IBTEX No. 62 of 2025 May 21, 2025

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USD	EUR	GBP	JPY
85.59	97.02	114.96	0.60

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INTERNATIONAL NEWS

UN warns of global slowdown amid trade conflicts & policy uncertainty

The global economy is at a precarious juncture, marked by heightened trade tensions and elevated policy uncertainty, according to United Nation's World Economic Situation and Prospects as of mid-2025. The recent surge in tariffs—driving the effective US tariff rate up steeply—threatens to raise production costs, disrupt global supply chains and amplify financial turbulence.

Uncertainty over trade and economic policies, combined with a volatile geopolitical landscape, is prompting businesses to delay or scale back critical investment decisions. These developments are compounding existing challenges, including high debt levels and sluggish productivity growth, further undermining global growth prospects.

Global GDP growth is now forecast at just 2.4 per cent in 2025, down from 2.9 per cent in 2024 and 0.4 percentage points below the January 2025 projection.

Slower global growth, elevated inflationary pressures and weakening global trade—including a projected halving of trade growth from 3.3 per cent in 2024 to 1.6 per cent in 2025—jeopardise progress toward the Sustainable Development Goals.

The slowdown is broad-based, affecting both developed and developing economies. Growth in the United States is projected to decelerate significantly, from 2.8 per cent in 2024 to 1.6 per cent in 2025, with higher tariffs and policy uncertainty expected to weigh on private investment and consumption. In the European Union, GDP growth is forecast at 1.0 per cent in 2025, unchanged from 2024, amid weaker net exports and higher trade barriers.

China's growth is expected to slow to 4.6 per cent this year, reflecting subdued consumer sentiment, disruptions in export-oriented manufacturing and ongoing property sector challenges. Several other major developing economies, including Brazil, Mexico and South Africa, are also facing growth downgrades due to weakening trade, slowing investment and falling commodity prices. India, whose 2025 growth forecast has been revised downward to 6.3 per cent, remains one of the fastest growing large economies, as per the report.

"The tariff shock risks hitting vulnerable developing countries hard, slowing growth, slashing export revenues, and compounding debt challenges, especially as these economies are already struggling to make the investments needed for long-term, sustainable development," said Li Junhua, United Nations under-secretary-general for economic and social affairs.

While global headline inflation eased from 5.7 per cent in 2023 to 4.0 per cent in 2024, price pressures remain stubbornly high in many economies. By early 2025, inflation exceeded pre pandemic averages in two-thirds of countries, with over 20 developing economies facing double digit rates.

Food inflation, averaging above 6 per cent, continues to hit low-income households hardest, particularly in Africa, South Asia and Western Asia. Higher trade barriers and climate shocks are further amplifying inflation risks, underscoring the need for coordinated policies—combining credible monetary frameworks, targeted fiscal support and long-term strategies—to stabilise prices and shield the most vulnerable.

In many countries, monetary policy challenges have intensified in an uncertain economic environment. Central banks are grappling with difficult trade-offs between managing inflationary pressures—exacerbated by tariff-induced price shocks—and supporting slowing economies. At the same time, limited fiscal space, especially in developing economies, constraints governments' ability to effectively mitigate the economic slowdown.

For many developing countries, this bleak economic outlook undermines prospects for creating jobs, reducing poverty, and addressing inequality. For least developed countries—where growth is expected to slow from 4.5 per cent in 2024 to 4.1 per cent in 2025—declining export revenues, tightening financial conditions and reduced official development assistance flows threaten to further erode fiscal space and heighten the risk of debt distress.

Escalating trade frictions are further straining the multilateral trading system, leaving small and vulnerable economies increasingly marginalised in a fragmented global landscape.

Strengthening multilateral cooperation is essential to address these challenges. Revitalising the rules-based trading system and providing targeted support to vulnerable countries will be critical to fostering sustainable and inclusive development.

Source: fibre2fashion.com– May 20, 2025

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US tariffs dampen mood of global exporters, study shows

The wave of new U.S. tariffs has severely dampened the mood among exporters and 42% of companies now expect their export revenues to decline markedly, according to a global survey by Allianz Trade published on Tuesday.

The credit insurer surveyed 4,500 exporters in Germany, France, Italy, Spain, Poland, Britain, the United States, Singapore and China about global trade in March and April, before and after the tariffs spiral on April 2.

Before Donald Trump's 'Liberation Day', when the president announced new tariffs against almost all trading partners, only 5% of companies had expected their export revenues to decline.

"In stark contrast to the great optimism before 'Liberation Day', this year's Global Survey confirms what we're observing in all markets: uncertainty and fragmentation will be with us for a long time," said Aylin Somersan Coqui, CEO of Allianz Trade.

Globally, export losses of $305 billion are expected in 2025, she added. Germany had been expected to be badly affected by tariffs due to its export-oriented economy. In Germany, 39% of respondents expect a decline in their export revenues following the tariff announcement.

German exporters were significantly more concerned about geopolitical risks and protectionism (35%) than their counterparts in other countries (29%).

Source: economictimes.com– May 20, 2025

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US consumer confidence dips amidst economic uncertainty

In April 2025, the US consumer sentiment recorded a shift as confidence levels dipped, indicating potential headwinds for the economy. The Conference Board Consumer Confidence Index revealed a sharp 7.9-point drop to 86.0 (1985=100), reflecting growing concerns about the future. This decline, largely due to deteriorating expectations, offers critical insights into evolving consumer behavior and its implications for the market.

Indicators and Consumer Sentiment

The report highlights a stark contrast between consumers' assessment of the present situation and their outlook for the future. While the Present Situation Index, which gauges current business and labor market conditions, saw a marginal decrease of 0.9 points to 133.5, the Expectations Index painted a more worrisome picture. This index, reflecting short-term outlook for income, business, and labor market conditions, plunged by 12.5 points to 54.4—the lowest since October 2011 and well below the recessionary threshold of 80.

Stephanie Guichard, Senior Economist at The Conference Board, noted, "Consumer confidence declined for a fifth consecutive month in April, falling to levels not seen since the onset of the COVID pandemic," emphasizing the significant role of dampened expectations.

Income concerns, inflation add to fears

Several factors have led to this decline in confidence, directly impacting consumer behaviour.

• Job market pessimism: A substantial portion of consumers (32.1 per cent) anticipate fewer jobs in the next six months, reminiscent of the Great Recession era in April 2009.

• Income concerns: For the first time in five years, income prospects turned negative, indicating that economic worries are now affecting personal financial situations.

• Inflation and tariffs: High inflation and the rising cost of living remain significant concerns, with tariffs also weighing heavily on consumers' minds due to their perceived impact on prices and the economy.

• Financial market volatility: Uncertainty in the financial markets has further eroded confidence, with a large percentage of consumers (48.5 per cent) expecting stock prices to decline.

• Recession fears: The proportion of consumers anticipating a recession within the next 12 months has increased to a two-year high.

