IBTEX No. 85 of 2025 July 02, 2025

Currency Watch			
USD	EUR	GBP	JPY
85.70	101.02	117.70	0.60

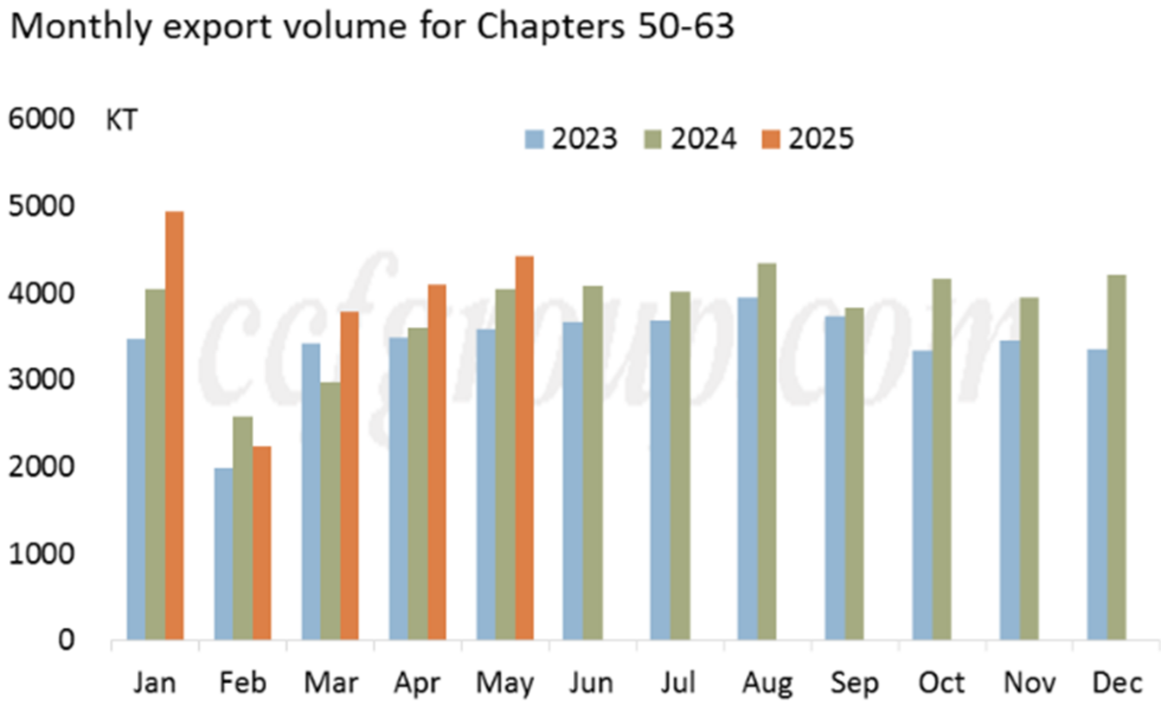
INTERNATIONAL NEWS	
No	Topics
1	China: Why textiles &apparel exports grow much but fabric market so lackluster?
2	China's cotton yarn imports plunge
3	Global Contract Logistics Growth Slows as Asia Leads and US Trade Policies Weigh
4	Tariff Uncertainty Could See Cargo Theft Rates Rise Over Fourth of July Weekend
5	US reshoring for world's largest emblem and patch manufacturer
6	Turkiye's apparel exports dip 6.54% to $6.7 bn in Jan-May 2025
7	Egypt bags $70 million investment from Chinese textile firms

NATIONAL NEWS	
No	**Topics**
1	India-UK FTA, deals negotiated with EU, US to push textiles growth
2	Talks on India-U.S. trade pact enter 6th day; India pushes for duty cuts for labour-intensive sectors
3	India's manufacturing PMI hits 14-month high on strong Q1 growth
4	Employment Linked Incentive scheme to create 3.5 crore jobs in 2 years
5	Trump says trade deal with India 'soon' as July 9 deadline approaches
6	Scaling up garment production: Incentives alone won't fix structural gaps
7	India's push for zero tariff on labour-intensive exports is combination of economic strategy & domestic politics: GTRI
8	Govt plans SEZ law revamp to boost exports, ease domestic tariff area sales
9	GST collections slow down in June with 6% growth
10	Optimism in south India cotton yarn market, but prices remain steady

INTERNATIONAL NEWS

China: Why textiles &apparel exports grow much but fabric market so lackluster?

According to customs statistics, from January to May in 2025, the export value of China's textiles and apparel nationwide was 116.67 billion US dollars, a year-on-year increase of 1.0%. Among them, textile exports were 58.48 billion US dollars, a year-on-year increase of 2.5%; apparel exports were 58.2 billion US dollars, down 0.5% on the year. Although the amount of growth was not large, this year's exports still continued the situation of "price reduction and quantity increase". From January to May, the export volume of fiber-textiles and apparel increased by 13% year-on-year.

