16.9 per cent, above the Basel III requirement. Non-performing assets (NPAs), a critical measure of banking health, have dropped to 3.12 per cent as of September 2024 - a result of the RBI's efforts in strengthening balance sheets since the 2016 Asset Quality Review.

High liquidity & no broader systemic risks

Liquidity, the lifeblood of any financial system, remains abundant in India. The RBI has skilfully managed liquidity to support economic growth while keeping inflation in check. In March itself, as per DD News, the central bank directed for injection of Rs 1.9 trillion into the banking system helping both banks as well as NBFCs. In January too, the central bank announced open market operations (OMOs) of Rs 60,000 crore to inject liquidity into the system.

The RBI's regulatory framework, including the Banking Regulation Act and Foreign Exchange Management Act (Fema), balances cross-border liquidity movements and capital repatriation, insulating India from external shocks. This was evident post-2008 when foreign banks retreated globally, yet India's financial system stood firm due to RBI-enforced local incorporation rules.

The RBI's supervisory mechanisms have shown that the central bank can handle instances like the Yes Bank crisis in 2020, where the RBI swiftly orchestrated a rescue with a consortium of banks, averting a depositor panic. Similarly, the IL&FS default in 2018 led to further tightening of oversight to prevent a domino effect across shadow banking. These examples affirm that one-off events are manageable within India's robust framework.

With such a proactive and reactive approach to the market developments, the RBI's actions have ensured that the Indian banking system has consistently avoided systemic risks, even during global upheavals.

Proactive regulation

The RBI's conservative approach-sometimes critiqued as overly cautious - has been India's proactive shield against global financial contagion. During the 2008 financial crisis, while western banks collapsed under subprime mortgage exposures, Indian banks emerged remained unscathed. The RBI's insistence on high reserve requirements and limited exposure to toxic assets ensured stability.

Thus, it can be safely said that the Indian banking system exhibits stability and consistency against any contagion amidst a rapidly evolving global scenario. Historical precedents like the 2008 crisis highlight the RBI's stellar role in safeguarding India's financial health. As occasional hurdles arise, the RBI's targeted interventions will continue to prove their mettle, maintaining trust in a system that stands tall amidst global uncertainty. Depositors, investors, and the general public can remain confident that the Indian banking sector is well-positioned to navigate any challenges for ensuring country's economic growth.

Source: business-standard.com– Mar 16, 2025

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MSME bodies urge RBI to tweak norms for ecom exports

Micro, small and medium enterprises (MSME) industry bodies have requested the Reserve Bank of India (RBI) for certain changes in the regulations for ecommerce exports. These MSME bodies met the central bank in Ahmedabad, Gujarat, last week.

"The industry bodies told the RBI that the current system of manually matching shipping bills with inward remittances (IRMs) is impractical for high-volume ecommerce exports," an industry source privy to the development said.

The source noted that they have requested the RBI to develop an automated reconciliation system within the Export Data Processing and Monitoring System (EDPMS), leveraging artificial intelligence (AI) algorithms, to match IRMs with shipping bills based on exporter records, even when amounts vary due to marketplace fees or refunds.

"This system should also allow bulk uploads of transactions, reducing the need for exporters to handle each bill individually. Additionally, the requirement for CA certificates for small exporters should be removed, replacing it with self-declaration forms for MSME with an annual turnover of ₹5 crore or less," the source said.

A digital verification system linked to bank accounts could further streamline the process. The MSME bodies have also suggested reducing costs, as they urged the RBI to standardise fees for shipping bill regularisation, introducing a fixed annual reconciliation fee (e.g., ₹5,000 for exporters under ₹5 crore turnover), and limiting per-bill charges to ₹100 for transactions over $1,000. Furthermore, a digital dispute resolution portal should be established to address issues like unfair penalties and delayed processing, with a seven-day resolution timeframe.

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Industry concerns

Manual process of matching shipping bills with IRMs impractical for high-volume ecommerce exports

Request for AI-powered system within the EDPMS to automatically match IRMs with shipping bills

Standardise shipping bill regularisation fees

Remove the requirement for CA certificates for MSMEs with annual turnover of ₹5 crore or less, and replace it with self-declaration forms

Allow bulk uploads of transactions, reducing the need for handling individual bills

Limit per-bill charges to ₹100 for transactions over $1,000

Source: business-standard.com– Mar 14, 2025

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Government e Marketplace Surpasses ₹5 Lakh Crore GMV Before FY 2024-25 Year-End

The Government e Marketplace (GeM) has achieved a significant milestone by surpassing ₹5 lakh crore in Gross Merchandise Value (GMV) on its portal, more than 18 days before the close of the financial year 2024-25. This achievement highlights GeM's rapid expansion as a primary tool for public procurement, serving a buyer base of over 1.6 lakh government entities. Notably, the leap from ₹4 lakh crore to ₹5 lakh crore was accomplished in less than 50 days since crossing the previous benchmark on 23rd January 2025.