Shifts in spending and purchasing plans

The report also indicates a shift in consumer spending and purchasing plans. It indicates reduced spending intentions that means, overall intentions to purchase services have declined across nearly all categories. Also, plans to spend more on dining out, previously a leading spending intention, have seen one of the most significant month-on-month declines on record. What's more, purchasing plans for homes and cars have decreased, alongside reduced vacation intentions, although plans for appliances and electronics have shown mixed trends.

The decline in consumer confidence is widespread, affecting various demographic groups. The sharpest decline was observed among consumers aged 35 to 55 and those in households earning over $125,000 annually. Interestingly, consumer confidence has decreased across all political affiliations. Guichard's underscore the gravity of the situation and says, "The decline was largely driven by consumers' expectations. The three expectation components—business conditions, employment prospects, and future income—all deteriorated sharply, reflecting pervasive pessimism about the future."

Thus the April 2025 US Consumer Confidence Report reveals a notable downturn in consumer sentiment, it's largely due to concerns over economic outlook, inflation, and personal finances. This shift is influencing consumer behavior, leading to reduced spending intentions and increased caution in purchasing decisions. As consumers brace for potential economic headwinds, businesses and policymakers must closely monitor these trends to navigate the evolving economic landscape.

Source: fashionatingworld.com– May 20, 2025

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Global Standard reports 5% growth in GOTS-certified facilities

Global Standard, the non-profit body behind the Global Organic Textile Standard (GOTS), released its 2024 Annual Report, marking a transformative year in its mission to advance organic textiles and sustainable practices worldwide. The report highlights the organisation's broadened scope, rising certification numbers, and its strategic role amid evolving global regulations.

GOTS ended 2024 with 15,441 certified facilities across 87 countries, reflecting a 5.2 per cent increase from the previous year, as reported by 26 GOTS-approved certification bodies. Managing Director Claudia Kersten emphasised the growing relevance of voluntary sustainability standards, stating that regulatory changes, particularly in Europe, have turned such frameworks into critical tools for compliance and sustainable development.

Key milestones in 2024 included the full implementation of GOTS Version 7.0 in March. The standard introduced the most robust due diligence requirements to date, supported by online training modules and a comprehensive Due Diligence Handbook for Auditors released in November. Work also began on Version 8.0, which entered its first public consultation phase. The new version aims to include circular economy principles, climate resilience, and further enhance human rights criteria.

In a strategic evolution, Global Standard announced its expansion as a Voluntary Sustainability Standard (VSS) setter, revising its Vision and Mission for the first time in 22 years. This move will allow the GOTS framework to be applied to a wider range of sustainable fibres, with new standards set for public comment in 2025 and final release thereafter.

A major technological innovation came with the Satellite Cotton Monitoring Project in India, conducted in partnership with the European Space Agency and AI firm Marple. Achieving 97 per cent accuracy in identifying cotton fields and over 80 per cent accuracy in determining organic status, the initiative promises to improve traceability and certification efficiency.

Consumer engagement also soared through the expanded BehindTheSeams campaign, which reached over 70 million people in September. With 265 GOTS brands participating, the campaign included interactive quizzes, giveaways, and grand prizes, deepening public understanding of organic textiles.

With these advancements, Global Standard continues to position itself at the forefront of sustainable textile transformation.

Source: fashionatingworld.com– May 20, 2025

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US Ports Warn of $6.7B Bill if 100% Tariff on China-Made Cranes Kicks in

U.S. ports are urging the U.S. Trade Representative (USTR) to reconsider a new 100-percent tariff on Chinese-manufactured ship-to-shore (STS) cranes, citing billions in extra costs.

At a hearing in Washington on Monday, American Association of Port Authorities (AAPA) president and CEO Cary Davis testified that public port authorities would have to pay total tariffs, if imposed, of a combined $6.7 billion over the next decade.

“Applying a new 100 percent tariff to Chinese STS cranes will not create a domestic crane manufacturing industry out of thin air,” stated Davis, in official comments submitted to the Federal Register. “It will only increase costs for public port authorities.”

The 100-percent tariffs would expand on prior 25-percent tariffs slapped on the equipment in 2024 under the Biden administration. At the time, the 81-port AAPA also pushed back against those duties, but to no avail.

American ports currently have 55 cranes on order and another 151 are expected to be needed in six to 10 years, according to Davis’ testimony.

For example, Port Houston has eight STS cranes contracted for delivery by spring 2026 for $14 million each. But under the tariffs, the port would be spending an extra $302.4 million in added costs—potentially preventing the hub from investing in infrastructure elsewhere.

The port association suggested that the “logical first step” toward reshoring STS crane production would be for Congress to establish a tax credit for domestic production.

“USTR should forgo any further tariffs on STS cranes until such legislation is passed,” Davis said.

From there, the association recommended the USTR to forgo applying the 100-percent tariff to cranes that were ordered and contracted prior to the publication of the proposal on April 17.

Davis also called for the USTR to delay imposition of the 100-percent tariff for one or two years, saying that ports' decisions on equipment and infrastructure investments are made years in advance.

"If a port authority needs a new STS crane to either replace aging equipment, expand the capacity of an existing terminal, or outfit a new terminal, altering procurement plans is complicated," said Davis. "Adding millions of dollars in tariffs to a project's budget can get the project scaled back, delayed, or cancelled entirely. Even with these tariffs, manufacturers cannot stand up production facilities in the U.S. and start producing cranes for several years."

Finally, he asked USTR to clarify that the Section 301 tariffs are not additive to the 125-percent reciprocal and 20-percent fentanyl tariffs on China—both of which were responsible for most of the added hypothetical tariff costs.

American retailers and brands shared their own individual concerns with the USTR's Section 301 punitive measures.

The American Apparel & Footwear Association (AAFA) is concerned that imposing tariffs on cranes, chassis and shipping containers without the availability of competitive alternatives will significantly raise shipping costs.

"Many companies have already increased prices in response to existing tariffs and cannot absorb further cost burdens," said Nate Herman, senior vice president of policy at the AAFA, in a letter. "We strongly urge you not to raise the duty rates on the proposed products."

If tariffs are deemed necessary, the AAFA requested that the duties be phased in gradually to allow businesses adequate time to adapt and plan for the resulting expenses.

The Retail Industry Leaders Association (RILA) had a more specific worry regarding the office's "country of origin" test set forth in the proposal, in which tariffs would be placed on cranes manufactured by any company's owned or controlled by a Chinese citizen rather than a state-owned enterprise.

“Here, USTR proposes to change well-established origin tests and adopt an expansive definition that requires importers of ship-to-shore cranes to exclude from its sourcing operations any business that may be owned by a Chinese national,” said Blake Harden, vice president of international trade at RILA. “This would create additional burdens and administrative challenges for businesses trying to make sourcing determinations around the globe, as well as create confusion and impede their ability to meet other customs obligations.”

RILA urged USTR to reconsider the expanded country of origin test.