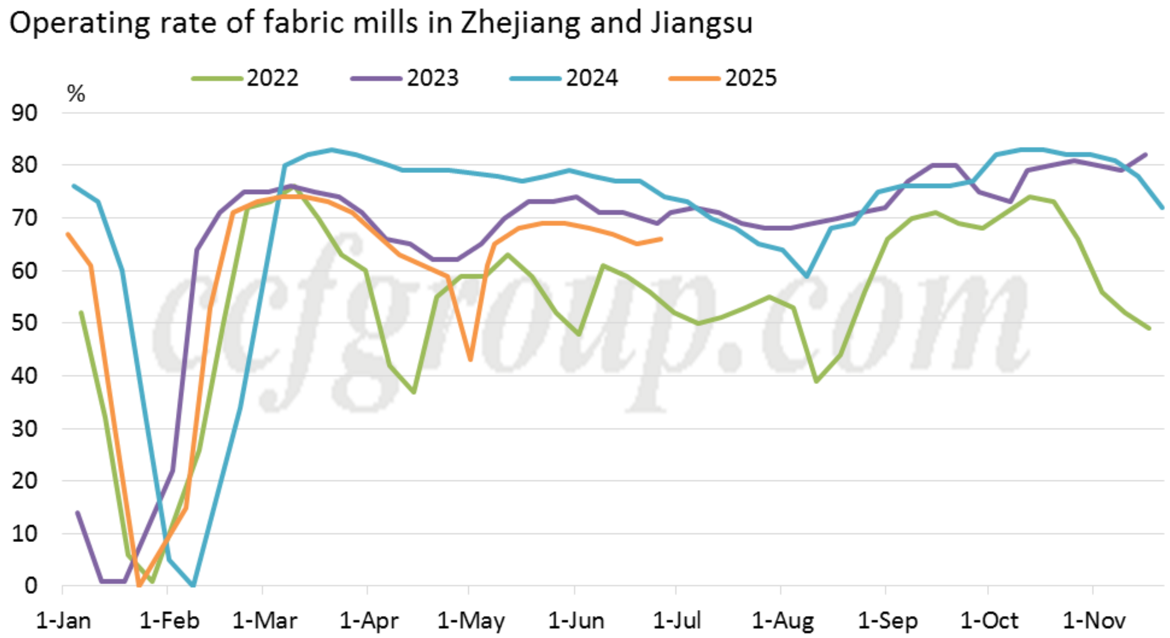


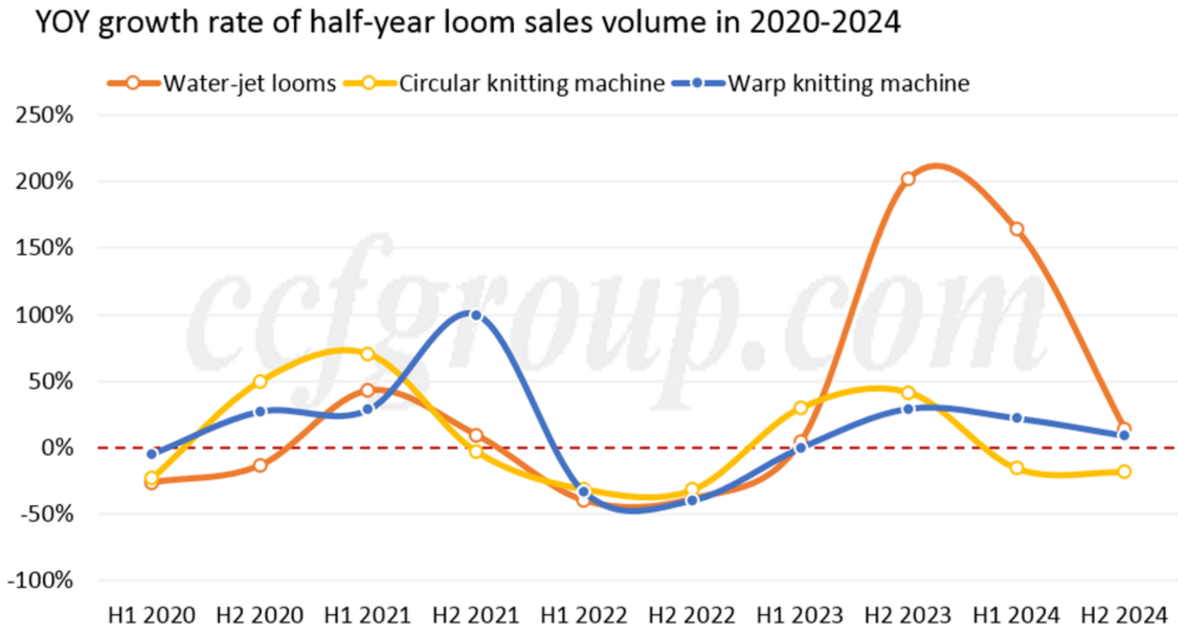
In addition, according to the statistics of the National Bureau of Statistics, the retail sales of domestic textiles and apparel from January to May this year increased by 3.3% year-on-year, continuing to show a moderate recovery trend.

However, from the perspective of the downstream fabric manufacturing industry, the operating pressure is relatively high this year, and the downstream orders and operating rate were significantly lower than the same period of last year. So why does the fabric manufacturing industry feel so bad this year? It is believed there may be the following three reasons.

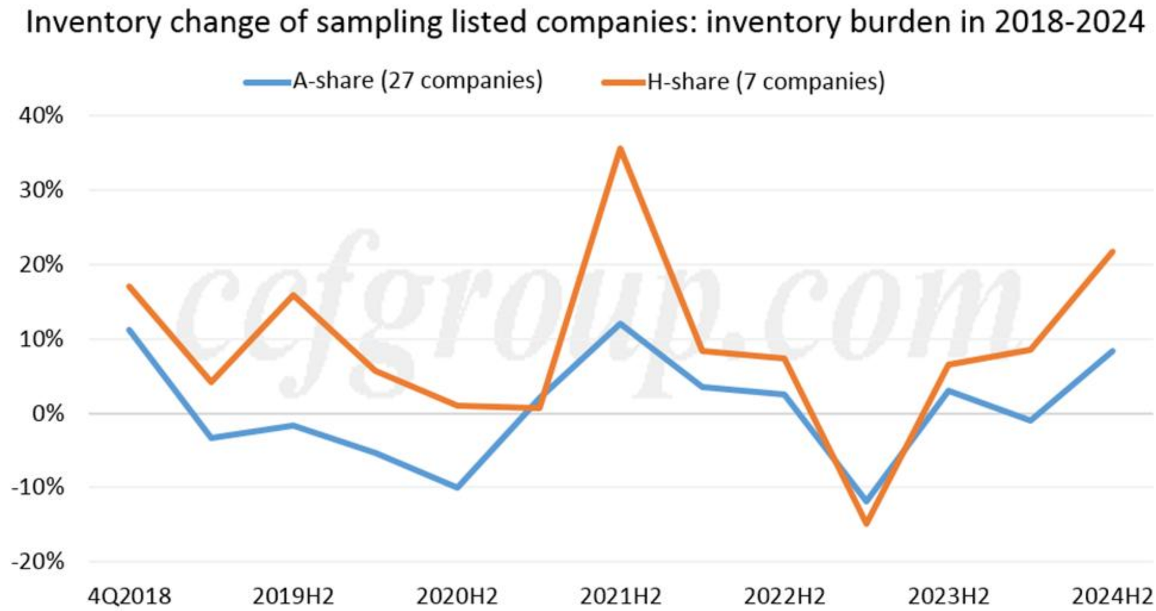
First, in recent years, the fabric manufacturing industry has seen significant capacity expansion. Continuous production expansions occurred in 2017-2018, 2021, and 2023-2024.

In particular, the capacity expansion of water-jet weaving in peripheral areas was particularly obvious, which has diluted the order quantity and order profits of individual enterprises, exacerbating industry involution.





Second, downstream customers of fabric manufacturing, such as fabric merchants or clothing enterprises, were controlling inventory, thereby reducing orders to fabric mills. The reason was that the high operating rate of the entire industry last year accumulated a large amount of inventory, and the inventory of each downstream link significantly increased at the end of last year, forcing the downstream players to control the rising speed of high inventory or even reduce inventory this year.



Source: ccfgroup.com– July 01, 2025

HOME

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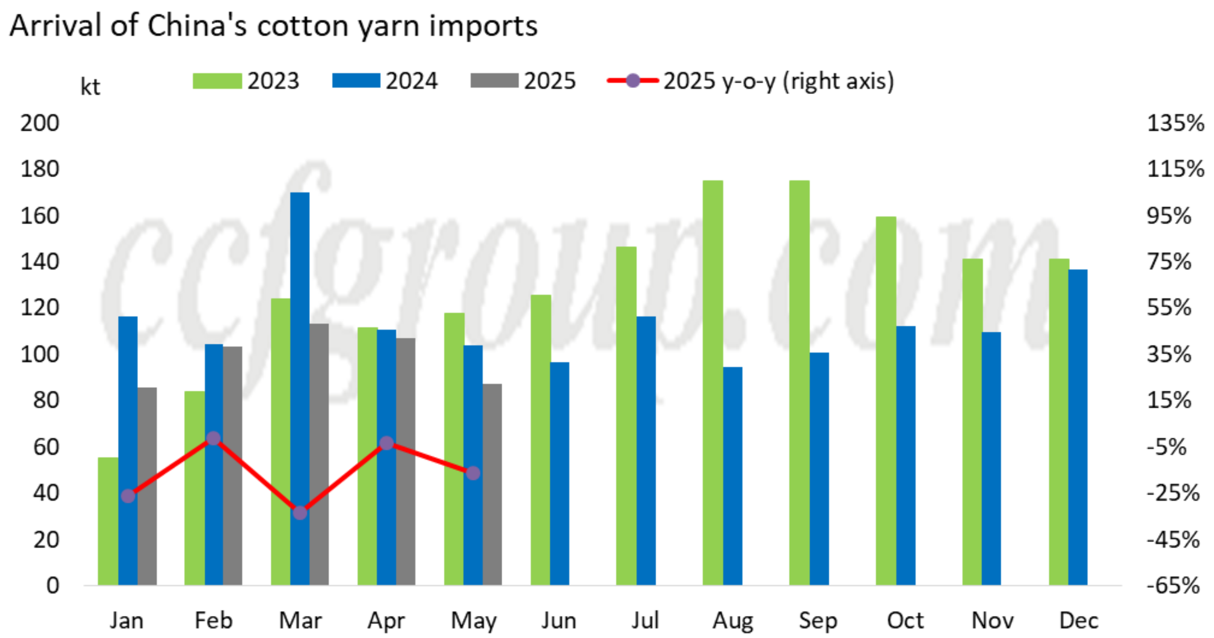
China’s cotton yarn imports plunge

I. China's cotton yarn imports totaled 87.1kt in May

In May 2025, China's cotton yarn imports declined to around 87.1kt, a decrease of around 20kt compared with Apr, and a year-on-year decline of 16.11% compared to May 2024. From Jan-May 2025, China's total import of cotton yarn reached 496kt.

The escalation of Sino-U.S. tariff disputes in April temporarily halted China's imports of traceable overseas yarn, with the impact beginning to reflect in May's imports.