GeM has undertaken major policy reforms in recent months to enhance market accessibility and streamline participation for sellers. Key initiatives such as the reduction in Transaction Charges, Vendor Assessment fees, and Caution Money requirements have made the platform more accessible, particularly benefiting Micro and Small Enterprises (MSEs), startups, and women-led enterprises. As of 13th February 2025, over 22 lakh sellers and service providers are registered on GeM, contributing to a diverse and competitive procurement ecosystem.

This year also marks the sixth anniversary of SWAYATT (Startups, Women, and Youth Advantage Through eTransactions), an initiative that underscores GeM’s commitment to integrating priority seller groups into the government procurement framework. As of 13th February 2025, GeM has successfully onboarded over 29,000 startups and 1.8 lakh Udyam-verified women-led businesses, fostering greater inclusivity and economic empowerment.

In addition to policy enhancements, technological advancements have played a crucial role in boosting procurement efficiency. In FY 2024-25, GeM executed one of the largest cloud migrations by a government organization in India. This migration is expected to enhance the platform’s scalability, ensuring a secure, reliable, and seamless experience for both buyers and sellers.

Further improving user accessibility, the integration of AI-powered search capabilities through GeM AI has enabled stakeholders to make faster and more informed procurement decisions. GeM AI continuously analyzes platform data to provide real-time, accurate, and credible responses, ensuring users have access to critical procurement insights anytime, anywhere.

With a steadfast commitment to transparency and fiscal responsibility, GeM has facilitated cumulative public savings exceeding ₹1,15,000 crore. The platform has over 1.6 lakh registered government buyers, spanning central and state ministries, departments, public sector enterprises, panchayats, and cooperatives, further driving the adoption of digital procurement across all levels of governance.

As GeM continues its trajectory of growth, it remains dedicated to fostering innovation, expanding inclusivity, and delivering unparalleled value to buyers while strengthening market linkages for sellers. Through technological advancements and a transparent marketplace, GeM is reinforcing India’s public procurement ecosystem and contributing to the nation's economic progress.

Source: pib.gov.in– Mar 17, 2025

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India's TN announces support to T&C in budget, industry cheers

The government of the southern Indian state of Tamil Nadu (TN) has announced financial support for modernising old power looms in its annual budget for the coming fiscal 2025-26. The state will also set up common facility centre for garment and made-ups segments (cut & sew sector), which will provide facility of fully automatic computerised fabric cutting machines for MSME garment and made-ups units. The state government has also announced setting up of a 'Tamil Nadu Technical Textile Mission' with required financial allocation in the budget.

Thanking the government for its support to the state's textile and clothing (T&C) sector, Dr. SK Sundararaman, Chairman, The Southern India Mills' Association (SIMA) said the budget allocation of ₹30 crore for modernising three years and above old plain power looms into shuttle less looms will help the power loom sector to produce high value-added and better-quality products in a cost-effective manner. He said that the modernised shuttle less looms will enable the power loom weavers to increase their earnings.

The announcement made for garment and made-ups segments (cut & sew sector) for establishing common facility centre for fabric cutting using fully automatic computerised fabric cutting machines with an allocation of ₹50 crore for the next five years would greatly help the predominantly MSME garments and made-ups segments across the state, particularly the clusters like Tiruppur, Karur, Virudhunagar, and Chennai, Sundararaman said.

He said that the fully automatic computerised fabric cutting machines would help the cut & sew sector to increase the fabric realisation by 7 to 10 per cent depending upon the design, produce latest fashion garments and home textile products with better quality, reduce the cost of production substantially, and strengthen the competitiveness of small and medium sized sewing units.

SIMA also appreciated the allocation made for technical textiles sector, sunrise sector of the entire textile value chain, by earmarking ₹15 crore for 'Tamil Nadu Technical Textile Mission'. It would not only encourage the existing textile manufacturers to diversify into technical textiles but would also encourage new investments in this key sector and make Tamil Nadu a leading player in the manufacture of technical textile products.

The trade body also applauded ₹20 crore allocated for the creation of infrastructure such as loom sheds, common facility centres and quality testing laboratories to support exports in power loom clusters.

Dr. Sundararaman termed the budget as a unique one, when compared to any other state in the country, as the government is very keen to modernise the existing manufacturing facilities and sustain its global competitiveness.

He thanked Chief Minister MK Stalin for announcing unique proposals along with necessary budget allocations in the State Budget 2025-26 presented on last Friday to strengthen the global competitiveness of the existing industry in the State, particularly the T&C industry, which accounts for one-third of the textile manufacturing capacity of the country.