Shanghai Zhenhua Heavy Industries (ZPMC), which manufactured 80 percent of cranes currently used at U.S. ports, denied it was a threat to U.S. national security interests and requested its removal from the list of items proposed under Section 301 tariffs.

“The proposed tariffs on STS cranes will undermine the U.S. economy and national security by negatively disrupting essential U.S. supply chains,” ZPMC said in a filing to the USTR Monday. “China’s STS cranes pose no alleged cybersecurity risk, and the proposed tariffs are not a legitimate remedy; and the proposed tariffs would negatively impact the global STS crane industry, including the United States, and would harm, rather than help, the U.S. economy and national security.”

The USTR Office and Ambassador Jamieson Greer have shown to be flexible in amending potential Section 301 penalties against China in the wake of public commentary.

When the office unveiled the crane proposal in April, it also revealed a finalized, pared back version of the previously criticized port docking fees levied on Chinese ships. The latest measures were more lenient on container shipping giants than originally expected, with ocean carriers like Maersk and CMA CGM already saying they won’t deal with any cost impact.

Source: sourcingjournal.com– May 20, 2025

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UKFT update on the EU Product Environmental Footprint (PEF)

The Product Environmental Footprint (PEF) is a method developed by the European Commission to measure the environmental impact of products across their entire life cycle. This includes everything from the extraction of raw materials to the product's end-of-life, such as disposal or recycling. It uses a scientific approach called life cycle assessment (LCA) to evaluate factors like greenhouse gas emissions, resource use, and waste.

The aim of the PEF is to offer a consistent way for companies to assess and report the environmental performance of their products.

UKFT has contributed feedback to the European Commission during the development of the PEF, working through the European industry body Euratex, to represent the views of its members.

Following a review by expert groups, the European Commission has confirmed that the current version of the PEF is ready to move forward. This version, submitted in early 2025, includes a recent update that limits how single-score results can be communicated to consumers. It is expected to be approved and published in May 2025.

Once published, the Product Environmental Footprint Category Rules (PEFCR) will be available for companies to use voluntarily. Updates to the methodology are planned for 2026, with a new version of the supporting database expected between 2027 and 2028.

Some aspects of the PEFCR may be considered in future EU regulations, such as the Ecodesign for Sustainable Products Regulation (ESPR). The PEF method is also referenced in the Corporate Sustainability Reporting Directive (CSRD) as one option for assessing environmental impacts across a company's operations and supply chain.

In the future, the PEFCR may be recognised under the EU Green Claims Directive as a valid method for communicating environmental information about products like clothing and footwear. Other life cycle assessment methods may also be accepted, provided they meet similar standards of detail and reliability.

Final approval from the European Commission was released last week.

Ongoing discussions in textiles

While the PEF provides a structured approach to measuring environmental impacts, it has prompted ongoing discussion due to concerns about how the methodology compares natural and synthetic fibres. Some stakeholders argue that PEF may not fully capture the broader environmental characteristics of natural fibres – such as their biodegradability or potential for carbon sequestration – while synthetic fibres, which may perform better on certain indicators like water use, are linked to long-term issues such as microplastic pollution.

Critics also highlight limitations in the underlying data and the exclusion of social and economic factors, which can influence how results are interpreted. These discussions continue as the methodology is tested and refined. There are also ongoing discussions about the potential use of PEF in regulation before these methodological issues are fully addressed.

UKFT fully recognises that the ongoing developments surrounding the EU Product Environmental Footprint are a source of concern and debate within the fashion and textiles industry, including for many of our members. Currently, the PEF is a voluntary methodology and we anticipate that it will undergo significant changes should it form the basis of future regulation. We remain committed to providing accurate, timely and transparent updates as new information becomes available, ensuring our members are well informed and supported throughout.

Source: ukft.org– May 20, 2025

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China: How will spandex market fare under eased trade conflict and loose supply/demand landscape?

In mid-May 2025, the trade conflict between the US and China reached a phased easing, leading to a significant rebound in commodities such as crude oil and chemical fiber products like polyester. However, due to the relatively loose supply and demand of nylon and spandex, their prices remained weakly stable. In the short term, the tariff reduction has greatly boosted market confidence, and there are expectations of improved export demand for spandex downstream products such as textiles and apparel, which has generally lifted market sentiment. However, when it comes to the sales in the spandex industry, while inquiries have increased, buying interest remains cautious, and there has been no significant replenishment in the mid-to-downstream sectors. As a result, spandex prices remained basically stable in the first half of May. Some earlier discounts were canceled.

Downstream sector: operating rate of fabric mills slightly increases

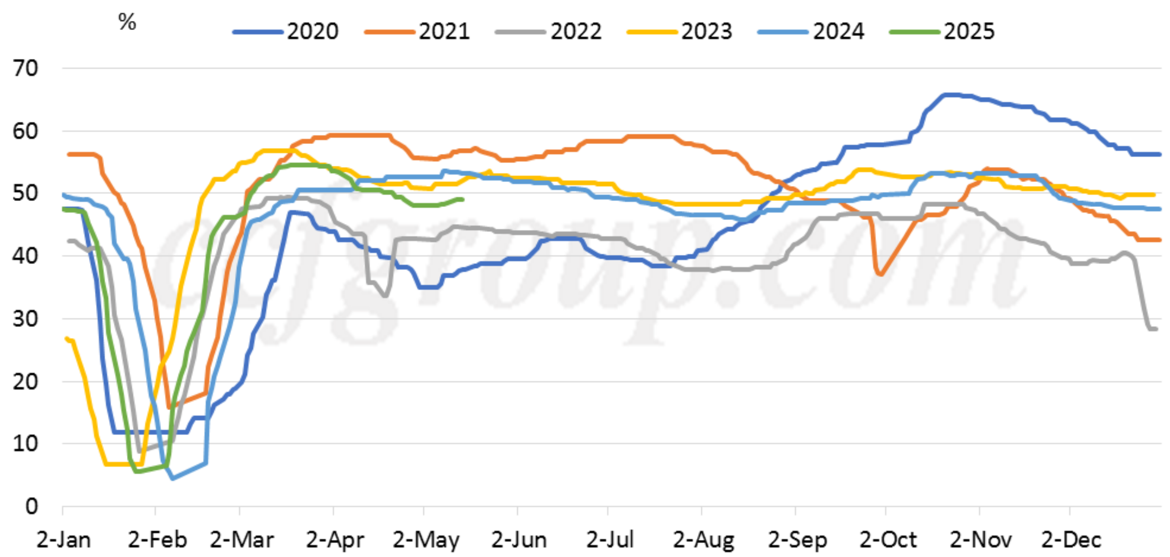
After some fabric mills reduced or suspended production during the May Day holiday, they gradually restarted operations after the holiday. Additionally, with the significant reduction in China-US tariffs compared to the earlier period, some US orders that were previously put on hold have become favorable, with some orders starting to be shipped and new order negotiations underway.