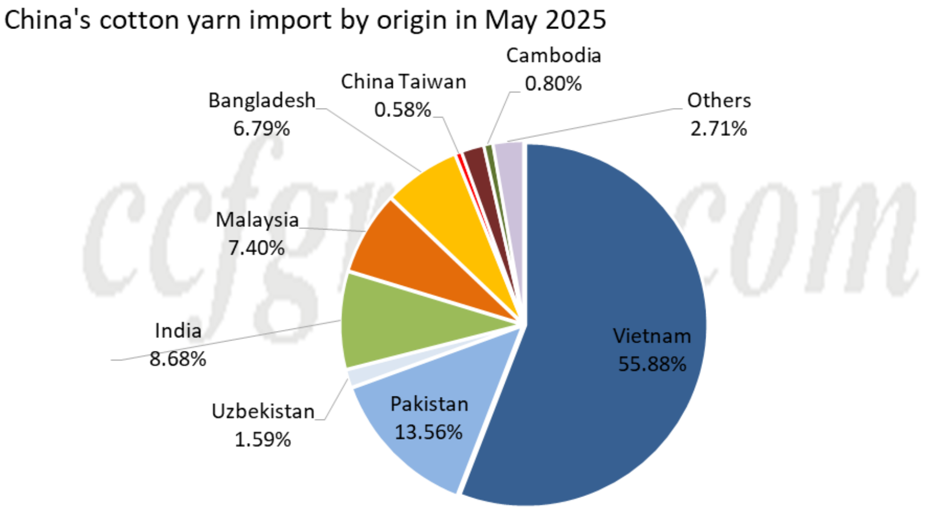
II China's cotton yarn imports by origin in May 2025

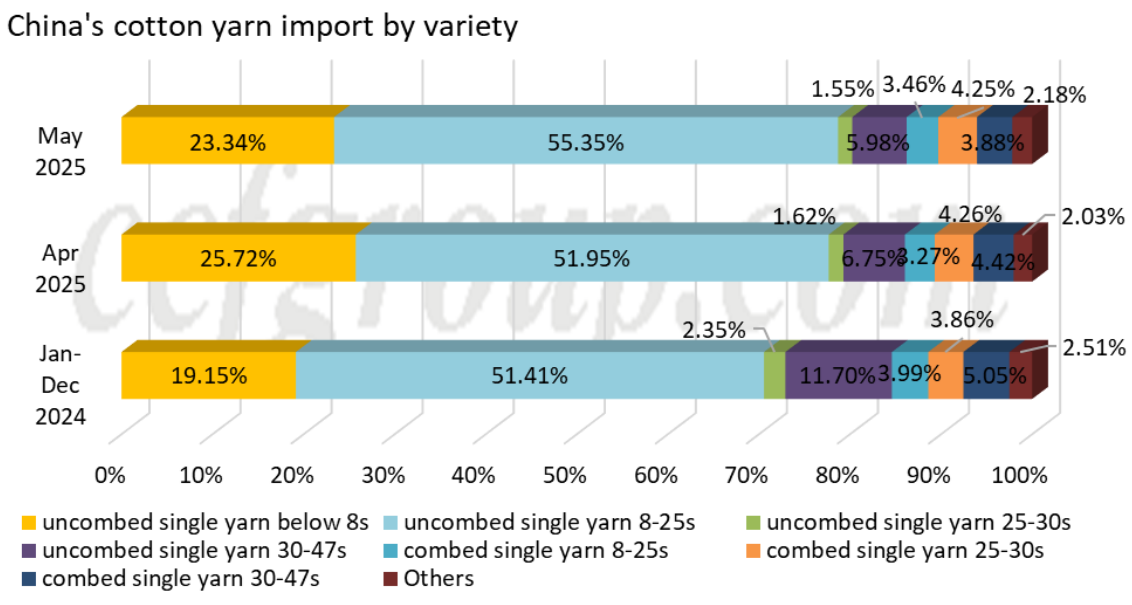
In May 2025, Vietnamese yarn accounted for 55.88% of China's cotton yarn imports, totaling 48.7kt. Pakistani cotton yarn imports reached 11.8kt, and Indian cotton yarn imports declined to 7.6kt.

Imports from Bangladesh and Malaysia remained relatively stable, and the volume back flowing to Chinese market by Chinese-funded mills still accounts for a significant proportion. Notably, imports from Taiwan, China have sharply decreased in recent months, as demand for mid-to-high-end open-end yarn shifted toward more cost-competitive Vietnamese and Malaysian supplies.

Country or region	Import volume(kg)
Vietnam	48683837
Pakistan	11816708
Uzbekistan	1385668
India	7558727
Malaysia	6451603
Bangladesh	5912500
China Taiwan	508631
Indonesia	1751280

III China's cotton yarn imports by structure in May 2025





In May, the share of carded single yarn below 8s was around 23.34% of imports (around 20.3kt), while carded single cotton yarn 8-25s accounted for about 55.35% (around 48.2kt). The import share of carded single yarn 30-47s was around 5.98% (around 5.2kt); while imports of combed yarn 8-47s reached approximately 10kt.

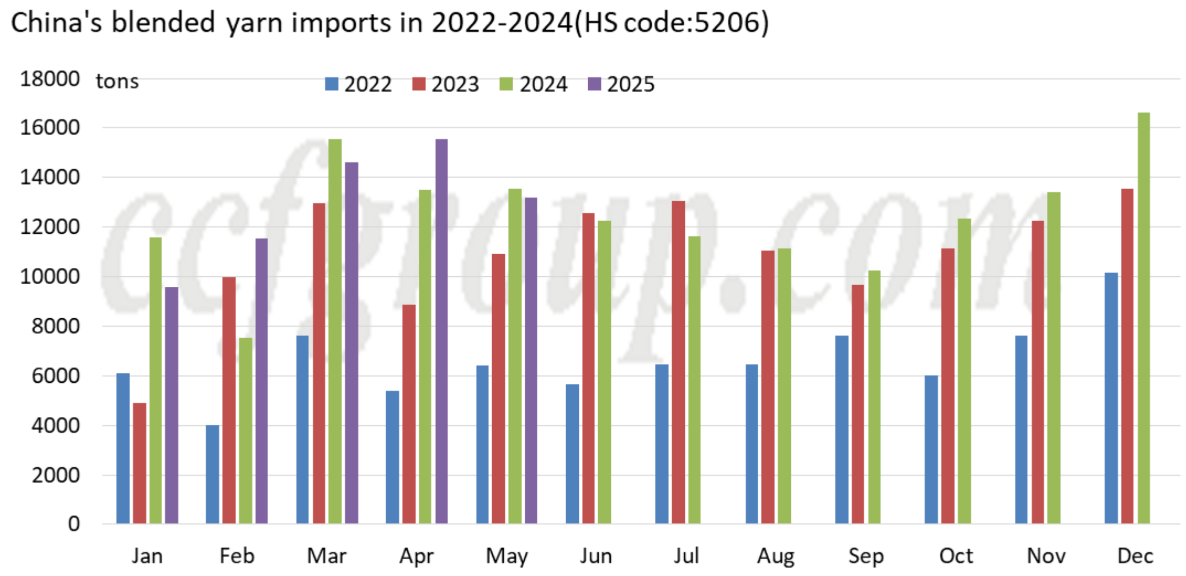
Region	Amount of carded yarn below 8s (kg)	Region	Amount of carded yarn 8-25s (kg)
Vietnam	12177297	Vietnam	25952350
Pakistan	6048569	Pakistan	5702406
Malaysia	647507	Bangladesh	5492000
Bangladesh	420500	India	4410762
Myanmar	285000	Malaysia	3826666
Indonesia	257946	Indonesia	762085
India	229912	Cambodia	525518
Cambodia	170875	Taiwan, China	432954
Taiwan, China	75360	Uzbekistan	307858
China	15452	Tajikistan	296910
Thailand	4246	Turkmenistan	287080
Japan	4172	Afghanistan	121127

IV. China's blended cotton yarn imports in May 2025

China's imports of blended cotton yarn reached 13.2kt in May 2025, representing a month-on-month decrease of about 2.3kt compared to Apr. From January to May 2025, cumulative imports of blended cotton yarns reached 64.5kt.

Among the imported blended cotton yarn, about 10.8kt originated from Vietnam, over 400 tons from China Taiwan, while imports from Indonesia, Malaysia, Cambodia, and Bangladesh ranged between 100-300 tons respectively.

Currently, sales pressure for Vietnamese CVC yarns has significantly eased, and with certain import margins supporting profitability, Chinese buyers have largely resumed normal procurement.