Source: fibre2fashion.com– Mar 17, 2025

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North India's cotton yarn prices may rise further next month

North India's cotton yarn prices inched up by ₹1 per kg in the Ludhiana market immediately after the Holi festival, as mills attempted to raise selling prices due to higher cotton costs. However, slower garment demand and other negative factors continue to exert pressure, which may keep yarn prices subdued until the end of the current month.

Cotton yarn prices remained unchanged in both the Delhi and Ludhiana markets. Market experts predict weak sentiment over the next two weeks, though rising cotton prices may push yarn prices higher in the new fiscal year which begins on April 1. Cotton prices have increased by around 2 per cent in the past two weeks.

The Ludhiana market saw a ₹1 per kg increase for various counts and varieties of cotton yarn. However, trade remained limited immediately after Holi. A trader from Ludhiana told Fibre2Fashion, "Spinning mills are trying to raise their selling prices, but weak demand is not supporting the increase. However, stronger cotton prices may push yarn prices higher next month when payment flow and demand improve." The market is unlikely to see a significant rise in demand in the next two weeks.

In Ludhiana, 30 count cotton combed yarn was sold at ₹260-270 (approximately $3.00-3.11) per kg (inclusive of GST); 20 and 25 count combed yarn were traded at ₹250-260 (approximately $2.88-3.00) per kg and ₹255-265 (approximately $2.94-3.05) per kg, respectively; and carded yarn of 30 count was noted at 240-245 (approximately $2.77-2.82) per kg today, according to trade sources.

The Delhi market did not witness any increase in cotton yarn prices today. Limited buying interest and thin trade were observed as buyers remained cautious about fresh deals. Market sources reported that sentiment remained weak due to payment constraints and slow demand. However, better demand is expected in April when the new fiscal year begins.

In this market, 30 count combed knitting yarn was traded at ₹259-260 (approximately $2.98-3.00) per kg (GST extra), 40 count combed at ₹284-285 (approximately $3.27-3.28) per kg, 30 count carded at ₹233-235 (approximately $2.68-2.71) per kg, and 40 count carded at ₹258-260 (approximately $2.97-3.00) per kg today.

Recycled yarn and raw material prices remained stable in Panipat, India's home textile hub. The market saw thin trade as buyers and sellers were still largely absent.

Market sources suggest that summer demand may improve in the coming month, but the overall market trend may remain bearish in the final days of the current fiscal year.

The demand for bedsheets, which typically rises seasonally, is expected to gain momentum, particularly from North Indian states. Raw material prices also remained steady.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹75-78 (approximately $0.86-0.90) per kg (GST paid). Other varieties and counts were noted at 10s recycled PC yarn (Black) at ₹52-55 (approximately $0.60-0.63) per kg, 20s recycled PC yarn (Grey) at ₹95-99 (approximately 1.09-1.14) per kg and 30s recycled PC yarn (Grey) at ₹128-134 (approximately $1.47-1.54) per kg.

Cotton comber prices were noted at ₹103-106 (approximately $1.19-1.22) per kg. Prices of recycled polyester fibre (PET bottle fibre) were noted at ₹79-83 (approximately $0.91-0.96) per kg today.

In North India, cotton prices continued their upward trend, supported by limited arrivals and consistent buying by ginning mills. Seed cotton (kapas) prices also increased due to rising seed costs.

Cotton prices rose by ₹10-20 per maund (37.2 kg) at the start of the week. Traders noted that increasing cotton seed prices and lower arrivals have pushed cotton prices higher.

Buying activity from ginning mills has driven seed cotton prices further up, while rising cotton futures have also supported spot prices in North India. Cotton arrivals were slightly higher today, though availability remains limited due to a smaller crop size.

North India's cotton arrival was 7,300 bales of 170 kg, comprising 300 bales in Punjab, 2,500 bales in Haryana, 3,000 bales in upper Rajasthan and 1,500 bales in lower Rajasthan.

Cotton prices in Punjab ranged from ₹5,600 to ₹5,610 (approximately $64.53-64.64) per maund of 37.2 kg, while in Haryana, prices ranged from ₹5,570 to ₹5,590 (approximately $64.18-64.41).

In upper Rajasthan, cotton was priced between ₹5,600- ₹5,620 (approximately $64.53-64.76) per maund. In lower Rajasthan, it was priced at ₹53,200 to ₹54,200 (approximately $618.03-624.55) per candy of 356 kg. Seed cotton was priced as ₹7,100-7,400 (approximately $81.81-82.27) per quintal of 100 kg. Cotton prices have jumped around 2 per cent in the last two weeks.

Source: fibre2fashion.com– Mar 17, 2025

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