A small number of clothing enterprises handling US orders have begun rushing to secure shipping space for delivery. Since early-May, the operating rate of downstream fabric mills has shown a slight upward trend, and inquiries for spandex and just-in-time purchasing have seen a modest pickup, though the replenishment demand remains limited.

The operating rate of fabric mills has ascended but still did not recover to the high level in March. Currently, the operating rate of conventional covered yarn mills in Zhuji and Yiwu from Zhejiang, air covered yarn plants in Xiaoshan, Shaoxing and Shengze, core-spun yarn plants in Zhangjiagang and warp knitting mills in Guangdong was at 60-70%, that of circular knitting mills in Zhejiang, Jiangsu and Chaozhou and Shantou from Guangdong, and diaper plants in Guangdong was at 40-60%, and that of lace knitting mills in Fujian was around 30%.

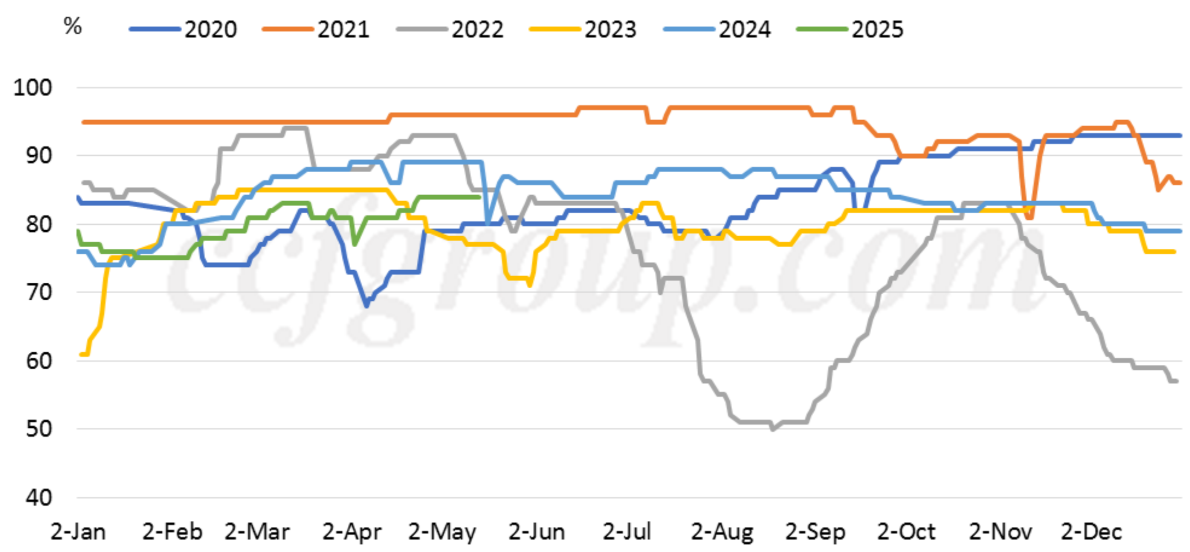
The inventory of downstream sectors such as air covered yarn, core-spun yarn and warp-knitted velvet was high. The sales of grey fabrics and changes of run rate in fabric mills should be concerned.

Operating rate of fabric mills



The performance of some fabrics remained moderate. Demand for covered yarn, woven two-stretch fabrics, and circular knitted fabrics for yoga pants, summer quilt, sweater, rib fabrics and fabrics for sunscreen apparels was tolerable. As a result, although the selling pressure was not small on spandex market year to date, the inventory increased little over the end of 2024. The inventory of spandex fell to around 49 days now, shorter for around 30-40 days in some suppliers and longer for above two months.

Operating rate of spandex industry



Spandex supply side: rising operating rate

Some spandex units who cut or suspended production in April gradually resumed operation. Some units who stopped production for the Spring Festival holiday also gradually restarted in end-April and May, with rising operating rate.

The operating rate of spandex plants moved up recently, with the average level at 84%, that of large companies with capacity at 80kt/year or above at 87% and that of small-and-medium sized enterprises at 74%. Price of PTMEG was largely stable with apparent pressure from the losses. Price of conventional spandex still slightly dropped under the new tariff and hit multi-year new low. Spandex plants in East China saw apparent losses, and the fluctuation in run rate of plants should be concerned.

Conclusion

In general, the phased easing of China-US trade conflict in May 2025 has injected short-term confidence into the spandex market. The rebound in the operating rate of fabric mills, the release of some orders, and the increase in inquiries all reflect the stimulating effect of policy adjustments on the industrial chain. However, the supply and demand pattern for spandex remains loose, particularly in the face of high inventory levels and a supply-side operating rate at a moderately high level. In the short term, sales may see a slight increase along with some inventory replenishment of main materials, but prices of spandex are likely to consolidate at low level.

Source: ccfgroup.com– May 20, 2025

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Texworld Apparel Sourcing Paris returns from September 15-17 with nearly 1,300 exhibitors

Texworld and Apparel Sourcing Paris, alongside Avantex and Leatherworld, will take place from September 15 to 17, 2025, at Halls 2, 3, and 4 of the Paris-Le-Bourget Exhibition Center. Organized by Messe Frankfurt France, the show will host between 1,200 and 1,300 exhibitors from leading textile-producing countries including China, India, Turkiye, South Korea, Taiwan, and Hong Kong, reaffirming Europe's pivotal role in a global market disrupted by US-China trade tensions.

This autumn edition mirrors the successful February format, designed to better align with buyers' schedules and boost engagement. Notably, manufacturers from Central and Eastern Europe such as Armenia, Kyrgyzstan, and Ukraine will showcase high-quality garment expertise, reflecting rising regional interest.

Innovation and sustainability will take center stage at Avantex in Hall 2. The space will spotlight technologies and circular solutions, including sustainable sourcing and bio-based materials.

A highlight will be the unveiling of results from the EU-backed Herewear project by TCBL, promoting local, eco-responsible production models. Keynotes, roundtables, and the 8th Avantex Fashion Pitch judged by fashion tech and VC experts will drive industry dialogue.

The event layout maintains themed 'universes' focused on womenswear and activewear, creating synergy between fabrics and finished goods. Leatherworld will anchor Hall 4 alongside the Denim section. At the entrance of Hall 4, the 'Initiatives by Texworld' zone will showcase country-specific excellence, with Turkiye and India presenting trend-led weaves and embroidery.

The comprehensive sourcing platform reinforces Paris's role as a global hub for fashion, innovation, and sustainable industry practices.

Source: fashionatingworld.com– May 20, 2025

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Euro area inflation holds at 2.2% in April; EU rate eases to 2.4%

The euro area annual inflation rate was 2.2 per cent in April 2025, stable compared to March. A year earlier, the rate was 2.4 per cent, according to Eurostat, the statistical office of the European Union (EU).

EU annual inflation was 2.4 per cent in April 2025, down from 2.5 per cent in March. A year earlier, the rate was 2.6 per cent.