Source: ccfgroup.com– July 01, 2025

HOME

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Global Contract Logistics Growth Slows as Asia Leads and US Trade Policies Weigh

Growth in the global contract logistics market is expected to decelerate in 2025, with the industry set to expand 3.3 percent to 305.4 million euros ($359.3 million), down from 3.6 percent last year.

This year, the Asia Pacific region is expected to carry the growth load at 5.9 percent to 116.2 billion euros ($136.7 billion), according to a June report from Transport Intelligence. This would further widen the gap the region has over its North American and European counterparts, which are expected to grow 2.1 percent and 1.3 percent, respectively.

Europe, which hosts the headquarters of various third-party logistics providers (3PLs) that offer contract logistics including DHL, CMA CGM's Ceva Logistics, Kuehne + Nagel, Geodis and DSV, would still have the second largest market at 90.4 billion euros ($106.3 billion). North America, where companies like GXO, UPS and Ryder are headquartered, comes in third at 79 billion euros ($92.9 billion).

Transport Intelligence attributes its slower growth estimates largely to the shifts in trade policy implemented by the U.S., which have at times disrupted supply chains and reduced demand for outsourced logistics services.

"A downgrade in global GDP growth, particularly in trade-dependent sectors such as manufacturing and retail, directly constrains volumes handled by contract logistics providers," the report said.

Distribution remains the dominant segment among service demands, representing nearly 59 percent of the market in 2024. The segment is expected to grow 3.5 percent in 2025, ahead of warehousing (3.2 percent) and value-added services (2.5 percent).

India is the biggest opportunity area for contract logistics over the next few years, according to Transport Intelligence. The market is forecast to record a 12.8 percent compound annual growth rate (CAGR) through 2029, which would expand the sector's value in the country to as much as 25.4 billion euros ($29.9 billion).

According to the report, DHL Supply Chain, the contract logistics wing of DHL Group, is by far the highest revenue driver in the sector. The unit generated 17.7 billion euros ($20.8 billion) in 2024, nearly doubling that of top competitor GXO, which reeled in 10.8 billion euros ($12.8 billion).

Rounding out the top five firms in the industry including Ceva Logistics, UPS and Maersk. Ceva generated 6.8 billion euros ($8 billion), UPS brought in 5.95 billion euros ($7 billion) and Maersk's contract arm took in 5.7 billion euros ($6.8 billion).

With DSV's $16 billion acquisition of DB Schenker in place, the freight forwarder is expected to leapfrog UPS and Maersk into fourth place in total revenue.

New DHL Supply Chain NA, GXO CEOs could set table for market growth

The "big two" of contract logistics providers have had recent shakeups up top that will be sure to impact the North American landscape.

In August, DHL Supply Chain North America CEO Patrick Kelleher will take the reins as CEO of GXO, succeeding retiring chief executive Malcolm Wilson in the role.

Kelleher had led strategic initiatives at DHL spanning transportation and supply chain planning, while overseeing the segment's deployment of advanced robotics throughout the warehouse, including the Boston Dynamics Stretch robot and the Locus Robotics LocusBots.

With Kelleher now at GXO, DHL Group elevated Mark Kunar to the role of DHL Supply Chain North America CEO.

Kunar had served as the unit's chief financial officer and chief strategy officer before his immediate promotion into the role, where he will report to Oscar de Bok, CEO of the global unit of DHL Supply Chain.

As CEO, Kunar will be responsible for managing the business of 52,000 employees across the U.S. and Canada.

According to DHL, Kunar's immediate focus will be to manage the integration of the newly acquired businesses into the DHL Supply Chain portfolio. Kunar had already been responsible for the development and implementation of the North America strategy to facilitate growth of products and sectors in the region.

The company says Kunar played a “pivotal” role in the company’s recent acquisitions in the North American market, with DHL Supply Chain acquiring returns solutions provider Inmar Supply Chain Solutions and e-commerce fulfillment provider IDS Fulfillment earlier this year.

“Customer supply chain needs are creating a transformative environment, necessitating innovation and adaptability to thrive in the current landscape,” Kunar said in a statement. “This role comes at a pivotal time, and we will use our expertise and product solutions to adapt and grow, ensuring that we remain a key partner to our customers.”

Source: sourcingjournal.com– July 01, 2025

HOME

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Tariff Uncertainty Could See Cargo Theft Rates Rise Over Fourth of July Weekend

While many U.S. residents are poised to celebrate Independence Day this week, cargo thieves will quietly celebrate unattended cargo.

Danny Ramon, director of intelligence at supply chain risk management provider Overhaul, said that holiday weekends typically see cargo theft rates spiking by 50 to 100 percent.

“We always see spikes in theft activity around longer weekends, and that’s because of the old rule that cargo at rest is cargo at risk—if it’s at rest for longer, it’s going to be at risk for longer, and therefore there’s a higher likelihood it will be stolen,” he explained.

While he noted that the actual rate of theft fluctuates based on conditions, he said this Fourth of July is “well positioned” for those perpetuating cargo theft.

That’s due to several factors, he noted—one being that, because the Fourth of July is on a Friday, many warehouses and facilities will be left unattended for three full days. But another reason is related to the economy and the way retailers are reacting to it.

“Tariff uncertainty is causing a lot of retailers to stock up their warehouses in advance of the holiday season,” he said. “[This] is putting warehouse space at a premium, which not only makes them a much more ripe target, because they’re going to be much fuller, with much more product than they normally would [have], but it also means that cargo…is moving much further in advance of the holiday season than it would have been normally. There is a lot more cargo on the roads right now than there normally would be in the U.S.”

Retailers aren’t the only ones stocking up; Salesforce data shows that nearly one-third of U.S. consumers say they have begun frontloading goods because of potential tariff impacts. Ramon said that could see cargo thieves receiving higher-than-usual returns for the cargo they steal as consumers begin shopping online for the holidays and back-to-school season.

Overhaul expects to see the highest rates of theft on cargo left unattended outside of a delivery facility—that is to say, for instance, in the back of a truck that arrives at a warehouse early and is parked there without a driver for several days. He anticipates that could be the case as early as July 3.

"A lot of folks are going to take advantage of the fact that shippers are going to be closing down for the long weekend, and the folks who work there are going to want to get out of work as soon as possible to start that long holiday weekend," he said. "Sometimes security gets a little bit lax on those last days, and we do see a lot of strategic theft being performed on the last business day before a long holiday weekend."

Ramon said retailers and drivers should also be on high alert for theft on goods that are actively in transit.

While Overhaul frequently sees targeted theft on costly items like consumer electronics and high-end apparel and footwear, Ramon said most thieves will steal cargo regardless of what's packed in the trailer. That's, in large part, because the further rise of e-commerce platforms has made it easier for thieves to sell without an intermediary, which means there are fewer people taking cuts from the sale of products.

"There's almost nothing that they won't steal because there's almost nothing that they can't sell," he said. In January, Overhaul projected a year-on-year cargo theft rate increase of 22 percent by the end of 2025. Ramon said the company will soon have sharper data on what occurred in the first half of the year, but noted that his team has seen steady increases in at-large cargo theft so far this year, as compared with 2024.

For shippers and retailers hoping to safeguard their cargo for the upcoming long weekend, Ramon had a few simple recommendations.

"You want to make sure everyone in your supply chain network knows of your limited business hours, or whatever your special holiday hours are going to be," he said. "Make sure that nobody has—or believes that they have—scheduled appointment times for times when your facility is going to be closed, and make sure that folks do not park outside of the facility waiting for it to open over the course of the holiday weekend."

Source: sourcingjournal.com– July 01, 2025

HOME

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US reshoring for world's largest emblem and patch manufacturer

In one of the first signs that Donald Trump's new tariffs are bearing any kind of fruit, World Emblem—the world's largest emblem and patch manufacturer—has just announced plans to reshore jobs to the company's new factory opening in Houston in October.

The South Florida-based company produces and ships 250 million products a year for sports headwear, footwear, sports garments, uniforms and other apparel.

Reshoring here makes perfect strategic sense, since World Emblem's products are usually applied at the very final stage of garment production.

Houston expansion

World Emblem has signed a long-term lease for a new 72,000-square-foot manufacturing facility in Houston and is moving its regional operations from approximately 35,000 square feet in northwest Houston into the larger space, which will initially produce up to 500,000 emblems and patches per week.

"We are committed to continue growing our US manufacturing base, which will not only help us reduce tariff costs and improve supply chain efficiency, but also enhance our ability to provide same-day production and delivery to clients," said Randy Carr, CEO of World Emblem.