The lowest annual rates were registered in France (0.9 per cent), Cyprus (1.4 per cent) and Denmark (1.5 per cent). The highest annual rates were recorded in Romania (4.9 per cent), Estonia (4.4 per cent) and Hungary (4.2 per cent), Eurostat said in its latest press release.

Compared with March 2025, annual inflation fell in thirteen member states, remained stable in three and rose in eleven.

In April 2025, the highest contribution to the annual euro area inflation rate came from services (+1.80 percentage points, pp), followed by food, alcohol and tobacco (+0.57 pp), non-energy industrial goods (+0.15 pp) and energy (-0.35 pp).

Source: fibre2fashion.com– May 21, 2025

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South Korea's apparel imports from Vietnam reach $928 mn in Q1 2025

South Korea's apparel imports from Vietnam edged up by 2.09 per cent to reach $928.961 million in the first quarter of this year from $909.754 million in the same period of last year, making Vietnam the second-largest apparel supplier to the South Korean market after China.

Vietnam's share in South Korea's total apparel imports rose to 30.42 per cent of $3,054.116 million in Q1 2025, up from 29.84 per cent of $3,048.702 million in January–March 2024, according to Fibre2Fashion's market insight tool TexPro.

In 2024, South Korea imported $3.496 billion worth of apparel from Vietnam, accounting for 28.27 per cent of its total apparel imports of $12.368 billion that year. Vietnam consistently ranked second after China, with both neighbouring countries dominating the market. Together, they supplied more than 64 per cent of South Korea's apparel imports in 2024, with China alone accounting for 36.57 per cent.

South Korea's apparel imports from Vietnam stood at $3.065 billion in 2020, which increased by 7.48 per cent to $3.294 billion in 2021, and surged a further 13.31 per cent to reach $3.733 billion in 2022. However, the value of imports declined by 7.71 per cent in 2023, falling to $3.445 billion.

Trousers and shorts were the top apparel items imported by South Korea from Vietnam in January–March 2025, with imports valued at $243.003 million, accounting for 26.16 per cent of the total.

Among the top five apparel categories, T-shirts were valued at $123.330 million (13.28 per cent), shirts at $104.915 million (11.29 per cent), jackets and blazers at $58.764 million (6.33 per cent), and coats at $52.042 million (5.60 per cent), according to TexPro.

Source: fibre2fashion.com– May 21, 2025

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NATIONAL NEWS

Goyal, Lutnick hold talks for early trade deal

Commerce and Industry Minister Piyush Goyal and US Commerce Secretary Howard Lutnick on Monday held discussions on speedily concluding an early bilateral trade deal that could possibly help New Delhi avoid US reciprocal tariffs by the end of the 90-day pause period on July 8.

"Good discussions with Secretary @HowardLutnick towards expediting the first tranche of India-US Bilateral Trade Agreement," Goyal posted on social media platform 'X' following his meeting with Lutnick in Washington DC.

While the deadline for concluding the first tranche of the BTA fixed by the two sides is Fall of 2025 (September-October), efforts are on to arrive at an early deal with immediate commitments in a few areas, before the tariff pause ends, sources tracking the matter said.

"It is clear that the US intends to apply full reciprocal duties if deals are not struck within the 90-day pause period. India has to negotiate skilfully for an early deal by agreeing to some less sensitive demands for market access immediately while laying down a roadmap for the rest," the source said.

India's trade deal with the US could be on the lines of the UK-US trade pact announced recently that includes sectoral concessions, in a limited number of areas, while leaving scope for future negotiations. What could be of concern for India though is the fact that despite the trade deal, the US did not roll back the 10 per cent baseline levy imposed on UK goods in April.

US President Donald Trump has stressed several times that India has agreed to bring down tariffs to zero. However, India is not in a position to offer tariff elimination for sensitive items such as dairy and several agricultural products as well as items that could hurt the MSME sector.

The US has asked India to slash tariffs on goods such as automobiles, motorcycles, alcohol, including bourbon and other farm produce and provide market access for ethanol.

Goyal will also meet US Trade Representative Jamieson Greer while the two negotiating teams are also parallely holding meetings to fast-track the trade talks.

Source: thehindubusinessline.com– May 20, 2025

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Reforms stalled as GST Council meeting not held in five months

The GST Council has gone over five months without a meeting, in breach of Rule 6 of its Procedure and Conduct of Business Regulations, which prescribes quarterly meetings.

The last meeting was on December 21, 2024, in Jaisalmer, meaning the next should have occurred by March 31, 2025. This marks the fourth time the gap between meetings has exceeded five months, with the longest being over eight months between October 2023 and June 2024, due to the Lok Sabha elections.

This delay is concerning for various reform measures, including tax rate revisions, compliance simplification for taxpayers, and overall improvement of the tax ecosystem.

While there's no clear explanation for the current delay, Kerala Finance Minister KN Balagopal mentioned expecting a meeting in April. "Difficult to say why it could not take place. Then India-Pakistan tension happened, which could be well understood," Balagopal told businessline. "Any further delay will impact the future course of reform action," he said.

Tax experts like Vivek Jalan of Tax Connect Advisory Services pointed out that while recommending committees (Fitment and Law Committees) meet regularly, their decisions cannot be approved and implemented without Council meetings. He suggested video conferencing for short meetings to avoid hardship for taxpayers.

Saurabh Agarwal, Tax Partner at EY India, stressed the need for regular meetings to address crucial economic priorities like implementing Section 11A, clarifying ambiguities, considering GST rate reductions in insurance, and broadening the tax base.

Source: thehindubusinessline.com– May 20, 2025

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Proposals worth ₹1 trillion investment get Maharashtra cabinet nod

The Maharashtra cabinet has approved 325 industrial proposals aimed at attracting investments worth over ₹1 trillion and creating nearly 100,000 job opportunities.

According to an official press release, the approved proposals are expected to bring in investments totalling ₹100,655.96 crore and generate approximately 93,317 jobs.

The government said the proposals had been submitted under now-expired industrial policies, including the Maharashtra Electronics Policy (2016), the Space and Defence Manufacturing Policy (2018), and the Ready-made Garments, Gems and Jewellery, Microelectronics & Engineering Cluster Policy (2018), as well as the Maharashtra Industrial Policy (2019).

These approvals were granted as part of a cabinet meeting held in Mumbai, after several policies lapsed. The state has allowed the projects to proceed under the older frameworks until new policies are introduced.

Key Breakdown of Approvals

Of the 325 total proposals:

313 proposals fall under the 2016 Electronics Policy, with an estimated investment of ₹42,925.96 crore and the potential to generate 43,242 jobs.
10 proposals were submitted under the 2018 Space and Defence Policy, expected to attract ₹56,730 crore in investments and create 15,075 jobs.

The remaining proposals, covering garments, jewellery, and engineering cluster sectors, are expected to bring in ₹1,000 crore and generate approximately 35,000 jobs.