"As a family-owned business, founded and headquartered in Florida, with locations throughout the country, we are proud to bring more jobs home in support of the country's reshoring goals while continuing to improve service for our customers."

Rising demand

Approximately 140 employees will work at the plant to start with, with plans to reshore 50 jobs and add up to 100 additional staff in total as US production continues to grow to meet rising demand for the company's products.

"Our new state-of-the-art facility will allow us to expand further and continue hiring more employees from the surrounding area," Carr added. "We are proud of our dedicated team in Houston and strong connection to the city, and look forward to remaining an active part of the community for many years to come."

World Emblem has additional US factories in Norcross, Georgia, and Upland, California, with more than 300 employees in total located throughout the country. The company utilises its cutting-edge technology, expertise and proximity to clients in the United States to enable faster production and delivery times than overseas manufacturers.

World Emblem utilises the latest equipment and technology to manufacture and deliver large-scale projects to clients including Aramark, Cintas, Levi's and New Era.

Source: fibre2fashion.com– July 02, 2025

HOME

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Turkiye's apparel exports dip 6.54% to $6.7 bn in Jan-May 2025

Turkiye's apparel exports declined by 6.54 per cent year-on-year (YoY) during January–May 2025, totalling $6.779 billion compared to $7.254 billion in the same period of 2024, according to data from the Turkish Statistical Institute and the Ministry of Trade. Exports also recorded a drop in May 2025. Exports of knitted and crocheted clothing and accessories (HS Chapter 61) decreased by 4.2 per cent to $3,847.927 million, down from $4,016.080 million in January–May 2024. Non-knitted apparel and accessories (HS Chapter 62) experienced a 9.5 per cent decline, falling to $2,932.519 million from $3,238.774 million during the same period last year, as per the trade report on the top twenty chapters.

In May 2025, Turkiye's garment exports eased by 7.78 per cent to $1,480.897 million. Exports of knitted and crocheted clothing and accessories decreased by 6.1 per cent to $859.100 million, compared to $915.263 million in May 2024. However, non-knitted apparel and accessories saw a 9.9 per cent decline, falling from $690.246 million in May 2024 to $621.797 million in May 2025.

Among the top twenty chapters in Turkiye's imports, cotton, cotton yarn, and cotton textiles (HS Chapter 52) featured in the May 2025 report. The country's imports under this chapter rose by 2 per cent to $1,133.857 million in the first five months of the current year, up from $1,111.431 million in the same period last year. During May 2025, imports edged up to $303.320 million, compared to $301.107 million in May 2024.

In 2024, Turkiye's apparel exports fell by 4.47 per cent to $17.494 billion, compared to $18.314 billion in 2023. Shipments of knitted and crocheted clothing and accessories (HS Chapter 61) declined by 1.6 per cent to $10,109.110 million, down from $10,277.566 million in 2023.

Non-knitted apparel and accessories (HS Chapter 62) experienced an 8.1 per cent decline, falling to $7,385.592 million from $8,037.378 million in 2023. In 2023, Turkiye's apparel exports had declined by 5.86 per cent to $18.321 billion, compared to $19.463 billion in 2022, following $18.294 billion in 2021.

Source: fibre2fashion.com– July 02, 2025

HOME

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Egypt bags $70 million investment from Chinese textile firms

Egypt has attracted nearly $70 million in new investments from Chinese companies in the garment and textile sectors—key areas targeted in IMF-recommended reforms aimed at boosting the economy and reducing fiscal deficits.

Following discussions with Chinese business leaders in Shanghai, Egypt's minister of investment and foreign trade, Hassan El-Khatib, announced that two companies have committed to establishing new factories within Egypt's free zones. Zhejiang Holding informed the minister of its plans to invest $20 million in garment and textile ventures in Egypt, with a goal of increasing its total investment to $50 million over the next five years, according to Egyptian media reports.

Jiangsu Haite Fashion Company, a Chinese firm, has unveiled plans to invest around $20 million to establish a new garment manufacturing facility in Egypt. The factory will be strategically positioned to serve European and US markets, taking advantage of Egypt's network of free trade agreements.

This development follows a visit by a major Chinese textile industry delegation to Egypt, organised by the ministry of investment and foreign trade. The visit was part of Cairo's broader initiative to attract foreign investment into the country's textile and apparel sector.

Source: fibre2fashion.com– July 01, 2025

HOME

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NATIONAL NEWS

India-UK FTA, deals negotiated with EU, US to push textiles growth

The India-UK Free Trade Agreement, and the ongoing free trade negotiations with the EU and the US will open new avenues for growth for the textiles sector, Minister of State for Textiles Pabitra Margherita has said.

"These are high-value, quality-conscious markets, and we are committed to equipping Indian exporters with the right strategy, standards and compliance to seize these opportunities," the Minister said at the inauguration of the 73rd Edition of India International Garment Fair (IIGF) on Tuesday.

More than 360 exhibitors from across the country and buyers from 80 countries are participating in IIGF, per a statement issued by the Apparel Exports Promotion Council (AEPC). Foreign participants are from all parts of the globe spanning North America, Latin America, Europe, Asia, Oceania, Africa and Eurasia.

"In 2023-24 alone, India exported textile products worth $34.4 billion, with apparel accounting for 42 per cent of that. We now aim to cross $100 billion in textile exports by 2030, and every MSME, every entrepreneur, every exporter has a role in achieving this," Margherita said.

The textile and apparel industry contributes 2.3 per cent to India's GDP, 13 per cent to industrial production and 12 per cent to exports.
Exports to grow

Despite geo-political disturbances, global logistical challenge and the US tariff uncertainty, garments exports from India had posted a growth of over 12 per cent (year on year) in the first two months of the fiscal at a cumulative $2.88 billion and may touch new highs in the current fiscal, according to Sudhir Sekhri, Chairman, AEPC.

The 73rd edition of IIGF focuses on showcasing latest apparel trends tailored to meet the requirements of the European Union, the US, and other western markets, Sekhri said. "A large number of them are based on sustainable manufacturing practices. This year's event will highlight

India's prowess in design, pattern and technological advancements, reflecting our unwavering commitment to innovation and responsible production," he added.

Source: thehindubusinessline.com – July 01, 2025

HOME

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Talks on India-U.S. trade pact enter 6th day; India pushes for duty cuts for labour-intensive sectors

Hectic negotiations between India and the U.S. enter the sixth day on Tuesday (July 1, 2025) in Washington, with the talks reaching a crucial stage and New Delhi demanding greater market access for its labour-intensive goods, an official said.

The Indian team, headed by Special Secretary in the Department of Commerce Rajesh Agrawal, is in Washington for negotiations on an interim trade agreement with the U.S.

The stay of the Indian officials has been extended. Initially, the delegation was scheduled to stay for two days, with the talks having commenced on June 26.

These talks are also important as the suspension date of Mr. Trump's reciprocal tariffs is approaching. It will end on July 9. The two sides are looking at finalising the talks before that, the official said.

India has hardened its position on giving duty concessions to American farm products. It is seeking duty concessions for its labour-intensive goods such as textiles, engineering, leather, gems and jewellery.

"If the proposed trade talks fail, the 26% tariffs will come into force again," the official added.

On April 2, the U.S. imposed an additional 26% reciprocal tariff on Indian goods but suspended it for 90 days. However, the 10% baseline tariff imposed by America remains in place. India is seeking full exemption from the additional 26% tariff.

The U.S. is demanding duty concessions in both the agriculture and dairy sectors. But these segments are difficult and challenging areas for India to give duty concessions to the U.S. as Indian farmers are into sustenance farming and have small land holdings.

Therefore, these sectors are politically very sensitive.

India has not opened up the dairy sector for any of its trading partners in free trade pacts the country has signed so far.

The U.S. wants duty concessions on certain industrial goods, automobiles, especially electric vehicles, wines, petrochemical products, dairy, and agricultural items like apples, tree nuts, and genetically modified crops.

India is seeking duty concessions for labour-intensive sectors like textiles, gems and jewellery, leather goods, garments, plastics, chemicals, shrimp, oil seeds, grapes, and bananas in the proposed trade pact.

The two countries are also looking to conclude talks for the first tranche of the proposed bilateral trade agreement (BTA) by fall (September-October) this year. The pact is aimed at more than doubling bilateral trade to $500 billion by 2030 from the current $191 billion.

Before the first tranche, they are trying for an interim trade pact.

The U.S. team was here from June 5 to June 11 for the talks. The negotiations will continue both virtually and physically in the days to come.

India's merchandise exports to the U.S. rose by 21.78% to $17.25 billion in April-May this fiscal, while imports rose by 25.8% to $8.87 billion.

Commenting on India's demand, think tank Global Trade Research Initiative (GTRI) said that as talks for the pact reaching a critical stage, India is pushing hard for full tariff elimination on high-employment exports such as garments, footwear, carpets, and leather goods.

Without this relief, the deal will be politically unsellable at home, GTRI Founder Ajay Srivastava said, adding Washington appears unwilling to scrap high MFN (most favoured nation) tariffs or country-specific duties.

Under current proposals, Indian goods could face a 10% surcharge on top of MFN rates, eroding competitiveness and effectively reversing market access gains, he said.

Merchandise exports to the U.S. rose to $86.5 billion in FY25, up 11.6% from $77.5 billion in FY24.

Industrial goods account for the bulk of this trade, with labour-intensive exports forming a significant share.

"However, without fast-track trade authority, Washington is unable to cut its MFN [Most Favoured Nation] tariffs across the board. Worse still, U.S. appears to be in no mood to exempt country specific tariffs and just bring it down to 10%," Mr. Srivastava said.

This risk, he said, is particularly acute for high labour-intensity sectors, which contributed over $14.3 billion to India's exports to the U.S. in FY25.

These include garments ($5.33 billion), textiles and carpets ($2.38 billion), made-ups and worn clothing ($2.95 billion), leather ($795 million), footwear ($461 million), ceramics and stoneware ($1.55 billion), and wood and paper articles ($823 million).

These sectors are dominated by small and medium enterprises and are major employment generators in Indian states such as Uttar Pradesh, Tamil Nadu, Gujarat, and West Bengal. Yet, they face some of the steepest U.S. tariffs — often ranging between 8 and 20%, especially for garments and footwear.

He added that India's demand is clear that the U.S. must remove all tariffs — both MFN and country-specific — on high and medium labour-intensive goods.

He added that these sectors employ millions, particularly in rural and semi-urban regions, and are crucial to India's goals of job creation, MSME growth, and women's economic participation.

"Without meaningful tariff relief for these products, Indian negotiators warn, the FTA will be viewed as lopsided and politically untenable," Mr. Srivastava said.

Source: thehindu.com– July 02, 2025

HOME

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India's manufacturing PMI hits 14-month high on strong Q1 growth

India's manufacturing sector closed the first quarter (Q1) of fiscal 2025 (FY25) on a robust footing, as per HSBC India Manufacturing Purchasing Managers' Index (PMI). The seasonally adjusted PMI rose to 58.4 in June—its highest in 14 months—up from 57.6 in May, signalling a substantial improvement in the health of the sector.

Meanwhile, cost inflation eased to its lowest mark since February and was relatively negligible. Producer prices rose markedly, however, as demand buoyancy allowed firms to pass on higher freight, labour and metal costs to clients, S&P Global and HSBC said in a press release.

Production volumes rose at the fastest pace since April 2024, driven by efficiency improvements, solid underlying demand, and higher sales volumes. This growth was primarily led by intermediate goods producers, while the consumer and capital goods segments experienced slowdowns.

June also witnessed a sharper rise in new order inflows—the strongest rate in nearly a year—supported by enhanced marketing and a notable surge in exports.

Export orders accelerated significantly, recording their third-highest growth since data collection began in March 2005. Firms cited increasing global demand, particularly from the United States. Across the board, international sales rose in the consumer, intermediate, and investment goods categories. However, total sales growth was concentrated solely among intermediate goods manufacturers.

After stagnating in May, outstanding business volumes grew in June, which, combined with strong sales, fuelled a record increase in employment. Most companies linked this hiring boost to short-term recruitment needs.

Input cost inflation fell to a four-month low despite rising iron and steel prices, with the overall rate remaining modest relative to the survey's historical average. Meanwhile, average selling prices rose sharply as firms passed on increased freight, labour, and material costs to customers. In many cases, this pricing adjustment was attributed to strong demand conditions.

The surge in new business drove greater purchasing activity and stock accumulation. Pre-production inventories rose more quickly than in May, while input buying reached its highest level since April 2024. In contrast, finished goods inventories declined again, as companies often relied on warehouse stocks to meet the growth in demand. The drop in finished goods inventories was notable by historical standards. Despite rising raw material demand, supplier performance continued to improve, with average lead times shortening to the greatest extent in five months.

The outlook for the manufacturing sector remained optimistic in June, although concerns about competitive pressures, inflation, and shifting consumer preferences tempered overall business confidence, added the release.

"India's manufacturing PMI reached a fourteen-month high of 58.4 in June. Robust end-demand fuelled expansions in output, new orders, and job creation. To keep up with strong demand — particularly from international markets, as evidenced by the substantial rise in new export orders — Indian manufacturing firms had to tap deeper into their inventories, causing the stock of finished goods to continue shrinking. Finally, input prices moderated while average selling prices rose as some manufacturers passed on additional cost burdens to clients," said Pranjul Bhandari, chief India economist at HSBC.

Source: fibre2fashion.com– July 01, 2025

HOME

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Employment Linked Incentive scheme to create 3.5 crore jobs in 2 years

In a significant move to boost job creation, the Union Cabinet on Tuesday gave its nod to an Employment-Linked Incentive (ELI) scheme with a substantial outlay of ₹1.07 lakh crore. This initiative is designed to incentivise the creation of 3.5 crore jobs over the next two years.

Information & Broadcasting Minister Ashwini Vaishnaw stated in a media briefing: “The scheme aims to support job generation, enhance employability and social security across all sectors, with special focus on the manufacturing sector.” The ELI scheme is structured to provide incentives to both employees and employers to significantly boost job creation. This scheme is set to become effective from August 1.

The ELI scheme was initially announced in the Union Budget 2024-25 as part of a comprehensive package of five schemes. This broader package, with a total budget outlay of ₹2 lakh crore, aims to facilitate employment, skilling, and other opportunities for 4.1 crore youth.

Under the scheme, as approved by the Cabinet, an estimated 1.92 crore beneficiaries will be first-time entrants into the workforce. The benefits of the scheme will apply to jobs created between August 1, 2025, and July 31, 2027. The plan is divided into two distinct parts: Part A, which focuses on first-time employees, and Part B, which targets employers.
First-time employees

Specifically targeting first-time employees who are registered with EPFO, Part A of the scheme will offer a one-month wage up to ₹15,000 payable in two instalments.

Employees with salaries up to ₹1 lakh will be eligible for this benefit. The first instalment will be disbursed after six months of service, with the second instalment payable after 12 months of service, contingent on the employee’s completion of a financial literacy program.

A government statement clarified: “To encourage the habit of saving, a portion of the incentive will be kept in a savings instrument or deposit account for a fixed period and can be withdrawn by the employee at a later date. Part A will benefit around 1.92 crore first-time employees.”

Part B of the scheme is designed to cover the generation of additional employment across all sectors, with a particular emphasis on the manufacturing sector. Under this component, employers will receive incentives for employees with salaries up to ₹1 lakh. The government will incentivize employers with up to ₹3,000 per month for two years for each additional employee who maintains sustained employment for at least six months. For the manufacturing sector specifically, these incentives will be extended to cover the third and fourth years as well.

To qualify for Part B, establishments registered with EPFO will be required to hire a minimum of two additional employees (for employers with fewer than 50 employees) or five additional employees (for employers with 50 or more employees). These new hires must be maintained on a sustained basis for at least six months.

Commenting on the employment-linked incentive scheme cleared by the Cabinet today, Chandrajit Banerjee, Director General, CII, hailed it as a significant step towards boosting employment and formalizing India's workforce. He elaborated, "ELI scheme opens doors for first-time job seekers, empowering them to contribute meaningfully to India's growth story. It empowers employers to expand their workforce and gives a decisive push to India's labour-intensive sectors."

Neeti Sharma, CEO at Teamlease Digital, also shared her perspective, viewing the scheme as a major step towards creating many more formal job opportunities in India. She further noted, "By offering wage support to employers and first-time job seekers, workers, it will help in improving long-term employment opportunities, especially in MSMEs and the manufacturing sector."