The government clarified that although these policies have expired, the proposals are being processed under the same frameworks until new industrial policies are announced.

Source: business-standard.com– May 20, 2025

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Icra projects India's Q4 growth at 6.9%, FY25 GDP expansion at 6.3%

Icra on Monday projected India's GDP growth at 6.9 per cent in the quarter ended March 31, and at 6.3 per cent for the full 2024-25 fiscal, undershooting the the National Statistics Office (NSO) estimates made in February.

In February, the NSO had projected the Indian economy to grow at 6.5 per cent in 2024-25. With economic growth in June, September and December quarter at 6.5 per cent, 5.6 per cent and 6.2 per cent respectively.

To achieve the NSO's projected 6.5 per cent growth in FY25, the GDP growth in Q4 or March quarter should be 7.6 per cent.

The NSO is scheduled to release the provisional estimates of FY'25 GDP and quarterly estimates for Q4 on May 30.

Icra in its note said it projected the year-on-year (YoY) expansion of the GDP to rise to 6.9 per cent in Q4 FY 2025, from 6.2 per cent in Q3 FY2025, significantly undershooting the NSO implicit estimate of 7.6 per cent for the quarter.

Unless there are material revisions in the data for Q1-Q3 FY2025, Icra projects a sharp step-down in the full-year GDP expansion to 6.3 per cent in FY2024-25, from 9.2 per cent in FY 2023-24.

Icra Chief Economist Aditi Nayar said both private consumption and trends for investment activity were uneven in Q4 FY2025, with the latter partly owing to tariff-related uncertainty.

Services sector exports continued to show double-digit growth, while merchandise exports contracted in YoY terms in Q4 FY2025 after expanding in December quarter.

Source: business-standard.com– May 19, 2025

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Settle Indo-Bangladesh trade standoff before volumes fall, prices rise

Responding to creeping restrictions by Bangladesh on Indian goods, Delhi has fired a warning salvo. It has banned imports of a slew of goods including readymade garments, processed food and plastic items through land ports.

The annual trade in these categories is worth around $770 million to Bangladesh, according to an estimate by the Global Trade Research Initiative. Bangladeshi goods can continue to be routed through the sea ports of Kolkata and Nhava Sheva. The logistics of these roundabout shipments may price many Bangladeshi goods out of the Indian market. Perhaps that is the intent.

Ever since Sheikh Hasina was removed as prime minister of Bangladesh last August, relations between the neighbours have worsened. Bangladesh first blocked yarn and rice imports from India, and increased scrutiny on the borders; it followed up by delaying India's goods transit to the Northeast.

The trade standoff is a fallout of the deteriorating political relations. The interim regime in Dhaka, headed by former banker Mohammad Yunus, has taken exception at Delhi giving Hasina political asylum and demanded her extradition.

India, on the other hand, has voiced concern at the increasing attacks on Bangladeshi Hindus by Islamist groups and watched with concern as Dhaka has strengthened its links with Beijing. A new spoiler is the gradual mending of Bangladesh's relations with its historical foe Pakistan.

India is Bangladesh's second largest trading partner. Bangladesh imported Indian goods worth $11.4 billion during 2024-25, and exported just around $2 billion.

Bangladesh's booming $47-billion garment industry substantially depends on India for raw cotton supplies. If these stop, alternative sources can be found; but then Bangladesh would lose its competitive edge.

Perishable food like vegetables and fruits is another segment for which Bangladesh relies on India because of the proximity provided by land routes. On the other hand, while the Indian consumer may lose out on inexpensive Bangladeshi garments, it is also a window of opportunity for the robust Indian textile industry.

Bangladesh currently holds an upper hand in providing the shortest overland route to the Northeast, but the alternative connector to Kolkata via the proposed Shillong-Silchar-Sittwe (in Myanmar) route may render the Bangladesh passage inessential. The current trade restrictions by India could be seen as a teaser; things could get worse if relations are not settled across the table soon.

Source: newindianexpress.com– May 21, 2025

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Ecommerce Export Hurdles Threaten $1 Tn Goal, Experts Urge RBI's EDPMS Overhaul

India's ecommerce exports are poised to contribute significantly to the country's ambitious USD 1 trillion export target by 2030. However, industry experts warn that persistent hurdles in the Export Data Processing and Monitoring System (EDPMS) could limit this growth, especially for MSMEs and new-age exporters.

A recent policy paper warned that unless these issues are addressed urgently, India's digital trade momentum could stall. At the heart of the issue is the high-cost, high-friction process of closing low-value shipping bills—an especially punishing hurdle for high-frequency, small-ticket exporters.

The paper co-authored by Viswanath Pingali, IIM Ahmedabad and Deepankar Sinha, IIFT Kolkata, highlighted to how current EDPMS protocols severely erode exporter margins for high-frequency, low-value ecommerce shipments and discourage broader participation in global trade.

Exporters face charges on each shipping bill closure, often losing 50 to 60 per cent of the shipment value to banking and compliance fees. These costs, along with extensive documentation and reconciliation requirements, create many barriers for smaller players - including delayed payments, cash flow issues, and in some cases, risk of being blacklisted under RBI's caution list.

"Exporters are required to close each shipping bill individually and pay bank-imposed closure charges, which, in some cases, exceed 50 to 60 per cent of the shipment value," the authors noted. Further, the fear of compliance missteps and RBI scrutiny has become a major deterrent for smaller players.

The Reserve Bank of India's (RBI) December 2024 directive, which relaxed compliance for shipping bills under USD 1,000 until 31 March 2025, has provided short-term relief. However, experts note that inconsistent implementation and lack of awareness among banks have limited its impact. "Without a streamlined closure protocol, the directive's benefits remain underutilised," said Pingali.

What's needed now, experts say, is a bold shift: system-wide integration across Customs, DGFT, RBI, and commercial banksthat enables real-time or bulk closure of shipping bills, with minimal manual intervention. "India's strength in digital infrastructure and data analytics must be leveraged to harmonise reconciliation protocols," added Sinha. "Our fintech ecosystem is mature enough to handle this. It's time the backend of trade policy caught up," he emphasised.

To create a more MSME-friendly ecosystem, the paper proposes several solutions aimed at reducing procedural complexity and enhancing operational efficiency. One key recommendation is the implementation of real-time or bulk EDPMS closure mechanisms that aggregate and reconcile data from Customs, DGFT, banks, and the RBI with minimal manual intervention. This would significantly ease compliance for exporters.

Additionally, the use of AI-based fraud detection is suggested to manage risk more effectively while reducing procedural burdens on compliant businesses. The paper also advocates for allowing monthly or quarterly batch closures with flat fees, which could streamline costs and improve overall efficiency for MSMEs.

With the Union Budget 2025-26 expected to double down on export promotion initiatives like Bharat Trade Net, systemic EDPMS reform could become the linchpin for digital trade expansion.