Source: thehindubusinessline.com– July 01, 2025

HOME

****

Trump says trade deal with India 'soon' as July 9 deadline approaches

US President Donald Trump on Tuesday (local time) said the US and India will soon finalise a trade deal with "much lower tariffs," which would enable fairer competition between the two countries. The deal, he said, would help American companies compete in the South Asian market, Reuters reported.

"I think we are going to have a deal with India, and it's going to be a different kind of deal," Trump said. "It will allow us to compete. Right now, India doesn't accept anybody in. But if that changes, we'll have a deal with much less tariffs."

Trump further said he believed India was ready to lower trade barriers for US companies, a move that could pave the way for an agreement and avert the 26 per cent tariff he had announced on April 2, which is currently on hold until July 9.

Earlier, US Treasury Secretary Scott Bessent told Fox News that Washington and New Delhi are close to reaching a deal that would lower tariffs on American goods entering India and help the South Asian nation avoid steep tariff hikes due next week.

"We are very close with India," Bessent said when asked about the status of the ongoing trade talks.

India-US trade talks intensify ahead of July 9 deadline

India and the US have been engaged in talks to finalise a Bilateral Trade Agreement (BTA) before the crucial July 9 deadline, which marks the end of a 90-day pause on proposed tariff escalations.

The Indian delegation, led by Chief Negotiator Rajesh Agrawal, has extended its stay in Washington, according to an ANI report. Talks were originally scheduled for Thursday and Friday but have been prolonged as both sides push to finalise an interim agreement.

The extended discussions come amid the risk of suspended 26 per cent reciprocal tariffs returning. These tariffs, first imposed during the Trump administration on April 2, were paused for 90 days but will automatically resume if no agreement is reached by the deadline.

Agriculture remains a sticking point

As negotiations reach a critical stage, India has taken a firmer stance on agricultural issues, reflecting the political and economic sensitivities surrounding the sector. With much of its farming community made up of small-scale subsistence farmers, India remains cautious about making concessions that could affect their livelihoods.

A key sticking point is India's long-standing refusal to open its dairy sector to foreign competition—a position it has maintained in all previous free trade agreements and is reluctant to reverse, despite US pressure.

The US is pushing for lower import duties on a range of agricultural products, including apples, tree nuts, and genetically modified crops. In return, India is seeking greater market access for its labour-intensive exports such as textiles, garments, gems and jewellery, leather goods, and agricultural items like shrimp, oilseeds, grapes, and bananas.

Source: business-standard.com – July 02, 2025

HOME

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Scaling up garment production: Incentives alone won't fix structural gaps

The textile and apparel industry is India's largest employment generator after agriculture, and contributes 2.3 per cent to the country's gross domestic product. Notably, 80 per cent of its capacity is spread across clusters of micro, small, and medium enterprises (MSMEs), implying that a significant portion of the production process, from raw-material processing to garment manufacturing, remains labour-intensive.

As reported by this newspaper last week, the Union government is in the process of formulating a production-linked incentive (PLI) scheme for garments. This will be separate from the existing PLI scheme for textiles. While the proposal brings fresh hope, past evidence begs the question whether the PLI scheme can indeed transform India's manufacturing ecosystem.

Other than smartphones and pharmaceuticals, overall investment remains far from what was initially expected in other sectors where PLI schemes were launched. India's industrial strategy, instead of being harnessed to generate productive employment and boost export potential, is tilting towards import substitution.

The PLI scheme shortlists firms and provides subsidies ranging from 4-6 per cent, based on conditions like investment and production. However, PLI-induced investment has been unable to create the scale of employment needed, especially in low-skill manufacturing.

The PLI scheme for textile is a case in point. Aimed at boosting the production of manmade fibre (MMF) apparel and MMF fabric, it was launched in 2021 with a budgetary outlay of ₹10,683 crore for five years. However, growth in investment in the sector remains slower than anticipated.

In fact, textile exports stood at $34.4 billion in 2023-24, marking a decline of over 3 per cent over the previous financial year. It is worth noting that what worked for electronics perhaps cannot be replicated for garments, a sector dominated by tiny artisan clusters and informal micro units. They may not benefit from a model designed to reward firms with capacity and scale.

The key issues in the textile and garment sector, including limited access to raw materials, inefficient logistics, cumbersome trade procedures, and restrictive labour regulations, have significantly eroded India's competitiveness, particularly in comparison to countries like Bangladesh and Vietnam, which have successfully positioned themselves as low-cost manufacturing export hubs for garments. A recent study conducted by the Global Trade Research Initiative also flagged several domestic barriers.

These include high import duties imposed on fabrics, which raise production costs. Additionally, quality norms on key raw materials such as polyester and viscose staple fibres have created compliance burdens for businesses. Customs-related bottlenecks also hinder the smooth flow of raw materials and finished products.

A particularly striking example relates to the Directorate General of Foreign Trade's import policy circular of 2001, which requires that all imports of textile into India be accompanied by a pre-shipment inspection certificate issued by a textile-testing laboratory accredited to the national accreditation agency of the supplier's country. Therefore, deeper structural reforms are needed to create the kind of competitive, inclusive ecosystem that allows not just a few firms but the entire industry to thrive.

Source: business-standard.com– June 30, 2025

HOME

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India's push for zero tariff on labour-intensive exports is combination of economic strategy & domestic politics: GTRI

As negotiations for a long-anticipated Free Trade Agreement (FTA) between India and the United States enter their final stretch, India is making a last-minute, high-stakes push for full tariff elimination on its labour-intensive exports.

According to Global Trade Research Initiative (GTRI), without duty-free access for sectors like garments, footwear, carpets, and leather goods, the deal could become politically unsellable at home. India's insistence is rooted in a combination of economic strategy and domestic political considerations.

These labour-intensive sectors--dominated by small and medium enterprises and providing critical employment across states like Uttar Pradesh, Tamil Nadu, Gujarat, and West Bengal--contributed over USD 14.3 billion to India's exports to the U.S. in FY2025.

Tariffs on these goods currently range between 8 per cent and 20 per cent, especially high for garments and footwear, putting Indian exporters at a steep disadvantage in the American market.

While India has offered to reduce its Most Favoured Nation (MFN) duties on US goods as part of the deal, Washington appears unwilling to reciprocate.

GTRI says the US is not ready to scrap either its high MFN tariffs or the country-specific duties that currently stand at 26 per cent, proposing instead a limited reduction to 10 per cent--still a significant surcharge that could negate any meaningful market access for Indian exporters.

The imbalance has raised concerns in India that the FTA, if signed under the current terms, would disproportionately favour American exporters.
Adding to the tension is the U.S. Congress's lack of fast-track trade authority, which limits Washington's ability to offer broad tariff concessions.

India's broader export profile to the U.S. in FY2025 stood at USD 86.5 billion, up 11.6 per cent from the previous year. Of this, medium labour-intensity sectors--such as electronics, chemicals, automobiles, and jewellery--accounted for USD 44.6 billion.

These exports face moderate U.S. tariffs of 2 per cent to 5 per cent, with some exceptions reaching 7 per cent. Meanwhile, low labour-intensity exports, such as pharmaceuticals and heavy machinery, totalling USD 17.3 billion, already benefit from minimal tariffs below 2 per cent and are not central to India's demand.

India's position is that full tariff elimination is essential not only for equitable trade but also for social goals like employment generation, MSME empowerment, and increased economic participation by women.

Indian negotiators caution that if Washington insists on retaining high tariffs while India cuts its own, the deal risks being perceived as "lopsided and politically untenable."

Source: economictimes.com– July 02, 2025

HOME

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Govt plans SEZ law revamp to boost exports, ease domestic tariff area sales

The commerce department is seeking to amend the law governing special economic zones (SEZs), offering several concessions as it seeks to revive the enclaves to boost exports and activity within the economy, according to a TOI report.

At a meeting convened by commerce and industry minister Piyush Goyal on Monday, the plan discussed with exporters included allowing sales in the domestic tariff area (DTA) - which is the area outside the SEZ - on a duty forgone basis.

Under the current regime, shipments from SEZs to an Indian seller in the DTA attract import duty equivalent to what any consignment from another country faces. If the amendments go through, in the case of, say, a shirt made in an SEZ using imported fabric, it will only attract the customs applicable to the fabric.

Sources told TOI that the benefit is available in American foreign trade zones as well as comprehensive bonded zones in China, as well as some of the Indian schemes, such as those for export-oriented units.

"It will attract foreign investment in the Indian SEZs. One cannot have separate factories for serving domestic and export markets," an industry source said.

Similarly, the commerce department has introduced a "reverse job work" provision to utilise underused capacity in the zones, which have seen a decline since the UPA government rolled back several tax incentives first offered in 2005.

A third concern, which is sought to be addressed through the amendments, is to allow rupee payment for some of the services rendered by units in SEZs to the domestic tariff area. This will be applicable to services such as maintenance, repair, and operations (MRO) and space-Jrelated activities, sources said.

Source: economictimes.com– July 01, 2025

HOME

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GST collections slow down in June with 6% growth

Prime Minister Narendra Modi called GST a landmark reform that has reshaped India's economic landscape

The ninth year of Goods & Services Tax (GST) collections commenced on a slow pace as the government on Tuesday reported mere 6 per cent growth in June. However, mop-up growth during April-June quarter was around 12 per cent and tax buoyancy more than 1.

Meanwhile, to mark the beginning of 9th year of GST, Prime Minister Narendra Modi called GST a landmark reform that has reshaped India's economic landscape. By reducing the compliance burden, it has greatly improved the Ease of Doing Business, particularly for small and medium enterprises. "GST has also served as a powerful engine for economic growth, while fostering true cooperative federalism by making States equal partners in this journey to integrate India's market," he said in a social-media post.

Gross GST collection

(in ₹ lakh crore)

Month	Domestic (CGST+SGST+IGST+CESS)	Growth (In%)	Import (IGST+CESS)	Growth (In%)
June, 2025	1.39	4.6	0.46	11.4
May, 2025	1.50	13.7	0.51	25.2
April, 2025	1.90	10.7	0.47	20.8
March, 2025	1.49	8.8	0.47	13.5
Febr, 2025	1.42	10.2	0.42	5.4
Jan, 2025	1.47	10	0.48	19.8
Dec, 2024	1.32	8.4	0.44	3.9
Nov, 2024	1.40	9.4	0.43	5.9
Oct, 2024	1.42	10.6	0.45	3.9
Sept, 2024	1.28	5.9	0.45	8.0
Aug, 2024	1.25	9.2	0.50	12.1
July, 2024	1.34	8.9	0.48	14.2

Source: GSTN

June collection

Gross GST collections increased 6.2 per cent to over ₹1.84-lakh crore in June. However, it is around 8.5 per cent less than April collections of ₹2.01-lakh crore. In June, gross revenues from domestic transactions rose 4.6 per cent to about ₹1.38-lakh crore, while GST revenue from imports grew 11.4 per cent to ₹45,690 crore.

Gross Central GST revenues stood at ₹34,558 crore, State GST revenues at ₹43,268 crore, and Integrated GST at about ₹93,280 crore in June. Revenues from cess was at ₹13,491 crore. Meanwhile, total refunds during the month rose 28.4 per cent to ₹25,491 crore. Net GST mop-up stood at about ₹1.59-lakh crore, registering a 3.3 per cent year-on-year growth.

Pratik Jain, Partner, Price Waterhouse & Co LLP, said 6 per cent growth in GST collections, coupled with less than 4 per cent growth in advance tax collection for first quarter of FY26, indicates softening of demand and cautious outlook. “One of the reasons could be conservative spending by the consumers which may improve in the next couple of months with overall geopolitical situation improving,” he said.

Saurabh Agarwal, Tax Partner at EY India, said while the overall growth appears muted, likely influenced by the prevailing geopolitical uncertainties and their discernible impact on consumer sentiment, we must look beyond the headline numbers.

“It’s heartening to see strong pockets of growth in regions like Nagaland, Sikkim, Tripura, Lakshadweep, and Ladakh. This uplift suggests increased consumer activity and, importantly, a continued thrust on infrastructure spending by the government in these areas, which is a positive indicator for regional development,” he said.

Tax buoyancy

An important factor, indicated by the collections, was tax buoyancy (ratio of change in tax revenue in relation to change in gross domestic product or GDP of an economy) being maintained over 1. Vivek Jalan, Partner with Tax Connect, said India is still in the Goldilocks situation amid global turnmoil.

“With stable growth, controlled inflation, and rising private investment activity expected over the next nine months of FY26 as expressed by the Finance Minister, India should be on target to reach the Budget 2025 GST estimates for FY26,” he said.

Source: thehindubusinessline.com– July 01, 2025

HOME

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Optimism in south India cotton yarn market, but prices remain steady

Although uncertainty remains regarding garment export orders from the US, the south India cotton yarn market is showing signs of optimism. Cotton yarn prices remained stable in both Mumbai and Tiruppur markets, with demand from the downstream industry remaining average. Trade sources noted that gains in cotton prices and increased lifting from the Cotton Corporation of India (CCI) are positive indicators. There is hope that concerns surrounding the US tariffs will ease in the coming days. Additionally, there are signs of rising export demand for cotton yarn from foreign countries.

The Tiruppur market witnessed stable cotton yarn prices, as spinning mills in the region have maintained their selling rates for July. Mills and traders are optimistic about improved demand in the weeks ahead. Spinning mills purchased 6 lakh bales (170 kg each) last Saturday and around 14 lakh bales in the past week—a considerable volume lifted by the textile industry. A trader from the Tiruppur market told Fibre2Fashion, "Hopefully, concerns regarding US tariffs, which are set to take effect from July 9, will ease with possible intervention from the Trump administration. Spinning mills are receiving business enquiries from the export market."

In Tiruppur, knitting cotton yarn prices were noted as: 30 count combed cotton yarn at ₹255-263 (approximately $2.98-3.08) per kg (excluding GST), 34 count combed cotton yarn at ₹266-273 (approximately $3.11-3.19) per kg, 40 count combed cotton yarn at ₹278-291 (approximately $3.25-3.40) per kg, 30 count carded cotton yarn at ₹236-241 (approximately $2.76-2.82) per kg, 34 count carded cotton yarn at ₹241-246 (approximately $2.82-2.88) per kg, and 40 count carded cotton yarn at ₹249-253 (approximately $2.91-2.96) per kg.

Cotton yarn prices also remained steady in the Mumbai market, with normal demand from the consumer industry helping to support current price levels. Trade sources reported average demand in the Mumbai market, with stockists and mills not under pressure to sell. The festive season has boosted weaving activities in Maharashtra's textile hubs and nearby regions.

In Mumbai, 60 carded yarn of warp and weft varieties were traded respectively at ₹1,380-1,430 (approximately $16.14-$16.73) and ₹1,340-1,390 (approximately $15.67-$16.26) (excluding GST), per 5 kg. Other prices include 60 combed warp at ₹315-321 (approximately $3.68-$3.75) per kg, 80 carded weft at ₹1,385-1,450 (approximately $16.20-$16.96) per 4.5 kg, 44/46 carded warp at ₹265-272 (approximately $3.10-$3.18) per kg, 40/41 carded warp at ₹248-255 (approximately $2.90-$2.98) per kg and 40/41 combed warp at ₹268-272 (approximately $3.123-3.18) per kg, according to trade sources.

Cotton prices firmed up by ₹200 per candy in the Gujarat market. Spinning mills are consistently purchasing cotton from both the open market and CCI auctions, which has improved sentiment in the cotton yarn market. According to market sources, this increased lifting has supported stable cotton yarn prices. Cotton arrivals are also decreasing across all states. Sources confirmed active buying in CCI's auction sales. Traders mentioned that until June 30, CCI was offering cotton with a 90-day delivery period—an attractive proposition for industrial buyers. Many buyers booked cotton to take advantage of this extended delivery window. Going forward, CCI will offer cotton under auction sales with a six-day delivery condition.

The benchmark Shankar-6 cotton was quoted at ₹54,000–54,500 (approximately $631.53–$637.38) per candy of 356 kg for running supply and ₹55,000–55,200 (approximately $643.23–$645.56) per candy of 356 kg for stock cotton. Southern mills were bidding at ₹55,500–56,000 (approximately $649.07-$654.92) per candy.

Source: fibre2fashion.com– July 01, 2025

HOME

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