Source: businessworld.in– May 21, 2025

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Bilateral benefits: India-UK FTA to spur 13% CAGR in textile exports — Unravelling potential opportunities

India and the United Kingdom have reached a landmark Free Trade Agreement (FTA) on May 6, 2025 after nearly three years of negotiation. With the agreement expected to come into effect in calendar year 2026 following legal formalities, the FTA promises to significantly boost trade volumes—particularly in the textiles and apparel sector—by eliminating tariffs on 99 per cent of Indian goods.

While India's textile exports to UK stood at $1.4 billion in CY2024, representing a 6.6 per cent share of textiles imported by the UK, a report by ICRA maintained that the export volumes to the UK is expected to double from their current levels in the next 5-6 years post implementation of the revised tariffs.

India is currently the 12th largest trading partner of the UK and stands at fifth position as far as apparel and home textiles imports are concerned. The US and the EU continue to be the major export markets for Indian apparel and home textiles exporters, accounting for nearly 61 per cent share in CY2024.

While the UK's share had remained stable at around 7-8 per cent over the past five years amidst flattish growth, the same is expected to reach 11-12 per cent by CY2027, reflecting a 11 per cent CAGR between CY2024 and CY2027.

During calendar year 2024, China was the biggest apparel and home textiles exporter to the UK with around 25 per cent share, followed by Bangladesh at 22 per cent, Turkey at 8 per cent share and Pakistan at 6.8 per cent. And now with the implementation of the FTA, with zero-duty access on apparels and home textiles exported, India would have a level playing field compared to the existing duty-free access nation status like Bangladesh, Vietnam, and Pakistan.

To bring things under perspective, currently, an 8-12 per cent duty is levied by the UK on apparels and home textiles imported from India. The removal of the existing import duties is anticipated to double India's textile exports to the UK over the next five to six years, driving capacity expansion, employment generation, and increased earnings for Indian exporters.

The elimination of import duties by the UK will significantly enhance the competitiveness of Indian apparel exporters. Manufacturing hubs like Tirupur, Surat, and Delhi-NCR are expected to see a boost in export activity. Additionally, the implementation of the FTA will support Indian home textile exporters in strengthening their footprint in the UK's retail and commercial segments, including sectors such as hospitality and healthcare.

KEY TEXTILE PRODUCTS IMPORTED BY THE UK	CHINA	BANGLADESH	INDIA*	PAKISTAN	VIETNAM
Carpets and other textile floor coverings	0%	0%	0%	0%	0%
Articles of apparel and clothing accessories, knitted or crocheted	12%	0%	9.6%	0%	0%
Articles of apparel and clothing accessories, not knitted or crocheted	12%	0%	9.6%	0%	3%-4.8%
Made-up bedding, curtains, table linen, etc.	12%	0%	12%	0%	0%
Other furnishing articles, excluding those of heading 9404	12%	0%	12%	0%	0%

Comparison of import duty rates of India vs other key exporting nations to the UK. (Source: http://www.gov.uk, ICRA Research)

The FTA will make India an attractive destination for UK retail giants to source for cost-effective production and diverse product offerings. This shift will benefit Indian suppliers boosting their revenues and enhancing their reputation in the global apparel industry.

This will also provide an opportunity for Indian apparel and home textiles exporters to expand their product offerings, including more value-added apparels, or technical textiles. Understanding the UK market and the consumer trends will also be an imperative, ICRA said while adding, "Lower tariffs on the UK-origin technical textiles and high-end fabrics will introduce advanced materials to India, thus enhancing India's domestic capabilities."

Per data collated by ICRA, in CY2024 and 2M CY2025, India's apparel and home textiles exports to the UK witnessed around 6 per cent and 7 per cent YoY growth, respectively. "The conclusion of the UK-India FTA is expected to encourage capital investments in the apparel and home textile sector, apart from generating employment opportunities and better earnings for the exporters with changing product mix," it said.

ICRA has pegged a growth of around 13 per cent CAGR for India's textile exports to the UK over the next five years post this development. To meet the additional demand, the industry is also expected to invest in incremental capacities in the garmenting segment. On the other part of the value chain (namely spinning, fabric processing, etc.), the spend is likely to be relatively lower given the inherent over-capacity situation in the country.

Key events that led to UK-India FTA

Here is a timeline of events that took place before conclusion of UK-India FTA:

May 2021: Launch of Enhanced Trade Partnership between India and the UK.

Jan 2022: Start of Free Trade Agreement negotiations between India and the UK.

Jan 2022 to March 2024: A total of 14 rounds of negotiations were held between officials of the two countries. Discussions were put on hold from March 2024, due to the General Elections.

Feb 2025: Resumption of negotiations between India and the UK.

May 6, 2025: Announcement of conclusion of around three years of negotiations for FTA between the UK and India. The FTA is subject to legal and legislative vetting.

Growth outlook

To conclude, the growth outlook for Indian apparel and home textiles exporters is looking highly promising following the UK-India FTA, which is set to create a level playing field with key competitors like Bangladesh and Pakistan.

With the elimination of import duties and simplified customs procedures, Indian exporters are expected to benefit from enhanced operational efficiencies and improved ease of doing business. Export volumes to the UK, ICRA said, are projected to double over the next five to six years.

This surge in opportunities is expected to support margin expansion through higher economies of scale and more profitable orders. In order to meet the anticipated increase in demand, the industry is expected to ramp up investments in garmenting capacity, even as spending in other parts of the value chain may remain subdued due to existing overcapacity, ICRA said.

Source: financialexpress.com– May 19, 2025

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Textile mills in Tamil Nadu hope for sustained improvement in demand

Following almost two years of slump in demand and rising production costs, textile mills in Tamil Nadu are looking at gradual market improvement and better performance this financial year.

Prabhu Dhamodharan, convenor of Indian Texpreneurs Federation, said the spinning industry went through a highly challenging phase during financial year 2023–24 due to weak demand for yarn and high inventory levels across the value chain.

There was a steady improvement in yarn demand for the last nine months, driven by inventory exhaustion across the value chain and a 10% reduction in installed spindles across India, which helped restore supply-demand balance to some extent.

The textile mills were able to sell their monthly production and there were no stocks. While the larger mills were currently operating 95% capacity, others were using 70% to 80%, he said.

“However, margins remain under pressure due to the price gap between domestic and international cotton and rising conversion costs. We remain hopeful that sustained demand will gradually lead to margin improvement from this fiscal,” he said.

Also, textile mills that had financial resources were investing in modernisation and automation to improve efficiency in the medium term. A sustained growth in demand would enable the mills to invest in modernisation, he said.

According to S.K. Sundararaman, chairman of the Southern India Mills’ Association, of the 24 million spindles in Tamil Nadu nearly 19 million were in operation. Of these, one third that had 100% renewable energy sources for captive use were doing well.

Another six million spindles should improve the production efficiency and competitiveness to survive in the long term. They should look at going in for synthetic yarn or value added yarns, he suggested.

The opportunities were high for the textile industry as there were free trade agreements. The mills should focus on multiple factors such as value added yarns, modernisation, and fibres to get sustain, added industry sources.

Source: thehindu.com– May 20, 2025

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'EKTA' exhibition-cum-knowledge sharing event begins in Shimla, promoting India's textile heritage

The Ministry of Textiles, Government of India, in collaboration with the government of Himachal Pradesh, inaugurated eight-day-long, EKTA-Exhibition-cum-Knowledge sharing for Textile Advantage here on Monday at the Gaiety Theatre, Shimla.

Themed "From Loom to Lifestyle: A Future Woven with Tradition", the event aims to celebrate India's diverse textile traditions while empowering artisans through innovation, technology, and market access.

The exhibition that runs until May 26 highlights Himachal Pradesh's emerging strengths in wool, jute, and silk, and promotes sustainable livelihoods by integrating artisans into national and global textile value chains.

Chief Secretary of Himachal Pradesh, Prabodh Saxena, formally inaugurated the event in the presence of Moloy Chandan Chakravarty, Jute Commissioner, Shubhra, Trade Advisor, Ministry of Textiles, Mohd. R D Nazim, Additional Chief Secretary, Himachal Pradesh, Rohit Kansal,Additional Secretary, Ministry of Textiles, and Shashi Bhushan Singh, IRTS, Secretary, National Jute Board.

In his address, Saxena emphasized EKTA as a multi-ministerial initiative offering both cultural enrichment for tourists and vital exposure for artisans to a broader audience. Trade Advisor Shubhra highlighted the presence of nearly 75 stalls representing states including Madhya Pradesh, Uttar Pradesh, Himachal Pradesh, and Jammu and Kashmir, with a special focus on handmade products and employment generation.

A key feature of EKTA is the three-day knowledge-sharing series from May 19 to 21, curated to support Self-Help Groups, young artisans, and craft entrepreneurs. These sessions cover crucial topics such as PM MITRA and SAMARTH schemes, market linkages, branding strategies, and digital promotion of crafts, aiming to enhance artisans' capabilities and global outreach.

Additional Secretary Rohit Kansal underscored the importance of these sessions in equipping artisans with modern technologies, design innovations, and marketing tools.

He stressed that inter-state collaboration and cultural synergy would ensure the preservation and commercial viability of India's textile heritage.

The EKTA exhibition features an impressive showcase of wool, silk, jute, tribal textiles, natural fibres, handlooms, and handicrafts. Artisans are engaging directly with buyers, customers, and industry experts, fostering direct market access and knowledge exchange.

The initiative marks a significant step toward a self-reliant India, preserving heritage while building sustainable, future-ready textile ecosystems that empower artisans and strengthen India's global presence in the textile industry.

Source: thestatesman.com– May 19, 2025

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Explained: How Bangladesh is hurting itself by curbing Indian exports

India's decision to restrict imports from Bangladesh through land ports has drawn sharp attention, but according to a trade expert, it's not a provocation. It's a measured response to Dhaka's growing list of curbs on Indian goods.

In an interview with Business Today, Ajay Srivastava, founder of the Global Trade Research Initiative (GTRI), said Bangladesh's restrictive trade policies are not only straining bilateral ties, but also undermining its own economic interests.

'INFLICTING DAMAGE ON THEMSELVES'

Highlighting Bangladesh's import restrictions on Indian staples like yarn and rice, alongside increased inspection scrutiny at its borders, Srivastava said, "Bangladesh is inflicting damage on themselves. They cannot do anything to India."

India's decision affects over $770 million worth of imports, roughly about 42% of all goods shipped from Bangladesh. Ready-made garments alone made up $660 million last year. Those will now only be allowed through Kolkata and Nhava Sheva ports, effectively shutting land routes via the Northeast.

"These are big brands—H&M, Zara. They make in Bangladesh and export worldwide. Now, they can't use Indian land ports. Everything must come by sea," Srivastava said.

However, Srivastava said Bangladesh's increasingly hostile trade posture is rooted in political rather than economic motives.

"Bangladesh was diversifying beyond garments into sectors like leather. But since the last power shake-up, religious elements have taken over. They've taken a hardline stance against India," he said. "Without any provocation, they started blocking Indian goods—rice, yarn, even FMCG."

India, instead of retaliating with bans, opted for a soft signal: nothing is blocked, but key categories must now use more expensive and slower sea routes. “That’s the teaser,” Srivastava said. "We haven’t blocked their goods. We’ve just changed the entry point.”

Srivastava noted that Bangladesh’s recent graduation from Least Developed Country (LDC) status means it can no longer expect tariff-free access by default. “India had given them zero-duty access under LDC norms. That needs to be reviewed now, just like Europe and the US are doing.”

“They are under serious pressure. The LDC graduation means they lose access, and their own policies are making things worse. They’re damaging themselves,” he added.

On speculation that Chinese goods are being routed into India via Bangladesh, Srivastava downplayed the risk.

“There’s no large-scale trans-shipment. Legally, it’s not allowed. Maybe at a small scale. But mainly, they import fabric from China, make garments, and export,” he said.

Indian officials said the trade curbs are designed to ensure fairness. While India allowed Bangladesh full access through land and seaports, Dhaka has blocked Indian exports selectively, especially those headed to the Northeast.

The new Indian rules block entry of Bangladeshi plastics, processed foods, furniture, drinks and cotton yarn through land ports in Assam, Tripura, Meghalaya, Mizoram and parts of Bengal. These come weeks after India scrapped a five-year arrangement that let Bangladesh transport goods to third countries via Indian airports and ports.

“This is a reciprocal move,” a government official told PTI, pointing to Dhaka’s tightening of inspections on Indian goods and selective import bans.

Source: indiatoday.in– May 20, 2025

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Centre backs development of cotton plucking machine in Maharashtra

Nagpur: Union agriculture minister Shivraj Singh Chouhan appreciated Maharashtra for working on developing a cotton plucking machine. Chouhan said the govt will offer full support as he also directed his ministry's mechanisation division to work on a similar project. Chouhan said he saw a similar machine during his visit to Brazil, and it can carry out work equivalent to 12 farmhands.

The topic came up as state's minister for agriculture Manikrao Kokate said the availability of farm workers is a major problem affecting the sector and mechanisation can be a solution to it. Cotton plucking is a labour-intensive job.

Chouhan also stressed the need to understand soil health to ascertain the right cropping pattern. The minister asked the farmers to give natural farming a chance too. It's not necessary to entirely convert to natural farming.

One can start with a small portion of the entire holding. If done properly, natural farming does not bring down the input. However, some farmers do not follow the proper method and miss out on certain inputs.

He also called for diversification of crops to maintain soil health. Chouhan was speaking at a function to launch "One Nation-One Agriculture-One Team", a programme aimed at bringing coordination among all the stakeholders in the sector.

Source: indiatimes.com– May 21, 2025

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